GARVALD HOME FARM LIMITED

A Company limited by guarantee
And not having a Share Capital

(Charity Registration No. SC 015243)

Company Registration No. SC 0108570

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011

SATURDAY

S17SIF5K

SCT 28/04/2012 #48

COMPANIES HOUSE

Directors:	James Anderson John Brett (retired 5 October 2011) Shelagh Bryden Peter Darwell Elizabeth Dow (Elizabeth died 25 May 2011) David Gilchrist Jane Jackson Gerda Stevenson Rosemary Soutter Huw Sheppard (chair)
Secretary:	Jane Jackson
Treasurer:	James Anderson C.A.
Residential Manager:	Bridget Beagan
Bankers:	The Royal Bank of Scotland Plc 17 Comiston Road EDINBURGH EH10 6AA
Registered Auditors:	Alexander Sloan Chartered Accountants 1 Atholl Place EDINBURGH EH3 8HP
Registered Office:	Garvald Home Farm DOLPHINTON West Linton EH46 7HJ
Company Registration No:	SC 0108570
Charity Registration No:	SC 015243
Governing Document:	Memorandum and Articles of Association

Report of the Directors
For the Year ended 31 August 2011

Reference and Administrative Details

The information relating to Garvald Home Farm Limited is contained on page 1.

Structure Governance and Management

Governing Document

Garvald Home Farm Limited is a charitable company limited by guarantee and is governed by its Memorandum and Articles of Association dated 1 October 1987. The liability of each member is limited to £5. It is a registered charity with the Office of the Scottish Charity Regulator (OSCR) and its residential service is registered and monitored by the Care Inspectorate.

Appointment of new Directors

Directors are appointed at the Company's Annual General meeting. Directors can be co-opted during the year and these new appointments stand for re-election at the following Annual General meeting.

Recruitment of new Directors

The Directors are recruited to maintain a balance of skills within the Board. Most appointments come from parties who already know the work of Garvald Home Farm and who have visited and attended events held at the Farm.

Induction and Training of Directors

New directors are briefed on their legal obligations under charity law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, and recent performance of the charity. Directors are encouraged to attend appropriate external training events where these facilitate the undertaking of their role.

Structure

The Board of Directors appoint the residential and farm managers, carry out financial management and is available to assist the managers on more complex issues. The managers are 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 managers and to carry out management and financial reviews.

Risk Management

The Directors are satisfied that the major risks to which the charity is exposed have been reviewed and procedures have been established to manage these risks.

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.

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Objectives and Activities

Garvald Home Farm offers long term homes and work in an agricultural setting for a small community of adults with special needs and co-workers. The whole enterprise is founded on the philosophy of Rudolf Steiner and the farm follows the bio-dynamic method of agriculture. The aim is to grant people with learning difficulties an independent life style at a level they can sustain and to allow them to experience at first hand basic farming activities. The farm also offers educational visits to school pupils to allow them to experience work with livestock and organic food production from farming activities.

Achievements and Performance

It is most pleasing to report that occupancy of the extended accommodation took place in November 2010. The benefits enjoyed from the modern en suite and house facilities have made the whole project very worthwhile and compensated for the delay in completion and certain difficulties caused by the contractor.

The loss of a resident placement for four months contributed to a fall in fee income. However this reduction was offset by an increase in farm income and also a considerable reduction in animal feeding costs due to better home produced fodder.

Other expenditure came in on budget and overall a surplus ensued. The farm benefited from a development grant provided by Garvald Trust. This grant was used to employ a development worker for a year. During this period educational visits by school pupils continued to add to the life of the residents and the farm.

Report of the Directors (Continued)

Financial Review

The financial statements follow on pages 7 to 17. These statements are prepared in terms of the Statement of Recommended Practice 2005 – Accounting and Reporting by Charities and the Companies Act 2006.

Although there was a reduction in overall income, expenditure particularly in farm costs decreased. The result produced a surplus for the year in the unrestricted fund of £17,728 (2010 – deficit £11,498).

The principle funding sources are fees received from local authorities and central government state benefits from residents, together with the sale of farm produce. The expenditure made to support residential care and farming activities is described in the statement of financial activities.

Reserves Policy

The directors policy is to maintain free reserves sufficient to fund the equivalent of three to six months expenditure. The directors acknowledge that they have not reached this target.

Due to funds committed to the building project the free reserves at 31 August 2011 fell to £32,985 which is equivalent to 10.7% of annual expenditure or expenditure for 1.3 months.

Plans for Future Periods

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

Due to a generous funding package of £25,000 by the Garvald Trust, a programme of expenditure to complete certain building works which complement the new building project is planned to commence in the Spring of 2012.

Directors

The directors who served during the year are shown on Page 1. Gerda Stevenson, Huw Sheppard and James Anderson retire by rotation and being eligible offer themselves for re-election. It is with sadness that we learned of the death of Elizabeth Dow in May 2011. Liz supported the farm for many years and is greatly missed.

Directors did not receive any remuneration or refund of expenses .

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.

By Order of the Board

Jane M Jackson

Jane Jackson
Secretary

18 April 2012

We have audited the financial statements of Garvald Home Farm Limited for the year ended 31 August 2011 which comprise the Statement of Financial Activities, the summary Income and Expenditure account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made exclusively to the charity's directors, 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 as amended. 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 auditors' 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 its directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement (set out in the Directors' Annual 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.

The directors have elected for the financial statements to be audited in accordance with the Charities and Trustee Investment (Scotland) Act 2005 rather than also with the Companies Act 2006. Accordingly 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 that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [APB's] Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2011 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).

Matters on which we are required to report by exception

The Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Directors' Annual Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept proper and adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



Isobel Gray, C.A., F.C.C.A. (Senior Statutory Auditor)
for and on behalf of
Alexander Sloan
Chartered Accountants and
Statutory Auditor

1 Atholl Place
Edinburgh
EH3 8HP

Alexander Sloan is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

20 April 2012

Income and Expenditure Account
For the Year ended 31 August 2011

	Notes	Unrestricted Fund	Designated/ Restricted Funds	Total 2011	Total 2010
		£	£	£	£
Incoming Resources					
Voluntary income	2	50	-	50	100
Investment income	2	26	-	26	63
Incoming resources from Charitable activities	2	325,374	26,125	351,499	557,953
		325,450	26,125	351,575	558,116
Resources Expended					
Cost of activities					
Staff costs	16	153,198	26,125	179,323	141,978
Farm costs	17	44,312	-	44,312	60,525
Household	18	57,315	-	57,315	60,600
Residents	19	19,705	-	19,705	16,580
Other direct costs	20	26,884	-	26,884	29,686
Non recurring expenditure	21	5,008	-	5,008	21,028
Depreciation	22	-	37,272	37,272	26,128
		306,422	63,397	369,819	356,525
Governance costs	23	1,300	-	1,300	1,250
		307,722	63,397	371,119	357,775
Surplus/(Deficit) for the Year	5	17,728	(37,272)	(19,544)	200,341

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

Statement of Financial Activities
For the Year ended 31 August 2011

	Notes	Unrestricted Funds General £	Unrestricted Funds Designated £	Restricted Funds £	Total 2011 £	Total 2010 £
Incoming Resources						
Voluntary income	2	50	-	-	50	100
Investment income	2	26	-	-	26	63
Incoming resources from Charitable activities	2	325,374	-	26,125	351,499	557,953
		325,450	-	26,125	351,575	558,116
Resources Expended						
Cost of charitable activities	16-22	306,422	37,272	26,125	369,819	356,525
Governance costs	23	1,300	-	-	1,300	1,250
		307,722	37,272	26,125	371,119	357,775
Net Incoming (Outgoing) Resources		17,728	(37,272)	-	(19,544)	200,341
Fund transfers	14	(83,548)	422,571	(339,023)	-	-
Net movement in funds		(65,820)	385,299	(339,023)	(19,544)	200,341
Balance 31 August 2010		98,805	140,823	339,023	578,651	378,310
Balance 31 August 2011	14	32,985	526,122	-	559,107	578,651

Balance Sheet
As at 31 August 2011

	Notes	2011 £	2010 £
Fixed Assets			
Tangible assets	13	556,448	483,779
Current Assets			
Stocks	6	30,836	35,387
Debtors	7	44,868	34,978
Cash at bank & on hand		2,155	73,096
		77,859	143,461
Creditors			
Amounts falling due within one year	8	67,449	41,755
Net Current Assets		10,410	101,706
Total Assets less Current Liabilities		566,858	585,485
Creditors			
Amounts falling due outwith one year	9	7,751	6,834
		559,107	578,651
Funds			
Unrestricted funds	14	32,985	98,805
Designated funds	14	526,122	140,823
Restricted funds	14	-	339,023
		559,107	578,651

The financial statements on pages 7 to 17 were approved and signed on behalf of the board of directors on 18 April 2012.

James Anderson Director

Notes to the Financial Statements
For the Year ended 31 August 2011

1. Accounting Policies

a) Accounting Convention

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and in accordance with the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

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.

Expenditure on leased property	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%. Feeding and other stock is valued at the lower of cost and market value.

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) Expenditure

All expenditure is included on the accruals basis and has been directly attributed to one of the financial categories of resources expended in the Income & Expenditure Account and Statement of Financial Activities.

h) Taxation

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

Notes to the Financial Statements (Continued)

2. Incoming Resources

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:

	2011 £	2010 £
Voluntary income		
Donations	50	100
Investment income		
Bank interest	26	63
Incoming resources from charitable activities		
Residential care fees	282,500	302,641
Farm income	37,874	32,937
Training grant	5,000	-
	325,374	335,578
Contributions for restricted fund expenditure		
Garvald Trust (building improvements)	-	220,000
Garvald Trust (development grant)	26,125	2,375
	26,125	222,375

3. Breakdown of costs of Charitable Activity

Activities undertaken directly		
Residential and day care	265,563	283,649
Farm	50,165	62,340
	315,728	345,989

The above costs refer to direct expenditure, no specific support costs have been incurred.

4. Employee Information

Average number of full time equivalent employees during the year was:	10	9
	£	£
Wages & salaries	154,677	127,100
Social security costs	12,278	9,882
Pension costs	3,056	3,238
	170,011	140,220

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

Notes to the Financial Statements (Continued)

	2011 £	2010 £
5. Surplus/(Deficit) for the Financial Year		
Is stated after charging:		
Depreciation		
charged to Income & Expenditure Account	-	17,967
charged to Restricted Funds	-	8,161
charged to Designated Fund	32,272	-
	37,272	26,128
Auditors remuneration	1,300	1,250
Hire purchase interest	1,804	929
6. Stock		
Livestock	24,386	25,062
Crops & feeding	6,450	10,325
	30,836	35,387
7. Debtors		
Trade debtors	40,409	28,914
Other debtor	4,159	3,964
Prepayment	300	2,100
	44,868	34,978
8. Creditors		
Amounts falling due within one year		
Trade creditors	36,561	15,260
Accruals	7,640	1,590
Other taxation & social security	2,826	3,440
Other Creditors	14,000	14,000
Hire purchase	6,422	7,465
	67,449	41,755
9. Creditors		
Amounts falling due outwith one year		
Hire purchase	7,751	6,834
10. Obligations Under Hire Purchase Contracts & Finance Leases		
Amounts payable		
Within one year	7,302	8,506
In the second to fifth year	8,737	7,867
	16,039	16,373
Less: finance charges allocated to future accounting periods	1,866	2,074
	14,173	14,299

Notes to the Financial Statements (Continued)

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 £3,056 (2010 - £3,238).

12. Related Party Transaction

During the year the company paid £1,379 for payroll and VAT services of James Anderson & Co a firm whose senior partner James Anderson, is a director of Garvald Home Farm Limited. This payment covered the debt of £720 due to James Anderson & Co at 31 August 2010, leaving a debt due at 31 August 2011 of £659.

13. Tangible Fixed Assets

	Expenditure on Leased Property £	Tractors & Implements £	Motor Vehicles £	Total £
Cost				
31 August 2010	498,385	100,269	35,616	634,270
Additions	106,537	-	16,404	122,941
Disposals	-	-	(15,995)	(15,995)
31 August 2011	604,922	100,269	36,025	741,216
Depreciation				
31 August 2010	55,429	73,444	21,618	150,491
Charge for year	30,139	6,703	430	37,272
Written back on disposals	-	-	(2,995)	(2,995)
31 August 2011	85,568	80,147	19,053	184,768
Net Book Value				
31 August 2011	519,354	20,122	16,972	556,448
31 August 2010	442,956	26,825	13,998	483,779

The net book value of fixed assets includes an amount of £26,221 (2010 - £26,330) in respect of assets held under hire purchase agreements. The depreciation charge for the year on assets held under hire purchase was £ 4,183 (2010 - £8,331).

Notes to the Financial Statements (Continued)

14. Statement of Funds

	Balance 31 August 10 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance 31 August 11 £
Unrestricted Fund	98,805	325,450	307,722	(83,548)	32,985
- Fixed asset fund	40,823	-	37,272	522,571	526,122
- Property improvement fund	100,000	-	-	(100,000)	-
Designated Funds	140,823	-	37,272	422,571	526,622
- Hall fund	29,172	-	-	(29,172)	-
- Shed fund	49,801	-	-	(49,801)	-
- Sewage fund	29,848	-	-	(29,848)	-
- Fund raising for property improvements	230,202	-	-	(230,202)	-
- Development fund	-	26,125	26,125	-	-
Restricted Funds	339,023	26,125	26,125	(339,023)	-
Total Funds	**578,651**	**351,575**	**371,119**	-	**559,107**

Allocation of Net Assets between Funds

	Tangible Fixed Assets £	Current Assets £	Liabilities £	Total £
Unrestricted fund	-	77,859	44,874	32,985
Designated fund				
- Fixed asset fund	556,448	-	30,326	526,122
Restricted funds	-	-	-	-
	556,448	77,859	75,200	559,107

The **UNRESTRICTED 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.

The **RESTRICTED FUNDS**

- Development fund provided by Garvald Trust to fund the salary of a development worker.

Following the completion of the building additions, the balances held on the restricted funds and designated fund raised for expenditure on building additions and improvements have been consolidated into a designated fixed asset fund.

Notes to the Financial Statements (Continued)

15. Capital Commitments

As at 31 August 2011 there is a retention on the building work of £8,083. It is unlikely that this retention will be paid due to a counter claim against the contractor for costs incurred by the farm as a result of the late completion of the building contract.

Notes to the Income & Expenditure Account
For the Year ended 31 August 2011

	2011 £	2010 £
16. Staff		
Salaries & national insurance	166,955	136,982
Pension scheme	3,056	3,238
Staff expenses	639	222
Staff training	6,736	530
Volunteers' expenses	1,536	806
Relief workers	-	200
Council tax	401	-
	179,323	141,978
Note:		
Charged to restricted fund		
In statement of financial activities		
Salary – development worker	26,125	2,375
17. Farm		
Livestock etc.		
on hand year commencement	35,387	46,248
Livestock purchased	1,750	1,690
Feeding	9,653	17,734
Seed	1,604	2,458
Upkeep property	2,566	2,267
Upkeep fences & shelter belts	777	590
Upkeep implements	9,203	6,928
Haulage & contracting	5,935	6,864
Vet & medicine	635	1,339
Tractor diesel	2,466	3,417
Contracting – butcher	4,066	4,691
Hire purchase interest	366	365
Levies & subscriptions	740	1,321
	75,148	95,912
Less: Livestock etc on hand period end	30,836	35,387
	44,312	60,525
18. Household		
Provisions	24,694	23,937
Heat & light	16,479	17,776
Upkeep fittings & equipment	6,753	4,625
Upkeep property	5,674	3,482
Medical	147	553
Medical consultant/therapy	375	6,542
Cleaning materials	1,735	2,134
Registration fee	1,458	1,488
Water	-	63
	57,315	60,600

Notes to the Income & Expenditure Account (Continued)
For the Year ended 31 August 2011

		2011 £	2010 £
19.	**Residents**		
	Personal allowance	7,390	8,023
	Day placement	9,058	6,875
	Wages	817	870
	Extras & holiday stays	2,440	812
		19,705	16,580
20.	**Other Direct Costs**		
	Rent	5,000	5,000
	Insurance	4,555	4,003
	Diesel & vehicle expenses	10,896	14,300
	Printing stationery etc	365	613
	Postage & telephone	2,323	3,454
	Bank charges	597	402
	Payroll processing	1,318	1,350
	Hire purchase interest	1,438	564
	Legal fees	392	-
		26,884	29,686
21.	**Non Recurring**		
	Property expenditure	-	1,757
	Relocation costs	5,008	19,271
		5,008	21,028
22.	**Depreciation**		
	On tractor & implements	6,703	8,883
	On motor vehicles	430	6,407
	On expenditure on leased property	30,139	10,838
		37,272	26,128
	Charged to designated fund (2010 restricted funds)	37,272	26,128
23.	**Governance Costs**		
	Audit fee	1,300	1,250