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Charity Number: 1135192

Company Number: 04386613

THE MUSTARD TREE
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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THE MUSTARD TREE

LEGAL AND ADMINISTRATIVE INFORMATION

Registered Charity number: 1135192

Registered Company number: 04386613

Principal and Registered Office: 110 Oldham Road, Ancoats, Manchester, M4 6AG

Trustees: J K Kielty
A C Preston CBE
B M Rapley (resigned 28 May 2021)
Professor V S Shah MBE
P G Wenham
R J Caulfield
R Page
M I Adlestone OBE DL (appointed 16 June 2020)
C L Norman (appointed 27 November 2020)

Chief Executive Officer: J Walby

Secretary: G Woodworth

Auditor: Beever and Struthers
Chartered Accountant and Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

Bankers: CAF Bank Limited
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

Solicitors: Glaisyers
1 St James's Square
Manchester
M2 6DN

THE MUSTARD TREE

TRUSTEES' ANNUAL REPORT (INCORPORATING THE DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

Trustees' Annual Report (Incorporating the Director's Reports)

The management team and Trustees are pleased to present the annual report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2021 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The accounts have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2019).

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THE MUSTARD TREE

TRUSTEES' ANNUAL REPORT (INCORPORATING THE DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021



Welcome – Jo Walby, Chief Executive

I am pleased to present Mustard Tree's annual report and audited accounts for 2020-21. We have been inspired by the resilience and passion of our clients, donors, supporters, trustees, staff members throughout the Covid-19 pandemic. Over the past 12 months, Mustard Tree remained open, 6 days a week, providing food and face to face support to nearly 6,000 people who were on very low income or homeless. Our charity supports people who may be vulnerable, isolated and in need of financial support including pensioners, residents, people who are living in hostels as well as those living on the streets. We have families who regularly used our food clubs and so whilst supermarkets stayed open within Public Health guidelines, then so would we. Our commitment to ensuring the charity was 'Covid-Secure' meant prioritisation of cleaning, social distancing, and health and safety.

We had to transform our organisation to focus on food and emergency support for people struggling with the restrictions of the pandemic. We provided face-to-face support and helped over 1,800 people with housing, finances, and advocacy and provided food to more than 3,700 people.

We maintained our training and creative classes by providing an online timetable of activities including English language classes, song club, art classes and job club with over 320 people accessing our online offers. Many of these activities were delivered by our volunteers who proved to be invaluable to the charity during this challenging time. We maintained a small number of Freedom Trainees onsite and supported others via zoom and telephone.

Another key highlight has been the partnership work in Salford – particularly For Housing and Salford CVS. Their support for the redevelopment of our Eccles site included the creation of a new digital support hub. We delivered food parcels to our clients in Little Hulton whilst we had a reduced staff team and in March 2021, we began its refurbishment as well.

We are grateful that the majority of our key donors agreed to unrestricted funding for 12 months to allow us to focus resources where they were most required. We also received emergency funding for food from organisations such as The National Lottery, CAF Bank, Homeless Link and Manchester United Foundation among other valued partners. We had a better than forecast financial performance thanks to the generosity of our supporters – large and small including the many individuals who set up direct debits to help us keep going. We welcomed two new trustees to the charity this year – Charlotte Norman and Mark Adlestone OBE DL with Mark taking over as Chair in the new financial year.

We said goodbye to our colleagues in our StandFirm project with the successful transfer of staff members to the alternative service provider. This project employed 7 people over the 7 years of the contract. These people joined either via the Freedom training project or as volunteers, facing multiple barriers to employment. We also successfully recycled more than £100,000 worth of furniture that would otherwise have gone to landfill.

The Covid-19 crisis has uncovered the depth of inequity that exists in the UK. We continue to see an increase in footfall, whilst some key agencies remain harder to access providing their services via phone and 'zoom'. Coming out of Covid-19, the challenge remains how to further develop sustainable funding streams so we can maximise the impact of what we do to meet this increased need.

We worked throughout Covid-19 because of the support of so many people and we thank our supporters for their good will, commitment, and belief. Special thanks and appreciation must go to the staff members, volunteers, and trustees for all the hard work, courage, and actions over this extraordinary year. You are amazing!

THE MUSTARD TREE

TRUSTEES' ANNUAL REPORT (INCORPORATING THE DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

Objectives and Values

Mustard Tree support people across Greater Manchester, tackling both the causes and consequences of poverty. Our mission is to combat poverty and prevent homelessness by:

- Helping people learn new skills, find work and secure accommodation
- Providing low-cost furniture, food and clothing needed to create a home through our community shops, processing donations and promoting reuse and recycling
- Welcoming people into our warm, safe, aspirational spaces for vocational training, work placements, job clubs, art clubs and creative activities

Mustard Tree has developed a set of values that underpins all the work we do. By embedding these values, we define how we work with each other and other people. Our values are:

Belief – in people, working with people where they are, focusing on strengths

Dignity - kindness, respect and compassion underlie how we work

Opportunity – creating opportunities for people to improve their lives

Diversity – embracing the differences and valuing the contribution of all

Partnership – commitment to working in partnership

We believe in a 'hand-up' approach, providing dignity through understanding that any one of us may need help in our lives. We appreciate the courage, resilience, and belief it takes to ask for help and recover from problems. We value the contribution that all our clients make to our communities and know that we cannot exist in isolation from others.

Mustard Tree provides in-house training in Customer Service; English (ESOL) and Digital Confidence and we host other partners who also provide training courses. We run a structured vocational training programme – 'the Freedom Project' – through which people get involved in the enterprise side of Mustard Tree. The Freedom trainees undertake real-life work experience and help us to run the charity through:

- Providing customer services in retail
- Warehouse skills in furniture collection/distribution
- Repair and PAT testing of white goods donated to the charity
- Food hygiene and catering skills in our industrial kitchen, food clubs and café
- Cleaning and facilities experience in running of our buildings

Vocational training, including some industry standard accreditations in areas such as manual handling, is provided as part of the programme. Work placements with corporate partners who support the charity are provided for clients who set employment as their goal.



'I mentioned that I wanted to start my own business selling cakes but needed to find work first so I could support myself and my family'. - Soulemann

Equipped with experience gained in our training kitchen, Soulemann now works in a prestigious restaurant in the heart of Manchester and has set-up his own cake business – 'SyllaSweet'.

THE MUSTARD TREE

Since Covid-19, we have also been providing emergency 121 support to address economic wellbeing as well as health and wellbeing – focusing on supporting people in debt and struggling with accessing digital platforms. Staff also advocate for clients to find emergency accommodation and support our clients with landlords to help retain their housing.

The charity has 3 Community Shops in Ancoats, Eccles and Little Hulton offering access to low-cost food through the food club and pre-loved clothing and household essentials such as furniture, electrical items, and white goods. Our helpdesk and online donation forms provide a route for people to donate unwanted items that we collect in our furniture vans. We clean, repair, and display those donated items in our community shops.



We support people into new tenancies through the provision of furniture and other items, helping people to settle in their homes. Our community shops gift at least 40% of the items donated to us directly back to people in need through our voucher and gifting schemes – something we believe is unique compared to other charity shop models.

Mustard Tree also tackles poverty of experience through providing creative activities such as art, music, drama, and IT/media. By helping people engage creatively, we help build confidence, recover self-esteem, and unleash new potential. Improvements in health and wellbeing are provided through increasing access to health services and promotion of self-help groups. Our welcome and open-door policy through the community shop model offers a respite to social isolation as well as vital access to face to face support.

The charity has 35 staff members and 40 volunteers as well as up to 70 trainees helping to run the organisation. Our approach is based on our values and an understanding that everyone needs help at some point in their lives.

Public benefit

The public benefits that flow from the charity are as follows:

1. An enhanced quality of life and economic wellbeing with access to low cost food, clothing, and household essentials.
2. Increased opportunities from the training and Freedom programmes through the development of new skills and engaging in new activities leading to greater social skills, improved economic wellbeing through better employment options and interaction.
3. Enhanced access to health and wellbeing support leading to improved health and a better of quality of life.
4. Raised awareness of poverty and homelessness in and around Manchester, leading to increases in self-esteem through helping others

THE MUSTARD TREE

TRUSTEES' ANNUAL REPORT (INCORPORATING THE DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

Key Achievements and Performance - Our response to Covid-19

April to June 2020 - Spring

We were shocked by the daily updates from March 23rd onwards detailing the nature of the crisis. We consumed all the guidance we could from Central Government, Local Authorities, and the NHS. Risk assessments were conducted across all buildings and activities which resulted in the closure of all our services apart from food and crisis support.



We increased cleaning regimes and introduced a daily deep clean and audits via a twice-daily checklist.

Method statements were developed for contagious diseases, and we trained all onsite staff members in cleaning and Control of Substances Hazardous to Health (COSHH).

We also trained all onsite staff members in Food Hygiene and PPE for all our staff and volunteers.

We translated Public Health guidance into multiple languages and displayed and updated information across our centres in line with Government

changes. Opening hours were limited to 4 hours a day, 6 days a week to minimise contact.

We focused on food supply to and emergency support. As well as the people who use our food clubs, we also supported Manchester City Council's food initiative in delivering food parcels to residents who were clinically shielding. Every food parcel was checked by our Head Chef and signed off personally to maintain the quality of experience for people when they most needed it.



those guys were so nice and lovely 🍌

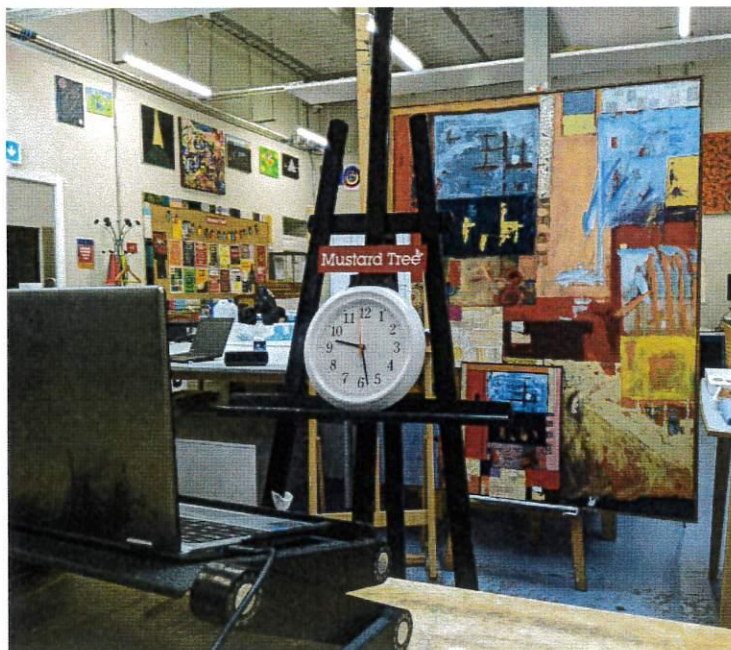


During these first 3 months, we delivered 3,740 family food parcels and helped over 400 people living in hotels and the small number who were on the streets more than 900 times with food, clothing, toiletries and 121 support.

THE MUSTARD TREE

July to Sept – Summer

We temporarily reopened community hubs when the first lockdown ended including the newly refurbished site in Eccles. We were conscious of the social isolation and mental health concerns of some of our clients and so created a 'Life after lockdown' plan. This included the development of arts, music and creative classes online as well providing advocacy, action and 121 drop-in support for those facing financial hardship. We also relaunched our online ESOL classes and started to focus again on our other service offers as well as emergency food and housing.



Mustard Tree

RELAUNCH EVENTS

w/c 6th July 2020

MONDAY
RE-OPENING OF OUR ANCOATS HUB!
CHECK OUT OUR VIDEO AND TOUR (YOUTUBE)

TUESDAY
GRAHAM'S ART CLASS - LIVE BROADCAST - 2PM
(FACEBOOK @MUSTARDTREEMCR)

WEDNESDAY
ENGLISH CONVERSATION CLASS - 12-1PM
INFO@MUSTARDTREE.ORG.UK FOR DETAILS

THURSDAY
OUR NEW ONLINE FURNITURE DONATION FORM
'DETAILS FOR DONATING' (YOUTUBE)

FRIDAY
SONG CLUB LIVE - 2PM
FACEBOOK @MUSTARDTREEMCR

October to December – Autumn

Sadly, Greater Manchester was subject to more local lockdowns in the Autumn as Covid-19 cases surged. However, other charitable and support services were now open, and the Government had introduced schemes such as the uplift to Universal Credit and so we consolidated our resources. Our focus was on Food, Furniture and Freedom in preparation for the reality of winter pressures.

We ended some of things we did such as gifting of toiletries and sleeping bags, we increased our provision in other areas such as extending our furniture voucher schemes and launched new initiatives with partners so that we were ready to address increased need.



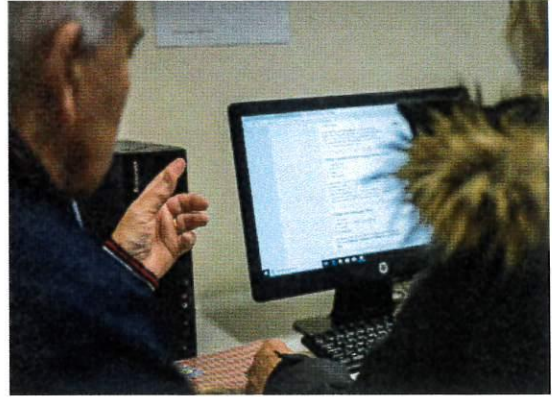
We welcomed multiple partners onsite as part of Manchester's Street Engagement Hub which was set up by Greater Manchester Police, Manchester City Council, and partners to provide multi-agency support for begging and people who were living on the streets. Twice a week, we host housing, addiction services, probation, DWP, charities as well as health services to increase and improve access to those services for people on the streets.

THE MUSTARD TREE

January to March - Winter

The Government announcement on 4th January of a further lockdown including schools meant that we needed to renew our focus on the provision of essential food and emergency support to those who need it. Using our experience and links into other services developed during Covid-19, we expanded our offers - for example, we extended hardship funds for rent arrears or deposits for families in temporary accommodation.

Despite the constraints of the Tier system and the lockdowns, we resumed our onsite delivery of some specific training courses, work placements and partner services.



We worked to the latest Government guidelines which explicitly referred to charitable services remaining open to support people who may be vulnerable. ('National Lockdown – Stay at Home,' Jan 4, 2021, guidance from GOV.UK). We had secured new partnerships with DWP and Caritas Salford to help us do this and most of this activity was based onsite at our community hubs in Manchester and Eccles.

We were very aware of the immense contribution of our staff members and volunteers over this year and focused on wellbeing and care for the team. We closed the charity over the Christmas break to give everyone a well-deserved break. Working with the Council, we secured Covid-19 vaccinations for our staff members and volunteers.

Onwards and Upwards

Coming out of Covid-19, we are analysing the impact of the pandemic on the charity. We need to ensure we can meet increasing demands whilst keeping our focus on our welcome and values. As more services are using telephone and video based approaches to support, we need to maintain our emergency support staff to provide the vital face-to-face support required to help people. This is a new area for us in addition to our longer term Freedom programme. We will need more consistent funding streams and partnerships to help manage these demands and increase the scale and impact of the charity. Mark Adlestone OBE DL will take over as Chair in the new financial year and his leadership will safely steer the charity into the next phase of its development.

It has been a truly extraordinary year and the charity has achieved more than we thought possible with the crucial support from our donors, partners, trustees and our brave volunteers and staff members. Our focus and passion has remained on the people who use our services and come into our spaces. One of our Freedom Trainees at the end of their placement described Mustard Tree as follows:

'You were our light in the time of darkness, our happiness in the time of sadness, our security in the time of fear, our hope in the time of despair, our comfort in the time of fatigue, and our warm embrace in the time of cold Covid sorrows.'

THE MUSTARD TREE

TRUSTEES' ANNUAL REPORT (INCORPORATING THE DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

Financial Review

FY2020-21 proved to be a strong year, despite the conditions of Covid-19, and we out-performed our financial expectations during this unprecedented time.

Our emergency budget planned for a loss by the end of the year due to the closure of retail and reduction in our trading activities. We proactively managed the risks to income and expenditure through short-term financial management – monthly, weekly and in some cases daily. We were in Year 2 of a 3 year-strategy around building up viable reserves and so had the added pressure of risks associated with managing cashflow.

Income

Our decision to remain open during the lockdowns resulted in key funders providing crisis income – particularly for food. Of the £1.660 million achieved, £300,000 was linked to Covid-19 crisis support. The result for this financial year showed a 17% increase in income despite the reduction in trading activities. This result reinforced the relevance of Mustard Tree and the decision the charity made to stay open.

We secured our first major public sector contract in March 2021 with the Department of Work and Pensions investing in our Freedom training programme. In Salford, our partnership with For Housing provided additional funding to help us maintain our presence in Eccles and Little Hulton. These contracts signified the development of more structured service offers in addition to our existing training and activities – therefore providing more predictable income.

Expenditure

Expenditure increased this year in comparison to the previous year by 3% with significant investment in food, cleaning, and PPE plus emergency supplies for clients. Our salary costs were less than the previous year because we halted recruitment and did not replace roles when a small number of people left. We held our staff team together and did not have to make any redundancies. In terms of Government support, we limited the furlough contribution to £32,679 which was mainly linked to trading activities through the StandFirm voids contract.

StandFirm

The contract for the Voids clearance activity delivered by StandFirm was transferred from Mears PLC to Engie PLC resulting in the successful TUPE transfer of relevant staff members. This project employed 7 people over the contract and these people joined either via the Freedom training project or as volunteers, facing multiple barriers to employment. We also successfully recycled more than £100,000 worth of furniture that would otherwise have gone to landfill. StandFirm CIC will not trade in the short to medium term whilst we qualify potential new opportunities.

Summary

Our financial performance resulted in a net surplus of £120,250 minus depreciation which equates to 7% of our income for the year. This contribution to reserves provides more security for our charity whilst remaining within best practice guidelines as stipulated by the Charity Commission. Managing cashflow particularly in the light of seasonal peaks of our income remains a priority as we build forward into 2021-22.

THE MUSTARD TREE

Reserves policy

Our objective is to build a minimum reserve to cover 3 months unavoidable expenditure to cover the necessity of closedown, or unforeseeable delays in receiving funds from donors. The reserves required for this would be £147k. This is based on staffing and associated overhead costs including contractual obligations.

At the year end the charity had reserves as follows:-

£170,442 which are deployable and are able to be spent on any of the charity's activities (unrestricted reserves)

£57,875 which represents donations made where the donor has specified a particular purpose for their funds (restricted reserves)

£2,247,472 representing donations already invested in the charity's land and buildings, which are therefore not able to be deployed for any other purpose

The unrestricted reserves balance is in line with the reserves policy.

Plans for the future period

Covid-19 has meant that we had to completely transform and adapt our organisation to focus on food and emergency support during the lockdowns of 2020. To meet the increasing service demand and to provide appropriate support we have remodelled our services, and this has had an impact on our costs and resources. Coming out of Covid-19, we are analysing the impact on the charity and will access specialist advice in areas such as fundraising and HR to support the development of the charity. We need to ensure we invest in management resources as well as focusing on the front line if we want to safely manage the increases in demand. Our staff team have been incredible for the past 18 months and we need to invest in further training and development at all levels within the charity.

The social and economic impact of Covid-19 on many families across Greater Manchester has resulted in a significant increase in the number of service users who are now more reliant on us. We will accelerate the investment in our staff team and recruit the roles we need in order to ensure the safe transition into this post-covid pandemic phase.

Going concern

The management team and Trustees are confident in the resilience of the organisation as demonstrated by the performance over the past 12 months. Whilst the impact on fundraising and retail is subject to the wider Covid-recovery for the country, the diverse nature of the funding streams provides greater opportunities to tolerate downturns in any particular area. The reserves position for the charity has increased with improving cashflow and we have a modest budget in place for the new financial year. The budget includes the investment in the staff team to accommodate the increases in demand as well as the opportunity to strengthen the leadership team. Developing a more sustainable fundraising strategy will also be a key focus to support development over future years.

THE MUSTARD TREE

TRUSTEES' ANNUAL REPORT (INCORPORATING THE DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

Structure and Governance

The charity is a company limited by guarantee. The **trustees**, who are also the directors for the purpose of company law, and who served during the year were:

B M Rapley (Chair)

M I Adlestone OBE DL (6/20)

R J Caulfield

J K Kielty

C Norman (1/21)

A C Preston CBE

R Page

Professor V S Shah MBE DL

P G Wenham



New trustees are elected following an open recruitment process and filled by analysing gaps in the skills, capacity, and experience of existing trustees. New trustees receive a full induction.

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

Oversight of all activities is managed by the Trustee Board. They approve the budget, capital projects, any changes in strategic direction, and appoint the CEO. The daily functions are managed by a Senior Management Team of the CEO, Jo Walby and Head of Finance, Graeme Woodworth.

Management accounts with key performance indicators are reviewed by the management team monthly and the Trustees evaluate and review these documents every two months. Monthly management meetings also review Incidents and Safeguarding, HR and training and Case Management of Freedom Volunteers.

The Mustard Tree is the sole member of StandFirm CIC, a company limited by guarantee, established to provide paid employment for local individuals coming through projects such as the Freedom Project. All StandFirm board members are appointed by The Mustard Tree trustees and the CEO of The Mustard Tree sits as a director on the StandFirm board.

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code, namely to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction.
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

THE MUSTARD TREE

TRUSTEES' ANNUAL REPORT (INCORPORATING THE DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

Management of Key Risks and Uncertainties

The Organisation risk register is updated on a quarterly basis and audits of Health and Safety systems and processes are also carried out once a month across each site.

An overview of Incidents and Near Misses are reviewed each month during a Safeguarding Review meeting, chaired by the CEO. The Chair of Trustees is notified the same day of any Serious and Untoward Incidents with a written report completed and submitted to the chair within 72 hours.

The Mustard Tree have built significant COVID-19 risk assessments in line with government guidance which are updated through latest government guidance. Mustard Tree is a Covid-Secure workplace and has been since the start of the Covid-Secure guidance.

An annual training plan is ongoing in line with H & S compliance this includes introduction to health and safety; safeguarding; first aid; fire marshalling; motivational interviewing and case management; professional boundaries. During the year, The Mustard Tree have qualified a further 3 staff on Institution of occupational safety and health accreditation.

Employee Involvement

The charity's policy is to consult and discuss with employees, directly and at staff meetings, matters likely to affect employees' interests. Information of matters of concern to employees are given through team meetings, information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There are managers across all areas of the charity including: Retail and Logistics; Services; Training; Food; Facilities; Fundraising and Partnerships. Each manager holds regular 121s with their staff as well as team meetings and staff members are encouraged to contribute their ideas, views, and opinions. We are introducing formal annual appraisals, and, in the meantime, staff members are encouraged to feedback during their 121s.

Monthly management meetings are held in which each manager provides a verbal update to their monthly reports submitted to the CEO. Daily team briefings are held at 8:45am to brief staff members and volunteers on key information and to help manage risk through providing latest updates around Covid-19. These daily briefings proved essential during the pandemic because the staff team could directly input into service delivery as well as listen to key messages.

Organisation policies and processes are stored electronically on the HR database – 'People HR' and each staff member has individual access to this system.

Safeguarding, Incident Management and Boundaries Training sessions are held at least every 2 months to brief new starters and to provide further learning refresh courses for existing colleagues.

THE MUSTARD TREE

TRUSTEES' ANNUAL REPORT (INCORPORATING THE DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

Thank you to our supporters

Without the backing of our supporters, partners, and volunteers - navigating through the challenges and fallout of the Covid-19 pandemic would have been impossible. The belief which was shown by our partners gave us the confidence to diversify to meet the growing need – knowing that we would not be facing these challenges alone.

We want to say a special thank you to our major supporters who have been essential to this year including:

The Oglesby Charitable Trust and Oglesby Family

The Zochonis Charitable Trust

The Garfield Weston Foundation

The National Lottery Community Fund

CAF Bank

Crisis

The Albert Gubay Foundation

The Henry Smith Charity

Manchester City Council and staff

Salford CVS

DWP

For Housing

Manchester United Foundation

Watson Homes



Thank you to our **Charity of the Year** Partners including: - AXA Insurance, Cargills, CFG Law, DAC Beechcroft, D2 Rail, Duff & Phelps, Equity Solutions, First Central Insurance, Harper Harrison / LHI, Hill Dickinson, Joseph Holt, Kroll, Lloyds TSB, Plexus Law and Swizzels Matlow.

We want to thank all our partners in the Voluntary, Community and Social Enterprise sector (VCSE). The passion, resilience and courage shown by charities in Manchester and Salford over this year has been awe inspiring and makes Greater Manchester a better place.

The support of our Patron, Sir Warren Smith, has been instrumental. We would also like to thank David Regan, Director of Public Health at Manchester City Council, Paul Dennett, Mayor of Salford and Andy Burnham, Mayor of Greater Manchester for their leadership during this difficult year.

Finally, we would also like to thank all our individual fundraisers and the In-kind support we receive as this continues to provide opportunities where financial contributions may not be possible. As well as countless food and clothing donations, businesses and communities have rallied to provide items to support our clubs and classes. Thank you.

THE MUSTARD TREE

TRUSTEES' ANNUAL REPORT (INCORPORATING THE DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

Trustees' responsibilities in relation to the financial statements

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

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

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

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

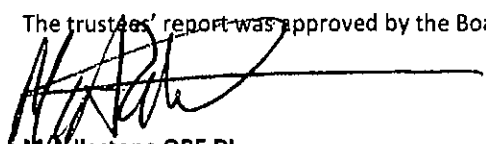
Auditor

In accordance with the company's articles, a resolution proposing that Beever and Struthers, be reappointed as auditor of the company, will be put at a General Meeting.

Disclosure of Information to the Auditor

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

The trustees' report was approved by the Board of Trustees on 15/12/21



M Adlestone OBE DL
Chair of Trustees

THE MUSTARD TREE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MUSTARD TREE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the consolidated financial statements of The Mustard Tree (the 'charity') and StandFirm CIC ('the subsidiary') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheet, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)*

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is material misstatement in the financial statements or a material misstatement of the other information. 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 the fact.

We have nothing to report in this regard.

THE MUSTARD TREE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MUSTARD TREE YEAR ENDED 31 MARCH 2021

Opinions on other matters prescribed by the Companies Act 2006.

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

- The information given in the trustees' report which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by the law are not made; or
- we have not received all the information and explanations we require for our audit;

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

THE MUSTARD TREE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MUSTARD TREE YEAR ENDED 31 MARCH 2021

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, the Charities Act 2011, taxation legislation, data protection, safeguarding, employment and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical to identify any unusual or unexpected relationships.
- tested journal entries to identify unusual transactions.
- assessed whether judgements and assumptions made in determining the accounting estimates set out in [Note 3] were indicative of potential bias.
- investigated the rationale behind significant or unusual transactions.

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

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

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

THE MUSTARD TREE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MUSTARD TREE YEAR ENDED 31 MARCH 2021

Use of our report

This report is made solely to charitable company's members, as a body in accordance with Chapter 3 of Part 16 of the Company's Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable members as a body, for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Sue Hutchinson (Senior Statutory Auditor)
For and on behalf of Beever and Struthers

Beever and Struthers
Chartered Accountants
St George's House
215-219 Chester Road
Manchester M15 4JE

Date: 15/12/2021

THE MUSTARD TREE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

YEAR ENDED 31 MARCH 2021

	Note	Unrestricted Funds General 2021 £	Unrestricted Funds Building 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Income and endowments:						
Donations and legacies	4	262,116	-	858,418	1,120,534	862,798
Charitable activities	5	412,673	-	68,383	481,056	543,652
Investment Income	6	-	-	-	-	1
Other income	7	56,837	-	2,000	58,837	10,418
Total Incoming resources		731,626	-	928,801	1,660,427	1,416,869
Expenditure on:						
Raising funds						
Fundraising and publicity	8	96,349	4,358	-	100,707	130,665
Trading costs	8	483,319	14,600	170,001	667,920	629,459
		579,668	18,958	170,001	768,627	760,124
Charitable activities						
Progression	9	29,603	31,090	704,559	765,252	715,944
StandFirm	9	6,298	-	-	6,298	19,080
		35,901	31,090	704,559	771,550	735,024
Total resources expended		615,569	50,048	874,560	1,540,177	1,495,148
Net Income / (expenditure) for the year		116,057	(50,048)	54,241	120,250	(78,279)
Reconciliation of funds:						
Total funds brought forward	19	54,385	2,297,520	3,634	2,355,539	2,433,818
Total funds carried forward		170,442	2,247,472	57,875	2,475,789	2,355,539

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

All incoming resources and resources expended derive from continuing activities.

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

The comparative statement of financial activities is shown in note 29 to the financial statements.

The notes on pages 22 to 37 form part of these accounts.

THE MUSTARD TREE

CONSOLIDATED AND CHARITY STATEMENT BALANCE SHEET AS AT 31 MARCH 2021

		Total Funds		Total Funds	
	Note	2021 Group £	2020 Group £	2021 Charity £	2020 Charity £
Fixed assets:					
Fixed assets	15	2,285,934	2,307,118	2,285,875	2,307,000
Current assets:					
Stock	16	768	211	768	211
Debtors	17	131,774	103,537	125,614	86,156
Cash at bank		550,506	288,503	547,037	279,331
		<u>683,048</u>	<u>392,251</u>	<u>673,419</u>	<u>392,258</u>
Liabilities:					
Creditors: amounts falling due within one year	18	(493,193)	(343,830)	(464,758)	(309,452)
Net current assets		<u>189,855</u>	<u>48,421</u>	<u>208,661</u>	<u>56,246</u>
Total net assets		<u>2,475,789</u>	<u>2,355,539</u>	<u>2,494,536</u>	<u>2,363,246</u>
Funds of the Charity:	20				
Restricted Income funds		57,875	3,634	57,875	3,634
Building Unrestricted funds		2,247,472	2,297,520	2,247,472	2,297,520
General Unrestricted funds		170,442	54,385	189,189	62,092
Total Charity funds		<u>2,475,789</u>	<u>2,355,539</u>	<u>2,494,536</u>	<u>2,363,246</u>

These financial statements were approved by the board of trustees and authorised for issue on 15/12/21 and are signed on behalf of the board by:



M Adlestone OBE DL
Trustee

Charity registration No. 1135192
Company Registration No: 04386613

The notes on pages 22 to 37 form part of these accounts.

THE MUSTARD TREE

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2021

	2021 Group £	2020 Group £	2021 Charity £	2020 Charity £
Reconciliation of net cash flow from operating activities:				
Net surplus / (deficit)	120,250	(78,279)	131,291	(90,815)
Adjustments for:				
Investment income	-	(1)	-	(1)
Depreciation	63,366	79,727	63,307	79,669
(Increase) in stocks	(557)	(211)	(557)	(211)
(increase) / decrease in debtors	(28,237)	46,876	(39,457)	54,349
Increase in creditors	149,063	57,353	155,304	57,366
	<u>304,185</u>	<u>105,465</u>	<u>309,888</u>	<u>100,357</u>
Cashflow statement				
Net cash inflow from operating activities:	304,185	105,465	309,888	100,357
Investing activities:				
Purchase of fixed assets	(42,182)	(10,912)	(42,182)	(10,912)
Investment income	-	1	-	1
Net cash outflow from investing activities:	<u>(42,182)</u>	<u>(10,911)</u>	<u>(42,182)</u>	<u>(10,911)</u>
Financing activities:				
Repayment of bank loans	-	(18,074)	-	(18,074)
Net cash outflow from financing activities:	<u>-</u>	<u>(18,074)</u>	<u>-</u>	<u>(18,074)</u>
Net increase in cash and cash equivalents:	262,003	76,480	267,706	71,372
Cash and cash equivalents at 1 April 2020	288,503	212,023	279,331	207,959
Cash and cash equivalents at 31 March 2021	<u>550,506</u>	<u>288,503</u>	<u>547,037</u>	<u>279,331</u>

The notes on pages 22 to 37 form part of these accounts.

THE MUSTARD TREE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. General Information

The Mustard Tree is a company limited by guarantee, incorporated in England and Wales. It consequently does not have any share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of a liquidation. The registered office is detailed on page 1.

2. Statement of Compliance

The financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Companies Act 2006.

The Mustard Tree meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes(s). The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

3. Accounting Policies

The accounts have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements consolidate the results of the charity and its wholly owned subsidiary StandFirm Community Interest Company on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

Going Concern

The management team and Trustees are confident in the resilience of the organisation as demonstrated by the performance over the past 12 months. Whilst the impact on fundraising and retail is subject to the wider Covid-recovery for the country, the diverse nature of the funding streams provides greater opportunities to tolerate downturns in any particular area. The reserves position for the charity has increased with improving cashflow and we have a modest budget in place for the new financial year. The budget includes the investment in the staff team to accommodate the increases in demand as well as the opportunity to strengthen the leadership team. Developing a more sustainable fundraising strategy will also be a key focus to support development over future years.

Charitable funds

Unrestricted funds

The charity maintains a general unrestricted fund which represents funds which are expendable at the discretion of the trustees in furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

A fixed asset fund is maintained which represents the written down value of certain tangible fixed assets.

THE MUSTARD TREE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

Charitable funds

Restricted funds

Restricted funds are to be used for particular purposes as laid down by the provider of the funds. The board of trustees carefully monitor the application of those funds in accordance with the restrictions placed upon them.

Incoming resources

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

Income from donations and legacies

Such income is received by way of grants, donations and gifts and is included in full in the SOFA when receivable. Grants, where entitlement is conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant. Where income is received in relation to a particular project or activity to be carried out over a specified period, the relevant proportion of such income is deferred so that it is recognised in the same period that the relevant expenditure is incurred.

During the year the charity received grants from the UK Government Coronavirus Job Recovery Scheme. This income has been matched to the payroll costs to which it relates and has been included in other income.

Gifts and donated services

As the value of services provided to the charity by volunteers cannot be quantified, they have not been included in these accounts.

Furniture, clothing, food and other items are donated for purchase by clients able to pay and are included as incoming resources within activities for generating funds. Those sold are valued at the time of sale.

Income from investments

Bank interest is included in the income and expenditure account on a receivable basis.

Recognition of liabilities

Liabilities are recognised on the accruals basis in accordance with normal accounting principles, modified where necessary in accordance with the guidance given in the SORP.

Realised gains and losses are included in the accounts on the date at which a contractual obligation is entered into.

Allocation of incoming resources

Income from donations etc. relating to a particular activity category is allocated directly. Other income received without restriction is allocated in such a way to meet the costs not funded by restricted donations such that all costs are apportioned to the different activity categories in accordance with the accounting policies set.

Resources expended

The policy for including items within the relevant activity categories of resources expended is that all costs are allocated on a basis designed to reflect the use of the resource. Expenditure is recognised on an accruals basis once there is a legal or constructive obligation to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be reliably measured. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

THE MUSTARD TREE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

Cost of raising funds

Costs of raising funds comprise the costs associated with attracting donations and the costs of trading for fundraising purposes.

Charitable activities

Charities expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Allocation of costs within types of resources expended

Costs relating to a particular activity are allocated directly. Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include finance, personnel, insurance and governance costs. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity. All support costs are allocated between the activity expenditure categories on a basis designed to reflect the use of the resource. Support costs are apportioned on an appropriate basis eg. Floor area, per capita or estimated usage.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Fixtures, fittings & equipment	25% -33% straight line
Motor vehicle	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in net income/(expenditure) for the year.

Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Stocks

Stocks are stated at the lower of cost and estimated selling price. Cost comprises direct materials and those overheads that have been incurred in bringing the stocks to their present location and condition.

Donated goods held in stock are considered to have no material value for accounting purposes.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

THE MUSTARD TREE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

Financial Instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

Taxation

As a registered charity, The Mustard Tree is exempt from income and corporation tax to the extent that its income and gains are applicable to charitable purposes only. Value Added Tax is recoverable in part in relation to costs directly attributable to the sale of donated goods and a proportion of relevant overheads deemed attributable to such activity. The non-recoverable element of VAT in relation to overheads and other expenditure is included in the relevant costs in the statement of financial activities.

Its subsidiary, StandFirm CIC, is subject to corporation tax. StandFirm is registered for VAT and thus charges VAT on its sales and is able to recover VAT on its purchases and expenses. All figures within its accounts are stated net of VAT.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

THE MUSTARD TREE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Leases

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

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimated and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Determination of whether there are indicators of impairment on the group's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. Tangible assets are depreciated over their useful economic lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

4. Donations and legacies

	Unrestricted funds general £	Restricted funds £	Total 2021 £
Donations and gifts	228,116	2,400	230,516
Grants receivable for core activities	34,000	856,018	890,018
	<u>262,116</u>	<u>858,418</u>	<u>1,120,534</u>

	Unrestricted funds general £	Restricted funds £	Total 2020 £
Donations and gifts	416,100	-	416,100
Grants receivable for core activities	446,698	-	446,698
	<u>862,798</u>	<u>-</u>	<u>862,798</u>

THE MUSTARD TREE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

5. Charitable activities

	Unrestricted funds general 2021 £	Restricted funds 2021 £	Total 2021 £
Fundraising	204,597	-	204,597
Shop income	208,076	68,383	276,459
	<u>412,673</u>	<u>68,383</u>	<u>481,056</u>

	Unrestricted funds general 2020 £	Restricted funds 2020 £	Total 2020 £
Fundraising	234,627	-	234,627
Shop income	309,025	-	309,025
	<u>543,652</u>	<u>-</u>	<u>543,652</u>

6. Investment income

	Unrestricted funds general 2021 £	Unrestricted funds general 2020 £
Interest receivable	-	1
	<u>-</u>	<u>1</u>

7. Other income

	Unrestricted funds general 2021 £	Restricted funds 2021 £	Total 2021 £
Rental income	24,151	-	24,151
Other income	7	2,000	2,007
CJRS income	32,679	-	32,679
	<u>56,837</u>	<u>2,000</u>	<u>58,837</u>

	Unrestricted funds general 2020 £	Restricted funds 2020 £	Total 2020 £
Rental income	7,912	-	7,912
Other income	2,506	-	2,506
	<u>10,418</u>	<u>-</u>	<u>10,418</u>

THE MUSTARD TREE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

8. Analysis of expenditure on raising funds

	Unrestricted funds general 2021 £	Unrestricted funds building 2021 £	Restricted 2021 £	Total 2021 £
<i>Fundraising and publicity</i>				
Staff costs	70,296	-	-	70,296
Direct costs	4,226	-	-	4,226
Support costs (see note 10)	21,827	4,358	-	26,185
	<u>96,349</u>	<u>4,358</u>	<u>-</u>	<u>100,707</u>
<i>Trading costs</i>				
Operating charity shops	329,347	-	170,001	499,348
Standfirm: cost of sales	31,721	-	-	31,721
Standfirm: staff costs	49,120	-	-	49,120
Support costs (see note 10)	73,131	14,600	-	87,731
	<u>483,319</u>	<u>14,600</u>	<u>170,001</u>	<u>667,920</u>
Total expenditure on raising funds	<u>579,668</u>	<u>18,958</u>	<u>170,001</u>	<u>768,627</u>

	Unrestricted funds general 2020 £	Unrestricted funds building 2020 £	Restricted 2020 £	Total 2020 £
<i>Fundraising and publicity</i>				
Staff costs	98,733	-	-	98,733
Direct costs	-	-	-	-
Support costs (see note 10)	23,204	8,728	-	31,932
	<u>96,349</u>	<u>8,728</u>	<u>-</u>	<u>130,665</u>
<i>Trading costs</i>				
Operating charity shops	406,701	-	-	406,701
Standfirm: cost of sales	43,862	-	-	43,862
Standfirm: staff costs	91,602	-	-	91,602
Support costs (see note 10)	63,709	23,585	-	87,294
	<u>605,874</u>	<u>23,585</u>	<u>-</u>	<u>629,459</u>
Total expenditure on raising funds	<u>727,811</u>	<u>32,313</u>	<u>-</u>	<u>760,124</u>

THE MUSTARD TREE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

9. Analysis of expenditure on charitable activities

	Progression £	Standfirm £	Total 2021 £
Staff costs	501,529	5,778	507,307
Direct costs	75,901	-	75,901
	<u>577,430</u>	<u>5,778</u>	<u>583,208</u>
Support costs (see note 10)	179,158	520	179,678
Governance costs (see note 10)	8,664	-	8,664
	<u>187,822</u>	<u>520</u>	<u>188,342</u>
Total expenditure on charitable activities	<u>765,252</u>	<u>6,298</u>	<u>771,550</u>
<i>Analysis by fund</i>			
Unrestricted funds – general	29,603	6,298	35,901
Unrestricted funds – building	31,090	-	31,090
Restricted funds	704,559	-	704,559
	<u>765,252</u>	<u>6,298</u>	<u>771,550</u>

	Progression £	Standfirm £	Total 2020 £
Staff costs	452,514	10,775	463,289
Direct costs	108,954	8,246	117,200
	<u>561,468</u>	<u>19,021</u>	<u>580,489</u>
Support costs (see note 10)	146,319	59	146,378
Governance costs (see note 10)	8,157	-	8,157
	<u>154,476</u>	<u>59</u>	<u>154,535</u>
Total expenditure on charitable activities	<u>715,944</u>	<u>19,080</u>	<u>735,024</u>
<i>Analysis by fund</i>			
Unrestricted funds – general	663,978	19,080	683,058
Unrestricted funds – building	39,991	-	39,991
Restricted funds	11,975	-	11,975
	<u>715,944</u>	<u>19,080</u>	<u>735,024</u>

THE MUSTARD TREE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

10. Analysis of support costs

	Support costs £	Governance costs £	Total 2021 £
Staff costs	96,035	-	96,035
Business support costs	134,195	-	134,195
Depreciation	63,364	-	63,364
Audit and accountancy	-	8,664	8,664
	<u>293,594</u>	<u>8,664</u>	<u>302,258</u>

Analysed between

Fundraising	26,185	-	26,185
Trading	87,731	-	87,731
Charitable activities	179,678	8,664	188,342
	<u>293,594</u>	<u>8,664</u>	<u>302,258</u>

	Support costs £	Governance costs £	Total 2020 £
Staff costs	94,222	-	94,222
Business support costs	90,655	-	90,655
Depreciation	79,727	-	79,727
Audit and accountancy	-	9,157	9,157
	<u>264,604</u>	<u>9,157</u>	<u>273,761</u>

Analysed between

Fundraising	31,932	-	31,932
Trading	86,294	1,000	87,294
Charitable activities	146,378	8,157	154,535
	<u>264,604</u>	<u>9,157</u>	<u>273,761</u>

11. Audit Fees:

Amounts paid to auditors during the year are as follows:

	2021 £	2020 £
Audit fees	10,000	8,157
Accountancy fees	2,000	1,000
	<u>12,000</u>	<u>9,157</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

12. Staff Costs

Total staff costs were as follows:

	2021	2020
	£	£
Wages and salaries	818,236	928,079
Social security costs	60,165	73,123
Pension costs	14,719	20,453
	<u>893,120</u>	<u>1,021,655</u>

Number of employees

The average number of employees during the year, calculated on the basis of full-time equivalent (FTE) and average headcount (HC) was as follows:

	2021	2021	2020	2020
	FTE	HC	FTE	HC
	No	No	No	No
Charitable activities	23	24	21	22
Fundraising activities	3	3	4	4
Trading activities	9	10	11	12
Standfirm	5	5	5	5
	<u>40</u>	<u>42</u>	<u>41</u>	<u>43</u>

There were no employees whose annual remuneration exceeded £60,000

Key management personnel

The key management personnel of the Charity comprise the Trustees, Chief Executive Officer and the Secretary. The employee benefits of the key management personnel were £113,851 (2020: £122,628).

13. Taxation

Corporation tax is payable in relation to the taxable surplus of StandFirm CIC. In the current and preceding years there have been no taxable surpluses and therefore no charge to Corporation Tax.

These are tax losses available to carry forward of £15,191 (2020 - £15,191)

14. Net Movement in funds

Net resources are stated after charging:

	2021	2020
	£	£
Auditors' remuneration	12,000	9,157
Depreciation	63,666	79,727
Operating lease rentals	<u>1,500</u>	<u>2,217</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

15. Fixed Assets

Group	Freehold land and buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2020	2,390,892	104,529	40,526	2,535,947
Additions	-	17,782	24,400	42,182
At 31 March 2021	2,390,892	122,311	64,926	2,578,129
Depreciation and Impairment				
At 1 April 2020	95,600	92,703	40,526	228,829
Depreciation charged in the year	47,819	14,022	1,525	63,366
At 31 March 2021	143,419	106,725	42,051	292,195
Net book value				
At 31 March 2021	2,247,473	15,586	22,875	2,285,934
At 31 March 2020	2,295,292	11,826	-	2,307,118

Charity	Freehold land and buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
At 1 April 2020	2,390,892	92,772	26,209	2,509,873
Additions	-	17,782	24,400	42,182
At 31 March 2021	2,390,892	110,554	50,609	2,552,055
Depreciation and impairment				
At 1 April 2020	95,600	81,064	26,209	202,873
Depreciation charged in the year	47,819	13,963	1,525	63,307
At 31 March 2021	143,419	95,027	27,734	266,180
Carrying amount				
At 31 March 2021	2,247,473	15,527	22,875	2,285,875
At 31 March 2020	2,295,292	11,708	-	2,307,000

16. Stocks – Group and Company

	2021 £	2020 £
Café stocks	768	211

THE MUSTARD TREE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

17. Debtors

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Amounts falling due within one year				
Trade debtors	38,199	36,812	9,050	9,437
Amounts due from subsidiary undertakings	-	-	30,804	20,229
Other taxation and social security	1,259	-	13,043	-
Other debtors	11,105	13,867	11,105	13,867
Prepayments and accrued income	81,211	52,858	61,612	42,623
	<u>131,774</u>	<u>103,537</u>	<u>125,614</u>	<u>86,156</u>

18. Creditors: amounts falling due within one year

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Other taxation and social security	-	15,731	-	-
Trade creditors	99,522	51,651	76,727	37,949
Deferred income	378,706	257,056	378,727	256,747
Accruals	14,965	19,392	9,304	14,756
	<u>493,193</u>	<u>343,830</u>	<u>464,758</u>	<u>309,452</u>

Deferred income above comprises of:

	2021	2020
	£	£
Balance at 1 April	257,056	154,989
Amount deferred in the year	378,706	257,506
Amount released to incoming resources	(257,056)	(154,989)
Balance at 31 March	<u>378,706</u>	<u>257,506</u>
Deferred income is made up of:		
Income received in advance	<u>378,706</u>	<u>257,506</u>

19. Retirement benefit schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

20. Statement of funds

Group

	1 April 2020 £	Incoming Resources £	Resources Expended £	Transfers £	31 March 2021 £
Unrestricted funds:					
General unrestricted funds	54,385	731,626	(615,569)	-	170,442
Building unrestricted funds	2,297,520	-	(50,048)	-	2,247,472
	2,351,905	731,626	(665,617)	-	2,417,914
Restricted income funds	3,634	928,801	(874,560)	-	57,875
	2,355,539	1,660,427	(1,540,177)	-	2,475,789

	1 April 2019 £	Incoming Resources £	Resources Expended £	Transfers £	31 March 2020 £
Unrestricted funds:					
General unrestricted funds	50,178	1,416,869	(1,410,869)	(1,793)	54,385
Building unrestricted funds	2,368,031	-	(72,304)	1,793	2,297,520
	2,418,209	1,416,869	(1,483,173)	-	2,351,905
Restricted income funds	15,609	-	(11,975)	-	3,634
	2,433,818	1,416,869	(1,495,148)	-	2,355,539

Charity

	1 April 2020 £	Incoming Resources £	Resources Expended £	Transfers £	31 March 2021 £
Unrestricted funds:					
General unrestricted funds	62,092	655,466	(528,369)	-	189,189
Building unrestricted funds	2,297,520	-	(50,048)	-	2,247,472
	2,359,612	655,466	(578,417)	-	2,436,661
Restricted income funds	3,634	928,801	(874,560)	-	57,875
	2,363,246	1,584,267	(1,452,977)	-	2,494,536

	1 April 2019 £	Incoming Resources £	Resources Expended £	Transfers £	31 March 2020 £
Unrestricted funds:					
General unrestricted funds	70,419	1,248,794	(1,255,328)	(1,793)	62,092
Building unrestricted funds	2,368,031	-	(72,304)	1,793	2,297,520
	2,438,450	1,248,794	(1,327,632)	-	2,359,612
Restricted income funds	15,609	-	(11,975)	-	3,634
	2,454,059	1,248,794	(1,339,607)	-	2,363,246

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

21. Analysis of net assets between funds

	Unrestricted funds General 2021 £	Unrestricted funds Building 2021 £	Restricted funds 2021 £	Total 2021 £
Tangible assets	15,587	2,247,472	22,875	2,285,934
Net current assets	154,855	-	35,000	189,855
	<u>170,442</u>	<u>2,247,472</u>	<u>57,875</u>	<u>2,475,789</u>

	Unrestricted funds General 2020 £	Unrestricted funds Building 2020 £	Restricted funds 2020 £	Total 2020 £
Tangible assets	9,598	2,297,520	-	2,307,118
Net current assets	44,787	-	3,634	48,421
	<u>54,385</u>	<u>2,297,520</u>	<u>3,634</u>	<u>2,355,539</u>

22. Unrestricted funds – building

These are unrestricted funds which are material to the charity's activities made up as follows:

The unrestricted fund - building represents amounts expended on The Big Rebuild Project, less depreciation charged to date.

In the prior year a further £1,793 was expended which has been transferred from unrestricted general funds.

23. Winding up or dissolution of the charity

If upon winding up or dissolution of the charity there remain any assets, after the satisfaction of all debts and liabilities, the assets represented by the accumulated fund shall be transferred to some other charitable body or bodies having similar objects to the charity.

24. Operating lease commitments

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

	2021 £	2020 £
Within one year	2,729	1,500
Between two and five years	3,770	5,250
	<u>6,499</u>	<u>6,750</u>

25. Related party transactions

During the year, donations were received from trustees totalling £4,200 (2020: £13,950).

There were no other related party transactions.

THE MUSTARD TREE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

26. Subsidiaries

Details of the charity's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held direct
StandFirm CIC	England & Wales	Property clearance and recycling	Limited by guarantee	100 %

The subsidiary's activities relate to those of the holding company in that the subsidiary is a trading enterprise that seeks to provide work experience to clients of the Mustard Tree and also opportunities for paid employment and, should it make profits, intends to donate its entire taxable trading profit to the holding company by way of Gift Aid.

The main trading activity of the subsidiary is the clearance of vacant properties, the disposal of waste in accordance with applicable legislation and the recycling and retelling of items of furniture as appropriate through its parent company, The Mustard Tree. Its Company Number is 07500328 and the registered office is 110 Oldham Road, Ancoats, Manchester, M4 6AG.

27. Results of the charitable company

The company has taken advantage of Section 408 of the Companies Act 2006 and not included its own income and expenditure account in these financial statements. The net incoming resources of the Company for the year were £50,048 (2020 Outgoing resources £90,813).

28. Analysis of changes in net debt

	1 April 2020 £	Cashflows £	31 March 2021 £
Group Cash at bank	288,503	262,003	550,506
Charity Cash at bank	279,331	267,706	547,037

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

29. Prior year Statement of Financial Activities

	Unrestricted Funds General 2020 £	Unrestricted Funds Building 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
Income and endowments:					
Donations and legacies	862,798	-	-	862,798	753,999
Charitable activities	543,652	-	-	543,652	530,041
Investment income	1	-	-	1	173
Other income	10,418	-	-	10,418	34,424
Total Incoming resources	1,416,869	-	-	1,416,869	1,318,837
Expenditure on:					
Raising funds					
Fundraising and publicity	121,937	8,728	-	130,665	158,481
Trading costs	605,874	23,585	-	629,459	639,078
	727,811	32,313	-	760,124	797,559
Charitable activities					
Progression	663,978	39,991	11,975	715,944	563,692
StandFirm	19,080	-	-	19,080	42,285
	683,058	39,991	11,975	735,024	605,977
Total resources expended	1,410,869	72,304	11,975	1,495,148	1,403,536
Net Income / (expenditure) for the year before transfers	6,000	(72,304)	(11,975)	(78,279)	(84,899)
Transfers	(1,793)	1,793	-	-	-
Net Income / (expenditure) for the year before transfers	4,207	(70,611)	(11,975)	(78,279)	(84,899)
Reconciliation of funds:					
Total funds brought forward	50,178	2,368,031	15,609	2,433,818	2,518,717
Total funds carried forward	54,385	2,297,520	3,634	2,355,539	2,433,818