

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 2004



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
Registered Auditors:	Alexander Sloan Chartered Accountants 1 Atholl Place EDINBURGH EH3 8HP
Registered Office:	Garvald Home Farm DOLPHINTON West Linton EH46 7HJ
Company Registration No:	108570 (Scotland)
Charity Registration No:	SCO 15243
Governing Document:	Memorandum and Articles of Association

**Report of the Directors
For the Year ended 31 August 2004**

The directors present their report and audited financial statements for the year ended 31 August 2004.

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 again produced a level core of fee income. The farm again continued to make steady progress and increased its production of cattle and dairy products.

Future Prospects

The directors are satisfied that the company can operate with an annual surplus 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.

Reserves

The free reserves as at 31 August 2004 amount to £71,487. This sum amounts to 28% of expenditure or expenditure for three and one third months. The directors consider that the aim should be for reserves to be at a level at least to allow the company to operate from year to year. It is not considered that the reserves are sufficient for this purpose.

Risk Management

The Directors meet on a regular basis, on average five times a year, to examine financial and operational matters. They receive regular reports on these topics through the residential manager who works with residents and the farm manager who attends to agricultural and outdoor matters. The company has written policies on most management issues. All staff have access to the Board of Directors through the Chairman. It is considered that these procedures are reasonable in order to lessen the financial and operational risks.

Report of the Directors (Continued)

Directors

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

Jane Jackson, Rosemary Soutter and David Suckling 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 Alexander Sloan are willing to continue in office and resolutions will be proposed at the Annual General Meeting to re-appoint them and to authorise the council to fix their remuneration.

By Order of the Board



Jane Jackson
Secretary
7 April 2005

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
7 April 2005

We have audited the financial statements of Garvald Home Farm Limited for the year ended 31 August 2004 on pages 7 to 15. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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..... (Continued)

Opinion..... (Continued)

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 August 2004 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Alexander Sloan

**Alexander Sloan
Chartered Accountants
and Registered Auditors
1 Atholl Place
EDINBURGH
EH3 8HP**

7 April 2005

**Income and Expenditure Account
For the Year ended 31 August 2004**

	Notes	2004 £	2003 £
Income			
Activities in furtherance of the Charity's objects	2		
Residents fees		248,846	186,981
Farm income		21,711	19,945
Training grant		3,000	-
Donations		530	336
Bank interest		290	147
		<u>274,377</u>	<u>207,409</u>
Expenditure			
Cost of activities in furtherance of the Charity's objects			
Staff costs	11	101,741	80,379
Farm	12	37,466	18,464
Household	13	37,528	32,491
Residents	14	24,469	14,987
Other direct costs	15	30,915	24,888
Non recurring expenditure	17	4,899	840
Depreciation	4	10,780	13,557
		<u>247,798</u>	<u>185,606</u>
Administration costs	16	7,255	4,489
		<u>255,053</u>	<u>190,095</u>
Surplus for the Year	4	<u>19,324</u>	<u>17,314</u>

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 8.

Statement of Financial Activities
For the Year ended 31 August 2004

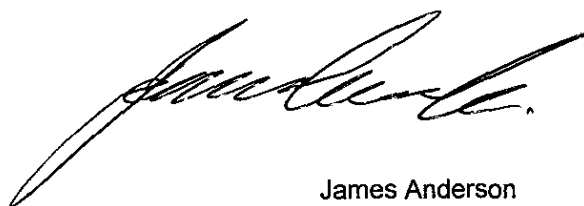
		Unrestricted Funds	Restricted Capital		
		General	Designated	Fund	Total
		£	£	£	£
Notes					2003
					£
Incoming Resources					
Income (page 7)		274,377	-	-	274,377
Donations	2	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,900</u>
		<u>274,377</u>	<u>-</u>	<u>-</u>	<u>274,377</u>
Resources Expended					
Expenditure (page 7)		244,273	-	-	244,273
Depreciation	4	<u>-</u>	<u>10,780</u>	<u>3,255</u>	<u>14,035</u>
		<u>244,273</u>	<u>10,780</u>	<u>3,255</u>	<u>258,308</u>
Net Incoming (Outgoing) Resources					
		30,104	(10,780)	(3,255)	16,069
Transfers in respect of fixed asset additions		<u>(12,194)</u>	<u>12,194</u>	<u>-</u>	<u>-</u>
Net movement in funds		17,910	1,414	(3,255)	16,069
Balance 31 August 2003		<u>53,577</u>	<u>13,147</u>	<u>57,357</u>	<u>124,081</u>
Balance 31 August 2004		<u>71,487</u>	<u>14,561</u>	<u>54,102</u>	<u>140,150</u>
Represented by:					
Tangible fixed assets		-	32,349	45,578	77,927
Hire purchase creditors		-	(17,788)	-	(17,788)
Net current assets		<u>71,487</u>	<u>-</u>	<u>8,524</u>	<u>80,011</u>
		<u>71,487</u>	<u>14,561</u>	<u>54,102</u>	<u>140,150</u>

The designated fund £14,561 refers to a fund set aside to indicate and be equal to expenditure made on tangible fixed assets. The restricted capital fund £54,102 refers to sums raised to carry out building improvements.

Balance Sheet
As at 31 August 2004

	Notes	2004 £	2003 £
Fixed Assets			
Tangible assets	10	77,927	89,899
Current Assets			
Stocks	5	37,062	40,720
Debtors	6	36,096	29,538
Cash at bank & on hand		28,296	22,346
		101,454	92,604
Creditors			
Amounts falling due within one year	7	30,564	41,249
Net Current Assets		70,890	51,355
Total Assets less Current Liabilities		148,817	141,254
Creditors			
Amounts falling due outwith one year	8	8,667	17,173
		140,150	124,081
Funds			
Unrestricted funds		86,048	66,724
Restricted funds		54,102	57,357
		140,150	124,081

The financial statements on pages 7 to 15 were approved and signed on behalf of the board of directors on 7 April 2005.



James Anderson

Director

**Notes to the Financial Statements
For the Year ended 31 August 2004**

1. Accounting Policies

a) Basis of Accounting

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

The Income and Expenditure account is not drawn up in a format as required by the Companies Act 1985 but follows the principals recommended by the Statement of Recommended Accounting Practice – Accounting by Charities (2000) and applies disclosure more appropriate to the activities of the company.

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 hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits as incurred.

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) Expenditure

All expenditure is included on the accruals basis and has been directly attributed to one of the financial categories of resources expended in the Income & Expenditure Account and Statement of Financial Activities.

h) Taxation

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

Notes to the Financial Statements (Continued)**2. 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:

	2004	2003
	£	£
Residents fees	248,846	186,981
Farm income	21,711	19,945
Donations	530	336
Training grant	3,000	-
	<hr/>	<hr/>
	274,087	207,262
Bank interest receivable	<hr/> 290	<hr/> 147
Recognised in Income & Expenditure Account	<hr/> 274,377	<hr/> 207,409
	<hr/>	<hr/>
The undernoted donations and grants have been received to assist with capital expenditure		
Capital donation	<hr/> -	<hr/> 1,900
Recognised in Statement of Financial Activities	<hr/> -	<hr/> 1,900
	<hr/>	<hr/>

3. Employee Information

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

	£	£
Wages & salaries	85,896	68,280
Social security costs	6,167	5,180
Pension costs	3,666	3,607
	<hr/>	<hr/>
	95,729	77,067
	<hr/>	<hr/>

No staff member is remunerated at a level in excess of £50,000 per annum. Pension contributions are made in respect of four members of staff.

Notes to the Financial Statements (Continued)

4. Surplus for the Financial Year	2004	2003
Is stated after charging:	£	£
Depreciation		
charged to Income & Expenditure Account	10,780	13,557
charged to Restricted Capital Funds	3,255	3,255
	<hr/>	<hr/>
	14,035	16,812
Auditors remuneration	900	850
Hire purchase interest	2,164	1,877
	<hr/>	<hr/>
5. Stock		
Livestock	24,522	28,340
Crops & feeding	12,540	12,380
	<hr/>	<hr/>
	37,062	40,720
	<hr/>	<hr/>
6. Debtors		
Trade debtors	33,219	27,351
Other debtor	2,877	2,187
	<hr/>	<hr/>
	36,096	29,538
	<hr/>	<hr/>
7. Creditors		
Amounts falling due within one year		
Trade creditors	5,063	10,753
Accruals	1,322	3,782
Other taxation & social security	1,058	1,968
Other Creditors	14,000	14,000
Hire purchase	9,121	10,746
	<hr/>	<hr/>
	30,564	41,249
	<hr/>	<hr/>
8. Creditors		
Amounts falling due within two to five years		
Hire purchase	8,667	17,173
	<hr/>	<hr/>

Notes to the Financial Statements (Continued)

9. 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 an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £3,666 (2003 -£3,607).

10. Tangible Fixed Assets

	Tenants Improvements £	Tractor & Implements £	Motor Vehicles £	Total £
Cost				
31 August 2003	65,108	50,480	26,946	142,534
Additions	-	2,063	-	2,063
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
31 August 2004	65,108	52,543	26,946	144,597
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
31 August 2003	16,275	27,451	8,909	52,635
Charge for year	3,255	6,270	4,510	14,035
Written back on disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
31 August 2004	19,530	33,721	13,419	66,670
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
31 August 2004	45,578	18,822	13,527	77,927
31 August 2003	48,833	23,029	18,037	89,899
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of fixed assets includes an amount of £21,512 (2003 - £30,890) in respect of assets held under hire purchase agreements. The depreciation charge for the year on assets held under hire purchase was £7,170 (2003 - £10,130).

**Notes to the Income & Expenditure Account
For the Year ended 31 August 2004**

	2004 £	2003 £
11. Staff		
Salaries & national insurance	92,063	72,672
Pension scheme	3,666	3,607
Staff expenses	907	481
Staff training	2,009	1,569
Volunteers expenses	3,096	2,050
	<u>101,741</u>	<u>80,379</u>
12. Farm		
Livestock etc. on hand year commencement	40,720	30,616
Livestock purchased	667	3,010
Feeding etc.	8,850	10,436
Upkeep property	7,682	1,968
Upkeep fences & shelter belts	1,111	717
Upkeep implements	6,695	4,962
Haulage & contracting	1,287	770
Vet & medicine	507	407
Tractor diesel	952	710
Contracting – butcher	3,373	2,758
Hire purchase interest	2,164	1,877
Levies & subscriptions	520	953
	<u>74,528</u>	<u>59,184</u>
Less: Livestock etc. on hand period end	<u>37,062</u>	<u>40,720</u>
	<u>37,466</u>	<u>18,464</u>
13. Household		
Provisions	18,700	15,456
Heat & light	8,625	7,533
Upkeep fittings & equipment	4,879	4,891
Upkeep property	1,961	2,612
Medical	212	347
Cleaning materials	1,171	1,272
Registration fee	1,980	380
	<u>37,528</u>	<u>32,491</u>

Notes to the Income & Expenditure Account (Continued)
For the Year ended 31 August 2004

	2004	2003
	£	£
14. Residents		
Personal allowance	6,490	6,271
Day placement	13,266	3,452
Wages	993	875
Extras & holiday stays	3,720	4,389
	<u>24,469</u>	<u>14,987</u>
15. Other Direct Costs		
Rent	18,000	14,500
Insurance	2,556	2,437
Diesel & vehicle expenses	10,359	7,951
	<u>30,915</u>	<u>24,888</u>
16. Administration		
Administrative assistance	508	788
Printing, stationery etc	1,735	443
Postages & telephone	3,452	1,763
Audit fee	900	875
Bank charges	243	225
Subscriptions	-	116
Advertising	-	86
Payroll processing	417	193
	<u>7,255</u>	<u>4,489</u>
17. Non Recurring		
Property expenditure	4,899	840
18. Depreciation		
On tractor & implements	6,270	6,055
On motor vehicles	4,510	7,502
On property improvements	3,255	3,255
	<u>14,035</u>	<u>16,812</u>