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GARVALD HOME FARM LIMITED  
A Company limited by guarantee  
and not having a Share Capital

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REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR TO 31 AUGUST 1995

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DOLPHINTON, WEST LINTON, PEEBLESSHIRE EH46 7HJ

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COUNCIL OF MANAGEMENT:	Timothy Brink (Chairperson) James Anderson John Brett Shelagh Brett Shelagh Bryden Robert Crichton Jane Jackson Eileen McVean Diana O'Neil Rosemary Soutter David Suckling
SECRETARY:	Martha Brett
TREASURER:	James Anderson C.A.
SOLICITORS:	Lindsays W.S.
BANKERS:	The Royal Bank of Scotland PLC
AUDITORS:	D M Vaughan & Co
REGISTERED OFFICE:	Garvald Home Farm, West Linton
COMPANY REGISTRATION NO:	108570 (Scotland)

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## Report of the Council of Management

The Council of Management is pleased to present its report for the year to 31 August 1995.

### Results for the Year

The deficit for the year was £(5,569)(1994 - surplus £10,593).

### Review of Activities

The company provides residential care for adult persons with special needs. The company also occupies Garvald Home Farm which is farmed along organic farming principles and through which light work and therapy is granted to the residents.

The year has seen the average resident number fall to 8 (1994 - 9). The resultant decrease in income has pushed the year's results into a deficit position. In the opening part of the current financial year the average number is back to 9.

### Council of Management

The Members of Council who served during the year are shown on Page 1.

Rosemary Soutter, David Suckling and Timothy Brink retire by rotation and being eligible offer themselves for re-election.

### Statement of Directors Responsibilities

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 company and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to

select suitable accounting policies and then apply them consistently;

make judgments and estimates that are reasonable and prudent;

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Report of the Council of Management (Continued)

**Share Capital**

The company is limited by guarantee and has no share capital.

**Auditors**

Messrs D M Vaughan & Co are willing to continue in office and resolutions will be proposed at the Annual General Meeting to re-appoint and to authorise the council to fix their remuneration.

By Order of the Board



Martha Brett  
Secretary

5 March 1996

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

#### Respective responsibilities of directors and reporting accountants

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 August 1995 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

D M Vaughan & Co  
10 Gloucester Place  
EDINBURGH  
EH3 6EF

DM Vaughan 

Registered Auditors

5 March 1996

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Income and Expenditure Account  
For the Year to 31 August 1995

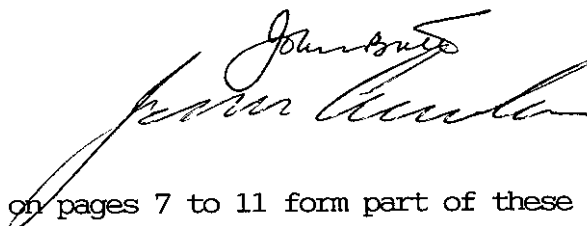
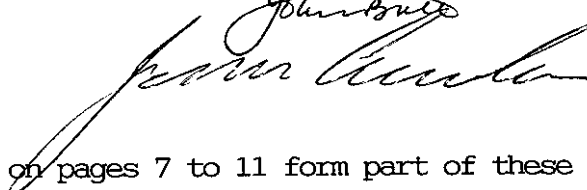
	Notes	1995 £	1994 £
Income	5	118,790	127,330
		<hr/>	<hr/>
Expenses			
Staff costs	6	45,935	40,449
Farm		19,941	14,904
Household		22,546	22,526
General overheads		21,499	18,914
Administration		4,280	3,948
Non recurring expenditure		8,362	12,508
Depreciation		<u>1,796</u>	<u>3,488</u>
		<hr/>	<hr/>
		124,359	116,737
		<hr/>	<hr/>
(Deficit)/Surplus			
For the Financial Year	7 & 12	( 5,569)	10,593
		<hr/>	<hr/>

The notes on pages 7 to 11 form part of these accounts.

Balance Sheet  
As at 31 August 1995

	Notes	1995 £	1994 £
<b>Fixed Assets</b>			
Tangible assets	15	11,246	10,467
		<u>          </u>	<u>          </u>
<b>Current Assets</b>			
Stocks	8	23,905	21,550
Debtors	9	11,819	7,582
Cash at bank and on hand		<u>142</u>	<u>5,015</u>
		35,866	34,147
		<u>          </u>	<u>          </u>
<b>Creditors</b>			
Amounts falling due within one year	10	<u>26,930</u>	<u>19,212</u>
<b>Net Current Assets</b>		<u>8,936</u>	<u>14,935</u>
		<u>          </u>	<u>          </u>
<b>Total Assets Less Current Liabilities</b>		20,182	25,402
<b>Creditors</b>			
Amounts falling due outwith one year	11	<u>1,254</u>	<u>905</u>
		<u>18,928</u>	<u>24,497</u>
		<u>          </u>	<u>          </u>
<b>Capital and Reserves</b>			
Accumulated surplus	12	<u>18,928</u>	<u>24,497</u>
		<u>          </u>	<u>          </u>

The financial statements were approved and signed on behalf of the Council of Management on 5 March 1996.

 Council Member  
 Council Member

The notes on pages 7 to 11 form part of these accounts.

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Notes to the Financial Statements  
For the Year to 31 August 1995

1. General

The company does not seek to make a profit, nor can its achievements be measured by normal commercial criteria. In order that a true and fair view of its activities should be given in these accounts, the directors have set out on page 4 an Income and Expenditure Account which shows the results for the year, but in a format other than as prescribed in the Companies Act 1985. In the opinion of the directors this provides greater clarity on the nature of the company's activities and discloses in sufficient detail information relating thereto, as required by the Companies Act 1985. Members of the Council of Management are also directors.

2. Accounting Policies

(a) Basis of Accounting

The company prepares its accounts on the historical cost basis.

(b) Fixed Assets

It is the company's policy to charge expenditure on property additions and improvements, and on furniture, equipment and fittings against revenue in the year in which it is incurred.

(c) Depreciation

Depreciation is calculated to write off the cost of fixed assets over their expected useful economic lives. The annual rates used on fixed assets other than replacements and improvements which are charged direct to Revenue are as follows:

Tractor & implements	25% reducing balance
Motor vehicles	25% reducing balance

(d) Stock of Livestock

Livestock on hand at the close of the financial year is valued at market value less 25%.

(e) Leasing and Hire Purchase Commitments

Assets obtained under finance lease and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to income on a straight line basis over the lease term.



## Notes to the Financial Statements (Continued)

## 2. Continued

## (f) Pension Costs

The company makes contributions to personal pension schemes, contributions are charged against profits on the amounts payable for the year.

## (g) Income

Fees and other income are stated at the amounts receivable for the year.

## (h) Taxation

No provision for corporation tax is necessary as the company has charitable status.

## 3. Continuing Operations

None of the company's activities were acquired or discontinued during the current and previous year.

## 4. Total Recognised Gains and Losses

The company has no recognised gains or losses other than the deficit and surplus for the current and previous year.

## 5. Income

The company's turnover consists of residential fees issued to local authorities and individuals in respect of persons with special needs, and of sales of Farm produce and livestock.

6. Staff Costs	1995 £	1994 £
Wages and salaries	40,259	34,748
Social security costs	1,632	1,786
Pension costs	<u>3,000</u>	<u>3,000</u>
	<u>44,891</u>	<u>39,534</u>

The average weekly number of employees during the year was made up as follows:

Farmers and houseparents	8	6
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## Notes to the Financial Statements (Continued)

<b>7. Surplus for the Financial Year</b>	<b>1995</b>	<b>1994</b>
After charging:		
Remuneration of council members	12,900	12,733
Pension costs of council members	3,000	3,000
Auditors remuneration	775	750
Depreciation	1,796	3,488
Hire purchase charges	<u>182</u>	<u>231</u>
	<u>18,653</u>	<u>20,202</u>

No part of the remuneration paid to council members is for service as a council member.

<b>8. Stock</b>		
Livestock	19,335	18,730
Crops & feeding	<u>4,570</u>	<u>2,820</u>
	<u>23,905</u>	<u>21,550</u>

<b>9. Debtors</b>		
Trade debtors	8,431	3,986
Other debtors	1,657	1,957
Prepaid charges	<u>1,731</u>	<u>1,639</u>
	<u>11,819</u>	<u>7,582</u>

<b>10. Creditors</b>		
Amounts falling due within one year		
Bank overdraft	2,712	-
Trade creditors	10,809	8,257
Accruals	5,803	5,174
Taxation & social security	754	-
Hire purchase	1,901	926
Loan	<u>4,951</u>	<u>4,855</u>
	<u>26,930</u>	<u>19,212</u>

The loan is made by Garvald West Linton Limited. It is unsecured, interest free and has no schedule of repayment.

<b>11. Creditors</b>		
Amounts falling due with two to five years		
Hire purchase	<u>1,254</u>	<u>905</u>

## Notes to the Financial Statements (Continued)

	1995 £	1994 £
<b>12. Accumulated Surplus</b>		
Accumulated surplus at 31 August 1994	24,497	13,904
(Deficit)/surplus for the year	( 5,569)	<u>10,593</u>
Accumulated surplus at 31 August 1995	<u>18,928</u>	<u>24,497</u>

**13. Capital Commitments**

There were no capital commitments as at 31 August 1995.

**14. Pension Scheme**

The company makes contributions to personal pension schemes. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £3,000 (1994 - £3,000)

## Notes to the Financial Statements (Continued)

## 15. Tangible Fixed Assets

	Tractor & Implements £	Motor Vehicles £	Total £
<b>Cost</b>			
31 August 1994	14,116	7,708	21,824
Additions	4,500	-	4,500
Disposals	( 3,050)	-	( 3,050)
31 August 1995	15,566	7,708	23,274
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>			
31 August 1994	6,742	4,615	11,357
Charge for the year	1,023	773	1,796
Written back on disposals	( 1,125)	-	( 1,125)
31 August 1995	6,640	5,388	12,028
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Book Value</b>			
31 August 1995	8,926	2,320	11,246
31 August 1994	7,374	3,093	10,467
	<u>          </u>	<u>          </u>	<u>          </u>

The net book value of tractors and implements includes an amount of £6,191 (1994 - £3,188) in respect of assets held under hire purchase.