

SOUTH WEST MUTUAL LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022



SOUTH WEST MUTUAL LIMITED

SOCIETY INFORMATION

Directors	P M Drewell J G Dumeresque R D A Foale A C Greenham P C Manning D Thomas (retired 28 August 2021)
Company secretary	J Arthur
Registered number	RS004451
Registered office	Devonport Guildhall Ker Street Plymouth Devon PL1 4EL
Independent auditors	Griffin Chartered Accountants & Registered Auditors Silverdown Office Park Exeter Airport Business Park Exeter EX5 2UX

SOUTH WEST MUTUAL LIMITED

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SOUTH WEST MUTUAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors have pleasure in presenting their report and the audited financial statements of South West Mutual Limited ("the Society") for the year ended 31 March 2022. The financial statements have been prepared in accordance with the accounting policies set out in the Directors' notes to the financial statements and comply with the Society's rules, the Co-operative and Community Benefit Societies Act 2014, and the requirements of the Financial Reporting Standard for Smaller Entities.

Principal activity

The Society was established with the intention of seeking necessary regulatory permissions to offer banking services for the benefit of personal, business and social sector organisations in the South West of the United Kingdom ("the Region").

A firm must obtain authorisation from the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) to be able to offer banking services.

The principal activity of the Society continues to be to develop business plans, gain the necessary regulatory permissions and secure sufficient funding to provide banking services to its members. This may involve engaging in complimentary activities as a prelude to being able to offer full banking services.

Legal structure and membership

South West Mutual Limited is a co-operative society incorporated on 1 February 2018 under the Co-operative and Community Benefit Societies Act 2014 as registered society number 4451. The Society's registered office is Devonport Guildhall, Ker Street, Plymouth PL1 4EL.

The Society has share capital comprising one class of non-voting ordinary shares and is controlled by its members on the principle of "one member one vote". Members may be individuals or incorporated bodies such as businesses, charities, or public authorities.

At incorporation, the Society had 26 individual members and on 31 March 2022 the Society had 110 members comprising 11 corporate and 99 individual members. Each member therefore has 1 in 110 of the voting rights, or approximately 0.9% of the votes.

The largest shareholding has a nominal value of £120,000 and accounts for 16.7% of issued shares at 31 March 2022.

SOUTH WEST MUTUAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

Board of Directors

Serving directors during the year and their month of appointment or resignation are listed alphabetically below:

Name	Role(s)	Appointed	Resigned/ Retired	Shares (£ nominal value)
Mark Drewell	Chair of Nomination and Remuneration Sub-Committee	Feb 2018	-	12,015
Jane Dumeresque	Chair of Audit and Risk Sub-Committee	Sep 2018	-	5,010
Robin Foale	Independent Non-Executive Director / Chair of the Board	Feb 2021	-	1
Tony Greenham	Executive Director	Feb 2018	-	5,040
Paul Manning	Independent Non-Executive Director	Nov 2018	-	5,010
David Thomas	Chair of the Board	May 2019	Aug 2021	15

As at 31 March 2022, the directors collectively held 4.5% of the voting rights in the Society.

David Thomas retired at the 2021 AGM and Robin Foale has taken over as Chair of the Board.

Governance

The directors collectively have extensive leadership experience, including banking, corporate strategy, governance, regulation, law, small and large business, consumer protection and sustainability. The Board comprises a majority (4 out of 5) of independent non-executive directors and meets monthly to provide independent scrutiny, challenge and support for the Executive Director and operational team.

There are two sub-committees of the Board, Audit and Risk chaired by Jane Dumeresque and Nomination and Remuneration chaired by Mark Drewell. Jane Dumeresque is the Senior Independent Non-Executive Director.

The Board has voluntarily chosen to adopt the UK Corporate Governance Code in respect of the election of directors and accordingly the directors put themselves forward for re-election annually.

Member Benefit

The Society has attracted membership from individuals and organisations who wish to support it as it works towards establishing a regional mutual bank. The purpose of the Society is to promote inclusive and sustainable prosperity in the Region. Members share in a common desire to support the creation of a financial institution that:

- is democratically owned and controlled by its members;
- is rooted in and dedicated to the Region, and;
- delivers positive social, environmental and economic impacts for the benefit of members and the wider community.

SOUTH WEST MUTUAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

Business Review

The Society continued to suffer a negative impact from the coronavirus pandemic during the year under review. Throughout the pandemic, the Society's ability to raise additional funds has been severely hampered by the consequent fall in economic activity, a significant reduction in business and investor confidence and the imposition of restrictions on travel and meetings. In order to conserve financial resources, activity was suspended from June to October 2021 with all employees placed on furlough or part-furlough.

The Board continued to evaluate different options to launch banking services that will support inclusive and sustainable prosperity in the Region. As part of this process, working through the Mutual Banks Association – the trade association for regional mutual banks - the Society has been developing a new corporate structure that can better meet the needs of complying with banking regulation and attracting capital of the right quantity and quality.

In light of the uncertainty about how quickly regulatory issues can be resolved, in March 2022 the Board adopted a revised strategy for building the bank in stages. The first stage is to launch a loan fund for nature-friendly food and farming businesses. Farming is important in the South West and there is a shortage of loan finance for farms that are transitioning from intensive agriculture towards more environmentally and socially beneficial production methods. Business loan funds of this type do not require a banking licence. A step-by-step approach will allow the Society to start trading, and to generate positive impacts for members and the Region earlier than would otherwise be the case. The directors believe it will also help to attract larger sums of investment to expand the range of products and services over time.

Financial review

The Society's continues to operate a low-cost model with minimal core staff and flexible working. The actual expenditure incurred during the year is summarised below:

	MAR 2022 £'000	MAR 2021 £'000
Staff and directors	137	241
Consultants and business services	37	115
Marketing, market research, events and travel	9	27
Office and administrative costs, including depreciation	13	14
Audit and accountancy	6	13
	202	410

There was consultancy and other income during the year of £41,081 (2021: £54,492) which resulted in a loss after tax for the year of £161,070 (2021: £230,553). There were no grants applied for or received during the year (2021: £125,000).

The Society has contingent liabilities that become payable if certain conditions are met (see Note 10 to the Financial Statements).

SOUTH WEST MUTUAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

Principal risks and uncertainties

The process of obtaining a banking licence is arduous and there can be no guarantee that the Society will succeed in obtaining one.

The business model of the bank is distinct from any previous new entrant to the banking market. This is a source of competitive advantage for the Society but also increases the uncertainty of successfully obtaining a licence. In particular, the regional focus and mutual structure of the bank are unfamiliar to banking regulators in the UK, although commonplace in many other countries. The Society is therefore a pioneer of this model of banking, and it is not possible to predict with certainty how regulations will be applied until the extensive and detailed business plan is fully developed and reviewed by regulators.

The market for banking services continues to evolve and while some trends are positive for the Society, such as falling costs and improving functionality of banking technology, there is a risk that new competitors with similar offerings and innovations enter the market before the Society is able to commence trading.

The economic consequences of Covid-19, inflation and disruptions to supply chains and the impact on the Society and its ability to raise sufficient funds to capitalise the bank, remain highly uncertain.

As described above, the directors regularly review the Society's strategy and business model to seek to mitigate these risks and uncertainties.

Going concern and financial viability

It has always been the case that the Society would have no trading income until it completed the lengthy process of registering as a bank. Accordingly, the funding of its operations has always depended on periodic injections of capital and/or grants. Because of this, the Society's practice has been (and will continue to be) not to incur any liabilities that it does not already hold the funds to satisfy.

Since the year end, the Society has received grant funding of £90,000 and equity investment of £25,000. Therefore, after due consideration of the financial position at 31 March 2022 and at the date of this report the directors consider that the Society has sufficient funds to sustain operations until at least the end of January 2023. If the Society has not raised further capital by then, the Society will reduce its ongoing costs to under £200 a month, to enable the Society to meet its financial obligations as they fall due while the directors assess the future prospects for obtaining new investment, and consider other potential alternatives means of pursuing the Society's objectives and deliver the desired benefit to the Society's members and stakeholders. The Board has lost none of its commitment and energy in pursuing these objectives. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

SOUTH WEST MUTUAL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

For each financial period, the directors are required by the Co-operative and Community Benefit Societies Act 2014 ("the Act") to prepare financial statements that give a true and fair view of the state of affairs of the Society's financial activities during the period and of its financial position at the end of the period as of its reporting date. In preparing these financial statements, the directors are required to:

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

- select suitable accounting policies for the Society's financial statements and then apply them consistently;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society and enable it to ensure that the financial statements comply with the Act. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £161,070 (2021 - loss £230,553)

Directors

The directors who served during the year were:

P M Drewell
J G Dumeresque
R D A Foale
A C Greenham
P C Manning
D Thomas (retired 28 August 2021)

SOUTH WEST MUTUAL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Future developments

Research and development work is under way to launch a loan fund for food and farming business adopting agroecology practices. These are a range of approaches that utilise natural processes to significantly reduce fossil fuel and chemical inputs, reduce carbon emission and increase on-farm carbon sequestration, increase biodiversity, improve soil health and water retention. Other benefits include more nutritious produce and improvements in animal welfare. Grant funding has been received to develop the proposition to be investment-ready and discussions are underway with potential investors in the fund.

In April 2022, the Society formed a partnership agreement with the Food, Farming and Countryside Commission to develop the business case and the social and environmental impact framework. The partnership will generate research and insight for public benefit into the financial needs, and potential for positive impacts, of businesses adopting agroecology.

As discussed in the business review, the agroecology loan fund forms part of a step-by-step strategy in which the long-term plan remains to obtain a deposit-taking licence to create a full-service regional mutual bank for the South West of the United Kingdom.

The Society is continuing discussions with the regulators regarding a structure and business model that would be acceptable to enable a banking licence to be granted.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Society's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

Post balance sheet events

Since the year end, the Society has received grant funding of £90,000 and equity investment of £25,000. Other than this there have been no significant events affecting the Society.

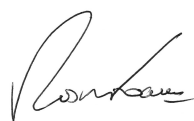
Auditors

The auditors, Griffin, will be proposed for reappointment in accordance with section 83 of the Co-operative and Community Benefit Societies Act 2014.

This report was approved by the board on 15th September 2022 and signed on its behalf.



J Arthur
Secretary



R D A Foale
Director



J G Dumeresque
Director

SOUTH WEST MUTUAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTH WEST MUTUAL LIMITED

Opinion

We have audited the financial statements of South West Mutual Limited (the 'Society') for the year ended 31 March 2022, which comprise the Statement of income and retained earnings, the Balance sheet, the Statement of changes in equity and the related notes, 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 Society's affairs as at 31 March 2022 and of its loss 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 Co-operative and Community Benefit Societies Act 2014.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the future of the Society is dependent on the income generated post year end, and in particular grant applications. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Society's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Society's ability to continue to adopt the going concern basis of accounting included reviewing forecasts based on three alternative scenarios, and discussing with management the decisions that would be required in each instance..

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

SOUTH WEST MUTUAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTH WEST MUTUAL LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' 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 Society and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

SOUTH WEST MUTUAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTH WEST MUTUAL LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors 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 directors 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 directors are responsible for assessing the Society'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 directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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.

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:

Our audit procedures have reviewed for evidence of management override, any ongoing legal cases, completeness of related party transactions as well as ongoing consideration of fraud and irregularities during the whole audit process.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

SOUTH WEST MUTUAL LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTH WEST MUTUAL LIMITED
(CONTINUED)**

Use of our report

This report is made solely to the Society's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Misty Nickells FCA (Senior statutory auditor)

for and on behalf of

Griffin

Chartered Accountants

Registered Auditors

Silverdown Office Park

Exeter Airport Business Park

Exeter

EX5 2UX

Date: 21st September 2022

SOUTH WEST MUTUAL LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Turnover		-	125,000
Gross profit		-	125,000
Administrative expenses		(202,158)	(410,082)
Other operating income		41,081	54,492
Operating loss		(161,077)	(230,590)
Interest receivable and similar income		7	37
Loss before tax		(161,070)	(230,553)
Loss after tax		(161,070)	(230,553)
Retained earnings at the beginning of the year		(548,473)	(317,920)
		(548,473)	(317,920)
Loss for the year		(161,070)	(230,553)
Retained earnings at the end of the year		(709,543)	(548,473)

The notes on pages 15 to 21 form part of these financial statements.

SOUTH WEST MUTUAL LIMITED
REGISTERED NUMBER:RS004451

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	6	1,261	2,835
		<u>1,261</u>	<u>2,835</u>
Current assets			
Debtors: amounts falling due within one year	7	6,238	14,519
Cash at bank and in hand		15,503	136,871
		<u>21,741</u>	<u>151,390</u>
Creditors: amounts falling due within one year	8	(12,049)	(57,202)
Net current assets		<u>9,692</u>	<u>94,188</u>
Total assets less current liabilities		<u>10,953</u>	<u>97,023</u>
Net assets		<u><u>10,953</u></u>	<u><u>97,023</u></u>
Capital and reserves			
Called up share capital	9	720,496	645,496
Profit and loss account		(709,543)	(548,473)
		<u>10,953</u>	<u>97,023</u>

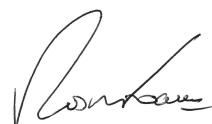
The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

15th September 2022



J G Dumeresque
Director



R D A Foale
Director



J Arthur
Secretary

The notes on pages 15 to 21 form part of these financial statements.

SOUTH WEST MUTUAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2021	645,496	(548,473)	97,023
Comprehensive income for the year			
Loss for the year	-	(161,070)	(161,070)
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(161,070)	(161,070)
Shares issued during the year	75,000	-	75,000
	<hr/>	<hr/>	<hr/>
Total transactions with owners	75,000	-	75,000
	<hr/>	<hr/>	<hr/>
At 31 March 2022	720,496	(709,543)	10,953

The notes on pages 15 to 21 form part of these financial statements.

SOUTH WEST MUTUAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2020	510,480	(317,920)	192,560
Comprehensive income for the year			
Loss for the year	-	(230,553)	(230,553)
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(230,553)	(230,553)
Shares issued during the year	135,016	-	135,016
	<hr/>	<hr/>	<hr/>
Total transactions with owners	135,016	-	135,016
	<hr/>	<hr/>	<hr/>
At 31 March 2021	645,496	(548,473)	97,023
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 21 form part of these financial statements.

SOUTH WEST MUTUAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. General information

South West Mutual Limited is a co-operative society registered under the Co-operative and Community Benefit Societies Act 2014 as society number 4451. Co-operative Societies are a category of mutual society and statutory information about the Society is held on the Mutuels Public Register maintained by the Financial Conduct Authority. The registered office is Devonport Guildhall, Ker Street, Plymouth, Devon, PL1 4EL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The following principal accounting policies have been applied:

2.2 Going concern

It has always been the case that the Society would have no trading income until it completed the lengthy process of registering as a bank. Accordingly, the funding of its operations has always depended on periodic injections of capital and/or grants. Because of this, the Society's practice has been (and will continue to be) not to incur any liabilities that it does not already hold the funds to satisfy.

After due consideration of the financial position at 31 March 2022 and at the date of this report the directors consider that the Society has sufficient funds to sustain operations until the end of October 2022. If the Society has not raised further capital by then, the Society will reduce its ongoing costs to under £200 a month, to enable the Society to meet its financial obligations as they fall due while the Directors assess the future prospects for obtaining new investment, and consider other potential alternatives means of pursuing the Society's objectives and deliver the desired benefit to the Society's members and stakeholders. The Board has lost none of its commitment and energy in pursuing these objectives. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

SOUTH WEST MUTUAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Society will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Grants

The Society accounts for grants in accordance with the performance model under FRS102. A grant that does not impose specified future performance-related conditions is recognised in income when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the recipient is recognised in income only when the performance-related conditions are met. Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Pensions

Defined contribution pension plan

The Society operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Society pays fixed contributions into a separate entity. Once the contributions have been paid the Society has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Society in independently administered funds.

SOUTH WEST MUTUAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.7 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Society operates and generates income.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	- 20-25% straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

SOUTH WEST MUTUAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.12 Financial instruments

The Society only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Society would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

3. Other operating income

	2022	<i>2021</i>
	£	£
Other operating income	16,400	25,396
Government grants receivable	24,681	29,096
	<u>41,081</u>	<u>54,492</u>

4. Auditors' remuneration

	2022	<i>2021</i>
	£	£
Fees payable to the Society's auditor and its associates for the audit of the Society's annual financial statements	4,320	9,300
	<u>4,320</u>	<u>9,300</u>
Fees payable to the Society's auditor and its associates in respect of:		
All other services	1,680	4,200
	<u>1,680</u>	<u>4,200</u>

SOUTH WEST MUTUAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

5. Employees

The average monthly number of employees, including directors, during the year was 8 (2021 - 10).

6. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 April 2021	6,303
Disposals	(1,806)
At 31 March 2022	4,497
Depreciation	
At 1 April 2021	3,468
Charge for the year on owned assets	1,353
Disposals	(1,585)
At 31 March 2022	3,236
Net book value	
At 31 March 2022	1,261
<i>At 31 March 2021</i>	2,835

SOUTH WEST MUTUAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

7. Debtors

	2022	2021
	£	£
Other debtors	2,400	10,625
Prepayments and accrued income	3,838	3,894
	<u>6,238</u>	<u>14,519</u>

8. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	1,542	9,237
Other taxation and social security	929	6,052
Other creditors	96	-
Accruals and deferred income	9,482	41,913
	<u>12,049</u>	<u>57,202</u>

9. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
720,496 (2021 - 645,496) Founder shares of £1.00 each	<u>720,496</u>	<u>645,496</u>

The Society has issued 75,000 Founder shares at a nominal value of £1 per share during the period. The consideration received in respect of the shares issued was at par.

10. Contingent liabilities

The Society has entered into an agreement with one supplier where payments of £8,100 (2021: £5,250) for services previously provided are contingent on achieving a successful application for a banking license.

11. Pension commitments

The Society operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Society in an independently administered fund. The pension cost charge represents contributions payable by the Society to the fund and amounted to £11,592 (2021: £19,278). Contributions totalling £Nil (2021: £Nil) were payable to the fund at the balance sheet date.

SOUTH WEST MUTUAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

12. Commitments under operating leases

At 31 March 2022 the Society had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	<i>2021</i> £
Not later than 1 year	-	20
	<u>-</u>	<u>20</u>
	<u>-</u>	<u>20</u>

13. Related party transactions

Key management compensation

	2022 £	<i>2021</i> £
Salaries and other short term employee benefits	56,100	67,561
	<u>56,100</u>	<u>67,561</u>
	<u>56,100</u>	<u>67,561</u>

The Society undertook no transactions with any other related parties as defined under FRS102 during the year. The above amounts relate to the one director receiving remuneration from the society.

SOUTH WEST MUTUAL LIMITED

**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Turnover		-	125,000
Gross profit		-	125,000
Gross profit %		0.0 %	100.0 %
Other operating income		41,081	54,492
Less: overheads			
Administration expenses		(202,158)	(410,082)
Operating loss		(161,077)	(230,590)
Interest receivable		7	37
Loss for the year		(161,070)	(230,553)

SOUTH WEST MUTUAL LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022**

	2022	<i>2021</i>
	£	£
Turnover		
Sales	-	125,000
	<hr/>	<hr/>
	-	125,000
	<hr/> <hr/>	<hr/> <hr/>
	2022	<i>2021</i>
	£	£
Other operating income		
Other operating income	16,400	25,396
Government grants receivable	24,681	29,096
	<hr/>	<hr/>
	41,081	54,492
	<hr/> <hr/>	<hr/> <hr/>

SOUTH WEST MUTUAL LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022**

	2022 £	2021 £
Administration expenses		
Directors national insurance	4,586	7,309
Directors salaries	51,000	63,625
Directors pension costs	5,100	5,811
Staff salaries	66,907	139,460
Staff national insurance	2,913	11,151
Staff pension costs	6,492	13,467
Staff training	900	1,389
Entertainment	73	-
Hotels, travel and subsistence	353	-
Consultancy	37,353	110,603
Printing and stationery	-	164
Telephone and internet	72	281
Computer costs	2,005	3,341
Advertising and promotion	8,327	26,150
Trade subscriptions	223	642
Legal and professional	335	4,701
Auditors' remuneration	4,320	9,300
Accountancy fees	1,680	4,200
Bank charges	80	165
Rent	738	1,100
Insurances	6,824	4,953
Sundry expenses	524	80
Depreciation	1,353	1,577
Profit/loss on sale of tangible assets	-	613
	<u>202,158</u>	<u>410,082</u>
	2022 £	2021 £
Interest receivable		
Bank interest receivable	7	-
Other interest receivable	-	37
	<u>7</u>	<u>37</u>