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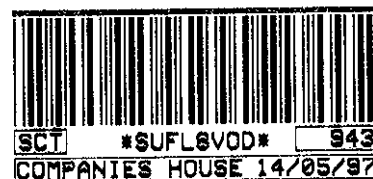
108570

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

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REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR TO 31 AUGUST 1996

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DOLPHINTON, WEST LINTON, PEEBLESSHIRE EH46 7HJ

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Council of Management:	Timothy Brink (Retired 30 May 1996) James Anderson John Brett Shelagh Brett Shelagh Bryden Robert Crichton Peter Darwell (Appointed 30 May 1996) Jane Jackson Eileen McVean (Retired 30 May 1996) Diana O'Neil Rosemary Soutter David Suckling
Secretary:	Rosemary Soutter
Treasurer:	James Anderson C.A.
Solicitors:	Lindsays W.S.
Bankers:	The Royal Bank of Scotland PLC
Auditors:	D M Vaughan & Co
Registered Office:	Garvald Home Farm, West Linton
Company Registration No:	108570 (Scotland)
Charity Registration No:	SCO 20909
Governing Document:	Memorandum and Articles of Association

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## Report of the Council of Management

The Council of Management is pleased to present its report for the year to 31 August 1996.

### Review of Activities

The company provides residential care for adult persons with special needs. The company also occupies Garvald Home Farm which is farmed along organic farming principles and through which light work and therapy is granted to the residents. There has been no change of policy in this regard. The year has seen the resident number remain at 9 (average 1995 - 8) although the number has reduced to 8 in the last month of the financial year. The main achievements during the year were to provide a high level of care for residents and to continue the upgrade of accommodation and the development of the farm.

### Financial Review

The financial statements are contained in the following pages 5 to 11. The surplus for the year was £10,610 (1995 - deficit £5,569). The placement of residents was maintained throughout the year at close to maximum level. This level of activity and a sound performance from the farm contributed to the good financial results. However, it is anticipated that in the year ahead 1996/97 the average number of residents will drop with the resultant decrease in income and poorer end of year results.

### Legal and Administrative Details

The information regarding Garvald Home Farm Limited is contained on page 1. In addition, it is advised that Members of the Council of Management are appointed at the Company's Annual General Meeting.

### Statement of Directors Responsibilities

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 company and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to

select suitable accounting policies and then apply them consistently;

make judgments and estimates that are reasonable and prudent;

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Report of the Council of Management (Continued)

**Council of Management**

The Members of Council who served during the year are shown on Page 1.

Shelagh Brett, John Brett and James Anderson retire by rotation and being eligible offer themselves for re-election. Peter Darwell was appointed on the date of the last Annual General Meeting 30 May 1996.

No Council Members are remunerated for their services as Council Members.

**Share Capital**

The company is limited by guarantee and has no share capital.

**Auditors**

Messrs D M Vaughan & Co are willing to continue in office and resolutions will be proposed at the Annual General Meeting to re-appoint and to authorise the council to fix their remuneration.

By Order of the Board

3 March 1997

A handwritten signature in cursive script, reading "Rosemary Soutter".

Rosemary Soutter  
Secretary

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

#### Respective responsibilities of directors and reporting accountants

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 August 1996 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

DM Vaughan 

D M Vaughan & Co  
10 Gloucester Place  
EDINBURGH  
EH3 6EF

3 March 1997

Registered Auditors

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Income and Expenditure Account  
For the Year to 31 August 1996

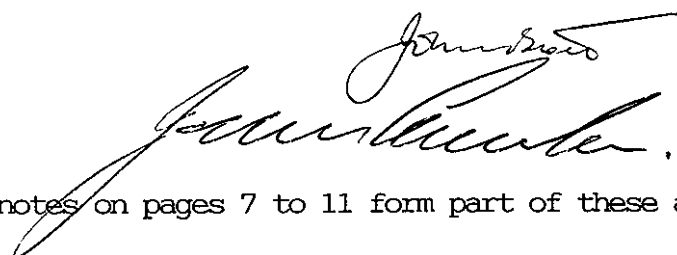
	Notes	1996 £	1995 £
Income	5	130,476	118,790
		<hr/>	<hr/>
Expenses			
Staff costs	6	51,582	45,935
Farm		16,279	19,941
Household		23,635	22,546
General overheads		18,357	21,499
Administration		3,912	4,280
Non recurring expenditure		3,864	8,362
Depreciation		<u>2,237</u>	<u>1,796</u>
		<hr/>	<hr/>
		119,866	124,359
		<hr/>	<hr/>
Surplus/(Deficit)			
For the Financial Year	7 & 12	10,610	( 5,569)
		<hr/>	<hr/>

The notes on pages 7 to 11 form part of these accounts.

Balance Sheet  
As at 31 August 1996

	Notes	1996 £	1995 £
<b>Fixed Assets</b>			
Tangible assets	16	7,889	11,246
		<u>          </u>	<u>          </u>
<b>Current Assets</b>			
Stocks	8	32,880	23,905
Debtors	9	2,755	11,819
Cash at bank and on hand		8,788	142
		<u>44,423</u>	<u>35,866</u>
<b>Creditors</b>			
Amounts falling due within one year	10	<u>22,366</u>	<u>26,930</u>
<b>Net Current Assets</b>		<u>22,057</u>	<u>8,936</u>
<b>Total Assets Less Current Liabilities</b>		29,946	20,182
<b>Creditors</b>			
Amounts falling due outwith one year	11	<u>408</u>	<u>1,254</u>
		<u>29,538</u>	<u>18,928</u>
<b>Income Funds</b>			
Unrestricted funds	12	<u>29,538</u>	<u>18,928</u>

The financial statements were approved and signed on behalf of the Council of Management on 3 March 1997.



Council Member

Council Member

The notes on pages 7 to 11 form part of these accounts.

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Notes to the Financial Statements  
For the Year to 31 August 1996

1. General

The company does not seek to make a profit, nor can its achievements be measured by normal commercial criteria. In order that a true and fair view of its activities should be given in these accounts, the directors have set out on page 4 an Income and Expenditure Account which shows the results for the year, but in a format other than as prescribed in the Companies Act 1985. In the opinion of the directors this provides greater clarity on the nature of the company's activities and discloses in sufficient detail information relating thereto, as required by the Companies Act 1985. Members of the Council of Management are also directors.

2. Accounting Policies

(a) Basis of Accounting

The company prepares its accounts on the historical cost basis.

(b) Fixed Assets

It is the company's policy to charge expenditure on property additions and improvements, and on furniture, equipment and fittings against revenue in the year in which it is incurred.

(c) Depreciation

Depreciation is calculated to write off the cost of fixed assets over their expected useful economic lives. The annual rates used on fixed assets other than replacements and improvements which are charged direct to Revenue are as follows:

Tractor & implements	25% reducing balance
Motor vehicles	25% reducing balance

(d) Stock of Livestock

Livestock on hand at the close of the financial year is valued at market value less 25%.

(e) Leasing and Hire Purchase Commitments

Assets obtained under finance lease and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to income on a straight line basis over the lease term.



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Notes to the Financial Statements (Continued)

## 2. Continued

## (f) Pension Costs

The company makes contributions to personal pension schemes, contributions are charged against profits on the amounts payable for the year.

## (g) Income

Fees and other income are stated at the amounts receivable for the year.

## (h) Taxation

No provision for corporation tax is necessary as the company has charitable status.

## 3. Continuing Operations

None of the company's activities were acquired or discontinued during the current and previous year.

## 4. Total Recognised Gains and Losses

The company has no recognised gains or losses other than the surplus and deficit for the current and previous year.

## 5. Income

The company's turnover consists of residential fees issued to local authorities and individuals in respect of persons with special needs, and of sales of farm produce and livestock. An analysis of income is as undernoted:

	1996 £	1995 £
Residents fees	116,279	101,544
Farm income	14,141	17,199
Donation	<u>56</u>	<u>47</u>
	<u>130,476</u>	<u>118,790</u>

## Notes to the Financial Statements (Continued)

6. Staff Costs	1996 £	1995 £
Wages and salaries	43,399	40,259
Social security costs	1,927	1,632
Pension costs	<u>3,000</u>	<u>3,000</u>
	<u>48,326</u>	<u>44,891</u>

The average weekly number of employees during the year was made up as follows:

Farmers and houseparents	8	8
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## 7. Surplus for the Financial Year

After charging:

Remuneration of council members	14,000	12,900
Pension costs of council members	3,000	3,000
Auditors remuneration	800	775
Depreciation	2,237	1,796
Hire purchase charges	<u>531</u>	<u>182</u>
	<u>20,568</u>	<u>18,653</u>

No part of the remuneration paid to council members is for service as a council member.

## 8. Stock

Livestock	23,140	19,335
Crops & feeding	<u>9,740</u>	<u>4,570</u>
	<u>32,880</u>	<u>23,905</u>

## 9. Debtors

Trade debtors	253	8,431
Other debtors	977	1,657
Prepaid charges	<u>1,525</u>	<u>1,731</u>
	<u>2,755</u>	<u>11,819</u>

## Notes to the Financial Statements (Continued)

10. Creditors	1996 £	1995 £
Amounts falling due within one year		
Bank overdraft	-	2,712
Trade creditors	11,396	10,809
Accruals	3,825	5,803
Taxation & social security	-	754
Hire purchase	2,194	1,901
Loan	<u>4,951</u>	<u>4,951</u>
	<u>22,366</u>	<u>26,930</u>

The loan is made by Garvald West Linton Limited. It is unsecured, interest free and has no schedule of repayment.

## 11. Creditors

Amounts falling due with two to five years

Hire purchase	408	1,254
	<u>          </u>	<u>          </u>

## 12. Unrestricted Funds

Balance at 31 August 1995	18,928	24,497
Surplus/(deficit) for the year	<u>10,610</u>	<u>( 5,569)</u>
Balance at 31 August 1996	<u>29,538</u>	<u>18,928</u>

## 13. Capital Commitments

There were no capital commitments as at 31 August 1996.

## 14. Pension Scheme

The company makes contributions to personal pension schemes. 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 fund and amounted to £3,000 (1995 - £3,000)

## 15. Post Balance Sheet Event

In December 1996 the company was awarded a grant from the National Lottery Charities Board in the sum of £47,692 to assist with the refurbishment of a building and to purchase a minibus.

## Notes to the Financial Statements (Continued)

## 16. Tangible Fixed Assets

	Tractor & Implements £	Motor Vehicles £	Total £
<b>Cost</b>			
31 August 1995	15,566	7,708	23,274
Additions	1,880	-	1,880
Disposals	( 4,725)	-	( 4,725)
31 August 1996	12,721	7,708	20,429
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>			
31 August 1995	6,640	5,388	12,028
Charge for the year	1,657	580	2,237
Written back on disposals	( 1,725)	-	( 1,725)
31 August 1996	6,572	5,968	12,540
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Book Value</b>			
31 August 1996	6,149	1,740	7,889
31 August 1995	8,926	2,320	11,246
	<u>          </u>	<u>          </u>	<u>          </u>

The net book value of tractors and implements includes an amount of £4,260 (1995 - £6,191) in respect of assets held under hire purchase.