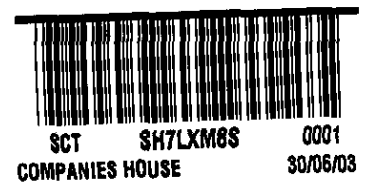


108570

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

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002**



DOLPHINTON, WEST LINTON, PEEBLESSHIRE EH46 7HJ

Directors:	James Anderson John Brett Shelagh Brett Shelagh Bryden Nan Burnett Peter Darwell Elizabeth Dow Jane Jackson Rosemary Soutter David Suckling Huw Sheppard
Secretary:	Jane Jackson
Treasurer:	James Anderson C.A.
Solicitors:	Lindsays W.S. 11 Atholl Crescent EDINBURGH EH3 8HE
Bankers:	The Royal Bank of Scotland Plc 17 Comiston Road EDINBURGH EH10 6AA
Auditors:	D M Vaughan & Co Ltd 10 Gloucester Place EDINBURGH EH3 6EF
Registered Office:	Garvald Home Farm DOLPHINTON West Linton EH46 7HJ
Company Registration No:	108570 (Scotland)
Charity Registration No:	SCO 20909
Governing Document:	Memorandum and Articles of Association

**Report of the Directors
For the Year ended 31 August 2002**

The directors present their report and audited financial statements for the year ended 31 August 2002.

Principal Activity

Garvald Home Farm continues to offer 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.

Review of Activities

The average resident number remained constant at eight throughout the year and produced a level core of fee income. The farm again continued to make steady progress and increased its production of cattle and dairy products. Expenditure was held within reasonable levels although the company also continued its policy of upgrading residential accommodation. The major item of capital expenditure was the replacement of the minibus.

Future Prospects

The directors are satisfied that the company can operate profitably in the future.

Legal and Administrative Details

The information relating to Garvald Home Farm Limited is contained on page 1. In addition, it is advised that directors are appointed at the Company's Annual General Meeting.

Reserves

The free reserves as at 31 August 2002 amount to £40,129. This sum amounts to 23% of expenditure or expenditure for two and a half months. The directors consider that the aim should be for reserves to be at a level of at least the expenditure for four months in order to allow the company to operate from year to year.

Risk Management

The Directors meet on a regular basis, on average five times a year, to examine financial and operational matters. They receive regular reports on these topics through the residential manager who works with residents and the farm manager who attends to agricultural and outdoor matters. The company has written policies on most management issues. All staff have access to the Board of Directors through the Chairman. It is considered that these procedures are reasonable in order to lessen the financial and operational risks.

Report of the Directors (Continued)

Directors

The directors who served during the year are shown on Page 1.

John Brett, Shelagh Brett and Shelagh Brydon retire by rotation and being eligible offer themselves for re-election.

No director is remunerated for his/her services as a director.

Share Capital

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

Auditors

Messrs D M Vaughan & Co Ltd 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

A handwritten signature in black ink that reads "Jane M. Jackson". The signature is written in a cursive, flowing style.

**Jane Jackson
Secretary**

15 April 2003

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.

By Order of the Board



Jane Jackson
Secretary

15 April 2003

We have audited the financial statements of Garvald Home Farm Limited for the year ended 31 August 2002 on pages 6 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom 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 if 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 at 31 August 2002 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

DM Vaughan & Co

**D M Vaughan & Co Ltd
Chartered Certified Accountants and Registered Auditors
10 Gloucester Place
EDINBURGH
EH3 6EF**

15 April 2003

Income and Expenditure Account
For the Year ended 31 August 2002

	Notes	2002 £	2001 £
Income	3	175,484	158,096
		<u> </u>	<u> </u>
Expenses			
Staff costs	5	60,993	63,620
Farm		26,914	12,407
Household		40,044	38,022
General overheads		20,646	23,011
Office & other support costs		6,960	5,955
Non recurring expenditure		10,433	2,525
Depreciation	6	6,809	4,003
		<u> </u>	<u> </u>
		172,799	149,543
		<u> </u>	<u> </u>
Operating surplus		2,685	8,553
Interest receivable		334	848
		<u> </u>	<u> </u>
Surplus for the Financial Year	6	3,019	9,401
		<u> </u>	<u> </u>

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

The company has further recognised gains and losses which are disclosed in the Statement of Financial Activities shown on page 7.

Statement of Financial Activities
For the Year ended 31 August 2002

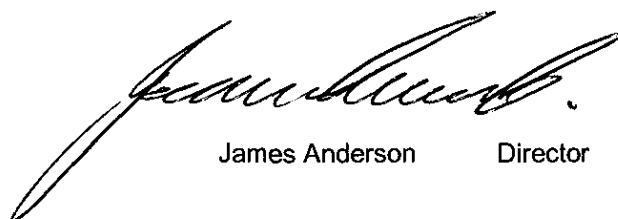
		Unrestricted Funds		Restricted Capital		
		General	Designated	Funds	Total	2001
	Notes	£	£	£	£	£
Incoming resources	3	175,484	-	-	175,484	158,596
Interest receivable	3	<u>334</u>	<u>-</u>	<u>-</u>	<u>334</u>	<u>848</u>
		<u>175,818</u>	<u>-</u>	<u>-</u>	<u>175,818</u>	<u>159,444</u>
Resources Expended						
Per Income & Expenditure Account (page 6)		165,990	-	-	165,990	145,540
Depreciation	6	<u>-</u>	<u>6,809</u>	<u>3,929</u>	<u>10,738</u>	<u>7,966</u>
		<u>165,990</u>	<u>6,809</u>	<u>3,929</u>	<u>176,728</u>	<u>153,506</u>
Net Incoming (Outgoing) Resources		9,828	(6,809)	(3,929)	(910)	5,938
Transfers in respect of fixed asset additions		(<u>2,156</u>)	<u>2,156</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		7,672	(4,653)	(3,929)	(910)	5,938
Balance 31 August 2001		<u>32,457</u>	<u>13,934</u>	<u>62,641</u>	<u>109,032</u>	<u>103,094</u>
Balance 31 August 2002		<u>40,129</u>	<u>9,281</u>	<u>58,712</u>	<u>108,122</u>	<u>109,032</u>
Represented by:						
Tangible fixed assets		-	35,528	52,088	87,616	78,951
Hire purchase creditors		-	(26,247)	-	(26,247)	(10,909)
Net current assets		<u>40,129</u>	<u>-</u>	<u>6,624</u>	<u>46,753</u>	<u>40,990</u>
		<u>40,129</u>	<u>9,281</u>	<u>58,712</u>	<u>108,122</u>	<u>109,032</u>

The designated fund £9,281 refers to a fund set aside to indicate and be equal to expenditure made on tangible fixed assets. The capital fund £58,712 refers to sums raised to carry out building improvements.

Balance Sheet
As at 31 August 2002

	Notes	2002 £	2001 £
Fixed Assets			
Tangible assets	12	87,616	78,951
		<u> </u>	<u> </u>
Current Assets			
Stocks	7	30,616	27,320
Debtors	8	10,460	10,332
Cash at bank & on hand		30,974	31,073
		<u> </u>	<u> </u>
		72,050	68,725
		<u> </u>	<u> </u>
Creditors			
Amounts falling due within one year	9	33,803	30,960
		<u> </u>	<u> </u>
Net Current Assets		38,247	37,765
		<u> </u>	<u> </u>
Total Assets less Current Liabilities		125,863	116,716
Creditors			
Amounts falling due outwith one year	10	17,741	7,684
		<u> </u>	<u> </u>
		108,122	109,032
		<u> </u>	<u> </u>
Funds			
Unrestricted funds		49,410	46,391
Restricted funds		58,712	62,641
		<u> </u>	<u> </u>
		108,122	109,032
		<u> </u>	<u> </u>

The financial statements on pages 6 to 13 were approved and signed on behalf of the board of directors on 15 April 2003.


James Anderson Director

**Notes to the Financial Statements
For the Year ended 31 August 2002**

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 6 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 and by the Statement of Recommended Practice 2000 - Accounting and Reporting by Charities. In the opinion of the directors this provides greater clarity on the nature of the company's activities and discloses in sufficient and more appropriate detail information relating thereto, as required by the Companies Act 1985. In other respects the financial statements have been prepared in accordance with the Companies Act 1985 and Statement of Recommended Practice 2000 - Accounting and Reporting by Charities.

2. Accounting Policies

a) Basis of Accounting

The company prepares its accounts on the historical cost basis and in accordance with applicable accounting standards.

b) 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 are as follows.

Tenants improvements	20 years straight line
Tractor & implements	25% reducing balance
Motor vehicles	25% reducing balance

c) Stock & Livestock

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

d) Leasing and Hire Purchase Commitments

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 profits as incurred.

e) Pension Costs

The company makes contributions to a money purchase group personal pension scheme, contributions are charged against profits on the amounts payable for the year.

f) Income

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

g) Taxation

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

Notes to the Financial Statements (Continued)**3. 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:

	2002 £	2001 £
Residents fees	154,778	147,247
Farm income	20,470	10,568
Donations	236	281
	<u>175,484</u>	<u>158,096</u>
Bank interest receivable	334	848
	<u>175,818</u>	<u>158,944</u>
The undernoted donations and grants have been received to assist with capital expenditure		
Capital donation	-	500
	<u>-</u>	<u>500</u>
Recognised in Statement of Financial Activities	-	500

4. Directors' Emoluments

Emoluments during the period comprise:

Salaries	-	8,666
	<u>-</u>	<u>8,666</u>

No part of the emoluments paid to directors is for service as a director.

Notes to the Financial Statements (Continued)**5. Employee Information****2002****2001**

Average number of persons (including directors)
employed during the period was:

6

7

£**£**

Wages & salaries

51,956

52,880

Social security costs

3,745

3,195

Pension costs

2,635

1,875

58,336

57,950

No staff member is remunerated at a level in excess of £50,000 per annum. Pension contributions are made in respect of three members of staff.

6. Surplus for the Financial Year

Is stated after charging:

Depreciation

charged to Income & Expenditure Account

6,809

4,003

charged to Restricted Capital Funds

3,929

3,963

10,738

7,966

Auditors remuneration

850

820

Hire purchase interest

1,043

459

7. Stock

Livestock

23,506

18,730

Crops & feeding

7,110

8,590

30,616

27,320

8. Debtors

Trade debtors

8,507

7,450

Other debtor

1,953

2,882

10,460

10,332

Notes to the Financial Statements (Continued)

9. Creditors	2002	2001
	£	£
Amounts falling due within one year		
Trade creditors	8,950	5,719
Accruals	1,170	8,016
Other taxation & social security	1,177	-
Other Creditors	14,000	14,000
Hire purchase	8,506	3,225
	<u>33,803</u>	<u>30,960</u>

10. Creditors

Amounts falling due within two to five years

Hire purchase	<u>17,741</u>	<u>7,684</u>
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11. Pension Scheme

The company makes contributions to a money purchase group personal pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,635 (2001 -£ 1,875).

Notes to the Financial Statements (Continued)

12. Tangible Fixed Assets

	Tenants Improvements £	Tractor & Implements £	Motor Vehicles £	Total £
Cost				
31 August 2001	65,108	37,623	13,350	116,081
Additions	-	3,157	19,046	22,203
Disposals	-	-	(8,950)	(8,950)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 August 2002	65,108	40,780	23,446	129,334
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
31 August 2001	9,765	18,127	9,238	37,130
Charge for year	3,255	5,269	2,214	10,738
Written back on disposals	-	-	(6,150)	(6,150)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 August 2002	13,020	23,396	5,302	41,718
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Book Value				
31 August 2002	52,088	17,384	18,144	87,616
31 August 2001	55,343	19,496	4,112	78,951
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The net book value of fixed assets includes an amount of £28,617 (2001 - £12,139) in respect of assets held under hire purchase agreements. The depreciation charge for the year on assets held under hire purchase was £5,822 (2001 - £671).