

**SOUTH WEST MUTUAL LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 JULY 2023**



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**SOUTH WEST MUTUAL LIMITED**

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**SOCIETY INFORMATION**

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<b>Directors</b>	P M Drewell J G Dumeresque (resigned 31 May 2023) R D A Foale (resigned 31 May 2023) A C Greenham (resigned 31 May 2023) P C Manning J Arthur (appointed 11 May 2023)
<b>Company secretary</b>	J Arthur
<b>Registered number</b>	RS004451
<b>Registered office</b>	Holyeat Farm Brentor Tavistock Devon PL19 0NW
<b>Independent auditors</b>	Griffin Chartered Accountants & Registered Auditors Courtenay House Pynes Hill Exeter EX2 5AZ

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**SOUTH WEST MUTUAL LIMITED**

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**CONTENTS**

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	Page
<b>Directors' report</b>	1 - 6
<b>Independent auditors' report</b>	7 - 10
<b>Statement of income and retained earnings</b>	11
<b>Balance sheet</b>	12
<b>Statement of changes in equity</b>	13 - 14
<b>Statement of cash flows</b>	15
<b>Notes to the financial statements</b>	16 - 21
The following pages do not form part of the statutory financial statements:	
<b>Detailed profit and loss account and summaries</b>	22 - 24

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## SOUTH WEST MUTUAL LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 2023

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The directors present their report and the financial statements for the period ended 31 July 2023.

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 initially 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 England ("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.

During the year, the principal activity of the Society remained the development of business plans to ultimately gain the necessary regulatory permissions and secure sufficient funding to provide banking services to its members. In addition, work was undertaken in the year to investigate the viability of engaging in, and preparing for, complimentary activities principally launching an Agroecology loan fund product for nature-friendly food and farming businesses. This additional work was seen as a prelude to being able to offer full banking services.

Towards the end of 2022 and early 2023 it became increasingly clear to the Board that the Society was unable to raise sufficient funding to achieve its aim of launching a regional mutual bank or to launch the loan fund mentioned above. Following a period of consultation with shareholders and other interested parties and further review of possible alternative business plans, in early 2023 the Directors made the decision to suspend operations and put the Society into a new mode in which for the time being, it will operate without staff as a volunteer-led and managed organisation. This decision was taken in order to allow the society to continue to promote its work on a more informal basis pending the development of a more positive climate within which its mission could be achieved. The directors noted for example that the slow but steadily growing interest within the political system for the development of regional banks holds the possibility of a more positive regulatory and policy environment in the future. If/when that environment comes about, the Society would be able to utilise the knowledge goodwill and expertise developed to date to re-ignite its operations. The financial resources of the Society would allow it to continue in this new mode at least until and beyond the next general election.

#### **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 Holyeat Farm, Brentor, Tavistock, PL19 0NW.

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. Members are required to purchase at least one share and (currently) to demonstrate a local connection.

At incorporation, the Society had 26 individual members and on 31 July 2023 the Society had 110 members comprising 12 corporate and 98 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 16.1% of issued shares at 31 July 2022.

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## SOUTH WEST MUTUAL LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 2023

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#### 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)
Jane Dumeresque	Chair of Audit and Risk Sub-Committee	Sep 2018	31 May 2023	5,010
John Arthur	Secretary	May 2023	-	15
Mark Drewell	Chair of Nomination and Remuneration Sub-Committee	Feb 2018	-	12,015
Paul Manning	Independent Non-Executive Director	Nov 2018	-	5,010
Robin Foale	Chair of the Board	Feb 2021	31 May 2023	1
Tony Greenham	Executive Director	Feb 2018	31 Jan 2023	5,040

As at 31 July 2023, the three remaining Directors collectively held 2.3% of the voting rights in the Society.

#### Governance

The Directors collectively have extensive leadership experience, including banking, corporate strategy, governance, regulation, law, small and large business, consumer protection and sustainability. During the period to 31 May 2023 the Board comprised of a majority (4 out of 5) of independent non-executive Directors and met monthly to provide independent scrutiny, challenge and support for the Executive Director and operational team.

From 31 May 2023 the Board comprises of a majority (2 out of 3) independent non-executive directors and meets on a quarterly basis.

There is one sub-committee of the Board, the Nomination and Remuneration chaired by Mark Drewell.

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.

The current Board is aware that the Society's Rules require a minimum of four independent non-executive Directors to be on the Board and are therefore actively seeking to increase the number of Directors. In the meanwhile, they have determined that the Board should continue to meet, albeit quarterly, in order to provide stewardship of the Society. In its revised operating mode there are no operational activities.

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## SOUTH WEST MUTUAL LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 2023

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#### Member benefit

The Society membership comprises individuals and organisations who wished to support it, in its work 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.

#### Business review

The significant challenges in raising sufficient funding to continue operations, as reported in the Directors Report for the year ended 31 March 2022, continued throughout the rest of 2022 and into 2023.

During 2022 the Board continued to seek alternatives, to launching a bank, which might allow it to support inclusive and sustainable prosperity in the region particularly launching an Agroecology loan fund for nature-friendly food and farming businesses. However, at the end of the year it became clear that it was not possible to raise sufficient funding to launch this initiative or to continue operations of any kind.

A period of consultation therefore commenced in early 2023 with all shareholders and other interested parties to investigate possible alternatives to how SWM might continue operations. This consultation also looked at how further financing could be raised and whether it was feasible to enter into partnership agreements or a joint venture with organisations sharing SWM's mission.

Following this consultation and review the Board decided at the January 2023 meeting to suspend all current funded activities within SWM whilst continuing to investigate possible funding arrangements or joint venture opportunities. This continuing work is now undertaken by a volunteer board working on a pro bono basis.

The current board remains committed to investigating any funding or joint venture / partnership opportunities that may arise in the future. Suspending operations, rather than winding down the Society will make it far easier to relaunch operations to continue work on seeking necessary regulatory permissions to offer banking services for the South West.

Tony Greenham, Executive Director was made redundant with effect from 31 January 2023. John Arthur, Head of Governance and Compliance and Company Secretary was made redundant from his operational role with effect from 31 July 2023 although remaining as Company Secretary on a pro bono basis.

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## SOUTH WEST MUTUAL LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 2023

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#### Financial review

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

	<b>Jul 2023 £'000</b>	<b>Mar 2022 £'000</b>
Staff and Directors	86	137
Consultants and business services	5	37
Marketing, market research, events and travel	1	9
Office and administrative costs, including depreciation	23	13
Audit and accountancy	6	6
	<b>121</b>	<b>202</b>

There was consultancy and other income during the year of £95,849 (2022: £41,081) which resulted in an operating loss for the year of £25,044 (2022: loss of £161,070). Four grant payments were received during the year. These totalled £90,000 (2022: Nil).

#### Principal risks and uncertainties

As has now been shown by events described above the process of obtaining a banking licence is arduous and there can be no guarantee that the Society will succeed in obtaining one. Even if efforts to secure additional funding are successful and operational activity is relaunched, there still remains no guarantee the Society will be able to successfully launch as a licenced bank.

The risk pertaining to the proposed business model of the bank, as described in previous reports, 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 the war in Ukraine, Covid-19, the emerging consequences of climate change, inflation and disruptions to supply chains will continue to impact the Society, both in its ability to raise sufficient funds to relaunch operations or if this is successful, to capitalise the bank.

As described above, the Directors regularly review the Society's strategy and business model and the decision to transform to a volunteer-based initiative was a direct result of such a review.

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## SOUTH WEST MUTUAL LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JULY 2023

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#### 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.

After due consideration of the financial position at 31 July 2023 and at the date of this report the Directors consider that the Society does not have sufficient funds to sustain further funded operations. As a result, the Society has reduced its ongoing costs to c£1,000 per year, 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.

#### 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:

- 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 accounting standard and statements of recommended practice have been followed, subject to any 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 adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Results and dividends

The loss for the period, after taxation, amounted to £25,044 (2022 - loss £161,070).

#### Directors

The directors who served during the period were:

P M Drewell  
J G Dumeresque (resigned 31 May 2023)  
R D A Foale (resigned 31 May 2023)  
A C Greenham (resigned 31 May 2023)  
P C Manning  
J Arthur (appointed 11 May 2023)

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**SOUTH WEST MUTUAL LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 JULY 2023**

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**Future developments**

As confirmed above the Society has now suspended all operational activity although a smaller Board will remain in place on a pro bono basis to investigate potential funding and possible partnerships / joint ventures. Should this activity prove successful the Board intends to relaunch operational activity to continue in its original and ultimate goal to launch a regional mutual bank.

**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**

Other than the Society suspending all operational activity 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 27/09/2023 and signed on its behalf.

*John Arthur*

**J Arthur**  
Director

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## SOUTH WEST MUTUAL LIMITED

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

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#### Opinion

We have audited the financial statements of South West Mutual Limited (the 'Society') for the period ended 31 July 2023, which comprise the Statement of income and retained earnings, the Balance sheet, the Statement of cash flows, 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 July 2023 and of its loss for the period 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.

#### Emphasis of matter

We draw attention to the director's report and note 2.2 in the financial statements, which indicates that the Society does not have sufficient funds to sustain further operations and hence the accounts have been prepared on the break up basis. Our opinion is not modified in respect of this matter.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Society is not a going concern and hence the directors' use of the break up basis of accounting in the preparation of the financial statements is appropriate.

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

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## SOUTH WEST MUTUAL LIMITED

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

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#### **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 period 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' exemption from the requirement to prepare a Strategic report.

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## SOUTH WEST MUTUAL LIMITED

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

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#### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

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**SOUTH WEST MUTUAL LIMITED**

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

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**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  
Courtenay House  
Pynes Hill  
Exeter  
EX2 5AZ  
Date:

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**SOUTH WEST MUTUAL LIMITED**

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**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE PERIOD ENDED 31 JULY 2023**

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	Note	Period ended 31 July 2023 £	Year ended 31 March 2022 £
Administrative expenses		(120,893)	(202,158)
Other operating income	3	95,849	41,081
<b>Operating loss</b>		<b>(25,044)</b>	<b>(161,077)</b>
Interest receivable and similar income		-	7
<b>Loss before tax</b>		<b>(25,044)</b>	<b>(161,070)</b>
<b>Loss after tax</b>		<b>(25,044)</b>	<b>(161,070)</b>
Retained earnings at the beginning of the period		(709,543)	(548,473)
		(709,543)	(548,473)
Loss for the period		(25,044)	(161,070)
<b>Retained earnings at the end of the period</b>		<b>(734,587)</b>	<b>(709,543)</b>

The notes on pages 16 to 21 form part of these financial statements.

**SOUTH WEST MUTUAL LIMITED**  
**REGISTERED NUMBER:RS004451**

**BALANCE SHEET**  
**AS AT 31 JULY 2023**

	Note	31 July 2023 £	31 March 2022 £
<b>Fixed assets</b>			
Tangible assets	6	-	1,261
		-	1,261
<b>Current assets</b>			
Fixed assets held for sale	6	86	-
Debtors: amounts falling due within one year	7	3,881	6,238
Cash at bank and in hand		13,741	15,503
		17,708	21,741
Creditors: amounts falling due within one year	8	(6,799)	(12,049)
<b>Net current assets</b>		<b>10,909</b>	<b>9,692</b>
<b>Total assets less current liabilities</b>		<b>10,909</b>	<b>10,953</b>
<b>Net assets</b>		<b>10,909</b>	<b>10,953</b>
<b>Capital and reserves</b>			
Called up share capital	9	745,496	720,496
Profit and loss account		(734,587)	(709,543)
		<b>10,909</b>	<b>10,953</b>

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

*John Arthur*

27/09/2023

**J Arthur**  
 Director

The notes on pages 16 to 21 form part of these financial statements.

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**SOUTH WEST MUTUAL LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 JULY 2023**

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	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2022	720,496	(709,543)	10,953
<b>Comprehensive income for the period</b>			
Loss for the period	-	(25,044)	(25,044)
	<hr/>	<hr/>	<hr/>
<b>Other comprehensive income for the period</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	-	(25,044)	(25,044)
<b>Contributions by and distributions to owners</b>			
Shares issued during the period	25,000	-	25,000
	<hr/>	<hr/>	<hr/>
<b>Total transactions with owners</b>	25,000	-	25,000
	<hr/>	<hr/>	<hr/>
<b>At 31 July 2023</b>	<b>745,496</b>	<b>(734,587)</b>	<b>10,909</b>

The notes on pages 16 to 21 form part of these financial statements.

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**SOUTH WEST MUTUAL LIMITED**

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

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

The notes on pages 16 to 21 form part of these financial statements.

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**SOUTH WEST MUTUAL LIMITED**

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**STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 JULY 2023**

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	<b>31 July 2023 £</b>	<i>31 March 2022 £</i>
<b>Cash flows from operating activities</b>		
Loss for the financial period	<b>(25,044)</b>	<i>(161,070)</i>
<b>Adjustments for:</b>		
Depreciation of tangible assets	<b>1,146</b>	<i>1,353</i>
Loss on disposal of tangible assets	<b>29</b>	<i>-</i>
Interest received	<b>-</b>	<i>(7)</i>
Decrease in debtors	<b>2,357</b>	<i>8,281</i>
(Decrease) in creditors	<b>(5,250)</b>	<i>(45,153)</i>
<b>Net cash generated from operating activities</b>	<b>(26,762)</b>	<i>(196,596)</i>
<b>Cash flows from investing activities</b>		
Sale of tangible fixed assets	<b>-</b>	<i>221</i>
Interest received	<b>-</b>	<i>7</i>
<b>Net cash from investing activities</b>	<b>-</b>	<i>228</i>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	<b>25,000</b>	<i>75,000</i>
<b>Net cash used in financing activities</b>	<b>25,000</b>	<i>75,000</i>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(1,762)</b>	<i>(121,368)</i>
Cash and cash equivalents at beginning of period	<b>15,503</b>	<i>136,871</i>
<b>Cash and cash equivalents at the end of period</b>	<b>13,741</b>	<i>15,503</i>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	<b>13,741</b>	<i>15,503</i>
	<b>13,741</b>	<i>15,503</i>

The notes on pages 16 to 21 form part of these financial statements.

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## SOUTH WEST MUTUAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2023

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#### 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 Holyeat Farm, Brentor, Tavistock, Devon, PL19 0NW.

#### 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 July 2023 and at the date of this report the Directors consider that the Society does not have sufficient funds to sustain further funded operations. As a result, the Society has reduced its ongoing costs to c£1,000 per year, 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.

##### 2.3 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.

##### 2.4 Interest income

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

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## SOUTH WEST MUTUAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2023

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#### 2. Accounting policies (continued)

##### 2.5 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.

##### 2.6 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.

##### 2.7 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.

##### 2.8 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.

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## SOUTH WEST MUTUAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2023

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#### 2. Accounting policies (continued)

##### 2.9 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.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Society's cash management.

##### 2.10 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.

##### 2.11 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

	<b>Period ended 31 July 2023</b>	<i>Year ended 31 March 2022</i>
	£	£
Other operating income	5,849	16,400
Government grants receivable	-	24,681
Other grants receivable	90,000	-
	<u>95,849</u>	<u>41,081</u>

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**SOUTH WEST MUTUAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JULY 2023**

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**4. Auditors' remuneration**

During the period, the Society obtained the following services from the Society's auditors:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Fees payable to the Society's auditors for the audit of the Society's financial statements	<b>5,922</b>	<b>5,640</b>
All other services	<b>540</b>	<b>360</b>
	<b>6,462</b>	<b>6,000</b>

**5. Employees**

The average monthly number of employees, including directors, during the period was 2 (2022 - 8).

**6. Tangible fixed assets**

	<b>Office equipment £</b>
At 1 April 2022	<b>4,497</b>
Disposals	<b>(1,781)</b>
Reclassified to held for sale	<b>(2,716)</b>
At 31 July 2023	<b>-</b>
At 1 April 2022	<b>3,236</b>
Charge for the period on owned assets	<b>1,146</b>
Disposals	<b>(1,752)</b>
Reclassified to held for sale	<b>(2,630)</b>
At 31 July 2023	<b>-</b>
<b>Net book value</b>	
At 31 July 2023	<b>-</b>
At 31 March 2022	<b>1,261</b>

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**SOUTH WEST MUTUAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JULY 2023**

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**7. Debtors**

	<b>31 July 2023 £</b>	<i>31 March 2022 £</i>
Other debtors	-	2,400
Prepayments and accrued income	<b>3,881</b>	3,838
	<u><b>3,881</b></u>	<u>6,238</u>

**8. Creditors: Amounts falling due within one year**

	<b>31 July 2023 £</b>	<i>31 March 2022 £</i>
Trade creditors	-	1,542
Other taxation and social security	<b>216</b>	929
Other creditors	-	96
Accruals and deferred income	<b>6,583</b>	9,482
	<u><b>6,799</b></u>	<u>12,049</u>

**9. Share capital**

	<b>31 July 2023 £</b>	<i>31 March 2022 £</i>
<b>Allotted, called up and fully paid</b>		
745,496 (2022 - 720,496) Founder shares of £1.00 each	<b>745,496</b>	720,496
	<u><b>745,496</b></u>	<u>720,496</u>

The Society has issued 25,000 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 previously entered into an agreement with suppliers where payments of £Nil (2022: £8,100) for services previously provided are contingent on achieving a successful application for a banking license.

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**SOUTH WEST MUTUAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JULY 2023**

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**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 £7,164 (2022: £11,592). Contributions totalling £Nil (2022: £Nil) were payable to the fund at the balance sheet date.

**12. Related party transactions**

Key management compensation

	<b>Period ended 31 July 2023 £</b>	<i>Year ended 31 March 2022 £</i>
Salaries and other short term employee benefits	<b>83,972</b>	<i>56,100</i>
	<hr/> <b>83,972</b> <hr/>	<hr/> <i>56,100</i> <hr/>

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

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**SOUTH WEST MUTUAL LIMITED**

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**DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 JULY 2023**

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	<b>Note</b>	<b>Period ended 31 July 2023 £</b>	<b>Year ended 31 March 2022 £</b>
		<hr/>	<hr/>
<b>Gross profit</b>		-	-
		<hr/>	<hr/>
<b>Gross profit %</b>		<b>0.0 %</b>	<b>0.0 %</b>
Other operating income		<b>95,849</b>	<b>41,081</b>
		<hr/>	<hr/>
<b>Less: overheads</b>			
Administration expenses		<b>(120,893)</b>	<b>(202,158)</b>
		<hr/>	<hr/>
<b>Operating loss</b>		<b>(25,044)</b>	<b>(161,077)</b>
Interest receivable		-	7
		<hr/>	<hr/>
<b>Loss for the period/year</b>		<b>(25,044)</b>	<b>(161,070)</b>
		<hr/>	<hr/>

**SOUTH WEST MUTUAL LIMITED**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE PERIOD ENDED 31 JULY 2023**

	<b>Period ended 31 July 2023 £</b>	<i>Year ended 31 March 2022 £</i>
<b>Other operating income</b>		
Other operating income	5,849	16,400
Government grants receivable	-	24,681
Other grants receivable	90,000	-
	<u>95,849</u>	<u>41,081</u>
	<b>Period ended 31 July 2023 £</b>	<i>Year ended 31 March 2022 £</i>
<b>Administration expenses</b>		
Directors national insurance	2,195	4,586
Directors salaries	76,808	51,000
Directors pension costs	7,164	5,100
Staff salaries	-	66,907
Staff national insurance	-	2,913
Staff pension costs	-	6,492
Staff training	-	900
Entertainment	-	73
Hotels, travel and subsistence	1,784	353
Consultancy	4,513	37,353
Telephone and fax	99	72
Computer costs	2,099	2,005
Advertising and promotion	537	8,327
Trade subscriptions	936	223
Legal and professional	3,828	335
Auditors' remuneration	5,922	5,640
Accountancy fees	540	360
Bank charges	112	80
Rent	747	738
Insurances	12,059	6,824
Sundry establishment expenses	375	524
Depreciation	1,146	1,353
Profit/loss on sale of tangible assets	29	-
	<u>120,893</u>	<u>202,158</u>

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**SOUTH WEST MUTUAL LIMITED**

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**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE PERIOD ENDED 31 JULY 2023**

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	<b>Period ended 31 July 2023 £</b>	<i>Year ended 31 March 2022 £</i>
<b>Interest receivable</b>		
Bank interest receivable	-	7
	<hr/>	<hr/>
	<hr/>	<hr/>