

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 2020

TUESDAY



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15/06/2021

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COMPANIES HOUSE

**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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

<b>Directors:</b>	James Anderson (Treasurer) Peter Darwell Jane Jackson Huw Sheppard (chair) Charles Wannap Jeanette Cochrane (appointed 25/8/20)
<b>Secretary:</b>	Jane Jackson
<b>Residential Manager:</b>	Elizabeth Nicolson
<b>Bankers:</b>	The Royal Bank of Scotland Plc 206 Bruntsfield Place Edinburgh EH10 4DF
<b>Statutory Auditors:</b>	Alexander Sloan Accountants and Business Advisers 50 Melville Street Edinburgh EH3 7HF
<b>Registered Office:</b>	Garvald Home Farm Dolphinton West Linton EH46 7HJ
<b>Company Registration No:</b>	SC 108570
<b>Charity Registration No:</b>	SC 015243
<b>Governing Document:</b>	Memorandum and Articles of Association

## Report of the Directors For the Year ended 31 August 2020

The trustees who are also the directors present their annual report and financial statements of the charity for the year to 31 August 2020.

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 Directors appoint the residential manager, the farm and wood development staff 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 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 acted also as the farm building project manager. The post of wood and building project manager ceased during the year.

#### *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.
3. The Covid19 pandemic is a major risk to the health and welfare of residents and staff. The government and health board guideline which is given for the use of PPE, sanitising and social distancing is fully implemented within the community. Staff and residents are regularly tested for the virus and daily reports are made to the health authorities. A barrier is in place for external entry apart from prior organised arrangements.

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. Charles Wannap and James Anderson retire by rotation and being eligible offer themselves for re-election. Jeanette Cochrane who was co-opted as a director stands for election at the Annual General Meeting. Directors did not receive any remuneration or refund of expenses.

**Objectives and Activities**

Garvald Home Farm offers long term homes and work in an agricultural setting for a small community of adults with special needs and co-workers. The whole enterprise is founded on the philosophy of Rudolf Steiner and the farm follows the bio-dynamic method of agriculture. The aim is to grant people with learning disabilities an independent life style 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 renovation and improvement to the old byre building to provide meat and dairy production facilities was completed in March 2020. The work was finished just prior to the Covid shutdown. However due to this shutdown the use of the facility was curtailed. The immediate benefits on the extended and improved dairy work in the new setting and the storage of meat and poultry in the new refrigerated section. The plan to increase meat sales has been postponed due to the closures brought about by the Covid virus.

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.

The review to change the model of residential care to one of supported living was not progressed beyond preliminary discussions again due to the Covid virus which has exhausted all the management time. For the same reason the decision to build new accommodation has not yet been made. Funds for this project are held in the restricted cabin fund. A drawback has been that a suitable site has not been agreed with the planning department of Scottish Borders Council.

**Achievements and Performance**

The increase in resident placements during 2018/19 remained constant during the year with small increases in the farm and renewable heat incentive income. Special funding was again received from Local Authorities to increase the basic minimum social work pay rate and maintain the cash differentials among staff. These increases were negotiated, implemented and paid within the year.

Higher costs were incurred on staffing, the farm and household provisions and heating. The net operational surplus was reduced by £1,987 compared to the year 2018/19. Due to the expenditure on building improvements funded by the farm the depreciation charge has increased and requires a movement from operational fund to the fixed asset designated fund.

At the end of the summer period in July and August, building contractors were allowed to access the farmhouse. Alterations and improvements were carried out to the rooms and a new self contained kitchen was installed. The work was completed in September 2020.

**Financial Review**

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

The charity had total income on its operations of £460,782 (2019: £433,918) and total expenditure of £416,815 (2019: £387,964), resulting in an operating surplus for the year of £43,967 (2019: £45,954). In addition there was also movement on the designated and restricted funds as shown in the Statement of Financial Activities on page 9 with an analysis provided by the notes on page 18.

**Reserves Policy**

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

An analysis of Net Assets between Reserve Funds is disclosed in note 15 of the accounts. The designated funds totalling £699,732 represent expenditure made on fixed assets less depreciation and less liabilities outstanding on their acquisition and restricted funds of £61,508 are held to invest in a log cabin development. A movement of £262,700 was made from the restricted fund to the designated fund which represented the funds received to invest in the farm building project which was completed in March 2020.

At 31 August 2020 free reserves amounted to £129,394 (2019: £124,675) which is equivalent to 31% of annual expenditure or expenditure for 3.7 months.

**Report of the Directors (Continued)****Plans for Future Periods**

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

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

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

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

Deliberation and discussion on the supported living model will recommence later this year 2020/21.

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

**Events after the reporting date**

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

**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:

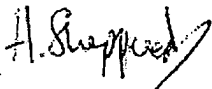
- so far as the director is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order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



**Huw Shepherd**  
Chair

9 June 2021

## Opinion

We have audited the financial statements of Garvald Home Farm Limited for the year ended 31 August 2020 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 2020 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*

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

9 June 2021

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 2020**

	Notes	Unrestricted Funds Operations Fund £	Designated Fund £	Restricted Funds £	Total 2020 £	Total 2019 £
	£	£	£	£	£	£
<b>Income from</b>						
Donations	3	-	-	-	-	240
Charitable activities	3	460,652	-	32,262	492,914	565,910
Investment income	3	130	-	-	130	116
<b>Total Income</b>		<u>460,782</u>	<u>-</u>	<u>32,262</u>	<u>493,044</u>	<u>566,266</u>
<b>Expenditure on</b>						
<b>Charitable activities</b>						
- Cost of direct activities	16-22	416,815	-	1,225	418,040	387,964
- Depreciation	23	-	60,637	-	60,637	44,844
<b>Total expenditure</b>		<u>416,815</u>	<u>60,637</u>	<u>1,225</u>	<u>478,677</u>	<u>432,808</u>
<b>Net income (expenditure)</b>		43,967	(60,637)	31,037	14,367	133,458
Transfer between funds	15	<u>(39,248)</u>	<u>301,948</u>	<u>(262,700)</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds</b>		4,719	241,311	(231,663)	14,367	133,458
<b>Reconciliation of funds</b>						
Balances 31 August 2019		<u>124,675</u>	<u>458,421</u>	<u>293,171</u>	<u>876,267</u>	<u>742,809</u>
<b>Balances 31 August 2020</b>	15	<u>129,394</u>	<u>699,732</u>	<u>61,508</u>	<u>890,634</u>	<u>876,267</u>

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

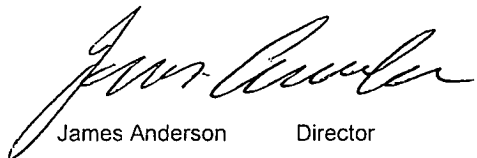
The accompanying notes form an integral part of the accounts.

Balance Sheet  
As at 31 August 2020

	Notes	2020 £	2019 £
<b>Fixed Assets</b>			
Tangible assets	13	742,951	744,397
<b>Current Assets</b>			
Stocks	7	46,091	47,210
Debtors	8	46,655	67,459
Cash at bank & on hand		153,199	121,499
		245,945	236,168
<b>Creditors</b>			
Amounts falling due within one year	9	98,262	104,298
<b>Net Current Assets</b>		147,683	131,870
<b>Total Assets less Current Liabilities</b>		890,634	876,267
<b>The funds of the Charity</b>			
Unrestricted fund	15	129,394	124,675
Designated funds	15	699,732	458,421
Restricted funds	15	61,508	293,171
		890,634	876,267

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

The financial statements on pages 9 to 21 were approved by and signed on behalf of the Board of Directors on 9 June 2021.

  
James Anderson      Director

The accompanying notes form an integral part of the accounts.

**Statement of Cash Flows**  
**For the Year ended 31 August 2020**

	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	106,199	152,807
Net cash provided by operating activities		<u>106,199</u>	<u>152,807</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		13,165	-
Purchase of tangible fixed assets		(72,356)	(242,363)
Investment income and interest receivable		130	116
Net cash used for investing activities		<u>(59,061)</u>	<u>( 242,247)</u>
<b>Cash flows from financing activities</b>			
Repayment of hire purchase finance		(1,438)	(5,751)
Receipt of loan		-	38,000
Repayment of loan		(14,000)	-
Net cash used for financing activities		<u>(15,438)</u>	<u>32,249</u>
<b>Net increase in cash and cash equivalents</b>		<b>31,700</b>	<b>(57,191)</b>
Cash and cash equivalents at 31 August 2019		<u>121,499</u>	<u>178,690</u>
Cash and cash equivalents at 31 August 2020		<u>153,199</u>	<u>121,499</u>

**Note to Cash Flow Statement**

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

Net income	14,367	133,458
Depreciation charges	60,637	44,844
Interest received	(130)	(116)
	<u>74,874</u>	<u>178,186</u>
(Increase) Decrease in stocks	1,119	(11,720)
(Increase) Decrease in debtors	20,804	(27,705)
Increase (Decrease) in creditors	9,402	14,046
	<u>106,199</u>	<u>152,807</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 2020**

**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.

**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 2020**

**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:

	2020 £	2019 £
<b>Income</b>		
Donations	-	240
Investment income		
Bank interest	130	116
Charitable Activities		
Residential care fees	390,858	364,067
Farm income	53,300	51,564
Renewable heat incentive & log sales	16,494	15,632
Miscellaneous income	-	2,299
	<u>460,652</u>	<u>433,562</u>
<b>Restricted fund grants</b>		
Farm building development		
Grant - Garvald Trust	14,000	-
Leader Grant	18,245	125,304
Fundraising & donations	17	2,031
	<u>32,262</u>	<u>127,335</u>
Log cabin development		
Donations received	-	5,013
	<u>32,262</u>	<u>132,348</u>

## Notes to the Financial Statements (Continued)

## 3. Breakdown of cost of Charitable Activities

	2020 £	2020 £	2019 £	2019 £
	1	2	1	2
Residential and day care	347,793	39,205	324,455	28,603
Farm	62,553	14,692	55,155	9,164
Wood processing	6,469	6,740	8,354	7,077
	<u>416,815</u>	<u>60,637</u>	<u>387,964</u>	<u>44,844</u>

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

	2020	2019
<b>5. Employee Information</b>		
Average monthly number of employees during the year was:	13	12
	£	£
Wages & salaries	200,003	189,997
Social security costs	11,035	11,153
Pension costs	6,408	5,639
	<u>217,446</u>	<u>206,789</u>

No staff member is remunerated at a level in excess of £60,000 per annum. Pension contributions are made in respect of 13 (2019: 11) members of staff. No director received remuneration or travelling expenses.

The key management personnel of the Charity comprise the residential managers, farm manager and wood project manager part year. Their total cost including employer's pension and national insurance contributions was £100,992 (2019: £107,239).

<b>6. Surplus for the Financial Year</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Is stated after charging:		
Depreciation		
charged to Designated Fund	60,637	44,844
Auditors remuneration	3,500	3,570
Hire purchase interest	360	1,121
Lease - property	<u>23,310</u>	<u>16,000</u>



## Notes to the Financial Statements (Continued)

	2020 £	2019 £
<b>7. Stock</b>		
Livestock	30,201	23,704
Crops & feeding	7,310	13,837
Wood and logs	8,580	9,669
	<u>46,091</u>	<u>47,210</u>
<b>8. Debtors</b>		
Trade debtors	20,298	44,895
Other debtors	25,630	21,881
Prepayments	727	683
	<u>46,655</u>	<u>67,459</u>
<b>9. Creditors</b>		
Amounts falling due within one year		
Trade creditors	32,809	35,622
Accruals	24,745	11,500
Other taxation & social security	2,708	3,738
Other creditors	38,000	52,000
Hire purchase	-	1,438
	<u>98,262</u>	<u>104,298</u>
<b>10. Obligations Under Hire Purchase Contracts &amp; Finance Leases</b>		
Amounts payable		
Within one year	-	1,718
In the second to fifth year	-	-
	<u>-</u>	<u>1,718</u>
Less: finance charges allocated to future accounting periods	-	280
	<u>-</u>	<u>1,438</u>

**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 9.5 years	£51,490	-

## 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 £6,408 (2019: £5,639).

## 12. Related Party Transaction

During the year the company paid £1,902 (2019: £1,815) 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 £863 due to James Anderson & Co at 31 August 2019, leaving a debt due at 31 August 2020 of £951.

13. Tangible Fixed Assets	Expenditure on Leased Property £	Tractors & Implements £	Motor Vehicles £	Total £
<b>Cost</b>				
31 August 2019	1,064,014	155,732	46,446	1,266,192
Additions	62,056	-	10,300	72,356
Disposal	(13,165)	-	-	(13,165)
31 August 2020	<u>1,112,905</u>	<u>155,732</u>	<u>56,746</u>	<u>1,325,383</u>
<b>Depreciation</b>				
31 August 2019	358,417	126,285	37,093	521,795
Charge for year	47,854	7,362	5,421	60,637
Written back on disposal	-	-	-	-
31 August 2020	<u>406,271</u>	<u>133,647</u>	<u>42,514</u>	<u>582,432</u>
<b>Net Book Value</b>				
31 August 2020	<u>706,634</u>	<u>22,085</u>	<u>14,232</u>	<u>742,951</u>
31 August 2019	<u>705,597</u>	<u>29,447</u>	<u>9,353</u>	<u>744,397</u>

The net book value of fixed assets includes an amount of £Nil (2019: £15,086) in respect of assets held under hire purchase agreements. The depreciation charge for the year on assets held under hire purchase was £Nil (2019: £3,016).

## 14. Capital Commitments

As at 31 August 2020 there were commitments to complete farmhouse alterations in the sum of £27,322. (At August 2019 capital commitments were £36,600).

## Notes to the Financial Statements (Continued)

## 15. Statement of Funds

	Balance 31 August 19 £	Income £	Expenditure £	Transfers £	Balance 31 August 2020 £
Operations fund	124,675	460,782	416,815	(39,248)	129,394
Designated fund					
- Fixed asset fund	458,421	-	60,637	301,948	699,732
Total unrestricted funds	583,096	460,782	477,452	262,700	829,126
Restricted funds					
Farm building development	230,438	32,262	-	(262,700)	-
Log cabin development	62,733	-	1,225	-	61,508
Total restricted funds	293,171	32,262	1,225	(262,700)	61,508
Total funds	876,267	493,044	478,677	-	890,634

## Allocation of Net Assets between Funds

	Tangible Fixed Assets £	Current Assets £	Liabilities £	Total £
Operations fund	-	184,437	55,043	129,394
Designated fund				
- Fixed asset fund	742,951	-	43,219	699,732
Restricted Funds				
- Farm building development	-	-	-	-
- Log cabin development	-	61,508	-	61,508
	742,951	245,945	98,262	890,634

## 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. As the project was completed in March 2020 and the fund was expended on replacement and improved assets. It was transferred to the fixed asset designated fund - £262,700.

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

## Notes to the Financial Statements (Continued)

## 15. Statement of Funds

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

## Allocation of Net Assets between Funds

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

## UNRESTRICTED FUNDS

## Operations Fund

is free to use in accordance with the objectives of the charity.

## Designated Funds

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

## RESTRICTED FUNDS

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

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

## Notes to the Financial Statements (Continued)

	2020 £	2019 £
<b>16. Staff</b>		
Salaries & national insurance	211,038	201,150
Pension scheme	6,408	5,639
Staff expenses	813	811
Staff training	2,376	1,520
Volunteer expenses	2,012	682
Council tax	1,090	1,026
	<u>223,737</u>	<u>210,828</u>
<b>17. Farm</b>		
Livestock etc. on hand year commencement	37,541	26,350
Livestock purchased	6,460	2,612
Feeding etc	10,563	18,872
Seed & manures	1,367	1,845
Field rent	2,710	-
Upkeep property	465	2,883
Upkeep fences & shelter belts	1,488	2,716
Upkeep implements	11,320	8,920
Haulage & contracting	6,862	4,548
Vet & medicine	1,873	465
Wool spinning	305	-
Tractor diesel	1,271	2,065
Contracting – butcher	1,858	5,997
Levies & subscriptions	2,128	1,487
	<u>86,211</u>	<u>78,760</u>
Less: Livestock etc on hand period end	<u>(37,511)</u>	<u>( 37,541)</u>
	<u>48,700</u>	<u>41,219</u>
<b>18. Household</b>		
Provisions	35,518	27,099
Heat & light	17,215	14,827
Upkeep fittings & equipment	6,029	4,630
Upkeep property	2,968	3,180
Medical	131	201
Cleaning materials	2,911	2,116
Registration fee	1,413	1,413
Boiler repairs	542	-
	<u>66,727</u>	<u>53,466</u>

## Notes to the Financial Statements (Continued)

	2020 £	2019 £
<b>19. Residents</b>		
Personal allowance	8,769	8,091
Day placement	15,464	15,308
Wages	662	650
Extras & holiday stays	445	1,319
	<u>25,340</u>	<u>25,368</u>
<b>20. Other Direct Costs</b>		
Wood processing	1,522	1,183
Rent	20,600	16,000
Insurance	11,162	10,006
Diesel & vehicle expenses	6,953	8,660
Printing stationery etc	970	657
Postage & telephone	2,648	2,415
Bank charges	459	582
Payroll processing	1,990	1,814
Hire purchase interest	360	1,121
Fundraising	180	140
	<u>46,844</u>	<u>42,578</u>
<b>21. Non Recurring</b>		
Legal & land agents fees	1,967	10,935
Cabin design fees	1,200	-
Bank charges	25	-
	<u>3,192</u>	<u>10,935</u>
Charged to restricted fund £1,225 (2019: £Nil)		
<b>22. Governance Costs</b>		
Audit fee	<u>3,500</u>	<u>3,570</u>
<b>23. Depreciation</b>		
On tractor & implements	7,362	6,344
On motor vehicles	5,421	2,338
On property improvements	47,854	36,162
	<u>60,637</u>	<u>44,844</u>