

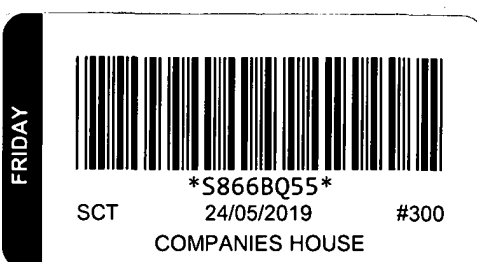
GARVALD HOME FARM LIMITED

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 2018**



**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

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

Directors:	James Anderson Peter Darwell Jane Jackson Rosemary Soutter (resigned 21/3/18) Huw Sheppard (chair) Charles Wannap Gerda Crichton
Secretary:	Jane Jackson
Residential Manager:	Elizabeth Nicolson
Bankers:	The Royal Bank of Scotland Plc 206 Bruntsfield Place Edinburgh EH10 4DF
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 2018**

The trustees who are also the directors present their annual report and financial statements of the charity for the year to 31 August 2018.

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 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. James Anderson and Peter Darwell 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 partly erected at the year end August 2018. This part of the farm project was completed in the period to February 2019.

The grant application also covered the renovation and improvement to the byre building to provide meat and dairy production facilities.

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 not yet been taken.

Fund raising has commenced to provide new accommodation situated in the farm grounds. No decision has been taken to proceed with this project.

Achievements and Performance

The residential fee income fell in the year due to one unfilled placement. This position has improved with the addition of one resident and one day placement both commencing November 2018. The farm continued to provide a strong contribution and the wood unit had increased income mainly from the wood burning boiler's RHI output.

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.

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 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.

Financial Review

The financial statements follow on pages 9 to 20. 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 £390,401 (2017: £415,908) and total expenditure of £359,416 (2017: £367,553), resulting in an operating surplus for the year of £30,985 (2017: £48,355). 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.

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 16 of the accounts. The designated funds totalling £468,434 represent expenditure made on fixed assets less depreciation and less liabilities outstanding on their acquisition and restricted funds of £160,823 are held to invest in farm building, expansion of meat and dairy output and a log cabin development.

At 31 August 2018 free reserves amounted to £113,552 (2017: £98,663) which is equivalent to 31% of annual expenditure or expenditure for 3.5 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.

The construction of the sheds and redirection of the road through the steading has been completed by the date of this report. The building work to reconstruct the byre area is to commence March 2019 and scheduled to complete by August 2019.

Funding is in place for an Enterprise Manager who will assist to set up the meat and dairy production units and extend the marketing of the farm's products.

The work to improve the access and facilities of the north wing of the farm house is due to commence July 2019. This project will be funded by Garvald Trust.

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 accommodation will be finally concluded within the year.

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

14 May 2019

Opinion

We have audited the financial statements of Garvald Home Farm Limited for the year ended 31 August 2018 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 2018 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**

20 May 2019

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 2018

	Notes	Unrestricted Funds Operations Fund	Designated Fund	Restricted Funds	Total 2018	Total 2017
	£	£	£	£	£	£
Income from						
Donations	3	1,216	-	-	1,216	3,161
Charitable activities	3	389,138	-	164,423	553,561	412,736
Investment income	3	47	-	-	47	11
Total Income		<u>390,401</u>	<u>-</u>	<u>164,423</u>	<u>554,824</u>	<u>415,908</u>
Expenditure on						
Charitable activities						
- Cost of direct activities	17-23	359,416	-	3,600	363,016	367,553
- Depreciation	24	-	49,685	-	49,685	50,255
Total expenditure		<u>359,416</u>	<u>49,685</u>	<u>3,600</u>	<u>412,701</u>	<u>417,808</u>
Net income (expenditure)		30,985	(49,685)	160,823	142,123	(1,900)
Transfer between funds	16	(16,096)	16,096	-	-	-
Net movement in funds		14,889	(33,589)	160,823	142,123	(1,900)
Reconciliation of funds						
Balances 31 August 2017		<u>98,663</u>	<u>502,023</u>	<u>-</u>	<u>600,686</u>	<u>602,586</u>
Balances 31 August 2018	16	<u>113,552</u>	<u>468,434</u>	<u>160,823</u>	<u>742,809</u>	<u>600,686</u>

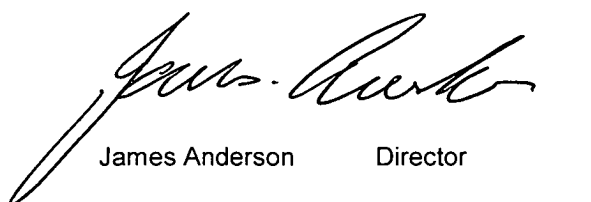
The results set out in the income and expenditure account above derive wholly from the continuing operations of the charitable company.

Balance Sheet
As at 31 August 2018

	Notes	2018 £	2017 £
Fixed Assets			
Tangible assets	14	546,878	519,836
Current Assets			
Stocks	7	35,490	33,971
Debtors	8	39,754	28,989
Cash at bank & on hand		178,690	79,806
		253,934	142,766
Creditors			
Amounts falling due within one year	9	56,565	54,727
Net Current Assets		197,369	88,039
Total Assets less Current Liabilities		744,247	607,875
Creditors			
Amounts falling due outwith one year	10	1,438	7,189
		742,809	600,686
The funds of the Charity			
Unrestricted fund	16	113,552	98,663
Designated funds	16	468,434	502,023
Restricted funds	16	160,823	-
		742,809	600,686

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 20 were approved by and signed on behalf of the Board of Directors on 14 May 2019.


 James Anderson Director

Statement of Cash Flows
For the Year ended 31 August 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	184,898	57,759
Net cash provided by operating activities		<u>184,898</u>	<u>57,759</u>
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		-	-
Purchase of tangible fixed assets		(76,727)	(19,468)
Investment income and interest receivable		47	11
Net cash used for investing activities		<u>(76,680)</u>	<u>(19,457)</u>
Cash flows from financing activities			
Receipt of hire purchase finance		-	-
Repayment of hire purchase finance		(9,334)	(9,659)
Net cash used for financing activities		<u>(9,334)</u>	<u>(9,659)</u>
Net increase in cash and cash equivalents		98,884	28,643
Cash and cash equivalents at 31 August 2017		<u>79,806</u>	<u>51,163</u>
Cash and cash equivalents at 31 August 2018		<u>178,690</u>	<u>79,806</u>

Note to Cash Flow Statement

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

Net income	142,123	(1,900)
Depreciation charges	49,685	50,255
Interest received	(47)	(11)
Interest paid	-	-
	<u>191,761</u>	<u>48,344</u>
(Increase) Decrease in stocks	(1,519)	(4,649)
(Increase) Decrease in debtors	(10,765)	19,311
Increase (Decrease) in creditors	5,421	(5,247)
Net cash provided by operating activities	<u>184,898</u>	<u>57,759</u>

**Notes to the Financial Statements
For the Year ended 31 August 2018**

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 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

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:

	2018 £	2017 £
Income		
Donations	1,216	3,161
Investment income		
Bank interest	47	11
Charitable Activities		
Residential care fees	321,888	347,258
Farm income	48,143	49,478
Renewable heat incentive & log sales	19,107	16,000
	<u>389,138</u>	<u>412,736</u>

Notes to the Financial Statements (Continued)

3. Income Continued

	2018 £	2017 £
Restricted fund grants		
Farm building development		
Grant - Robertson Trust	52,000	-
Grant - Scottish & Southern Energy	39,808	-
Leader Grant	3,600	-
Fundraising & donations	11,295	-
	<u>106,703</u>	<u>-</u>
Log cabin development		
Donations received	57,720	-
	<u>164,423</u>	<u>-</u>

4. Breakdown of cost of Charitable Activities

	2018 £	2018 £	2017 £	2017 £
	1	2	1	2
Residential and day care	294,964	33,252	300,239	33,159
Farm	58,939	8,908	57,500	9,494
Wood processing	9,113	7,525	9,814	7,602
	<u>363,016</u>	<u>49,685</u>	<u>367,553</u>	<u>50,255</u>

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

5. Employee Information

	2018	2017
Average monthly number of employees during the year was:	13	12
	£	£
Wages & salaries	175,656	172,266
Social security costs	10,314	11,992
Pension costs	4,594	3,885
	<u>190,564</u>	<u>188,143</u>

No staff member is remunerated at a level in excess of £60,000 per annum. Pension contributions are made in respect of 11 (2017: 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 £103,740 (2017: £97,107).

Notes to the Financial Statements (Continued)

6. Surplus for the Financial Year	2018 £	2017 £
Is stated after charging:		
Depreciation charged to Designated Fund	49,685	50,255
Auditors remuneration	2,510	1,900
Hire purchase interest	1,789	1,746
Lease – property	13,000	10,000
	<u> </u>	<u> </u>
7. Stock		
Livestock	19,770	22,018
Crops & feeding	6,580	2,675
Wood and logs	9,140	9,278
	<u> </u>	<u> </u>
	35,490	33,971
	<u> </u>	<u> </u>
8. Debtors		
Trade debtors	25,182	24,587
Other debtor	13,846	3,773
Prepayments	726	629
	<u> </u>	<u> </u>
	39,754	28,989
	<u> </u>	<u> </u>
9. Creditors		
Amounts falling due within one year		
Trade creditors	23,182	20,260
Accruals	10,205	8,304
Other taxation & social security	3,427	2,829
Other Creditors	14,000	14,000
Hire purchase	5,751	9,334
	<u> </u>	<u> </u>
	56,565	54,727
	<u> </u>	<u> </u>
10. Creditors		
Amounts falling due outwith one year		
Hire purchase	1,438	7,189
	<u> </u>	<u> </u>
11. Obligations Under Hire Purchase Contracts & Finance Leases		
Amounts payable		
Within one year	6,872	10,845
In the second to fifth year	1,718	8,590
	<u> </u>	<u> </u>
	8,590	19,435
Less: finance charges allocated to future accounting periods	1,401	2,912
	<u> </u>	<u> </u>
	7,189	16,523
	<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	13,000	10,000

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 £4,594 (2017: £3,885).

13. Related Party Transaction

During the year the company paid £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 £799 due to James Anderson & Co at 31 August 2017, leaving a debt due at 31 August 2018 of £864.

14. Tangible Fixed Assets	Expenditure on Leased Property £	Tractors & Implements £	Motor Vehicles £	Total £
Cost				
31 August 2017	760,122	140,534	46,446	947,102
Additions	75,777	950	-	76,727
Disposal	-	-	-	-
31 August 2018	835,899	141,484	46,446	1,023,829
Depreciation				
31 August 2017	282,567	112,867	31,832	427,266
Charge for year	39,688	7,074	2,923	49,685
Written back on disposal	-	-	-	-
31 August 2018	322,255	119,941	34,755	476,951
Net Book Value				
31 August 2018	513,644	21,543	11,691	546,878
31 August 2017	477,555	27,667	14,614	519,836

The net book value of fixed assets includes an amount of £18,102 (2017: £32,148) in respect of assets held under hire purchase agreements. The depreciation charge for the year on assets held under hire purchase was £3,016 (2017: £5,773).

15. Capital Commitments

As at 31 August 2018 there were commitments to complete the road and farm shed development at a cost of £72,110. This expenditure is covered by grant funding.

Notes to the Financial Statements (Continued)

16. Statement of Funds

	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
Total unrestricted funds	600,686	390,401	409,101	-	581,986
Restricted funds					
Farm building development	-	106,703	3,600	-	103,103
Log cabin development	-	57,720	-	-	57,720
Total restricted funds	-	164,423	3,600	-	160,823
Total funds	600,686	554,824	412,701	-	742,809

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
Restricted Funds				
- Farm building development	70,055	39,756	6,708	103,103
- Log cabin development	1,200	57,720	1,200	57,720
	546,878	253,934	58,003	742,809

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)

	2018 £	2017 £
17. Staff		
Salaries & national insurance	185,970	184,258
Pension scheme	4,594	3,885
Staff expenses	672	598
Staff training	804	4,130
Volunteer expenses	530	676
Council tax	1,007	977
	<u>196,577</u>	<u>194,524</u>
Charged to restricted fund salary	3,600	-
18. Farm		
Livestock etc. on hand year commencement	24,693	28,522
Livestock purchased	1,755	1,349
Feeding etc	13,194	12,128
Seed & manures	3,937	2,375
Upkeep property	1,978	1,051
Upkeep fences & shelter belts	2,286	1,666
Upkeep implements	7,640	11,351
Haulage & contracting	3,614	4,389
Vet & medicine	998	905
Wool spinning	1,868	1,018
Tractor diesel	2,273	1,567
Contracting – butcher	4,642	5,114
Levies & subscriptions	1,907	1,309
	<u>70,785</u>	<u>72,744</u>
Less: Livestock etc on hand period end	(26,350)	(24,693)
	<u>44,435</u>	<u>48,051</u>
19. Household		
Provisions	24,470	23,871
Heat & light	9,609	12,914
Upkeep fittings & equipment	4,538	6,180
Upkeep property	4,275	6,407
Medical	67	474
Cleaning materials	2,472	3,499
Registration fee	1,413	1,413
Drainage charges	669	291
Boiler repairs	1,966	-
	<u>49,479</u>	<u>55,049</u>

Notes to the Financial Statements (Continued)

	2018 £	2017 £
20. Residents		
Personal allowance	7,085	8,182
Day placement	14,880	15,345
Wages	665	780
Extras & holiday stays	1,076	680
	<u>23,706</u>	<u>24,987</u>
21. Other Direct Costs		
Wood processing	4,727	1,401
Rent	13,000	10,000
Insurance	9,267	8,561
Diesel & vehicle expenses	9,137	7,726
Printing stationery etc	1,466	1,002
Postage & telephone	4,306	3,762
Bank charges	615	554
Payroll processing	1,694	1,821
Hire purchase interest	1,789	1,746
Fundraising	308	-
	<u>46,309</u>	<u>36,573</u>
22. Non Recurring		
Architect and planning fees	-	6,384
23. Governance Costs		
Audit fee	2,510	1,985
24. Depreciation		
On tractor & implements	7,074	6,386
On motor vehicles	2,923	3,653
On property improvements	39,688	40,216
	<u>49,685</u>	<u>50,255</u>