

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 2022**



**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2022**

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

Directors: James Anderson (resigned 9 March 2022)
Peter Darwell
Jane Jackson
Huw Sheppard (Chair)
Charles Wannap
Jeanette Cochrane
Alastair Pate (appointed 11 August 2022)

Secretary: Jane Jackson

Residential Manager: Elizabeth Nicolson

Bankers: The Royal Bank of Scotland Plc
206 Bruntsfield Place
Edinburgh
EH10 4DF

Statutory Auditors: Thomson Cooper
Accountants
22 Stafford Street
Edinburgh
EH3 7BD

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 2022**

The trustees, who are also the directors, present their annual report and financial statements of the charity for the year to 31 August 2022.

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 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 Directors appoint the residential manager, the farm manager and the meat and dairy enterprise manager, carry out financial management and are 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. The farm and enterprise managers are each responsible for their respective enterprises. The Directors meet on average four times 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 and the farm manager.

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 arise 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.
3. The Covid19 pandemic presented a major risk to the health and welfare of residents and staff. The government and health board guidelines given for the use of PPE, sanitizing and social distancing were fully implemented within the community during the critical period of the pandemic. Since the easing of restrictions staff and residents are regularly monitored for signs of infection.

The directors regularly review all 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. Charles Wannop retires by rotation and being eligible himself for re-election. Alastair Pate, who was co-opted to the Board during the year, offers himself for 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 disabilities an independent lifestyle at a level they can sustain and to allow them to experience at first hand basic farming activities, wood processing skills and organic food production. 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 impact of the Covid virus diminished through the year. It is pleasing to report that visits from relatives and friends recommenced at the latter part of the year. Other family contact was required to assist some of the residents earlier in the year under tight restrictions.

The work of the farm and the beef and dairy enterprise continued as usual although external sales of produce and expansion plans were curtailed due to the Covid lockdown.

The review of the supported living model of care has progressed slowly throughout the year. In addition our building contractor has been working to complete the alteration in the farmhouse to provide independent living areas. Plans to provide new supported accommodation have progressed slowly and two sites have been identified which would suit the planning authorities. The restricted cabin fund remains unspent.

Achievements and Performance

The resident numbers remained constant during the year. The day services resumed in a limited fashion however the fees continued to be paid by the local authorities. Special funding was again received from local authorities to increase the basic minimum social work pay rate and maintain cash differentials among staff.

The directors acknowledge and appreciate the continued additional work and sacrifice made by staff to continue the high quality service provided by Garvald Farm in the difficult times. The work has been exhausting, stressful and difficult to manage.

Following the appointment of the enterprise manager, the appointment of the part time butcher was delayed. However the role will be filled in the next few months. This will decrease the costs of the external contractor and provide more flexibility.

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 for the year of £584,402 (2021: £503,724) and total expenditure of £527,306 (2021: £512,469), resulting in a surplus for the year of £57,096 (2021: deficit £8,745). The surplus for the year includes £71,136 in relation to restricted funds and a net expenditure of £13,018 for designated funds which can be seen in detail at note 14.

Overall the year has been unpredictable due to the continued impact of the Covid virus and based on the uncertain events the financial surplus is satisfactory.

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 £667,681 (2021: £680,699) represent expenditure made on fixed assets less depreciation and less liabilities outstanding on their acquisition. Restricted funds of £135,170 (2021: £64,034) are held to invest in a cabin development, expenditure on the North Wing.

At 31 August 2022 free reserves amounted to £136,134 (2021: £137,156) which is equivalent to 26% of annual expenditure or expenditure for 3 months. Due to the expenditure on farmhouse alterations funded by the farm a movement is required from the operations fund to the fixed asset designated fund which has reduced the available funds to add to the reserves.

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.

Following the appointment of the enterprise manager, the appointment of the part time butcher was delayed however the role will be filled in the next few months. This will decrease the costs of the external contractor and provide more flexibility.

The work on the farmhouse alterations to assist supported living has been completed. It is planned that the work to improve the north wing of the farmhouse will commence in the ensuing year.

Discussions on the self-contained cabin accommodation will continue and attention and time will again be given to this project which has been overshadowed by the efforts against Covid.

Review of the supported care model will continue and be adopted in this ensuing 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 needed by the company 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

In accordance with the company's articles, a resolution proposing that Thomson Cooper be reappointed as auditor of the company will be put at a general meeting.

By Order of the Board

Huw Sheppard
Chair

25 May 2023

Opinion

We have audited the financial statements of Garvald Home Farm Limited for the year ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, Notes to the Financial Statements, including a summary of significant accounting policies and Statement of Cash Flows. 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 2022 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the directors' report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities, the directors 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 charity'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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was capable of detecting irregularities, including fraud

We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: existence and timing of recognition of income, posting of unusual journals along with complex transactions and non-compliance with laws and regulations. We discussed these risks with management, designed audit procedures to test the timing and existence of revenue and tested a sample of journals to confirm they were appropriate. In addition, we reviewed areas of judgement for indicators of management bias to address these risks.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the officers and other management (as required by the auditing standards).

We reviewed the laws and regulations in areas that directly affect the financial statements including applicable charity and company law and considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

With the exception of any known or possible non-compliance with relevant and significant laws and regulations, and as required by the auditing standards, our work in respect of these was limited to enquiry of the officers and management of the charity.

We communicated identified laws and regulations and potential fraud risks throughout our team and remained alert to any indications of non-compliance or fraud throughout the audit. However the primary responsibility for the prevention and detection of fraud rests with the trustees.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Fiona Haro

Fiona E Haro (Senior Statutory Auditor)
for and on behalf of
Thomson Cooper
Statutory Auditor
Edinburgh

25-05-23

Thomson Cooper is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Statement of Financial Activities
(Incorporating Income & Expenditure Account)
For the Year ended 31 August 2022

	Notes	Unrestricted Funds Operations Fund	Designated Fund	Restricted Funds	Total 2022	Total 2021
	£	£	£	£	£	£
Income from						
Donations	3	35	-	82,110	82,145	2,526
Charitable activities	3	502,178	-	-	502,178	501,187
Investment income	3	79	-	-	79	11
Total Income		<u>502,292</u>	<u>-</u>	<u>82,110</u>	<u>584,402</u>	<u>503,724</u>
Expenditure on						
Charitable activities						
- Cost of direct activities	4	462,551	-	1,742	464,293	449,459
- Depreciation & loss in disposal	4	-	63,013	-	63,013	63,010
Total expenditure		<u>462,551</u>	<u>63,013</u>	<u>1,742</u>	<u>527,306</u>	<u>512,469</u>
Net income (expenditure)		39,741	(63,013)	80,368	57,096	(8,745)
Transfer between funds	15	(40,763)	49,995	(9,232)	-	-
Net movement in funds		<u>(1,022)</u>	<u>(13,018)</u>	<u>71,136</u>	<u>57,096</u>	<u>(8,745)</u>
Reconciliation of funds						
Balances 31 August 2021		<u>137,156</u>	<u>680,699</u>	<u>64,034</u>	<u>881,889</u>	<u>890,634</u>
Balances 31 August 2022	15	<u>136,134</u>	<u>667,681</u>	<u>135,170</u>	<u>938,985</u>	<u>881,889</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.

Statement of Financial Activities
(Incorporating Income & Expenditure Account)
For the Year ended 31 August 2021

		Unrestricted Funds				
	Notes	Operations	Designated	Restricted	Total	Total
		Fund	Fund	Funds	2021	2020
		£	£	£	£	£
Income from						
Donations	3	-	-	2,526	2,526	-
Charitable activities	3	501,187	-	-	501,187	492,914
Investment income	3	11	-	-	11	130
Total Income		<u>501,198</u>	<u>-</u>	<u>2,526</u>	<u>503,724</u>	<u>493,044</u>
Expenditure on						
Charitable activities						
- Cost of direct activities	4	449,459	-	-	449,459	418,040
- Depreciation	4	-	63,010	-	63,010	60,637
Total expenditure		<u>449,459</u>	<u>63,010</u>	<u>-</u>	<u>512,469</u>	<u>478,677</u>
Net income (expenditure)		51,739	(63,010)	2,526	(8,745)	14,367
Transfer between funds	15	<u>(43,977)</u>	<u>43,977</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		7,762	(19,033)	2,526	(8,745)	14,367
Reconciliation of funds						
Balances 31 August 2020		<u>129,394</u>	<u>699,732</u>	<u>61,508</u>	<u>890,634</u>	<u>876,267</u>
Balances 31 August 2021	15	<u>137,156</u>	<u>680,699</u>	<u>64,034</u>	<u>881,889</u>	<u>890,634</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 2022

	Notes	2022 £	2021 £
Fixed Assets			
Tangible assets	12	667,681	718,699
Current Assets			
Stocks	7	61,079	44,305
Debtors	8	32,776	40,868
Cash at bank & on hand		263,193	156,643
		357,048	241,816
Creditors			
Amounts falling due within one year	9	85,744	78,626
Net Current Assets		271,304	163,190
Total Assets less Current Liabilities		938,985	881,889
The funds of the Charity			
Unrestricted fund	15	136,134	137,156
Designated funds	15	667,681	680,699
Restricted funds	15	135,170	64,034
		938,985	881,889

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 22 were approved by and signed on behalf of the Board of Directors on 25 May 2023.

Huw Sheppard

Huw Sheppard

Director

Company Registration No. SC108570

The accompanying notes form an integral part of the accounts.

Statement of Cash Flows
For the Year ended 31 August 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	118,466	42,191
Net cash provided by operating activities		<u>118,466</u>	<u>42,191</u>
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		970	3,750
Purchase of tangible fixed assets		(12,965)	(42,508)
Investment income and interest receivable		79	11
Net cash used for investing activities		<u>(11,916)</u>	<u>(38,747)</u>
Net increase in cash and cash equivalents		106,550	3,444
Cash and cash equivalents at 31 August 2021		<u>156,643</u>	<u>153,199</u>
Cash and cash equivalents at 31 August 2022		<u>263,193</u>	<u>156,643</u>

Note to Cash Flow Statement

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

Net income (expenditure)	57,096	(8,745)
Depreciation charges and gain on disposal	63,013	63,010
Interest received	(79)	(11)
	<u>120,030</u>	<u>54,254</u>
(Increase) Decrease in stocks	(16,774)	1,786
Decrease in debtors	8,092	5,787
Increase (Decrease) in creditors	7,117	(19,636)
	<u>118,466</u>	<u>42,191</u>
Net cash provided by operating activities		

The accompanying notes form an integral part of the accounts.

**Notes to the Financial Statements
For the Year ended 31 August 2022****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 (FRS102) (effective 1 January 2019) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended)

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.

Covid 19 continued to impact the charity during the accounting with the directors actively taking steps to mitigate any financial impact that the ongoing coronavirus pandemic had.

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 2022

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:

	2022 £	2021 £
Income		
Donations	35	-
Investment income		
Bank interest	79	11
Charitable Activities		
Residential care fees	419,662	404,279
Farm income	45,711	48,345
Renewable heat incentive & log sales	14,743	16,658
Miscellaneous income	3,348	863
Covid support – Government	18,714	31,042
	<u>502,178</u>	<u>501,187</u>
Restricted fund donations		
Farm building development		
Grant - Garvald Trust	75,000	-
Fundraising & donations	-	26
	<u>75,000</u>	<u>26</u>
Staff wellbeing fund	2,110	-
Log cabin development		
Donation received	5,000	2,500
	<u>82,110</u>	<u>2,526</u>

Notes to the Financial Statements (Continued)

4. Breakdown of cost of Charitable Activities

	2022 £	2022 £	2021 £	2021 £
	1	2	1	2
Residential and day care	395,731	42,633	379,606	44,855
Farm	58,129	14,450	62,777	12,160
Wood processing	10,433	5,930	7,076	5,995
	<u>463,293</u>	<u>63,013</u>	<u>449,459</u>	<u>63,010</u>

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

	Residential & day care £	Farm £	Wood processing £	Total 2022 £	Residential & day care £	Farm £	Wood processing £	Total 2021 £
Wages	207,194	28,213	7,350	242,757	204,776	27,124	7,077	238,977
Staff costs	5,150	-	-	5,150	4,457	-	-	4,457
Farm costs	22,703	22,703	-	45,406	30,380	30,379	-	60,759
Household	79,109	-	-	79,109	63,131	-	-	63,131
Resident costs	21,972	-	-	21,972	26,146	-	-	26,146
Wood processing	-	-	2,614	2,614	-	-	1,520	1,520
Circus workshops	1,742	-	-	1,742	-	-	-	-
Rent	15,390	1,900	-	17,290	15,390	1,900	-	17,290
Insurance	12,446	1,383	-	13,829	10,603	1,178	-	11,781
Motor	8,426	936	-	9,362	5,962	662	-	6,624
Telephone	1,054	117	-	1,171	1,128	126	-	1,254
Subscriptions	1,837	204	-	2,041	1,239	138	-	1,377
Gain on disposal	-	(513)	-	(513)	(1,465)	-	-	(1,465)
Depreciation	42,506	14,963	5,930	63,399	46,150	12,160	5,995	64,305
	<u>419,529</u>	<u>69,906</u>	<u>15,894</u>	<u>505,329</u>	<u>407,897</u>	<u>73,667</u>	<u>14,592</u>	<u>496,156</u>
Share of support	15,552	1,735	-	17,287	11,188	1,270	-	12,458
Share of governance costs	3,283	938	469	4,690	2,699	771	385	3,855
	<u>438,364</u>	<u>72,579</u>	<u>16,363</u>	<u>527,306</u>	<u>421,784</u>	<u>75,708</u>	<u>14,977</u>	<u>512,469</u>
Support costs								
Wages	5,295	824	-	6,119	5,295	824	-	6,119
Rent	1,710	-	-	1,710	1,710	-	-	1,710
Printing & stationery	574	63	-	637	635	70	-	705
Telephone	1,054	117	-	1,171	1,128	126	-	1,254
Bank charges	319	35	-	354	305	34	-	339
Accounting & payroll	4,416	487	-	4,903	1,783	198	-	1,981
Hire purchase interest	2	-	-	2	-	-	-	-
Fundraising	162	18	-	180	162	18	-	180
Professional fees	1,434	140	-	1,574	-	-	-	-
Website	459	51	-	510	-	-	-	-
Depreciation	127	-	-	127	170	-	-	170
	<u>15,552</u>	<u>1,735</u>	<u>-</u>	<u>17,287</u>	<u>11,188</u>	<u>1,270</u>	<u>-</u>	<u>12,458</u>
Governance costs								
Audit fee	3,283	938	469	4,690	2,279	651	325	3,255
Legal and land agents fee	-	-	-	-	420	120	60	600
	<u>3,283</u>	<u>938</u>	<u>469</u>	<u>4,690</u>	<u>2,699</u>	<u>771</u>	<u>385</u>	<u>3,855</u>

Notes to the Financial Statements (Continued)

	2022 £	2021 £
5. Employee Information		
Average monthly number of employees during the year was:	15	14
	£	£
Wages & salaries	231,283	227,387
Social security costs	11,042	11,208
Pension costs	6,551	6,501
	<u>248,876</u>	<u>245,096</u>
No staff member is remunerated at a level in excess of £60,000 per annum. Pension contributions are made in respect of 10 (2021: 10) members of staff. No director received remuneration or travelling expenses.		
The key management personnel of the Charity comprise the residential managers and farm manager. Their total cost including employer's pension and national insurance contributions was £97,152 (2021: £94,056).		
6. Surplus for the Financial Year	2022 £	2021 £
Is stated after charging:		
Depreciation and gain on disposal charged to Designated Fund	63,013	63,010
Auditor's remuneration	4,690	3,255
Lease - property	<u>24,420</u>	<u>24,420</u>
7. Stock		
Livestock	34,354	30,484
Crops & feeding	18,932	8,006
Wood, logs and fuel	<u>7,793</u>	<u>5,815</u>
	<u>61,079</u>	<u>44,305</u>
8. Debtors		
Trade debtors	15,151	33,010
Other debtors	16,767	7,117
Prepayments	<u>858</u>	<u>741</u>
	<u>32,776</u>	<u>40,868</u>
9. Creditors		
Amounts falling due within one year		
Trade creditors	54,489	23,760
Accruals	26,072	13,010
Other taxation & social security	4,122	3,856
Other creditors	<u>1,061</u>	<u>38,000</u>
	<u>85,744</u>	<u>78,626</u>
10. Other Financial Commitments		
The charity has total non-cancellable obligations to pay rent of the farm property and rent of fields as follows:		
Expiry date within one year	19,000	19,000
For a period of 7.5 years	<u>40,650</u>	<u>46,070</u>

Notes to the Financial Statements (Continued)

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 £6,551 (2021: £6,501).

12. Tangible Fixed Assets

	Expenditure on Leased Property £	Tractors & Implements £	Motor Vehicles £	Total £
Cost				
31 August 2021	1,149,747	142,625	31,841	1,324,213
Additions	9,232	3,733	-	12,965
Disposal	-	(6,350)	-	(6,350)
31 August 2022	1,158,979	140,008	31,841	1,330,828
Depreciation				
31 August 2021	461,914	123,145	20,455	605,514
Charge for year	55,643	5,606	2,277	63,526
Written back on disposal	-	(5,893)	-	(5,893)
31 August 2022	517,557	122,858	22,732	663,147
Net Book Value				
31 August 2022	641,422	17,150	9,109	667,681
31 August 2021	687,833	19,480	11,386	718,699

13. Capital Commitments

As at 31 August 2022 there were capital commitments for the development of the North Wing of £59,482 (2021: Nil).

14. Related Party Transactions

There were no disclosable related party transactions during the year (2021: £1,915 in respect of payroll services from James Anderson & Co).

Notes to the Financial Statements (Continued)

15. Statement of Funds

	Balance 31 August 2021 £	Income £	Expenditure £	Transfers £	Balance 31 August 2022 £
Operations fund	137,156	502,292	462,551	(40,763)	136,134
Designated fund					
- Fixed asset fund	680,699	-	63,013	49,995	667,681
Total unrestricted funds	817,855	502,292	525,564	9,232	803,815
Restricted funds					
Log cabin development	64,034	5,000	-	-	69,034
North Wing	-	75,000	-	(9,232)	65,768
Staff Wellbeing fund	-	2,110	1,742	-	368
Total restricted funds	64,034	82,110	1,742	(9,232)	135,170
Total funds	881,889	584,402	527,306	-	938,985

Allocation of Net Assets between Funds

	Tangible Fixed Assets £	Current Assets £	Liabilities £	Total £
Operations fund	-	221,878	85,744	136,134
Designated fund				
- Fixed asset fund	667,681	-	-	667,681
Restricted Funds				
- Log cabin development	-	69,034	-	69,034
- North wing	-	65,768	-	65,768
- Staff wellbeing fund	-	368	-	368
	667,681	357,048	85,744	938,985

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 North Wing represents donations made to expenditure on the North Wing.

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

The staff wellbeing fund represents funds for staff welfare.

Notes to the Financial Statements (Continued)

15. Statement of Funds continued

	Balance 31 August 20 £	Income £	Expenditure £	Transfers £	Balance 31 August 2021 £
Operations fund	129,394	501,198	449,459	(43,977)	137,156
Designated fund					
- Fixed asset fund	699,732	-	63,010	43,977	680,699
Total unrestricted funds	829,126	501,198	512,469	-	817,855
Restricted funds					
Log cabin development	61,508	2,526	-	-	64,034
Total restricted funds	61,508	2,526	-	-	64,034
Total funds	890,634	503,724	512,469	-	881,889

Allocation of Net Assets between Funds

	Tangible Fixed Assets £	Current Assets £	Liabilities £	Total £
Operations fund	-	177,782	40,626	137,156
Designated fund				
- Fixed asset fund	718,699	-	38,000	680,699
Restricted Funds				
- Log cabin development	-	64,034	-	64,034
	718,699	241,816	78,626	881,889

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

Notes to the Financial Statements (Continued)

	2022 £	2021 £
16. Staff		
Salaries & national insurance	242,325	238,595
Pension scheme	6,551	6,501
Staff expenses	2,548	2,226
Staff training	1,173	1,116
Volunteer expenses	301	-
Council tax	1,128	1,115
	<u>254,026</u>	<u>249,553</u>
17. Farm		
Livestock etc. on hand year commencement	38,490	37,511
Livestock purchased	1,550	3,504
Feeding etc	18,316	10,460
Seed & manures	609	2,190
Field rent	5,420	5,420
Upkeep property	2,471	5,160
Upkeep fences & shelter belts	2,905	703
Upkeep implements	11,859	11,617
Haulage & contracting	6,028	12,074
Vet & medicine	1,614	1,281
Wool spinning	871	-
Tractor diesel	1,290	2,286
Contracting – butcher	5,076	4,932
Meat for resale	420	-
Levies & subscriptions	1,773	2,111
	<u>98,692</u>	<u>99,249</u>
Less: Livestock etc on hand period end	(53,286)	(38,490)
	<u>45,406</u>	<u>60,759</u>
18. Household		
Provisions	28,308	31,369
Heat & light	30,891	22,983
Upkeep fittings & equipment	5,348	4,631
Upkeep property	8,363	252
Medical	-	222
Cleaning materials	3,279	2,019
Registration fee	1,413	1,413
Boiler repairs	1,507	242
	<u>79,109</u>	<u>63,131</u>

Notes to the Financial Statements (Continued)

	2022 £	2021 £
19. Residents		
Personal allowance	8,570	8,929
Day placement	12,171	16,039
Wages	638	650
Extras & holiday stays	593	528
	<u>21,972</u>	<u>26,146</u>
20. Other Direct Costs		
Wood processing	2,614	1,520
Circus workshops	1,742	-
Rent	19,000	19,000
Insurance	13,829	11,781
Diesel & vehicle expenses	9,362	6,624
Printing stationery etc	637	706
Telephone & internet	2,342	2,507
Bank charges	354	339
Accounting & payroll processing	4,903	1,981
Hire purchase interest	2	-
Fundraising	180	180
Professional fees	1,574	-
Website	510	-
Health & Safety subscriptions	2,041	1,377
	<u>59,090</u>	<u>46,015</u>
Charged to Restricted fund	<u>1,742</u>	<u>-</u>
21. Non Recurring		
Legal & land agents fees	-	600
22. Governance Costs		
Audit fee	<u>4,690</u>	<u>3,255</u>
23. Depreciation		
On tractor & implements	5,606	4,521
On motor vehicles	2,277	2,846
On property improvements	55,643	55,643
	<u>63,526</u>	<u>63,010</u>
24. Gain on disposal of assets		
Gain on sale of assets	<u>(513)</u>	<u>-</u>
Charged to Designated Fund in statement of financial activities	<u>63,013</u>	<u>63,010</u>
Charged to Operations Fund	462,551	449,459
Restricted Fund	1,742	-
Designated Fund	63,013	63,010
Total expenditure	<u>527,306</u>	<u>512,469</u>