



Alexander Sloan
Accountants and Business Advisers

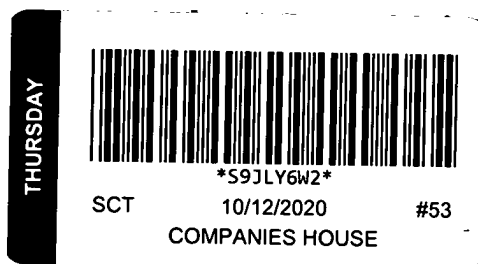
Company Registration No. SC060926 (Scotland)

GARVALD EDINBURGH

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

Charity Registration No. SC014228 (Scotland)



COMPANIES HOUSE

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GARVALD EDINBURGH

LEGAL AND ADMINISTRATIVE INFORMATION

Directors	Nicola Bennett Lesley Clemenson Alastair Hackland (Appointed 3 October 2019) Graham MacLachlan Sandra McDonald Laurie Naumann Tony O'Sullivan Marion Smith Bob Stewart Alan Swift Robert Walley
Secretary	Serena Lindsay
Senior management	Mike Casey - Chief Executive
Charity number (Scotland)	SC014228
Company number	SC060926
Registered office	600 Gorgie Road Edinburgh EH11 3AL
Auditor	Alexander Sloan Accountants and Business Advisers 50 Melville Street Edinburgh EH3 7HF
Bankers	Royal Bank of Scotland Plc 206 Bruntsfield Place Edinburgh EH10 4DF
Solicitors	Lindsays WS Caledonian Exchange 19A Canning Street Edinburgh EH3 8HE

GARVALD EDINBURGH

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GARVALD EDINBURGH

Directors' Annual Report

FOR THE YEAR ENDED 31 MARCH 2020

The Directors present their report and financial statements for the year ended 31 March 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), 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).

OBJECTIVES AND ACTIVITIES

The charity's object is to provide services for people with learning disabilities. This work is inspired by the ideas of Rudolf Steiner, an Austrian philosopher, to recognise and value the uniqueness of each person and seeks to create a quality of environment, activities and social relationships enabling people to realise their potential

The charity meets its objectives by providing day services to people with a learning disability. It provides such services to a total of approximately 235 adults, known as members.

ACHIEVEMENTS AND PERFORMANCE

At the time of writing the world is facing an unprecedented challenge as a result of the Covid virus. It has affected all aspects of our life and our normal daily activity has been hugely affected. Since the initial lockdown in the UK on 23 March 2020 everyone has been required to live differently and for all those connected with Garvald Edinburgh service delivery has changed.

The impact of the virus came right at the end of the financial year ending 31 March 2020 and while this review will portray a successful 2019-20 the shadow of the virus looms large over the future.

Our objectives at the beginning of the year were all about improving service delivery, looking for small scale expansion opportunities, developing our training, further improving our governance, refurbishing our Gorgie Workshops and returning a small surplus to develop our reserves.

I am glad to say that in the main these objectives were achieved and a review of our 5 year Strategic Plan (published in October 2018), which was undertaken in mid-March 2020, suggested steady progress in almost all of the areas we had identified as being important for the long term health of the organisation.

During the year 2019-20 we made great strides in fund-raising some £500,000 for the refurbishment of the Gorgie Workshops. In the late summer of 2019 we were able to contract to begin the work to alter the building and to install a lift to allow a much better quality of service for those members with more complex mobility needs. Of course the work brought about challenges of many kinds but as the end of the financial year came into sight the vision of a new building emerged and we hope that the radically improved premises will create new opportunities for our members. This project has been needed for many years and it is with considerable satisfaction that the organisation can look on its new Workshops with pride and with positivity for the future.

Alongside this work has been considerable effort to improve the professionalism and skills of staff. A major achievement during the year was the output from the Practice Development Group which has overseen the development of a new range of training options for staff. The focus has very much been on helping staff have greater awareness of many of the best ways of supporting those with complex conditions such as autism, ageing, dementia and genetic syndromes. All of this against a framework of alignment with Social Therapy and Positive Behavioural Support (PBS). We believe this package is ground breaking within the sector and maintains Garvald Edinburgh's reputation as a forward looking service provider which seeks to offer highly professional care.

GARVALD EDINBURGH

Directors' Annual Report

FOR THE YEAR ENDED 31 MARCH 2020

The Board met with senior managers in October 2019 to receive detailed reports on activity at each of our 4 workshop sites (Orwell Arts, Gorgie, Waterside and Mayfield) and the Mulberry Shop. It was remarkable the range of creative activities and meaningful work being offered across the organisation. All Board members commented on the quality of provision on offer and the way in which services were tailored to the needs of individuals. The organisation's registration as a Social Enterprise highlights the focus on developing work which engages with the community and has a real business feelin our case alongside the fundamentals of social therapy. A key message from the reports from all of the workshops was that activity was firmly in line with the principles and philosophy outlined in the Scottish Government's key note publication, "The Keys to Life". Of particular note was the extent to which workshop projects were delivered with a community context often outside of the building itself or with clear connections to the wider environment. This very much counteracts the perception of some decision makers in some local authorities and other parts of the care sector that building based services are too insular. Nothing could be further from the truth.

An important strand of new work to help improve the profile of Garvald Edinburgh in the wider community was work taken through a consultative group consisting of members and staff to produce a new logo and marketing approach. This work was given a boost through the launch of a new media based workshop allowing members to work with photography, new technology, social media and a brand new Garvald Radio station (which has done great work to connect folk during the Covid crisis) all designed to give members a primary role in presenting the organisation to the wider community.

This focus on putting members' central stage was also a feature of a highly successful Garvald 50TH Year celebration party held in November 2019.

The Board continued to make strides in improving its Governance arrangements. In particular, important progress was made in re-establishing the Board's Committee structure and in modernising the organisation's Articles of Association.

Staff are very much the key to the success of the organisation and the Board's strategic review underscored this point and emphasised the need to improve support for staff. This was a factor behind the energy put behind the development of new training options as well as the introduction of an Employee Assistance Programme and a pay settlement designed to continue small improvements in the remuneration package. Further work is required on performance management.

Covid-19

The Covid pandemic has had a significant impact on the organisation. Since the UK wide lockdown in late March 2020 the vast majority of members have not been able to access services as buildings have essentially been closed. We have provided critical care at all sites to a small number of individuals who would be at risk, or whose family would have significant challenges, without some day service being available.

Funding has been maintained by local authorities and we understand that this will continue during this financial year although Edinburgh City Council has placed restrictions on support for some individuals. The continuation of funding has meant that staff salaries have been maintained and staff have been employed in providing a diverse range of remote support to members.

Overall the pandemic did not interfere excessively with the main project of 2019/20, namely the refurbishment of the Gorgie Workshop and indeed the lack of staff or members on site allowed building work to proceed in a more straightforward way.

It is difficult to be certain about the future delivery of services at this time. It is likely that the Covid pandemic will require adjusted working for the foreseeable future. It will be difficult to accommodate normal numbers of members for some time to come and consequently the organisation will require to be supported by Government and local authorities so that we remain available once society is back to normal.

Duty of Candour reporting

Garvald has produced a report on duty of Candour which is available on our Website. No incidents are recorded in this period since its introduction.

GARVALD EDINBURGH

Directors' Annual Report

FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL REVIEW

The Statement of Financial Activities shows net income (i.e. a surplus) for the year of £309,172 (2019: net income of £42,113). It should be noted, though, that this is primarily the result of Restricted donations received towards the Gorgie workshop refurbishment. These funds have been spent but the expense has been capitalised as an asset. There was a reduction in Unrestricted General Funds of £94,618 in the year.

A total of £3,156,379 was retained in accumulated funds at the year end (2019: £2,847,207).

Reserves Policy

It is the policy of the Charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The Directors consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

The Directors have assessed the major risks to which the Charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a company limited by guarantee and is governed by its Memorandum and Articles of Association.

The Directors who served during the year and up to the date of signature of the financial statements were:

Nicola Bennett
Lesley Clemenson
Alastair Hackland
Graham MacLachlan
Sandra McDonald
Laurie Naumann
Tony O'Sullivan
Marion Smith
Bob Stewart
Alan Swift
Robert Walley
David Currie

(Appointed 3 October 2019)

(Resigned 23 May 2019)

Directors are appointed in accordance with the Articles of Association.

A board of no fewer than six and no more than twelve directors, who meet as they see fit, administer the charity. Responsibility for the management of day to day operations is delegated to a chief executive.

Appropriate induction is given to directors on appointment. Training and/or development in relevant areas is offered to directors as the need or opportunity arises.

Auditor

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

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

GARVALD EDINBURGH

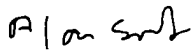
Directors' Annual Report

FOR THE YEAR ENDED 31 MARCH 2020

Disclosure of information to auditor

Each of the Directors 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 Directors' report was approved by the Board of Directors.



Alan Swift

Director

Dated: 26 November 2020

GARVALD EDINBURGH

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2020

The Directors, who are also the Trustees for the purpose of charity law, are responsible for preparing the Directors' 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 Directors 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 Directors 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Directors 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 Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GARVALD EDINBURGH

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS AND TRUSTEES OF GARVALD EDINBURGH

Opinion

We have audited the financial statements of Garvald Edinburgh (the 'Charity') for the year ended 31 March 2020 which comprise the statement of financial activities, the balance sheet, the 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 charitable company's affairs as at 31 March 2020 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors 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 a 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 that fact.

We have nothing to report in this regard.

GARVALD EDINBURGH

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF GARVALD EDINBURGH

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 Directors' 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 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 Charity 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 Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate and proper 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 law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, 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 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 Directors 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

We have been appointed as auditor under Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

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.

GARVALD EDINBURGH

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF GARVALD EDINBURGH

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's Trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and Trustees 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, the charitable company's members as a body, and the charitable company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

David Jeffcoat

David Jeffcoat (Senior Statutory Auditor)
for and on behalf of Alexander Sloan

7/12/2020

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Accountants and Business Advisers
Statutory Auditor

Accountants and Business Advisers
50 Melville Street
Edinburgh
EH3 7HF

GARVALD EDINBURGH

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

Current financial year

		Unrestricted funds general 2020 £	Unrestricted funds designated 2020 £	Restricted funds 2020 £	Total 2020 £	Total 2019 £
	Notes					
<u>Income and endowments from:</u>						
Donations	3	26,150	-	-	26,150	27,973
Income from charitable activities	4	2,947,144	-	471,652	3,418,796	3,043,854
Other trading activities	5	4,655	4,982	-	9,637	11,133
Investments	6	2,755	-	-	2,755	1,012
Other income	7	3,438	-	-	3,438	-
Total income		2,984,142	4,982	471,652	3,460,776	3,083,972
<u>Expenditure on:</u>						
Raising funds	8	14,885	-	-	14,885	19,032
Expenditure on charitable activities	9	2,937,836	112,741	86,142	3,136,719	3,022,827
Total expenditure		2,952,721	112,741	86,142	3,151,604	3,041,859
Net income before transfers		31,421	(107,759)	385,510	309,172	42,113
Gross transfers between funds		(126,039)	580,675	(454,636)	-	-
Net (expenditure)/income for the year/ Net movement in funds		(94,618)	472,916	(69,126)	309,172	42,113
Fund balances at 1 April 2019		986,113	1,789,620	71,474	2,847,207	2,805,094
Fund balances at 31 March 2020		891,495	2,262,536	2,348	3,156,379	2,847,207

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

All income and expenditure derive from continuing activities.

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

The notes on pages 13 to 30 form an integral part of these financial statements.

GARVALD EDINBURGH

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

FOR THE YEAR ENDED 31 MARCH 2020

Prior financial year

		Unrestricted funds general 2019 £	Unrestricted funds designated 2019 £	Restricted funds 2019 £	Total 2019 £
	Notes				
<u>Income and endowments from:</u>					
Donations	3	27,973	-	-	27,973
Income from charitable activities	4	2,927,144	-	116,710	3,043,854
Other trading activities	5	-	11,133	-	11,133
Investments	6	1,012	-	-	1,012
Total income		2,956,129	11,133	116,710	3,083,972
<u>Expenditure on:</u>					
Raising funds	8	19,032	-	-	19,032
Expenditure on charitable activities	9	2,818,460	156,783	47,584	3,022,827
Total expenditure		2,837,492	156,783	47,584	3,041,859
Net income before transfers		118,637	(145,650)	69,126	42,113
Gross transfers between funds		(42,723)	42,723	-	-
Net (expenditure)/income for the year/ Net movement in funds		75,914	(102,927)	69,126	42,113
Fund balances at 1 April 2018		910,199	1,892,547	2,348	2,805,094
Fund balances at 31 March 2019		986,113	1,789,620	71,474	2,847,207

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

All income and expenditure derive from continuing activities.

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

GARVALD EDINBURGH

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	13		2,262,536		1,778,488
Current assets					
Stocks	14	28,431		26,308	
Debtors	15	561,704		495,234	
Cash at bank and in hand		738,159		819,120	
		<u>1,328,294</u>		<u>1,340,662</u>	
Creditors: amounts falling due within one year	16	(268,851)		(127,943)	
Net current assets			<u>1,059,443</u>		<u>1,212,719</u>
Total assets less current liabilities			<u>3,321,979</u>		<u>2,991,207</u>
Provisions for liabilities	17		(165,600)		(144,000)
Net assets			<u><u>3,156,379</u></u>		<u><u>2,847,207</u></u>
Income funds					
Restricted funds	19		2,348		71,474
<u>Unrestricted funds</u>					
Designated funds	20	2,262,536		1,789,620	
General unrestricted funds		<u>891,495</u>		<u>986,113</u>	
			<u>3,154,031</u>		<u>2,775,733</u>
			<u><u>3,156,379</u></u>		<u><u>2,847,207</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Directors on 26 November 2020

Alan Swift
Director

Company Registration No. SC060926 (Scotland)

The notes on pages 13 to 30 form an integral part of these financial statements.

GARVALD EDINBURGH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	27		509,635		57,819
Investing activities					
Purchase of tangible fixed assets		(596,789)		(42,723)	
Loss on disposal of tangible fixed assets		3,438		14,721	
Interest received		2,755		1,012	
Net cash used in investing activities			(590,596)		(26,990)
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(80,961)		30,829
Cash and cash equivalents at beginning of year			819,120		788,291
Cash and cash equivalents at end of year			<u>738,159</u>		<u>819,120</u>

The notes on pages 13 to 30 form an integral part of these financial statements.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Charity Information

Garvald Edinburgh is a private company limited by guarantee incorporated in Scotland. The registered office is 600 Gorgie Road, Edinburgh, EH11 3AL.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charity's [governing document], the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) 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) (effective 1 January 2019)". The Charity is a Public Benefit Entity as defined by FRS 102.

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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The Covid-19 pandemic has created uncertainty and the Directors continue to assess its impact on the finances and future of the charity.

Discussions are on-going with local authorities about continuation of support beyond 31 March 2021. Depending on the outcome of these discussions and the progress of the pandemic the Directors and senior management may need to restructure services and the operating model but the Directors are confident in the charity's ability to continue as a going concern and consequently they continue to adopt the going concern basis of accounting in preparing these financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Directors in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

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.

Donations are recognised when the charity has evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. Entitlement usually arises immediately upon receipt, however, in the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Income from government and other grants, whether 'capital' or 'revenue' in nature, are recognised when the charity has unconditional entitlement to the funds, it is probable that the income will be received, the amount can be measured reliably. Unconditional entitlement will be achieved once any performance or other conditions attached to the grants have been met, or fulfilment of those conditions is wholly within the control of the charity.

Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Income from other trading activities includes income earned from both trading activities to raise funds for the charity and income from fundraising events and is recognised when the charity has entitlement to the funds, it is probable that these will be received and the amounts can be measured reliably.

Income from charitable activities includes income earned both from the supply of goods or services under contractual arrangements and from performance-related grants which have conditions that specify the provision of particular goods or services to be provided by the charity. Income from charitable activities is recognised as earned (as the related goods or services are provided).

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured or estimated reliably.

Liabilities are measured on recognition at historical cost and then subsequently measured at the best estimate of the amount required to settle the obligation at the reporting date. The exception is that certain financial instruments must be adjusted to their present value; these include financial liabilities where settlement is deferred for more than 12 months after the reporting date.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

Expenditure on raising funds includes all expenditure incurred by a charity to raise funds for its charitable purposes. It includes the costs of all fundraising activities and events together with those costs incurred in seeking donations, grants and legacies and investment management costs.

Expenditure on charitable activities includes all costs incurred by the charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities. The costs of charitable activities presented in the Statement of Financial Activities includes the costs of both direct service provision and the payments of grant awards if applicable.

Support costs are incurred supporting the charity's activities and include expenditure associated with administrative and finance functions, business support, HR, IT and governance. These support functions are shared across the charity's activities and are apportioned across those activities in order to arrive at the full cost for each reported activity. The method of apportionment adopted by the charity are outlined in the notes to the financial statements.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Governance costs (which are included as a component of support costs in accordance with SORP) comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include those related to constitutional and statutory requirements, external scrutiny (audit or independent examination), strategic management, and other legal and professional fees.

The charity is registered for VAT and is partially exempt. Any irrecoverable VAT on incurred costs is included in expenditure.

1.6 Tangible fixed assets

Fixed assets (excluding investments) are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £1,000 are not capitalised.

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:

Land and Buildings	Not depreciated
Tenants improvements	Straight line over the life of the lease
Workshop equipment	5 year straight line
Fixtures, fittings and equipment	5 year straight line
Motor vehicles	3 year straight line
Office equipment	5 year straight line

Freehold land and buildings are not depreciated as the directors deem the depreciable cost to be immaterial.

The directors estimate that the residual value of the property is not materially lower than its carrying value in the balance sheet as the charity has a policy of regular maintenance and repair which ensures the building is kept in good condition.

The residual value is estimated by considering similar properties of an age and state of repair equivalent to that anticipated at the end of the property's deemed expected useful life of not more than twenty years.

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.

1.7 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).

1.8 Stocks

Stock is included at the lower of cost or net realisable value after due regard for obsolete or slow moving stock.

Donated goods for resale are recognised at fair value on initial recognition, being the expected proceeds from sale less the expected costs of sale. Where it is impractical to estimate the fair value, the value to the charity of the donated goods sold is recognised as income when sold.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.9 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.

1.10 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at the carrying value plus accrued interest less repayments. The financing charge to expenditure is at a constant rate calculated using the effective interest method.

Basic financial assets

Trade and other debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid after taking account of any discounts due.

Basic financial liabilities

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Grant income is deferred where the grant is subject to performance-related conditions and is received in advance of delivering services required. Where grant income is deferred it is accounted for as a liability and shown on the balance sheet as deferred income. Deferred income is released to income in the reporting period in which the performance related conditions that limit recognition are met. See also Note 18.

Derecognition of financial liabilities

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

1.11 Provisions

Provisions are recognised when the Charity has a legal or constructive present obligation as a result of a past event, it is probable that the Charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period in which it arises.

1.12 Retirement benefits

The charity operates two defined contribution pension schemes. The assets of the pension schemes are held separately from those of the charity in an independently administered fund. The pension costs charged in the financial statements represent the contribution payable to the pension schemes by the charity during the year.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Critical accounting estimates and judgements

In preparing the financial statements, the Trustees are required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

3 Donations

	Unrestricted funds general 2020 £	Unrestricted funds general 2019 £
Donations and gifts	5,744	9,108
Garvald Trust grants	20,406	18,865
	<u>26,150</u>	<u>27,973</u>

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Income from charitable activities

	2020 £	2019 £
Service fees	2,731,867	2,674,637
Grants	471,652	116,710
Canteen, lunches and shop sales	127,862	123,101
Other sales and rental income	87,415	129,406
	<u>3,418,796</u>	<u>3,043,854</u>
Analysis by fund		
Unrestricted funds - general	2,947,144	2,927,144
Restricted funds	471,652	116,710
	<u>3,418,796</u>	<u>3,043,854</u>
Grants		
Garvald Trust	153,950	46,050
The Robertson Trust	100,000	-
Edward Gostling Charitable Trust	50,000	-
The Wolfson Foundation	46,000	-
RS Macdonald Charitable Trust	35,000	-
Crerar Trust	-	25,000
Garfield Weston Foundation	25,000	-
The Clothworkers Foundation	25,000	-
Queensberry House Trust	-	20,000
Other grants	36,702	25,660
Other	-	-
	<u>471,652</u>	<u>116,710</u>

5 Other trading activities

	Unrestricted funds general 2020 £	Unrestricted funds designated 2020 £	Total 2020 £	Unrestricted funds designated 2019 £
Fundraising income	<u>4,655</u>	<u>4,982</u>	<u>9,637</u>	<u>11,133</u>

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

6 Investments

	Unrestricted funds general 2020 £	Unrestricted funds general 2019 £
Interest receivable	<u>2,755</u>	<u>1,012</u>

7 Other income

	Unrestricted funds general 2020 £	Total 2019 £
Net gain on disposal of tangible fixed assets	<u>3,438</u>	<u>-</u>

8 Raising funds

	Unrestricted funds general 2020 £	Unrestricted funds general 2019 £
Other fundraising costs	917	991
Staff costs	13,968	18,041
	<u>14,885</u>	<u>19,032</u>

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

9 Expenditure on charitable activities

	2020 £	2019 £
Staff costs	2,115,479	2,001,794
Depreciation	112,741	142,061
Premises costs	554,856	515,403
Running costs	301,522	287,494
Motor and travel costs	38,128	48,533
Interest and finance charges	6,115	5,219
Governance costs	7,878	7,602
Loss on disposal of assets	-	14,721
	<u>3,136,719</u>	<u>3,022,827</u>
Analysis by fund		
Unrestricted funds - general	2,937,836	2,818,460
Unrestricted funds - designated	112,741	156,783
Restricted funds	86,142	47,584
	<u>3,136,719</u>	<u>3,022,827</u>

10 Net income/(expenditure)

	2020 £	2019 £
Net income/(expenditure) for the year is stated after charging:		
Depreciation of owned tangible fixed assets	<u>112,741</u>	<u>142,061</u>

11 Directors

None of the Directors (or any persons connected with them) received any remuneration or benefits from the Charity during the year in their capacity as a Director. See also Note 26 Related Party Transactions.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Management & Administration	7	7
Day Staff	109	105
	<u>116</u>	<u>112</u>

Employment costs

	2020 £	2019 £
Wages and salaries	1,906,968	1,804,940
Social security costs	110,283	106,435
Other pension costs	112,196	108,460
	<u>2,129,447</u>	<u>2,019,835</u>

There were no employees whose annual remuneration was £60,000 or more.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

13 Tangible fixed assets

	Land and Buildings	Tenants improvements	Workshop equipment	Fixtures, Motor vehicles fittings and equipment	Office equipment	Total
	£	£	£	£	£	£
Cost						
At 1 April 2019	135,000	2,334,468	76,902	18,818	108,839	2,739,586
Additions	-	596,790	-	-	-	596,790
Disposals	-	-	-	-	(5,833)	(5,833)
At 31 March 2020	135,000	2,931,258	76,902	18,818	103,006	3,330,543
Depreciation and impairment						
At 1 April 2019	-	737,296	73,391	13,106	74,798	961,099
Depreciation charged in the year	-	91,951	1,018	1,769	15,051	112,741
Eliminated in respect of disposals	-	-	-	-	(5,833)	(5,833)
At 31 March 2020	-	829,247	74,409	14,875	84,016	1,068,007
Carrying amount						
At 31 March 2020	135,000	2,102,011	2,493	3,943	18,990	2,262,536
At 31 March 2019	135,000	1,597,173	3,511	5,712	34,041	1,778,488

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Stocks

	2020	2019
	£	£
Finished goods and goods for resale	<u>28,431</u>	<u>26,308</u>

15 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	389,932	343,781
Other debtors	109,422	85,210
Prepayments and accrued income	62,350	66,243
	<u>561,704</u>	<u>495,234</u>

16 Creditors: amounts falling due within one year

	2020	2019
	£	£
Other taxation and social security	38,682	22,966
Trade creditors	17,582	26,171
Other creditors	19,488	9,446
Accruals and deferred income	193,099	69,360
	<u>268,851</u>	<u>127,943</u>

17 Provisions for liabilities

	2020	2019
	£	£
Dilapidations provision	<u>165,600</u>	<u>144,000</u>

Movements on provisions:

	Dilapidations provision
	£
At 1 April 2019	144,000
Additional provisions in the year	21,600
At 31 March 2020	<u>165,600</u>

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Deferred income

				Receipts	Released	
			1 April '19	in year	in year	31 Mar '20
Grants			£	£	£	£
Garvald Trust			53,950	-	(53,950)	-
			53,950	-	(53,950)	-

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

19 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Movement in funds			
	Balance at 1 April 2018	Income	Expenditure	Balance at 1 April 2019	Income	Expenditure	Transfers
	£	£	£	£	£	£	£
Staff training	740	-	-	740	-	-	-
Waterside cooling fans	1,608	-	-	1,608	-	-	-
Gorgie workshop refurbishment	-	70,660	(1,534)	69,126	400,002	(14,492)	(454,636)
Day services	-	46,050	(46,050)	-	53,950	(53,950)	-
Media Group	-	-	-	-	7,700	(7,700)	-
50th Anniversary party	-	-	-	-	10,000	(10,000)	-
	<u>2,348</u>	<u>116,710</u>	<u>(47,584)</u>	<u>71,474</u>	<u>471,652</u>	<u>(86,142)</u>	<u>(454,636)</u>

Purposes of Restricted Funds

Waterside cooling Fans

Funding was received from The Beatrice Laing Trust to purchase cooling fans at Waterside.

Staff training

A government grant was received to assist Garvald Edinburgh with meeting the qualification criteria set by the Scottish Social Services Council for registration.

Gorgie Workshop Refurbishment

Funds were received for the planned refurbishment of the Gorgie Road Workshops. The transfer of £454,636 represents the restricted funds used for the refurbishment work which has been capitalised and held in Designated Reserves.

Day Services

Funds were received from Garvald Trust to fund the employment of two Day Service Managers.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2020**

19 Restricted funds

(Continued)

Media Group

Funds were received to assist with the purchase of equipment for the Media Group.

50th Anniversary Party

Funds were received for the celebration of the 50th Anniversary of Garvald Edinburgh.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

20 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				Movement in funds				Balance at 31 March 2020 £
	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers £	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers £	
Other fixed assets	157,087	-	(18,496)	42,723	181,314	-	(20,790)	-	160,524
Tenants improvements	1,735,460	-	(138,287)	-	1,597,173	-	(87,483)	-	1,509,690
Gorgie Workshop Refurbishment	-	11,133	-	-	11,133	4,982	(4,468)	580,675	592,322
	<u>1,892,547</u>	<u>11,133</u>	<u>(156,783)</u>	<u>42,723</u>	<u>1,789,620</u>	<u>4,982</u>	<u>(112,741)</u>	<u>580,675</u>	<u>2,262,536</u>

Purposes of Designated Funds

Other fixed assets

This fund has been set up to carry the value of the freehold property and all fixed assets with the exception of tenants improvements. A transfer of £42,723 from General Funds was made which represents the capital cost of additions in the year to 31 March 2019.

Tenant's improvements

The purpose of this fund is to carry the value of the improvements made to the properties leased by the charity.

Gorgie Workshop Refurbishment

The purpose of this fund is to designate funds for the refurbishment of the Gorgie Workshop. A transfer of £126,039 from General Funds and £454,636 from Restricted Funds represents the capital additions of the refurbishment in the current year.

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

21 Analysis of net assets between funds

	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Designated funds 2019 £	Restricted funds 2019 £	Total 2019 £
Fund balances at 31 March 2020 are represented by:								
Tangible assets	-	2,262,536	-	2,262,536	1	1,778,487	-	1,778,488
Current assets/(liabilities)	1,057,095	-	2,348	1,059,443	1,130,112	11,133	71,474	1,212,719
Provisions	(165,600)	-	-	(165,600)	(144,000)	-	-	(144,000)
	<u>891,495</u>	<u>2,262,536</u>	<u>2,348</u>	<u>3,156,379</u>	<u>986,113</u>	<u>1,789,620</u>	<u>71,474</u>	<u>2,847,207</u>

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Contingent Assets

The value of grants that were committed and conditional on projects commencing which had not yet commenced at 31 March 2020 was £nil (31 March 2019: £171,000).

23 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:

	2020 £	2019 £
Within one year	224,707	220,763
Between two and five years	592,065	693,390
In over five years	766,000	1,187,723
	<u>1,582,772</u>	<u>2,101,876</u>

£244,071 (2019: £272,565) of lease payments were recognised as an expense during the year.

24 Capital commitments

2020 £	2019 £
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At 31 March 2020 the Charity had capital commitments as follows:

Contracted for but not provided in the financial statements:

Acquisition of property, plant and equipment

188,356	-
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25 Covid-19

In March 2020, the World Health Organisation declared the Covid-19 outbreak a pandemic. The long-term financial implications are not yet known but there has been significant disruption to Garvald Edinburgh's operations in 2020/21, as disclosed in more detail in the Trustees Report.

The Trustees have considered the period up to the date of approval of the financial statements and further disclosure on the impact of the ongoing consequences of the pandemic is noted in the Trustees Report. The Trustees do not consider that any events have arisen after the balance sheet date which would indicate an impairment to assets held as at 31 March 2020.

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	<u>270,196</u>	<u>239,317</u>

GARVALD EDINBURGH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

26 Related party transactions

(Continued)

Transactions with related parties

No Directors received reimbursement of expenses during the period (2019: £nil).

Five relatives of four Directors received remuneration in the period as employees, all of whom were employed under normal terms and conditions. Total salary paid was £52,430 (2019: five relatives of four Directors were paid £46,685).

One of the Directors provided fundraising services to Garvald Edinburgh and was paid £13,218 (2019: £1,550) for these services during her period as a Director.

One relative of a Director was paid £1,920 (2019: £nil) for rebranding work for the charity during the year.

27 Cash generated from operations

	2020	2019
	£	£
Surplus for the year	309,172	42,113
Adjustments for:		
Investment income recognised in statement of financial activities	(2,755)	(1,012)
Gain on disposal of tangible fixed assets	(3,438)	-
Depreciation and impairment of tangible fixed assets	112,741	142,061
Movements in working capital:		
(Increase)/decrease in stocks	(2,123)	9,239
(Increase) in debtors	(66,470)	(32,114)
Increase/(decrease) in creditors	140,908	(131,268)
(Decrease) in provisions	21,600	28,800
Cash generated from operations	509,635	57,819

28 Analysis of changes in net funds

The Charity had no debt during the year.