

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

SC108570

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2001



DOLPHINTON, WEST LINTON, PEEBLESSHIRE EH46 7HJ

Directors:	James Anderson John Brett Shelagh Brett Shelagh Bryden Nan Burnett Peter Darwell Elizabeth Dow Jane Jackson Rosemary Soutter David Suckling Huw Sheppard
Secretary:	Jane Jackson
Treasurer:	James Anderson C.A.
Solicitors:	Lindsays W.S. 11 Atholl Crescent EDINBURGH EH3 8HE
Bankers:	The Royal Bank of Scotland Plc 17 Comiston Road EDINBURGH EH10 6AA
Auditors:	D M Vaughan & Co Ltd 10 Gloucester Place EDINBURGH EH3 6EF
Registered Office:	Garvald Home Farm DOLPHINTON West Linton EH46 7HJ
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 2001**

The directors present their report and audited financial statements for the year ended 31 August 2001.

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 resident number remained constant at eight throughout the year and produced a level core of fee income. The farm continued to make steady progress and increased its production of cattle and dairy products. Expenditure was held within reasonable levels although the company also continued its policy of upgrading residential accommodation. The farm was also in a position to renew some of its equipment. The financial surplus for the year will again prove a benefit in granting the company a stronger financial base.

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.

David Suckling, Huw Sheppard 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**

8 April 2002

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

8 April 2002

We have audited the financial statements of Garvald Home Farm Limited for the year ended 31 August 2001 on pages 6 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom 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 if 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 at 31 August 2001 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

D M Vaughan & Co Ltd
Chartered Certified Accountants
Registered Auditors
10 Gloucester Place
EDINBURGH
EH3 6EF

DM Vaughan & Co Ltd

8 April 2002

Income and Expenditure Account
For the Year ended 31 August 2001

	Notes	2001 £	2000 £
Income	3	158,096	161,969
		<hr/>	<hr/>
Expenses			
Staff costs	5	63,620	58,331
Farm		12,407	18,005
Household		38,022	29,808
General overheads		23,011	24,796
Office & other support costs		5,955	5,837
Non recurring expenditure		2,525	10,937
Depreciation	6	4,003	3,173
		<hr/>	<hr/>
		149,543	150,887
		<hr/>	<hr/>
Operating surplus		8,553	11,082
Interest receivable		848	19
		<hr/>	<hr/>
Surplus for the Financial Year	6	9,401	11,101
		<hr/>	<hr/>

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

The company has further recognised gains and losses which are disclosed in the Statement of Financial Activities shown on page 7.

**Statement of Financial Activities
For the Year ended 31 August 2001**

	Notes	Unrestricted Funds General £	Designated £	Restricted Capital Funds £	Total £	2000 £
Incoming resources	3	158,096	-	500	158,596	170,002
Interest receivable	3	<u>848</u>	<u>-</u>	<u>-</u>	<u>848</u>	<u>19</u>
		<u>158,944</u>	<u>-</u>	<u>500</u>	<u>159,444</u>	<u>170,021</u>
Resources Expended						
Per Income & Expenditure Account (page 6)		145,540	-	-	145,540	147,714
Depreciation	6	<u>-</u>	<u>4,003</u>	<u>3,963</u>	<u>7,966</u>	<u>7,372</u>
		<u>145,540</u>	<u>4,003</u>	<u>3,963</u>	<u>153,506</u>	<u>155,086</u>
Net Incoming (Outgoing) Resources		13,404	(4,003)	(3,463)	5,938	14,935
Transfers in respect of fixed asset additions		(<u>5,589</u>)	<u>5,589</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		7,815	1,586	(3,463)	5,938	14,935
Balance 31 August 2000		<u>24,642</u>	<u>12,348</u>	<u>66,104</u>	<u>103,094</u>	<u>88,159</u>
Balance 31 August 2001		<u>32,457</u>	<u>13,934</u>	<u>62,641</u>	<u>109,032</u>	<u>103,094</u>
Represented by:						
Tangible fixed assets		-	24,843	54,108	78,951	72,299
Hire purchase creditors		-	(10,909)	-	(10,909)	(1,880)
Net current assets		<u>32,457</u>	<u>-</u>	<u>8,533</u>	<u>40,990</u>	<u>32,675</u>
		<u>32,457</u>	<u>13,934</u>	<u>62,641</u>	<u>109,032</u>	<u>103,094</u>

The designated fund £13,934 refers to a fund set aside to indicate and be equal to expenditure made on tangible fixed assets. The capital fund £62,641 refers to sums raised to carry out building improvements.

Balance Sheet
As at 31 August 2001

	Notes	2001 £	2000 £
Fixed Assets			
Tangible assets	12	78,951	72,299
		<u> </u>	<u> </u>
Current Assets			
Stocks	7	27,320	20,866
Debtors	8	10,332	9,551
Cash at bank & on hand		31,073	40,711
		<u> </u>	<u> </u>
		68,725	71,128
		<u> </u>	<u> </u>
Creditors			
Amounts falling due within one year	9	30,960	40,333
		<u> </u>	<u> </u>
Net Current Assets		37,765	30,795
		<u> </u>	<u> </u>
Total Assets less Current Liabilities		116,716	103,094
Creditors			
Amounts falling due outwith one year	10	7,684	-
		<u> </u>	<u> </u>
		109,032	103,094
		<u> </u>	<u> </u>
Funds			
Unrestricted funds		46,391	36,990
Restricted funds		62,641	66,104
		<u> </u>	<u> </u>
		109,032	103,094
		<u> </u>	<u> </u>

The financial statements on pages 6 to 13 were approved and signed on behalf of the board of directors on 8 April 2002.


 James Anderson Director

**Notes to the Financial Statements
For the Year ended 31 August 2001****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 and by the Statement of Recommended Practice 1995 - Accounting by Charities. In the opinion of the directors this provides greater clarity on the nature of the company's activities and discloses in sufficient and more appropriate detail information relating thereto, as required by the Companies Act 1985. In other respects the financial statements have been prepared in accordance with the Companies Act 1985 and Statement of Recommended Practice 1995 - Accounting by Charities.

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

The company prepares its accounts on the historical cost basis and in accordance with applicable accounting standards.

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.

Tenants improvements	20 years straight line
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 a money purchase group personal pension scheme, 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:

	2001	2000
	£	£
Residents fees	147,247	147,556
Farm income	10,568	14,190
Donations	281	223
	<hr/>	<hr/>
	158,096	161,969
Bank interest receivable	848	19
	<hr/>	<hr/>
Recognised in Income & Expenditure Account	158,944	161,988
	<hr/>	<hr/>
The undernoted donations and grants have been received to assist with capital expenditure		
Capital donation	500	3,000
Capital grant - Garvald Trust	-	5,033
	<hr/>	<hr/>
Recognised in Statement of Financial Activities	500	8,033
	<hr/>	<hr/>

4. Directors' Emoluments

Emoluments during the period comprise:

Salaries	8,666	15,930
	<hr/>	<hr/>

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

Notes to the Financial Statements (Continued)

5. Employee Information	2001	2000
Average number of persons (including directors) employed during the period was:	7	7

	£	£
Wages & salaries	52,880	53,157
Social security costs	3,195	2,945
Pension costs	1,875	-
	<u>57,950</u>	<u>56,102</u>

No staff member is remunerated at a level in excess of £40,000 per annum. Pension contributions are made in respect of two members of staff.

6. Surplus for the Financial Year

Is stated after charging:

Depreciation		
charged to Income & Expenditure Account	4,003	3,173
charged to Restricted Capital Funds	3,963	4,199
	<u>7,966</u>	<u>7,372</u>
Auditors remuneration	820	800
Hire purchase interest	459	345
	<u></u>	<u></u>

7. Stock

Livestock	18,730	14,861
Crops & feeding	8,590	6,005
	<u>27,320</u>	<u>20,866</u>

8. Debtors

Trade debtors	7,450	7,207
Other debtors	2,882	2,344
	<u>10,332</u>	<u>9,551</u>

Notes to the Financial Statements (Continued)

9. Creditors	2001 £	2000 £
Amounts falling due within one year		
Trade creditors	5,719	15,653
Accruals	8,016	8,800
Other Creditors	14,000	14,000
Hire purchase	3,225	1,880
	<hr/>	<hr/>
	30,960	40,333
	<hr/>	<hr/>

10. Creditors

Amounts falling due within two to five years

Hire purchase	7,684	-
	<hr/>	<hr/>

11. Pension Scheme

The company makes contributions to a money purchase group personal pension scheme. The assets of the scheme are held separately from those of the company in independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £1,875 (2000 - Nil).

Notes to the Financial Statements (Continued)

12. Tangible Fixed Assets

	Tenants Improvements £	Tractor & Implements £	Motor Vehicles £	Total £
Cost				
31 August 2000	65,108	24,455	13,350	102,913
Additions	-	14,968	-	14,968
Disposals	-	(1,800)	-	(1,800)
	<hr/>	<hr/>	<hr/>	<hr/>
31 August 2001	65,108	37,623	13,350	116,081
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
31 August 2000	6,510	16,237	7,867	30,614
Charge for year	3,255	3,340	1,371	7,966
Written back on disposals	-	(1,450)	-	(1,450)
	<hr/>	<hr/>	<hr/>	<hr/>
31 August 2001	9,765	18,127	9,238	37,130
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
31 August 2001	55,343	19,496	4,112	78,951
	<hr/>	<hr/>	<hr/>	<hr/>
31 August 2000	58,598	8,218	5,483	72,299
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of fixed assets includes an amount of £12,139 (2000 - £3,206) in respect of assets held under hire purchase. The depreciation charge for the year on assets held under hire purchase was £671 (2000 - £1,069).