

108570

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

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998**



DOLPHINTON, WEST LINTON, PEEBLESSHIRE EH46 7HJ

Directors:

James Anderson
John Brett
Shelagh Brett
Shelagh Bryden
Nan Burnett
Robert Crichton
Peter Darwell
Jane Jackson
Diana O'Neil
Rosemary Soutter
David Suckling
Huw Sheppard (appointed 16 June 1998)

Secretary:

Jane Jackson

Treasurer:

James Anderson C.A.

Solicitors:

Lindsays W.S.

Bankers:

The Royal Bank of Scotland Plc

Auditors:

D M Vaughan & Co Ltd

Registered Office:

Garvald Home Farm, West Linton

Company Registration No:

108570 (Scotland)

Charity Registration No:

SCO 20909

Governing Document:

Memorandum and Articles of Association

**Report of the Directors
For the Year ended 31 August 1998**

The directors present their report and audited financial statements for the year ended 31 August 1998.

Principal Activity

Garvald Home Farm continues to offer long term homes and work in an agricultural setting for a small community of adults with special needs and co-workers. The whole enterprise is founded on the philosophy of Rudolf Steiner and the farm follows the bio-dynamic method of agriculture.

Review of Activities

The average number of residents during the year was nine. While this level produced a solid income base, the farming activity produced a lower return due to adverse weather conditions which led to poor crops and difficult animal rearing conditions. Costs continued to rise and at the close of the year a small loss ensued.

During the year the company commenced the refurbishment of a farm building into a community hall. The funding of the project is assisted by the National Lottery Charities Board, Garvald Trust and fund raising.

Future Prospects

The directors are satisfied that the company can operate profitably in the future.

Legal and Administrative Details

The information relating to Garvald Home Farm Limited is contained on page 1. In addition, it is advised that directors are appointed at the Company's Annual General Meeting.

Report of the Directors (Continued)

Directors

The directors who served during the year are shown on Page 1.

Rosemary Soutter, David Suckling, Peter Darwell and James Anderson retire by rotation and being eligible offer themselves for re-election.

No director is remunerated for his/her services as a director.

Share Capital

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

Auditors

Messrs D M Vaughan & Co Ltd 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



**Jane Jackson
Secretary**

12 April 1999

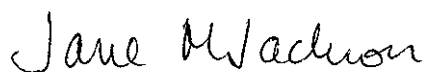
Statement of Directors Responsibilities

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.

By Order of the Board



Jane Jackson
Secretary

12 April 1999

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4 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 1998 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 Ltd
10 Gloucester Place
EDINBURGH
EH3 6EF**

12 April 1999

Registered Auditors

**Income and Expenditure Account
For the Year ended 31 August 1998**

	Notes	1998 £	1997 £
Income	3	149,696	141,022
		<u> </u>	<u> </u>
Expenses			
Staff costs	5	67,732	55,412
Farm		29,366	31,175
Household		26,783	24,902
General overheads		19,577	19,660
Administration		4,556	4,130
Non recurring expenditure		706	5,090
Depreciation		3,242	4,197
		<u> </u>	<u> </u>
		151,962	144,566
		<u> </u>	<u> </u>
(Deficit) for the Financial Year		(2,266)	(3,544)
		<u> </u>	<u> </u>

The results set out in the income and expenditure account above derive wholly from the continuing operations of the company.

The company has no recognised gains or losses other than those included in the income and expenditure account above.

Statement of Financial Activities
For the Year ended 31 August 1998

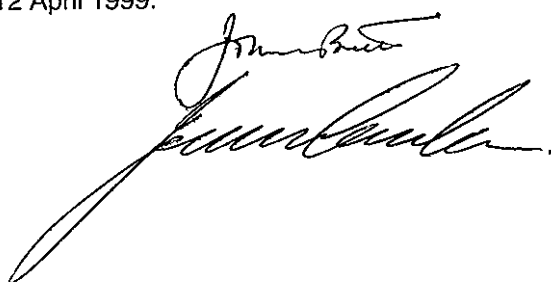
	Unrestricted Fund Income & Expenditure Account £	Restricted Capital Funds Motor Vehicle Fund £	Hall Fund £	Total £	1997 £
Income per Income & Expenditure Account page 6	149,696	-	-	149,696	141,022
Grant – National Lottery Charities Board	-	-	28,698	28,698	6,500
Fund raising	-	-	6,000	6,000	1,000
Donation – Garvald Trust	-	-	14,967	14,967	-
	<u>149,696</u>	<u>-</u>	<u>49,665</u>	<u>199,361</u>	<u>148,522</u>
Expenditure per Income & Expenditure Account Page 6	148,720	-	-	148,720	140,369
Depreciation	3,242	1,678	-	4,920	6,434
	<u>151,962</u>	<u>1,678</u>	<u>-</u>	<u>153,640</u>	<u>146,803</u>
(Deficit)/Surplus for the Financial Year	(2,266)	(1,678)	49,665	45,721	1,719
Balance 31 August 1997	<u>25,994</u>	<u>5,263</u>	<u>-</u>	<u>31,257</u>	<u>29,538</u>
Balance 31 August 1998	<u>23,728</u>	<u>3,585</u>	<u>49,665</u>	<u>76,978</u>	<u>31,257</u>

Notes: The motor vehicle fund relates to the purchase of a minibus. The hall fund relates to the refurbishment of a farm building into a community hall.

Balance Sheet
As at 31 August 1998

	Notes	1998 £	1997 £
Fixed Assets			
Tangible assets	13	65,919	16,376
Current Assets			
Stocks	7	17,616	25,115
Debtors	8	9,276	13,283
Cash at bank & on hand		22,864	2,443
		49,756	40,841
Creditors			
Amounts falling due within one year	9	38,280	25,960
Net Current Assets		11,476	14,881
Total Assets less Current Liabilities		77,395	31,257
Creditors			
Amounts falling due outwith one year	10	417	-
		76,978	31,257
Funds			
Unrestricted funds		23,728	25,994
Restricted funds		53,250	5,263
		76,978	31,257

The financial statements on pages 6 to 13 were approved and signed on behalf of the board of directors on 12 April 1999.



John Brett

Director

James Anderson

Director

**Notes to the Financial Statements
For the Year ended 31 August 1998****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 6 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.

2. Accounting Policies**a) Basis of Accounting**

The company prepares its accounts on the historical cost basis.

b) 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 are as follows. Depreciation on tenants improvements has not been provided this current year because the work is in course of completion. Upon completion the tenants improvements will be depreciated over the life of the lease (20 years).

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

c) Stock & Livestock

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

d) 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.

e) Pension Costs

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

f) Income

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

g) Taxation

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

Notes to the Financial Statements (Continued)

3. 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. An analysis of income is as undernoted:

	1998 £	1997 £
Residents fees	131,772	111,586
Farm income	16,854	28,971
Donation	1,070	466
	<hr/>	<hr/>
	149,696	141,023
	<hr/>	<hr/>

4. Directors' Emoluments

Emoluments during the period comprise:

Salaries	14,000	14,000
Pension costs	3,000	3,000
	<hr/>	<hr/>
	17,000	17,000
	<hr/>	<hr/>

No part of the emoluments paid to directors is for service as a director.

5. Employee Information

Average number of persons (including directors)
employed during the period was:

7 6

	£	£
Wages & salaries	54,219	44,821
Social security costs	2,957	2,231
Pension costs	3,000	3,000
	<hr/>	<hr/>
	60,176	50,052
	<hr/>	<hr/>

Notes to the Financial Statements (Continued)

6. Deficit for the Financial Year	1998 £	1997 £
Is stated after charging:		
Depreciation	3,242	4,197
Auditors remuneration	800	975
Hire purchase interest	230	367
	<hr/>	<hr/>
7. Stock		
Livestock	15,745	19,245
Crops & feeding	1,871	5,870
	<hr/>	<hr/>
	17,616	25,115
	<hr/>	<hr/>
8. Debtors		
Trade debtors	7,881	8,473
Other debtors	1,395	3,232
Prepaid charges	-	1,578
	<hr/>	<hr/>
	9,276	13,283
	<hr/>	<hr/>

Notes to the Financial Statements (Continued)

9. Creditors	1998	1997
	£	£
Amounts falling due within one year		
Trade creditors	5,906	7,087
Accruals	9,763	13,975
Other Creditors	17,782	-
Taxation & social security	628	1,540
Hire purchase	1,250	407
Loan	2,951	2,951
	<hr/>	<hr/>
	38,280	25,960
	<hr/>	<hr/>

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

10. Creditors

Amounts falling due within two to five years

Hire purchase	417	-
	<hr/>	<hr/>

11. Capital Commitments

As at 31 August 1998 there was a capital commitment of expenditure to complete the work of farm building refurbishment into the community hall. The balance of expenditure committed was £56,000 against which a grant from the National Lottery Charities Board amounted to £14,000.

12. 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 (1997 - £3,000).

Notes to the Financial Statements (Continued)

13. Tangible Fixed Assets

	Tenants Improvements £	Tractor & Implements £	Motor Vehicles £	Total £
Cost				
31 August 1997	-	16,221	14,550	30,771
Additions	50,069	6,894	-	56,963
Disposals	-	(4,000)	-	(4,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 August 1998	50,069	19,115	14,550	83,734
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
31 August 1997	-	8,743	5,652	14,395
Charge for year	-	2,696	2,224	4,920
Written back on disposals	-	(1,500)	-	(1,500)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 August 1998	-	9,939	7,876	17,815
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Book Value				
31 August 1998	50,069	9,176	6,674	65,919
31 August 1997	-	7,478	8,898	16,376
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The net book value of tractors and implements includes an amount of £3,750 (1997 - £3,195) in respect of assets held under hire purchase. The depreciation charge for the year on motor vehicles held under hire purchase was £1,250 (1997 - £1,065).