

**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 2017**

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**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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

**Directors:**

James Anderson  
Peter Darwell  
Jane Jackson  
Rosemary Soutter  
Huw Sheppard (chair)  
Colin Third (resigned 29/11/17)  
Charles Wannap  
Gerda Crichton (co-opted 29/11/17)

**Secretary:**

Jane Jackson

**Residential Manager:**

Bridget Beagan (to 31/5/17)  
Elizabeth Nicholson (as from 1/6/17)

**Bankers:**

The Royal Bank of Scotland Plc  
17 Comiston Road  
EDINBURGH EH10 6AA

**Statutory Auditors:**

Alexander Sloan  
Accountants and Business Advisers  
50 Melville Street  
EDINBURGH EH3 7HF

**Registered Office:**

Garvald Home Farm  
DOLPHINTON  
West Linton EH46 7HJ

**Company Registration No:**

SC 108570

**Charity Registration No:**

SC 015243

**Governing Document:**

Memorandum and Articles of Association

**Report of the Directors  
For the Year ended 31 August 2017**

The trustees who are also the directors present their annual report and financial statements of the charity for the year to 31 August 2017.

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 managers 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 managers, the farm manager and the wood development manager. Their salaries are set each year with regard to equivalent positions in similar organisations.

**Report of the Directors (Continued)***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.

**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. Huw Sheppard and Charles Wannap retire by rotation and being eligible offer themselves for re-election. Following the resignation of Colin Third, Gerda Crichton was co-opted as a director and stands for re-election at the forthcoming Annual General Meeting. 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.

**Achievements and Performance**

The full occupancy level provided a high level of financial stability. In addition the farm and the wood processing section both make strong inputs to the community and add to the income of the Charity.

A plan to improve the farm buildings, the stock handling facilities, the dairy building and facilities and adapt the farm buildings to house a butchery and meat storage unit was commissioned, completed to a level that grant applications were prepared and lodged for funding circa £250k. The plan also extends to marketing the meat and dairy produce and the employment of a part time butcher and dairy staff.

Special funding was 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.

**Financial Review**

The financial statements follow on pages 9 to 18. These statements are prepared in terms of the Charities Statement of Recommended Practice (FRS102) 2015 and the Companies Act 2006.

The charity had total income on its operations of £415,908 (2016: £392,177) and total expenditure of £367,553 (2016: £338,947), resulting in an operating surplus for the year of £48,355 (2016: £53,230). In addition there was also movement on the designated and restricted funds as shown in the Statement of Financial Activities on page 8 with an analysis provided by the notes on page 15.

**Report of the Directors (Continued)****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 14 of the accounts. The designated funds totalling £502,023 represent expenditure made on fixed assets less depreciation and less liabilities outstanding on their acquisition.

At 31 August 2017 free reserves amounted to £98,663 (2016: £86,790) which is equivalent to 27% of annual expenditure or expenditure for 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 and plans to grow the social enterprise firewood production unit.

In September 2017 Garvald Trust has allocated up to £75,000 of funding to carry out improvements to a wing of the farmhouse.

The grant applications prepared and referred to earlier in the Report have now become successful and in November 2017 notification was received from Leader Plus SSE and Robertson Trust that together they will fund £239,769 of the improvement and marketing expenditure which amounts to 97% of the budgeted expenditure. The work will commence in March 2018 and planned to be completed in July 2019.

In addition discussions are taking place to raise funds to construct a log cabin on the farm which will provide independent living for a resident.

**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.

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

**Jane Jackson**  
**Secretary**

**10 May 2018**

## **Opinion**

We have audited the financial statements of Garvald Home Farm Limited for the year ended 31 August 2017 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 2017 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 the 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.

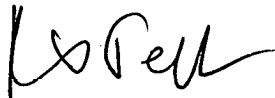
We have been appointed as Auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. Our objectives are to obtain reasonable assurance about whether the financial statements 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**

**14 May 2018**

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 2017**

	Notes	Unrestricted Funds		Restricted	Total	Total
	£	Operations Fund	Designated Fund	Fund	2017	2016
		£	£	£	£	£
<b>Income from</b>						
Donations	3	3,161	-	-	3,161	977
Charitable activities	3	412,736	-	-	412,736	441,154
Investment income	3	11	-	-	11	46
<b>Total Income</b>		<u>415,908</u>	<u>-</u>	<u>-</u>	<u>415,908</u>	<u>442,177</u>
<b>Expenditure on</b>						
<b>Charitable activities</b>						
- Costs of direct activities	16-22	367,553	-	-	367,553	338,947
- Depreciation	23	-	50,255	-	50,255	45,182
<b>Total expenditure</b>		<u>367,553</u>	<u>50,255</u>	<u>-</u>	<u>417,808</u>	<u>384,129</u>
<b>Net income (expenditure)</b>		48,355	( 50,255)	-	( 1,900)	58,048
Transfer between funds	15	( 36,482)	86,482	( 50,000)	-	-
<b>Net movement in funds</b>		11,873	36,227	( 50,000)	( 1,900)	58,048
<b>Reconciliation of funds</b>						
Balances 31 August 2016		<u>86,790</u>	<u>465,796</u>	<u>50,000</u>	<u>602,586</u>	<u>544,538</u>
<b>Balances 31 August 2017</b>	15	<u>98,663</u>	<u>502,023</u>	<u>-</u>	<u>600,686</u>	<u>602,586</u>

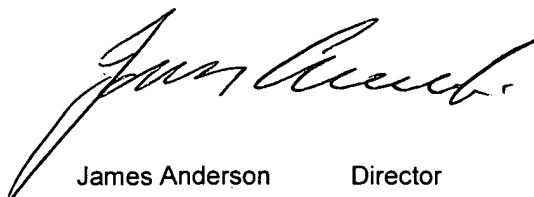
The results set out in the income and expenditure account above derive wholly from the continuing operations of the charitable company.

**Balance Sheet**  
**As at 31 August 2017**

	Notes	2017 £	2016 £
<b>Fixed Assets</b>			
Tangible assets	14	519,836	550,623
<b>Current Assets</b>			
Stocks	7	33,971	29,322
Debtors	8	28,989	48,300
Cash at bank & on hand		79,806	51,163
		142,766	128,785
<b>Creditors</b>			
Amounts falling due within one year	9	54,727	60,300
<b>Net Current Assets</b>		88,039	68,485
<b>Total Assets less Current Liabilities</b>		607,875	619,108
<b>Creditors</b>			
Amounts falling due outwith one year	10	7,189	16,522
		600,686	602,586
<b>The funds of the Charity</b>			
Unrestricted fund	15	98,663	86,790
Designated funds	15	502,023	465,796
Restricted funds	15	-	50,000
		600,686	602,586

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 18 were approved by and signed on behalf of the Board of Directors on 10 May 2018.



James Anderson      Director

**Notes to the Financial Statements  
For the Year ended 31 August 2017****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 (£).

**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.

The last financial statements for the year ended 31 August 2016 were prepared under the previous UK GAAP. The transition date to FRS 102 is therefore 1 September 2015. The transition to FRS102 has had no impact on the financial performance and position of the company as a result of complying with the new standard.

**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 2017****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 improvements	25% reducing balance
Motor vehicles	25% reducing balance

**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 market value less 25%. Feeding and other stock is valued at the lower of cost and market value. 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.

**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.

## Notes to the Financial Statements (Continued)

## 2. Accounting Policies Continued

## 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:

Income	2017 £	2016 £
Donations	3,161	977
Investment income		
Bank interest	11	46
Charitable Activities		
Residential care fees	347,258	333,519
Farm income	49,478	42,074
Renewable heat incentive & log sales	16,000	15,561
	412,736	391,154
Restricted fund grant for farmhouse alterations	-	50,000

## 4. Breakdown of costs of Charitable Activity

	1	2	1	2
Residential and day care	300,239	33,159	278,917	28,974
Farm	57,500	9,494	48,831	10,719
Wood processing	9,814	7,602	11,199	5,489
	367,553	50,255	338,947	45,182

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

## Notes to the Financial Statements (Continued)

	2017 £	2016 £
<b>5. Employee Information</b>		
Average monthly number of employees during the year was:	12	10
	£	£
Wages & salaries	172,266	145,401
Social security costs	11,992	10,383
Pension costs	3,885	2,757
	<u>188,143</u>	<u>158,541</u>

No staff member is remunerated at a level in excess of £60,000 per annum. Pension contributions are made in respect of 11 (2016: 6) 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 £97,107 (2016 £81,563).

**6. Surplus for the Financial Year**

Is stated after charging:

Depreciation charged to Designated Fund	50,255	45,182
Auditors remuneration	1,900	2,090
Hire purchase interest	1,746	2,109
Lease – property	<u>10,000</u>	<u>10,000</u>

**7. Stock**

Livestock	22,018	24,163
Crops & feeding	2,675	4,359
Wood and logs	<u>9,278</u>	<u>800</u>
	<u>33,971</u>	<u>29,322</u>

**8. Debtors**

Trade debtors	24,587	29,545
Other debtor	3,773	17,876
Prepayments	<u>629</u>	<u>879</u>
	<u>28,989</u>	<u>48,300</u>

**9. Creditors**

Amounts falling due within one year

Trade creditors	20,260	24,646
Accruals	8,304	9,545
Other taxation & social security	2,829	2,449
Other Creditors	14,000	14,000
Hire purchase	<u>9,334</u>	<u>9,660</u>
	<u>54,727</u>	<u>60,300</u>

**10. Creditors**

Amounts falling due outwith one year

Hire purchase	<u>7,189</u>	<u>16,522</u>
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## Notes to the Financial Statements (Continued)

11. Obligations Under Hire Purchase Contracts & Finance Leases	2017 £	2016 £
Amounts payable		
Within one year	10,845	11,206
In the second to fifth year	8,590	19,796
	<u>19,435</u>	<u>31,002</u>
Less: finance charges allocated to future accounting periods	2,912	4,820
	<u>16,523</u>	<u>26,182</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	10,000	10,000
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## 11. 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 £3,885 (2016 - £2,757).

## 12. Related Party Transaction

During the year the company paid £1,873 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 £851 due to James Anderson & Co at 31 August 2016, leaving a debt due at 31 August 2017 of £799.

13. Tangible Fixed Assets	Expenditure on Leased Property £	Tractors & Implements £	Motor Vehicles £	Total £
<b>Cost</b>				
31 August 2016	753,382	127,806	46,446	927,634
Additions	6,740	12,728	-	19,468
Disposal	-	-	-	-
	<u>760,122</u>	<u>140,534</u>	<u>46,446</u>	<u>947,102</u>
<b>Depreciation</b>				
31 August 2016	242,887	105,945	28,179	377,011
Charge for year	39,680	6,922	3,653	50,255
Written back on disposal	-	-	-	-
	<u>282,567</u>	<u>112,867</u>	<u>31,832</u>	<u>427,266</u>
<b>Net Book Value</b>				
31 August 2017	477,555	27,667	14,614	519,836
31 August 2016	510,495	21,861	18,267	550,623

The net book value of fixed assets includes an amount of £32,148 (2016 - £37,921) in respect of assets held under hire purchase agreements. The depreciation charge for the year on assets held under hire purchase was £5,773 (2016 - £6,462).



## Notes to the Financial Statements (Continued)

## 14. Statement of Funds

	Balance 31 August 16 £	Income £	Expenditure £	Transfers £	Balance 31 August 17 £
<b>Operations fund</b>	86,790	415,908	367,553	( 36,482)	98,663
<b>Designated fund</b>					
- Fixed asset fund	465,796	-	50,255	86,482	502,023
<b>Total unrestricted funds</b>	552,586	415,908	417,808	50,000	600,686
<b>Restricted fund</b>					
- Farmhouse Improvement Fund	50,000	-	-	( 50,000)	-
<b>Total funds</b>	602,586	415,908	417,808	-	600,686

## Allocation of Net Assets between Funds

	Tangible Fixed Assets £	Current Assets £	Liabilities £	Total £
<b>Operations fund</b>	-	142,766	44,103	98,663
<b>Designated fund</b>				
- Fixed asset fund	519,836	-	17,813	502,023
	519,836	148,057	61,916	600,686

## 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

this grant was made by the Garvald Trust to assist with the farmhouse alteration and improvement expenditure. As this expenditure has been completed the fund has been transferred to the fixed asset designated fund.

**Notes to the Income & Expenditure Account  
For the Year ended 31 August 2017**

	2017 £	2016 £
<b>15. Staff</b>		
Salaries & national insurance	184,258	155,784
Pension scheme	3,885	2,757
Staff expenses	598	505
Staff training	4,130	4,022
Volunteer expenses	676	1,909
Council tax	977	964
	<u>194,524</u>	<u>165,941</u>
<b>16. Farm</b>		
Livestock etc. on hand year commencement	28,522	32,496
Livestock purchased	1,349	2,086
Feeding etc	12,128	10,825
Seed & manures	2,375	1,244
Upkeep property	1,051	7,192
Upkeep fences & shelter belts	1,666	1,779
Upkeep implements	11,351	9,051
Haulage & contracting	4,389	6,820
Vet & medicine	905	574
Wool spinning	1,018	-
Tractor diesel	1,567	1,618
Contracting – butcher	5,114	3,374
Hire purchase interest	-	325
Levies & subscriptions	1,309	553
	<u>72,744</u>	<u>77,937</u>
Less: Livestock etc on hand period end	( 24,693)	( 28,522)
	<u>48,051</u>	<u>49,415</u>
<b>17. Household</b>		
Provisions	23,871	26,151
Heat & light	12,914	13,252
Upkeep fittings & equipment	6,180	6,606
Upkeep property	6,407	3,698
Medical	474	408
Cleaning materials	3,499	2,780
Registration fee	1,413	2,098
Drainage charges	291	365
	<u>55,049</u>	<u>55,358</u>

**Notes to the Income & Expenditure Account (Continued)**  
**For the Year ended 31 August 2017**

	2017 £	2016 £
<b>18. Residents</b>		
Personal allowance	8,182	7,970
Day placement	15,345	11,338
Wages	780	780
Extras & holiday stays	680	3,149
	<u>24,987</u>	<u>23,237</u>
<b>19. Other Direct Costs</b>		
Wood processing	1,401	-
Rent	10,000	10,000
Insurance	8,561	8,454
Diesel & vehicle expenses	7,726	6,030
Printing stationery etc	1,002	451
Postage & telephone	3,762	3,192
Bank charges	554	580
Payroll processing	1,821	1,703
Hire purchase interest	1,746	1,784
	<u>36,573</u>	<u>32,194</u>
<b>20. Non Recurring</b>		
Upkeep property	-	1,752
Architect and planning fees	6,384	8,960
	<u>6,384</u>	<u>10,712</u>
<b>21. Governance Costs</b>		
Audit fee	1,985	2,090
	<u>1,985</u>	<u>2,090</u>
<b>22. Depreciation</b>		
On tractor & implements	6,386	7,045
On motor vehicles	3,653	4,341
On property improvements	40,216	33,796
	<u>50,255</u>	<u>45,182</u>