

Mustard Seed Property Limited

**Annual Report and Unaudited Financial Statements
Year Ended 30 September 2023**

Registration number: IP30293R

Mustard Seed Property Limited

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Mustard Seed Property Limited

Society 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 2023

The directors present their report and the financial statements for the year ended 30 September 2023. 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:

D J Brewer

E James

S Clague

S Ackford

A Langer

C Lewis

S Maxey

R May

Mustard Seed Property Limited

Directors' Report for the Year Ended 30 September 2023

Business Review

This year our original property in Helston and our second property in Newquay have had strong impact and financial performance. The stories of people who call these properties home are very moving and it is a great privilege to meet them. Our relationship with both St Petrocs and Newquay Lighthouse Project remain strong and we are very proud to be a landlord to them. Both continue to support MSP board using their nomination right.

Our third property in Redruth we had hoped would be operational before the year end in September but alas it has been hit with delays and overruns that were beyond our control. We remain confident that our architect and project manager, Koha Architects will help us navigate this to a satisfactory conclusion. However the new development is of a very high quality and has gone down very well with Cornwall Council and our partners United Response and Karrek who we expect to move in early in 2024.

Unfortunately with base rates having accelerated and our share offer getting off to a slow start, this has meant we needed to secure a new loan at rates we would rather have avoided. This has squeezed our cash flow position for this year and next but once rents begin to flow we will be in a strong financial position once again and expect to be able to fully replace the expensive loan with both more share capital and a cheaper long term loan.

Our ambition to grow is undiminished as the need for supported housing remains very high in Cornwall. We are keen MSP as a community led developer plays its role in contributing to the very ambitious Supported Housing strategy published by the Council in 2023.

We expect this next year to be one of consolidation, ensuring all three properties are performing well for our social enterprise partners and carefully preparing with them for further expansion in the years to come, subject of course to the ongoing commitment of our growing community of 250+ shareholders.

Mustard Seed Property Limited

Directors' Report for the Year Ended 30 September 2023

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 new property operational.

Audit Status

At its most recent Annual General Meeting, the society voted under section 84 of the Co-Operative and Community Benefit Societies Act 2014 to disapply the need for an audit (which can be done as the society meets the required thresholds). As a result, these accounts are not audited.

Approved and authorised by the Board on and signed on its behalf by:

.....
D J Brewer
Director

Mustard Seed Property Limited

Profit and Loss Account

Year Ended 30 September 2023

	2023	2022
	£	£
Turnover	70,455	41,659
Cost of sales	<u>(3,313)</u>	<u>(1,984)</u>
Gross profit	67,142	39,675
Administrative expenses	(24,557)	(29,057)
Gain on revaluation of investment properties	<u>24,664</u>	<u>12,275</u>
Operating profit	<u>67,249</u>	<u>22,893</u>
Other interest receivable and similar income	1,929	412
Interest payable and similar expenses	<u>(66,656)</u>	<u>(49,863)</u>
	<u>(64,727)</u>	<u>(49,451)</u>
Profit/(loss) before tax	<u>2,522</u>	<u>(26,558)</u>
Profit/(loss) for the financial year	<u><u>2,522</u></u>	<u><u>(26,558)</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 2023

	2023	2022
	£	£
Profit/(loss) for the year	<u>2,522</u>	<u>(26,558)</u>
Total comprehensive income for the year	<u><u>2,522</u></u>	<u><u>(26,558)</u></u>

Mustard Seed Property Limited

Balance Sheet

30 September 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	2	2,048,622	1,302,455
Current assets			
Debtors	3	14,860	8,610
Cash at bank and in hand		<u>20,739</u>	<u>302,780</u>
		35,599	311,390
Creditors: Amounts falling due within one year	4	<u>(839,673)</u>	<u>(382,071)</u>
Net current liabilities		<u>(804,074)</u>	<u>(70,681)</u>
Total assets less current liabilities		1,244,548	1,231,774
Creditors: Amounts falling due after more than one year	4	<u>(78,242)</u>	<u>(84,920)</u>
Net assets		<u>1,166,306</u>	<u>1,146,854</u>
Capital and reserves			
Called up share capital		1,219,691	1,202,761
Profit and loss account		<u>(53,385)</u>	<u>(55,907)</u>
Shareholders' funds		<u>1,166,306</u>	<u>1,146,854</u>

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

Mustard Seed Property Limited

Balance Sheet

30 September 2023

Approved and authorised by the Board on and signed on its behalf by:

Director

Company secretary

Director

Mustard Seed Property Limited

Statement of Changes in Equity

Year Ended 30 September 2023

	Share capital £	Profit and loss account £	Total £
At 1 October 2022	1,202,761	(55,907)	1,146,854
Profit for the year	-	2,522	2,522
Purchase of own share capital	(6,784)	-	(6,784)
Other share capital movements	23,714	-	23,714
At 30 September 2023	<u>1,219,691</u>	<u>(53,385)</u>	<u>1,166,306</u>
	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>

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 2023

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 Co-Operative and Community Benefit Societies Act 2014.

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 2023

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.

Mustard Seed Property Limited

Notes to the Unaudited Financial Statements

Year Ended 30 September 2023

2 Tangible assets

	Investment properties £	Other property, plant and equipment £	Total £
Cost or valuation			
At 1 October 2022	1,302,253	7,963	1,310,216
Revaluations	24,664	-	24,664
Additions	721,705	-	721,705
At 30 September 2023	<u>2,048,622</u>	<u>7,963</u>	<u>2,056,585</u>
Depreciation			
At 1 October 2022	-	7,762	7,762
Charge for the year	-	201	201
At 30 September 2023	<u>-</u>	<u>7,963</u>	<u>7,963</u>
Carrying amount			
At 30 September 2023	<u>2,048,622</u>	<u>-</u>	<u>2,048,622</u>
At 30 September 2022	<u>1,302,254</u>	<u>201</u>	<u>1,302,455</u>

In the Directors' opinion the current market value of the investment property was assessed at £2,048,622 (2022: £1,302,254), taking into account tenancies and property maintenance / improvements.

3 Debtors

	2023 £	2022 £
Trade debtors	2,896	2,992
Prepayments	4,374	5,010
Other debtors	7,590	608
	<u>14,860</u>	<u>8,610</u>

Mustard Seed Property Limited

Notes to the Unaudited Financial Statements

Year Ended 30 September 2023

4 Creditors

Creditors: amounts falling due within one year

	Note	2023 £	2022 £
Due within one year			
Loans and borrowings	5	714,083	336,663
Trade creditors		3,012	2,201
Accruals and deferred income		122,578	43,207
		<u>839,673</u>	<u>382,071</u>

Creditors: amounts falling due after more than one year

	Note	2023 £	2022 £
Due after one year			
Loans and borrowings	5	<u>78,242</u>	<u>84,920</u>

		2023 £	2022 £
Due after more than five years			
After more than five years by instalments		<u>54,263</u>	<u>53,860</u>

5 Loans and borrowings

		2023 £	2022 £
Loans and borrowings due after one year			
Bank borrowings		<u>78,242</u>	<u>84,920</u>

		2023 £	2022 £
Current loans and borrowings			
Bank borrowings		7,083	6,663
Other borrowings		<u>707,000</u>	<u>330,000</u>
		<u>714,083</u>	<u>336,663</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 2023

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 £33,914 in shareholder interest for the year ended 30 September 2023.

E James (Director)

Through her shareholding E James was entitled to receive interest in the year, however this was waived (2022: £236). At the balance sheet date the amount due to E James was £nil (2022: £236).

M Lowe (Director to 21/2/22)

Through his shareholding M Lowe was entitled to receive interest of £n/a (2022: £187). At the balance sheet date the amount due to M Lowe was £n/a (2022: £187)

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 in the year, however this was waived (2022: £3,500). At the balance sheet date the amount due to Mumme-Ackford Charitable Trust was £nil (2022: £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 £152 (2022: £147). At the balance sheet date the amount due to Resonance Limited was £152 (2022: £147).

Other related party transactions during the financial period include the following short term loans by two Company Directors;

S Ackford (Director) - Total amount loaned to the company was £50,000 on 1st September 2023.

This is a short term, unsecured, interest free loan in the respect of the conversion & refurbishment of the Alma Place property in Cornwall.

R May (Director) - Total amount loaned to the company was £15,000 on 1st September 2023

This is a short term, unsecured, interest free loan in the respect of the conversion & refurbishment of the Alma Place property in Cornwall.

Mustard Seed Property Limited

Notes to the Unaudited Financial Statements

Year Ended 30 September 2023

7 Share capital

Allotted, called up and fully paid shares

	No.	2023 £	No.	2022 £
Withdrawable interest bearing shares of £1 each	<u>1,219,691</u>	<u>1,219,691</u>	<u>1,202,761</u>	<u>1,202,761</u>

New Shares allotted

During the year, share capital has increased by a net aggregate nominal value of £16,930, for a net aggregate consideration of £16,930. This is as a result of share interest being converted into share capital, less capital withdrawn.

Mustard Seed Property Limited

Detailed Profit and Loss

Year Ended 30 September 2023

	2023	2022
	£	£
Turnover		
Feed in tariff	305	885
Rent receivable	<u>70,150</u>	<u>40,774</u>
	70,455	41,659
Cost of sales		
Property management	<u>(3,313)</u>	<u>(1,984)</u>
Gross profit	67,142	39,675
Gross profit (%)	95.3%	95.24%
Administrative expenses		
Administrative expenses	(24,557)	(29,057)
Other operating income		
Other operating income	<u>24,664</u>	<u>12,275</u>
Operating profit	<u>67,249</u>	<u>22,893</u>
Other interest receivable and similar income		
Interest income on bank deposits	1,929	412
Interest payable and similar charges		
Interest on bank overdrafts and borrowings	(32,765)	(7,881)
Shareholder interest	<u>(33,891)</u>	<u>(41,982)</u>
	<u>(66,656)</u>	<u>(49,863)</u>
Profit/(loss) before tax	<u><u>2,522</u></u>	<u><u>(26,558)</u></u>

Mustard Seed Property Limited

Detailed Profit and Loss

Year Ended 30 September 2023

	2023	2022
	£	£
Administration costs		
Travelling	137	-
Water rates	283	-
Light, heat and power	2,118	1,652
Insurance	4,199	5,085
Repairs and maintenance	-	314
Trade subscriptions	275	200
Sundry expenses	7	760
Council Tax	(2,979)	3,985
Accountancy	2,975	1,948
Legal and professional	17,301	14,215
Bank charges	40	102
Depreciation of other property, plant and equipment	201	796
	<u>24,557</u>	<u>29,057</u>

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 2023

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 2023 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 profit 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.

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

Date:.....