

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

(Charity Registration No. SC 015243)

Company Registration No. SC 108570

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019

COMPANIES HOUSE  
26 AUG 2020  
EDINBURGH MAILBOX



**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2019**

The directors serving during the year and since the year end were as follows:

<b>Directors:</b>	James Anderson (Treasurer) Peter Darwell Jane Jackson Huw Sheppard (chair) Charles Wannap Gerda Crichton (resigned 29/5/19)
<b>Secretary:</b>	Jane Jackson
<b>Residential Manager:</b>	Elizabeth Nicolson
<b>Bankers:</b>	The Royal Bank of Scotland Plc 206 Bruntsfield Place Edinburgh EH10 4DF
<b>Statutory Auditors:</b>	Alexander Sloan Accountants and Business Advisers 50 Melville Street Edinburgh EH3 7HF
<b>Registered Office:</b>	Garvald Home Farm Dolphinton West Linton EH46 7HJ
<b>Company Registration No:</b>	SC 108570
<b>Charity Registration No:</b>	SC 015243
<b>Governing Document:</b>	Memorandum and Articles of Association

## Report of the Directors For the Year ended 31 August 2019

The trustees who are also the directors present their annual report and financial statements of the charity for the year to 31 August 2019.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SoRP FRS102).

### 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 and wood development staff, carry out financial management and is available to assist the managers on more complex issues. The residential 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 farmer and to carry out management and financial reviews.

#### *Key Management Remuneration Policy*

The key management of the charity during the year consisted of two residential management staff, the farm manager and the wood development manager who also acts as the farm building project manager. Their salaries are set each year with regard to equivalent positions in similar organisations.

#### *Risk Management*

The Board have identified and addressed the following main risk areas facing the charity as follows:

1. The requirement to comply with legislation, regulations, standards & guidance for residential and day care of adults with additional support needs: The residential home and farm are led by an experienced management team and trustees and is subject to external inspection by regulatory bodies including local authorities, Care Inspectorate and fire and rescue services.
2. Financial risks arising from lower than budgeted occupancy levels, inadequate financial controls and substantially increased staffing costs: The Board takes a strategic role for the financial planning of the charity and receives regular updates on the Community's financial position and is supported by professional advisers.

The directors regularly review all of the risks to which the charity is exposed and the procedures in place to manage these risks.

**Report of the Directors (Continued)****Reference and Administrative Details**

The information relating to Garvald Home Farm Limited is contained on page 1. The directors who served during the accounting year and to the date of this report are listed. Jane Jackson and Huw Sheppard retire by rotation and being eligible offer themselves for re-election. Directors did not receive any remuneration or refund of expenses.

**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 and wood processing skills. The farm also offers educational visits to school pupils to allow them to experience work with livestock and organic food production from farming activities. The social enterprise firewood unit has progressed during the year to add to the activities for residents and provided training from an experienced forester on a part time basis.

Following successful grant applications, work has commenced on redirecting the farm road which has provided a further space to add two farm sheds. The sheds were completed during the year and brought into full use with the addition of cattle and sheep handling systems in the last few months prior to the year end.

The grant application also covered the renovation and improvement to the byre building to provide meat and dairy production facilities. The building work progressed during the year and is near to completion in February/March 2020.

The purpose of the project is to add to day activities for residents and increase day users. It will also add to part time employment and improve the income of the Social Enterprises carried out by Garvald Home Farm.

A review has taken place to consider changing the model of residential care to one of supported living. Discussions have taken place to date with Scottish Borders Council but no firm decision to change to the supported living model or partly adapt it, has yet been taken. However, discussions have been held to provide resources to take the project forward to give due consideration to the changes which supported living would bring.

Fund raising has commenced to provide new accommodation situated in the farm grounds. No decision has been taken to proceed with this project. Outline drawings have been prepared in respect of the accommodation and the regional planning officer has been approached regarding a suitable site.

**Achievements and Performance**

The addition of the resident and day placement with effect from November 2018 has increased the level of the residential care fees and the operations fund surplus. The farm continued to provide a strong contribution and the wood unit had a small reduction in income.

Special funding was again received from Local Authorities to increase the basic minimum social work pay rate and maintain the cash differentials among staff. These increases were negotiated, implemented and paid within the year.

With the assistance of a fundraiser, grants were agreed and partly drawn down in the year to commence the development of farm buildings. Our appreciation and thanks go to Leader Rural Development Programme, Robertson Trust and Scottish & Southern Energy for their financial support.

In addition further donations were received to commence a fund to provide new supported living accommodation. Our appreciation and thanks go to a number of private donors and in particular to Richard and Pru Irvine who have developed the idea of this project.

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

The financial statements follow on pages 9 to 21. These statements are prepared in terms of the Charities Statement of Recommended Practice (FRS102) and the Companies Act 2006.

The charity had total income on its operations of £433,918 (2018: £390,401) and total expenditure of £387,964 (2018: £359,416), resulting in an operating surplus for the year of £45,954 (2018: £30,985). In addition there was also movement on the designated and restricted funds as shown in the Statement of Financial Activities on page 9 with an analysis provided by the notes on page 18.

**Reserves Policy**

The directors policy is to maintain free reserves sufficient to fund the equivalent of six months expenditure. The directors acknowledge that they have not reached this target but have budgeted to attain surpluses in future years to meet the objective.

An analysis of Net Assets between Reserve Funds is disclosed in note 16 of the accounts. The designated funds totalling £458,421 represent expenditure made on fixed assets less depreciation and less liabilities outstanding on their acquisition and restricted funds of £293,171 are held to invest in farm building, expansion of meat and dairy output and a log cabin development.

At 31 August 2019 free reserves amounted to £124,675 (2018: £113,552) which is equivalent to 33% of annual expenditure or expenditure for 3.9 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 and plans to grow the social enterprise firewood production unit.

An Enterprise Manager who will assist to set up the meat and dairy production units and extend the marketing of the farm's products has now been employed.

The work to improve the access and facilities of the north wing of the farm house has not been commenced. It has been decided to concentrate on the farmhouse improvements in the main accommodation.

Fund raising is continuing for the log cabin self contained accommodation which is an ongoing project under consideration.

Deliberation and discussion on the supported living model will recommence later this year 2019/20 and the following year.

Although falling outside the scope of this Report, the Directors acknowledge and appreciate the additional effort and sacrifices made by the staff to deal with all the risks and problems in the long and continuing period of the Covid shutdown and to keep the infection out of Garvald. In February 2020 the impact of Covid-19 became a life threatening concern within a residential care home environment. Protective measures were put in place to safeguard the residents and staff at that time and continue to date.

**Events after the reporting date**

In March 2020, the World Health organisation declared Covid-19 a pandemic. At the date on which the financial statements were approved the full financial and operation implications of Covid-19 are uncertain. Having assessed the possible impact on the charity's projected income, expenditure and its assets, the Trustees are of the opinion that the Covid-19 pandemic is a non-adjusting Post Balance Sheet Event and that the charity's assets are not impaired.

**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.

**Statement of Disclosure of Information to Auditors**

In the case of each of the persons who are directors at the time when the directors report is approved:

- so far as the director is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**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.

This report has been prepared in accordance with the provisions of the Part 15 of the Companies Act 2006 relating to small companies.

By Order of the Board



Huw Shepherd  
Chair

14 August 2020

### Opinion

We have audited the financial statements of Garvald Home Farm Limited for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2019 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).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report, other than the financial statements and our Auditor's Report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of this other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report, for the financial year for which the financial statements are prepared, is consistent with the financial statements, and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report and take advantage of the small companies exemption in preparing the Strategic Report.

#### Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement (set out in the Directors' Report), the Directors (who are also the Trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

This report is made solely to the charitable company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's Trustees, 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. Our audit work has been undertaken so that we might state to the Members and Trustees 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 charitable company, its Members as a body and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

We have been appointed as Auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit
- evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charitable company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



David Jeffcoat FCCA (Senior Statutory Auditor)  
for and on behalf of  
Alexander Sloan

Accountants and Business Advisers and  
Statutory Auditor

50 Melville Street  
Edinburgh  
EH3 7HF

12 August 2020

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

**Statement of Financial Activities**  
**(Incorporating Income & Expenditure Account)**  
**For the Year ended 31 August 2019**

	Notes	Unrestricted Funds Operations Fund £	Designated Fund £	Restricted Funds £	Total 2019 £	Total 2018 £
<b>Income from</b>						
Donations	3	240	-	-	240	1,216
Charitable activities	3	433,562	-	132,348	565,910	553,561
Investment income	3	116	-	-	116	47
<b>Total Income</b>		<u>433,918</u>	<u>-</u>	<u>132,348</u>	<u>566,266</u>	<u>554,824</u>
<b>Expenditure on</b>						
<b>Charitable activities</b>						
- Cost of direct activities	17-23	387,964	-	-	387,964	363,016
- Depreciation	24	-	44,844	-	44,844	49,685
<b>Total expenditure</b>		<u>387,964</u>	<u>44,844</u>	<u>-</u>	<u>432,808</u>	<u>412,701</u>
<b>Net income (expenditure)</b>		<u>45,954</u>	<u>( 44,844)</u>	<u>132,348</u>	<u>133,458</u>	<u>142,123</u>
Transfer between funds	16	<u>( 34,831)</u>	<u>34,831</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds</b>		<u>11,123</u>	<u>(10,013)</u>	<u>132,348</u>	<u>133,458</u>	<u>142,123</u>
<b>Reconciliation of funds</b>						
Balances 31 August 2018		<u>113,552</u>	<u>468,434</u>	<u>160,823</u>	<u>742,809</u>	<u>600,686</u>
<b>Balances 31 August 2019</b>	16	<u>124,675</u>	<u>458,421</u>	<u>293,171</u>	<u>876,267</u>	<u>742,809</u>

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

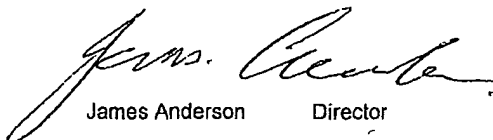
The accompanying notes form an integral part of the accounts.

**Balance Sheet**  
**As at 31 August 2019**

	Notes	2019 £	2018 £
<b>Fixed Assets</b>			
Tangible assets	14	744,397	546,878
<b>Current Assets</b>			
Stocks	7	47,210	35,490
Debtors	8	67,459	39,754
Cash at bank & on hand		121,499	178,690
		236,168	253,934
<b>Creditors</b>			
Amounts falling due within one year	9	104,298	56,565
<b>Net Current Assets</b>		131,870	197,369
<b>Total Assets less Current Liabilities</b>		876,267	744,247
<b>Creditors</b>			
Amounts falling due outwith one year	10	-	1,438
		876,267	742,809
<b>The funds of the Charity</b>			
Unrestricted fund	16	124,675	113,552
Designated funds	16	458,421	468,434
Restricted funds	16	293,171	160,823
		876,267	742,809

These accounts have been prepared in accordance with the provisions applicable to small companies subject to the small companies regime and in accordance with FRS102 SORP.

The financial statements on pages 9 to 21 were approved by and signed on behalf of the Board of Directors on <sup>14</sup> August 2020.

  
 James Anderson      Director

The accompanying notes form an integral part of the accounts.

**Statement of Cash Flows**  
**For the Year ended 31 August 2019**

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	152,807	184,898
Net cash provided by operating activities		<u>152,807</u>	<u>184,898</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		-	-
Purchase of tangible fixed assets		( 242,363)	( 76,727)
Investment income and interest receivable		116	47
Net cash used for investing activities		<u>( 242,247)</u>	<u>( 76,680)</u>
<b>Cash flows from financing activities</b>			
Receipt of hire purchase finance		-	-
Repayment of hire purchase finance		( 5,751)	( 9,334)
Receipt of loan		38,000	-
Net cash used for financing activities		<u>32,249</u>	<u>( 9,334)</u>
<b>Net increase in cash and cash equivalents</b>		<b>( 57,191)</b>	<b>98,884</b>
Cash and cash equivalents at 31 August 2018		<u>178,690</u>	<u>79,806</u>
Cash and cash equivalents at 31 August 2019		<u><b>121,499</b></u>	<u><b>178,690</b></u>

**Note to Cash Flow Statement**

**1. Reconciliation of net income to net cash flow from operating activities**

Net income	133,458	142,123
Depreciation charges	44,844	49,685
Interest received	( 116)	( 47)
Interest paid	-	-
	<u>178,186</u>	<u>191,761</u>
(Increase) Decrease in stocks	( 11,720)	( 1,519)
(Increase) Decrease in debtors	( 27,705)	( 10,765)
Increase (Decrease) in creditors	14,046	5,421
Net cash provided by operating activities	<u><b>152,807</b></u>	<u><b>184,898</b></u>

The accompanying notes form an integral part of the accounts.

**Notes to the Financial Statements  
For the Year ended 31 August 2019**

**1. Statutory information**

Garvald Home Farm Limited is a private company, limited by guarantee with charitable status and registered in Scotland. The company's registration number and registered office address can be found on the Reference and Administrative Details page.

The presentation currency of the financial statements is the Pound Sterling (£). The level of rounding in the financial statements is to the nearest pound.

**2. Accounting policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

**Basis of accounting**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SoRP FRS102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

Garvald Home Farm Limited meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

**Judgements and estimates**

In preparing the financial statements, the directors are required to make estimates and assumptions which affect reported income, expenditure, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

**Going concern**

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

**Donated services**

In accordance with the Charities SoRP (FRS102) general volunteer time is not recognised in the accounts.

**Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Residential fees and additional charges are issued four weekly to local authorities based on attendance record in respect of persons with special needs. Sale of farm produce and livestock are invoiced at the point of supply. Log sales and renewable heat incentive incomes are recognised at the point of receipt.

Donations and grants are recognised when they have been communicated in writing with notification of both the amount and settlement date. In the event that a donation or grant is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

**Notes to the Financial Statements (Continued)**  
**For the Year ended 31 August 2019**

**2. Accounting Policies Continued**

**Expenditure**

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

**Fund accounting**

Unrestricted funds can be used on any activity within the charitable objectives of the charity.

Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to use for a specific purpose.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is in note 15 to the financial statements.

**Tangible Fixed Assets and Depreciation**

Expenditure is capitalised as a fixed asset where it represents either a new asset or an enhancement to an existing asset. Depreciation is provided at the following annual rates and charged to the designated Capital Fund in order to write off each asset over its expected useful life less estimated residual value.

Expenditure on leased property	10 and 20 years straight line
Tractor and implements	25% reducing balance
Motor vehicles	20% reducing balance

No depreciation is provided on building expenditure which is partly completed.

**Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

**Stock & Livestock**

Livestock on hand at the close of the financial year is valued at estimated selling price less costs to sell. Feeding and other stock is valued at the lower of cost and estimated selling price less costs to sell. Wood stock is valued at cost price after allowing for natural shrinkage.

**Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Bank and cash**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

## Notes to the Financial Statements (Continued)

## 2. Accounting Policies Continued

## Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

## Pensions

The company operates a defined contribution and an auto enrolment scheme. Contributions are charged to the Statement of Financial Activities in the year they arise.

## Taxation

No provision for corporation tax is necessary as the company has charitable status and does not trade.

## Leasing

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 income as incurred.

## 3. Income

The company's income consists of residential fees issued to local authorities and individuals in respect of persons with special needs, sales of farm produce and livestock and log sales and renewable heat incentive produced from the log burning boiler. An analysis of income is as undernoted:

	2019 £	2018 £
Income		
Donations	240	1,216
Investment income		
Bank interest	116	47
Charitable Activities		
Residential care fees	364,067	321,888
Farm income	51,564	48,143
Renewable heat incentive & log sales	15,632	19,107
Miscellaneous income	2,299	-
	<u>433,562</u>	<u>389,138</u>

## Notes to the Financial Statements (Continued)

## 3. Income Continued

	2019 £	2018 £
<b>Restricted fund grants</b>		
Farm building development		
Grant - Robertson Trust	-	52,000
Grant - Scottish & Southern Energy	-	39,808
Leader Grant	125,304	3,600
Fundraising & donations	2,031	11,295
	<u>127,335</u>	<u>106,703</u>
Log cabin development		
Donations received	5,013	57,720
	<u>132,348</u>	<u>164,423</u>

## 4. Breakdown of cost of Charitable Activities

	2019 £	2019 £	2018 £	2018 £
	1	2	1	2
Residential and day care	324,455	28,603	294,964	33,252
Farm	55,155	9,164	58,939	8,908
Wood processing	8,354	7,077	9,113	7,525
	<u>387,964</u>	<u>44,844</u>	<u>363,016</u>	<u>49,685</u>

1. Cost of direct activities
2. Depreciation charged to each activity

	2019	2018
<b>5. Employee Information</b>		
Average monthly number of employees during the year was:	12	13
	£	£
Wages & salaries	189,997	175,656
Social security costs	11,153	10,314
Pension costs	5,639	4,594
	<u>206,789</u>	<u>190,564</u>

No staff member is remunerated at a level in excess of £60,000 per annum. Pension contributions are made in respect of 11 (2018: 11) members of staff. No director received remuneration or travelling expenses.

The key management personnel of the Charity comprise the residential managers, farm managers and wood project manager. Their total cost including employer's pension and national insurance contributions was £107,239 (2018: £103,740).



## Notes to the Financial Statements (Continued)

6. Surplus for the Financial Year	2019 £	2018 £
Is stated after charging:		
Depreciation		
charged to Designated Fund	44,844	49,685
Auditors remuneration	3,570	2,510
Hire purchase interest	1,121	1,789
Lease - property	16,000	13,000
	<u>          </u>	<u>          </u>
7. Stock		
Livestock	23,704	19,770
Crops & feeding	13,837	6,580
Wood and logs	9,669	9,140
	<u>          </u>	<u>          </u>
	47,210	35,490
	<u>          </u>	<u>          </u>
8. Debtors		
Trade debtors	44,895	25,182
Other debtor	21,881	13,846
Prepayments	683	726
	<u>          </u>	<u>          </u>
	67,459	39,754
	<u>          </u>	<u>          </u>
9. Creditors		
Amounts falling due within one year		
Trade creditors	35,622	23,182
Accruals	11,500	10,205
Other taxation & social security	3,738	3,427
Other Creditors	52,000	14,000
Hire purchase	1,438	5,751
	<u>          </u>	<u>          </u>
	104,298	56,565
	<u>          </u>	<u>          </u>
10. Creditors		
Amounts falling due outwith one year		
Hire purchase	-	1,438
	<u>          </u>	<u>          </u>
11. Obligations Under Hire Purchase Contracts & Finance Leases		
Amounts payable		
Within one year	1,718	6,872
In the second to fifth year	-	1,718
	<u>          </u>	<u>          </u>
	1,718	8,590
Less: finance charges allocated to future accounting periods	280	1,401
	<u>          </u>	<u>          </u>
	1,438	7,189
	<u>          </u>	<u>          </u>
Other Financial Commitments		
The charity has a total non cancellable obligation to pay rent of the farm property as follows:		
Expiry date within one year	19,000	16,000

## Notes to the Financial Statements (Continued)

## 12. Pension Scheme

The company makes contributions to a money purchase group personal pension scheme and an auto enrolment fund administered by NEST. 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 funds and amounted to £5,639 (2018: £4,594).

## 13. Related Party Transaction

During the year the company paid £1,815 (2018: £1,629) for payroll and VAT services of James Anderson & Co. James Anderson who is a director of Garvald Home Farm is a consultant with the firm. This payment covered the debt of £864 due to James Anderson & Co at 31 August 2018, leaving a debt due at 31 August 2019 of £863.

14. Tangible Fixed Assets	Expenditure on Leased Property £	Tractors & Implements £	Motor Vehicles £	Total £
<b>Cost</b>				
31 August 2018	835,899	141,484	46,446	1,023,829
Additions	228,115	14,248	-	242,363
Disposal	-	-	-	-
31 August 2019	1,064,014	155,732	46,446	1,266,192
<b>Depreciation</b>				
31 August 2018	322,255	119,941	34,755	476,951
Charge for year	36,162	6,344	2,338	44,844
Written back on disposal	-	-	-	-
31 August 2019	358,417	126,285	37,093	521,795
<b>Net Book Value</b>				
31 August 2019	705,597	29,447	9,353	744,397
31 August 2018	513,644	21,543	11,691	546,878

The net book value of fixed assets includes an amount of £15,086 (2018: £18,102) in respect of assets held under hire purchase agreements. The depreciation charge for the year on assets held under hire purchase was £3,016 (2018: £3,016).

## 15. Capital Commitments

As at 31 August 2019 there were commitments to complete the byre and dairy improvements and alterations in the sum of £36,600. (At August 2018 capital commitments were £72,210).

## Notes to the Financial Statements (Continued)

## 16. Statement of Funds

	Balance 31 August 18 £	Income £	Expenditure £	Transfers £	Balance 31 August 19 £
Operations fund	113,552	433,918	387,964	( 34,831)	124,675
Designated fund					
- Fixed asset fund	468,434	-	44,844	34,831	458,421
Total unrestricted funds	581,986	433,918	432,808	-	583,096
Restricted funds					
Farm building development	103,103	127,335	-	-	230,438
Log cabin development	57,720	5,013	-	-	62,733
Total restricted funds	160,823	132,348	-	-	293,171
Total funds	742,809	566,266	432,808	-	876,267

## Allocation of Net Assets between Funds

	Tangible Fixed Assets £	Current Assets £	Liabilities £	Total £
Operations fund	-	174,635	49,960	124,675
Designated fund				
- Fixed asset fund	459,321	-	900	458,421
Restricted Funds				
- Farm building development	283,876	-	53,438	230,438
- Log cabin development	1,200	61,533	-	62,733
	744,397	236,168	104,298	876,267

## UNRESTRICTED FUNDS

## Operations 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.

## RESTRICTED FUNDS

the farm development fund represents grants made by Leader Rural Development Programme, Robertson Trust, Scottish & Southern Energy together with fundraising & donations in respect of expenditure on a redirected road, two replacement sheds and alterations to the old byre building.

the log cabin development fund represents donations made to provide supported living accommodation.

## Notes to the Financial Statements (Continued)

## 16. Statement of Funds 2018

	Balance 31 August 17 £	Income £	Expenditure £	Transfers £	Balance 31 August 18 £
Operations fund	98,663	390,401	359,416	( 16,096)	113,552
Designated fund					
- Fixed asset fund	502,023	-	49,685	16,096	468,434
<b>Total unrestricted funds</b>	<b>600,686</b>	<b>390,401</b>	<b>409,101</b>	<b>-</b>	<b>581,986</b>
<b>Restricted funds</b>					
Farm building development	-	106,703	3,600	-	103,103
Log cabin development	-	57,720	-	-	57,720
<b>Total restricted funds</b>	<b>-</b>	<b>164,423</b>	<b>3,600</b>	<b>-</b>	<b>160,823</b>
<b>Total funds</b>	<b>600,686</b>	<b>554,824</b>	<b>412,701</b>	<b>-</b>	<b>742,809</b>

## Allocation of Net Assets between Funds

	Tangible Fixed Assets £	Current Assets £	Liabilities £	Total £
Operations fund	-	156,458	42,906	113,552
Designated fund				
- Fixed asset fund	475,623	-	7,189	468,434
<b>Restricted Funds</b>				
- Farm building development	70,055	39,756	6,708	103,103
- Log cabin development	1,200	57,720	1,200	57,720
	<b>546,878</b>	<b>253,934</b>	<b>58,003</b>	<b>742,809</b>

## UNRESTRICTED FUNDS

## Operations 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.

## RESTRICTED FUNDS

the farm development fund represents grants made by Leader Rural Development Programme, Robertson Trust, Scottish & Southern Energy together with fundraising & donations in respect of expenditure on a redirected road, two replacement sheds and alterations to the old byre building.

the log cabin development fund represents donations made to provide supported living accommodation.

## Notes to the Financial Statements (Continued)

	2019 £	2018 £
<b>17. Staff</b>		
Salaries & national insurance	201,150	188,970
Pension scheme	5,639	4,594
Staff expenses	811	672
Staff training	1,520	804
Volunteer expenses	682	530
Council tax	1,026	1,007
	<u>210,828</u>	<u>196,577</u>
Charged to restricted fund salary	-	3,600
<b>18. Farm</b>		
Livestock etc. on hand year commencement	26,350	24,693
Livestock purchased	2,612	1,755
Feeding etc	18,872	13,194
Seed & manures	1,845	3,937
Upkeep property	2,883	1,978
Upkeep fences & shelter belts	2,716	2,286
Upkeep implements	8,920	7,640
Haulage & contracting	4,548	3,614
Vet & medicine	465	998
Wool spinning	-	1,868
Tractor diesel	2,065	2,273
Contracting – butcher	5,997	4,642
Levies & subscriptions	1,487	1,907
	<u>78,760</u>	<u>70,785</u>
Less: Livestock etc on hand period end	( 37,541)	( 26,350)
	<u>41,219</u>	<u>44,435</u>
<b>19. Household</b>		
Provisions	27,099	24,470
Heat & light	14,827	9,609
Upkeep fittings & equipment	4,630	4,538
Upkeep property	3,180	4,275
Medical	201	67
Cleaning materials	2,116	2,472
Registration fee	1,413	1,413
Drainage charges	-	669
Boiler repairs	-	1,966
	<u>53,466</u>	<u>49,479</u>

## Notes to the Financial Statements (Continued)

	2019 £	2018 £
<b>20. Residents</b>		
Personal allowance	8,091	7,085
Day placement	15,308	14,880
Wages	650	665
Extras & holiday stays	1,319	1,076
	<u>25,368</u>	<u>23,706</u>
<b>21. Other Direct Costs</b>		
Wood processing	1,183	4,727
Rent	16,000	13,000
Insurance	10,006	9,267
Diesel & vehicle expenses	8,660	9,137
Printing stationery etc	657	1,466
Postage & telephone	2,415	4,306
Bank charges	582	615
Payroll processing	1,814	1,694
Hire purchase interest	1,121	1,789
Fundraising	140	308
	<u>42,578</u>	<u>46,309</u>
<b>22. Non Recurring</b>		
Legal fees	<u>10,935</u>	<u>-</u>
<b>23. Governance Costs</b>		
Audit fee	<u>3,570</u>	<u>2,510</u>
<b>24. Depreciation</b>		
On tractor & implements	6,344	7,074
On motor vehicles	2,338	2,923
On property improvements	36,162	39,688
	<u>44,844</u>	<u>49,685</u>