

GARVALD HOME FARM LIMITED

A Company limited by guarantee
And not having a Share Capital

(Charity Registration No. SC 015243)

Company Registration No. SC 0108570

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2012**

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COMPANIES HOUSE

Directors:	James Anderson Shelagh Bryden (retired 20 February 2013) Peter Darwell David Gilchrist Jane Jackson Gerda Stevenson (retired 24 April 2012) Rosemary Soutter Huw Sheppard (chair) Colin Third (appointed 20 February 2013) John Brett (retired 5 October 2011)
Secretary:	Jane Jackson
Treasurer:	James Anderson C.A.
Residential Manager:	Bridget Beagan
Bankers:	The Royal Bank of Scotland Plc 17 Comiston Road EDINBURGH EH10 6AA
Registered Auditors:	Alexander Sioan Chartered Accountants 1 Atholl Place EDINBURGH EH3 8HP
Registered Office:	Garvald Home Farm DOLPHINTON West Linton EH46 7HJ
Company Registration No:	SC 0108570
Charity Registration No:	SC 015243
Governing Document:	Memorandum and Articles of Association

**Report of the Directors
For the Year ended 31 August 2012****Reference and Administrative Details**

The information relating to Garvald Home Farm Limited is contained on page 1.

Structure Governance and Management*Governing Document*

Garvald Home Farm Limited is a charitable company limited by guarantee and is governed by its Memorandum and Articles of Association dated 1 October 1987. The liability of each member is limited to £5. It is a registered charity with the Office of the Scottish Charity Regulator (OSCR) and its residential service is registered and monitored by the Care Inspectorate.

Appointment of new Directors

Directors are appointed at the Company's Annual General meeting. Directors can be co-opted during the year and these new appointments stand for re-election at the following Annual General meeting.

Recruitment of new Directors

The Directors are recruited to maintain a balance of skills within the Board. Most appointments come from parties who already know the work of Garvald Home Farm and who have visited and attended events held at the Farm.

Induction and Training of Directors

New directors are briefed on their legal obligations under charity law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, and recent performance of the charity. Directors are encouraged to attend appropriate external training events where these facilitate the undertaking of their role.

Structure

The Board of Directors appoint the residential manager and farm staff, carry out financial management and is available to assist the manager on more complex issues. The manager is responsible for placement of residents, the engagement and training of staff and the day to day management of the residential home and farm. The Directors meet on average four occasions a year to receive reports from the manager and to carry out management and financial reviews.

Risk Management

The Directors are satisfied that the major risks to which the charity is exposed have been reviewed and procedures have been established to manage these risks.

Report of the Directors (Continued)**Statement of Directors' Responsibilities**

The directors of Garvald Home Farm Limited 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 as amended. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Objectives and Activities

Garvald Home Farm offers 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. The aim is to grant people with learning difficulties an independent life style at a level they can sustain and to allow them to experience at first hand basic farming activities. The farm also offers educational visits to school pupils to allow them to experience work with livestock and organic food production from farming activities.

Achievements and Performance

A significant factor of the year was the rise in both residential and farm income. All residential placements remained filled for the full twelve months. Expenditure was held at or below budget. The result was an overall increase in the annual surplus.

The employment of the development worker funded by Garvald Trust ended in September 2011. The Trust extended further funding (£25,000) to carry out remedial repairs to older buildings. £15,255 was spent in the financial year leaving £9,745 to carry forward to the following year.

Report of the Directors (Continued)**Financial Review**

The financial statements follow on pages 7 to 16. These statements are prepared in terms of the Statement of Recommended Practice 2005 – Accounting and Reporting by Charities and the Companies Act 2006.

Following a rise in income, the annual surplus on the unrestricted fund rose to £40,564 (2011 – surplus £17,728).

The principle funding sources are fees received from local authorities and central government state benefits from residents, together with the sale of farm produce. The expenditure made to support residential care and farming activities is described in the statement of financial activities.

Reserves Policy

The directors policy is to maintain free reserves sufficient to fund the equivalent of three to six months expenditure. The directors acknowledge that they have not reached this target.

At 31 August 2012 due to funds committed to the building project the free reserves amounted to £33,571 which is equivalent to 11% of annual expenditure or expenditure for 1.3 months.

Plans for Future Periods

The charity plans to work in a meaningful way with residents in order to secure a long term independent future for them. The charity also aims to improve the farm output of bio-dynamic products.

Directors

The directors who served during the year are shown on Page 1. Peter Darwell and David Gilchrist retire by rotation and being eligible offer themselves for re-election. Colin Third who was co-opted as a director on 20 February 2013 stands for re-election at the Annual General Meeting.

Directors did not receive any remuneration or refund of expenses.

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

30 April 2013

We have audited the financial statements of Garvald Home Farm Limited for the year ended 31 August 2012 which comprise the Statement of Financial Activities, the summary Income and Expenditure account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made exclusively to the charity's directors, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 as amended. Our audit work has been undertaken so that we might state to the charity's 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 charity and its directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement (set out in the Directors' Annual Report), the directors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The directors have elected for the financial statements to be audited in accordance with the Charities and Trustee Investment (Scotland) Act 2005 rather than also with the Companies Act 2006. Accordingly we have been appointed as Auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [APB's] Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

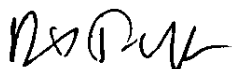
- give a true and fair view of the state of the charitable company's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted 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).

Matters on which we are required to report by exception

The Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Directors' Annual Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept proper and adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



David Jeffcoat F.C.C.A (Senior Statutory Auditor)

for and on behalf of

**Alexander Sloan
Chartered Accountants and
Statutory Auditor**

**1 Atholl Place
Edinburgh
EH3 8HP**

Alexander Sloan is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

30 April 2013

Income and Expenditure Account
For the Year ended 31 August 2012

	Notes	Unrestricted Fund £	Designated/ Restricted Funds £	Total 2012 £	Total 2011 £
Incoming Resources					
Voluntary income	2	777	-	777	50
Investment income	2	18	-	18	26
Incoming resources from Charitable activities	2	341,868	27,621	369,489	351,499
		<u>342,663</u>	<u>27,621</u>	<u>370,284</u>	<u>351,575</u>
Resources Expended					
Cost of activities					
Staff costs	16	147,495	2,621	150,116	179,323
Farm costs	17	42,987	-	42,987	44,312
Household	18	63,220	-	63,220	57,315
Residents	19	21,515	-	21,515	19,705
Other direct costs	20	25,432	-	25,432	26,884
Non recurring expenditure	21	-	15,255	15,255	5,008
Depreciation	22	-	34,215	34,215	37,272
		<u>300,649</u>	<u>52,091</u>	<u>352,740</u>	<u>369,819</u>
Governance costs	23	1,450	-	1,450	1,300
		<u>302,099</u>	<u>52,091</u>	<u>354,190</u>	<u>371,119</u>
Surplus/(Deficit) for the Year	5	<u>40,564</u>	<u>(24,470)</u>	<u>16,094</u>	<u>(19,544)</u>

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

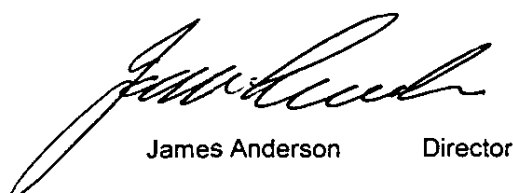
Statement of Financial Activities
For the Year ended 31 August 2012

	Notes	Unrestricted Funds General £	Designated £	Restricted Funds £	Total 2012 £	Total 2011 £
Incoming Resources						
Voluntary income	2	777	-	-	777	50
Investment income	2	18	-	-	18	26
Incoming resources from Charitable activities	2	341,868	-	27,621	369,489	351,499
		<u>342,663</u>	<u>-</u>	<u>27,621</u>	<u>370,284</u>	<u>351,575</u>
Resources Expended						
Cost of charitable activities	16-22	300,649	34,215	17,876	352,740	369,819
Governance costs	23	1,450	-	-	1,450	1,300
		<u>302,099</u>	<u>34,215</u>	<u>17,876</u>	<u>354,190</u>	<u>371,119</u>
Net Incoming (Outgoing) Resources						
		40,564	(34,215)	9,745	16,094	(19,544)
Fund transfers	14	(39,978)	39,978	-	-	-
		<u>586</u>	<u>5,763</u>	<u>9,745</u>	<u>16,094</u>	<u>(19,544)</u>
Net movement in funds		32,985	526,122	-	559,107	578,651
Balance 31 August 2011		<u>33,571</u>	<u>531,885</u>	<u>9,745</u>	<u>575,201</u>	<u>559,107</u>
Balance 31 August 2012	14					

Balance Sheet
As at 31 August 2012

	Notes	2012 £	2011 £
Fixed Assets			
Tangible assets	13	572,066	556,448
		<hr/>	<hr/>
Current Assets			
Stocks	6	29,692	30,836
Debtors	7	25,885	44,868
Cash at bank & on hand		12,350	2,155
		<hr/>	<hr/>
		67,927	77,859
		<hr/>	<hr/>
Creditors			
Amounts falling due within one year	8	47,559	67,449
		<hr/>	<hr/>
Net Current Assets		20,368	10,410
		<hr/>	<hr/>
Total Assets less Current Liabilities		592,434	566,858
Creditors			
Amounts falling due outwith one year	9	17,233	7,751
		<hr/>	<hr/>
		575,201	559,107
		<hr/>	<hr/>
Funds			
Unrestricted funds	14	33,571	32,985
Designated funds	14	531,885	526,122
Restricted funds	14	9,745	-
		<hr/>	<hr/>
		575,201	559,107
		<hr/>	<hr/>

The financial statements on pages 7 to 16 were approved and signed on behalf of the board of directors on 30 April 2013.


 James Anderson Director

**Notes to the Financial Statements
For the Year ended 31 August 2012**

1. Accounting Policies

a) Accounting Convention

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and in accordance with the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

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.

Expenditure on leased property	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%. Feeding and other stock is valued at the lower of cost and market value.

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. Incoming Resources

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:

	2012 £	2011 £
Voluntary income		
Donations	777	50
	<u> </u>	<u> </u>
Investment income		
Bank interest	18	26
	<u> </u>	<u> </u>
Incoming resources from charitable activities		
Residential care fees	301,850	282,500
Farm income	40,018	37,874
Training grant	-	5,000
	<u>341,868</u>	<u>325,374</u>
Contributions for restricted fund expenditure		
Garvald Trust (building repairs)	25,000	-
Garvald Trust (development grant)	2,621	26,125
	<u>27,621</u>	<u>26,125</u>

3. Breakdown of costs of Charitable Activity

Activities undertaken directly		
Residential and day care	252,137	265,563
Farm	52,872	50,165
	<u>305,009</u>	<u>315,728</u>

The above costs refer to direct expenditure, no specific support costs have been incurred.

4. Employee Information

Average number of full time equivalent employees during the year was:	8	10
	£	£
Wages & salaries	133,538	154,677
Social security costs	9,780	12,278
Pension costs	2,598	3,056
	<u>145,916</u>	<u>170,011</u>

No staff member is remunerated at a level in excess of £60,000 per annum. Pension contributions are made in respect of two members of staff. No director received remuneration or travelling expenses.

Notes to the Financial Statements (Continued)

5. Surplus/(Deficit) for the Financial Year	2012	2011
Is stated after charging:	£	£
Depreciation		
charged to Designated Fund	34,215	37,272
Auditors remuneration	1,450	1,300
Hire purchase interest	1,170	1,804
	<u> </u>	<u> </u>
6. Stock		
Livestock	22,552	24,386
Crops & feeding	7,140	6,450
	<u> </u>	<u> </u>
	29,692	30,836
	<u> </u>	<u> </u>
7. Debtors		
Trade debtors	17,889	40,409
Other debtor	7,235	4,159
Prepayment	761	300
	<u> </u>	<u> </u>
	25,885	44,868
	<u> </u>	<u> </u>
8. Creditors		
Amounts falling due within one year		
Trade creditors	12,446	36,561
Accruals	9,348	7,640
Other taxation & social security	2,817	2,826
Other Creditors	14,000	14,000
Hire purchase	8,948	6,422
	<u> </u>	<u> </u>
	47,559	67,449
	<u> </u>	<u> </u>
9. Creditors		
Amounts falling due outwith one year		
Hire purchase	17,233	7,751
	<u> </u>	<u> </u>
10. Obligations Under Hire Purchase Contracts & Finance Leases		
Amounts payable		
Within one year	10,038	7,302
In the second to fifth year	19,166	8,737
	<u> </u>	<u> </u>
	29,204	16,039
Less: finance charges allocated to future accounting periods	3,023	1,866
	<u> </u>	<u> </u>
	26,181	14,173
	<u> </u>	<u> </u>

Notes to the Financial Statements (Continued)

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 an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,598 (2011 - £3,056).

12. Related Party Transaction

During the year the company paid £1486 for payroll and VAT services of James Anderson & Co a firm whose senior partner James Anderson, is a director of Garvald Home Farm Limited. This payment covered the debt of £659 due to James Anderson & Co at 31 August 2011, leaving a debt due at 31 August 2012 of £686.

13. Tangible Fixed Assets

	Expenditure on Leased Property £	Tractors & Implements £	Motor Vehicles £	Total £
Cost				
31 August 2011	604,922	100,269	36,025	741,216
Additions	23,336	44,997	-	68,333
Disposals	-	(28,281)	-	(28,281)
31 August 2012	628,258	116,985	36,025	781,268
Depreciation				
31 August 2011	85,568	80,147	19,053	184,768
Charge for year	31,305	(1,332)	4,242	34,215
Written back on disposals	-	(9,781)	-	(9,781)
31 August 2012	116,873	69,034	23,295	209,202
Net Book Value				
31 August 2012	511,385	47,951	12,730	572,066
31 August 2011	519,354	20,122	16,972	556,448

The net book value of fixed assets includes an amount of £46,721 (2011 - £26,221) in respect of assets held under hire purchase agreements. The depreciation charge for the year on assets held under hire purchase was £7,105 (2011 - £4,183).

Notes to the Financial Statements (Continued)

14. Statement of Funds

	Balance 31 August 11 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance 31 August 12 £
Unrestricted Fund	32,985	342,663	302,099	(39,978)	33,571
- Fixed asset fund	526,122	-	34,215	39,978	531,885
Designated Funds	526,122	-	34,215	39,978	531,885
- Building repair fund	-	25,000	15,255	-	9,745
- Development fund	-	2,621	2,621	-	-
Restricted Funds	-	27,621	17,876	-	9,745
Total Funds	559,107	370,284	354,190	-	575,201

Allocation of Net Assets between Funds

	Tangible Fixed Assets £	Current Assets £	Liabilities £	Total £
Unrestricted fund	-	58,182	24,611	33,571
Designated fund				
- Fixed asset fund	572,066	-	40,181	531,885
Restricted funds	-	9,745	-	9,745
	572,066	67,927	64,792	575,201

The **UNRESTRICTED FUND** is free to use in accordance with the objectives of the charity.

DESIGNATED FUNDS - Fixed asset fund represents a fund set aside by the Directors to be equal to expenditure made less depreciation provided on fixed assets and less liabilities outstanding on their acquisition.

The **RESTRICTED FUNDS**

- Development fund provided by Garvald Trust to fund the salary of a development worker.
- Building repair fund provided by Garvald Trust to fund remedial repairs on older sections of properties.

Notes to the Income & Expenditure Account
For the Year ended 31 August 2012

	2012 £	2011 £
16. Staff		
Salaries & national insurance	143,318	166,955
Pension scheme	2,598	3,056
Staff expenses	547	639
Staff training	1,589	6,736
Volunteers' expenses	1,018	1,536
Council tax	1,046	401
	<u>150,116</u>	<u>179,323</u>
Note:		
Charged to restricted fund		
In statement of financial activities		
Salary – development worker	<u>2,621</u>	<u>26,125</u>
17. Farm		
Livestock etc.		
on hand year commencement	30,836	35,387
Livestock purchased	1,121	1,750
Feeding	12,827	9,653
Seed	2,411	1,604
Upkeep property	2,943	2,566
Upkeep fences & shelter belts	1,232	777
Upkeep implements	8,706	9,203
Haulage & contracting	4,268	5,935
Vet & medicine	442	635
Tractor diesel	2,281	2,466
Contracting – butcher	3,908	4,066
Hire purchase interest	533	366
Levies & subscriptions	1,171	740
	<u>72,679</u>	<u>75,148</u>
Less: Livestock etc		
on hand period end	<u>(29,692)</u>	<u>(30,836)</u>
	<u>42,987</u>	<u>44,312</u>
18. Household		
Provisions	25,037	24,694
Heat & light	26,981	16,479
Upkeep fittings & equipment	4,152	6,753
Upkeep property	1,654	5,674
Medical	596	147
Medical consultant	250	375
Cleaning materials	3,007	1,735
Registration fee	1,413	1,458
Water	130	-
	<u>63,220</u>	<u>57,315</u>

Notes to the Income & Expenditure Account (Continued)
For the Year ended 31 August 2012

	2012 £	2011 £
19. Residents		
Personal allowance	7,225	7,390
Day placement	12,308	9,058
Wages	780	817
Extras & holiday stays	1,202	2,440
	<u>21,515</u>	<u>19,705</u>
20. Other Direct Costs		
Rent	5,000	5,000
Insurance	5,381	4,555
Diesel & vehicle expenses	10,573	10,896
Printing stationery etc	295	365
Postage & telephone	1,474	2,323
Bank charges	559	597
Payroll processing	1,513	1,318
Hire purchase interest	637	1,438
Legal fees	-	392
	<u>25,432</u>	<u>26,884</u>
21. Non Recurring		
Property expenditure	15,255	-
Relocation costs	-	5,008
		<u>5,008</u>
Charged to restricted fund	<u>15,255</u>	-
22. Depreciation		
On tractor & implements	(1,332)	6,703
On motor vehicles	4,242	430
On expenditure on leased property	31,305	30,139
	<u>34,215</u>	<u>37,272</u>
Charged to designated fund	<u>34,215</u>	<u>37,272</u>
23. Governance Costs		
Audit fee	<u>1,450</u>	<u>1,300</u>