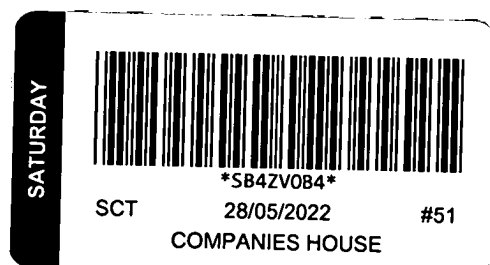


GARVALD HOME FARM LIMITED
A Company limited by guarantee
And not having a Share Capital

(Charity Registration No. SC 015243)

Company Registration No. SC 108570

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**



**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2021**

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

Directors: James Anderson (Treasurer) (Resigned 9 March 2022)
Peter Darwell
Jane Jackson
Huw Sheppard (Chair)
Charles Wannap
Jeanette Cochrane

Secretary: Jane Jackson

Residential Manager: Elizabeth Nicolson

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

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

Registered Office: Garvald Home Farm
Dolphinton
West Linton
EH46 7HJ

Company Registration No: SC 108570

Charity Registration No: SC 015243

Governing Document: Memorandum and Articles of Association

Report of the Directors For the Year ended 31 August 2021

The trustees who are also the directors present their annual report and financial statements of the charity for the year to 31 August 2021.

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 (FRS102)(effective 1 January 2019).

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 manager and the meat and dairy enterprise manager, carry out financial management and are available to assist the managers on more complex issues. The residential manager is responsible for placement of residents, the engagement and training of staff and the day to day management of the residential home. The farm and enterprise managers are each responsible for their respective enterprises. The Directors meet on average four 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 and the farm manager.

Risk Management

The Board have identified and addressed the following main risk areas facing the charity as follows:

1. The requirement to comply with legislation, regulations, standards & guidance for residential and day care of adults with additional support needs: The residential home and farm are led by an experienced management team and trustees and is subject to external inspection by regulatory bodies including local authorities, Care Inspectorate and fire and rescue services.
2. Financial risks arise from lower than budgeted occupancy levels, inadequate financial controls and substantially increased staffing costs: The Board takes a strategic role for the financial planning of the charity and receives regular updates on the Community's financial position and is supported by professional advisers.
3. The Covid19 pandemic 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. Peter Darwell and Jane Jackson retire by rotation and being eligible offer themselves for re-election. Directors did not receive any remuneration or refund of expenses.

Objectives and Activities

Garvald Home Farm offers long term homes and work in an agricultural setting for a small community of adults with special needs and co-workers. The whole enterprise is founded on the philosophy of Rudolf Steiner and the farm follows the bio-dynamic method of agriculture. The aim is to grant people with learning disabilities an independent 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 impact of the Covid virus has remained throughout the year. The residents have responded well to the lockdown life and have received their vaccinations without difficulty. It is pleasing to report that visits from relatives and friends recommenced at the latter part of the year but only under strict testing conditions. Other family contact was required to assist some of the residents earlier in the year under tight restrictions.

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

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

Achievements and Performance

The resident numbers remained constant during the year. The day service was unable to operate due to lockdown. However the fees continued to be paid by the local authorities. Special funding was again received from local authorities to increase the basic minimum social work pay rate and maintain cash differentials among staff.

Staff costs increased to cover the additional work to carry out covid testing, reports to the various authorities, working with protective equipment and socially distancing, staff absences and liaising with the families and connections of the residents. These higher staff costs qualified for funding by the Government and it was indeed fortunate that the funding was available.

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

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 £501,198 (2020: £460,782) and total expenditure of £449,459 (2020: £416,815), resulting in an operating surplus, before transfers for the year of £51,739 (2020: £43,967). A transfer of £43,977 (2020: £39,248) to the designated fund leaves the operations fund with a surplus of £7,762 (2020: £4,719).

The designated funds incurred depreciation of £63,010 (2020: £60,637) and received a transfer from operations fund of £43,977 (2020: £301,948) which leaves a deficit of £19,033 for the year (2020: £241,311 surplus).

The restricted funds had total income of £2,526 (2020: £32,262), expenditure of £nil (2020: £1,225) and no transfers (2020: £262,700 to designated funds) which leaves a surplus of £2,526 (2020: £231,663 deficit).

The result for the year is a deficit of £8,745 (2020: £14,367 surplus). Overall, the year has been unpredictable due to the impact of the Covid virus and with these uncertain events the financial surplus is satisfactory.

Report of the Directors (Continued)**Reserves Policy**

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

An analysis of Net Assets between Reserve Funds is disclosed in note 15 of the accounts. The designated funds totalling £680,699 (2020: £699,732) represent expenditure made on fixed assets less depreciation and less liabilities outstanding on their acquisition and restricted funds of £64,034 (2020: £61,508) are held to invest in a cabin development.

At 31 August 2021 free reserves amounted to £137,156 (2020: £129,394) which is equivalent to 30% of annual expenditure or expenditure for 3.6 months. Due to the expenditure on farmhouse alterations funded by the farm a movement is required from the operations fund to the fixed asset designated fund which has reduced the available funds to add to the reserves.

Plans for Future Periods

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

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

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

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

Review of the supported care model will continue and be adopted in this ensuing year.

Statement of Directors Responsibilities

The directors of Garvald Home Farm Limited are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Directors (Continued)**Statement of Disclosure of Information to Auditors**

In the case of each of the persons who are directors at the time when the directors report is approved:

- so far as the director is aware, there is no relevant audit information (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

The appointment of an Auditor was put out to tender during the year. Messrs Alexander Sloan who acted for many years declined to tender. Thomson Cooper submitted a suitable tender and have been appointed. We look forward to a successful relationship.

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

May 2022

Opinion

We have audited the financial statements of Garvald Home Farm Limited for the year ended 31 August 2021 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 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of Directors

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company 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 trustees 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 trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

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

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

We reviewed the laws and regulations in areas that directly affect the financial statements including financial and taxation legislation and considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items. Specifically, we reviewed the care inspectorate reports to identify if there were any areas of concern.

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

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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

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

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

Use of our report

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

Fiona Haro

Fiona Haro (Senior Statutory Auditor)
for and on behalf of Thomson Cooper, Statutory Auditors
Dunfermline

27 May 2022

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

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

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

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

Statement of Financial Activities
(Incorporating Income & Expenditure Account)
Prior financial year

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

Balance Sheet
As at 31 August 2021

	Notes	2021 £	2020 £
Fixed Assets			
Tangible assets	13	<u>718,699</u>	<u>742,951</u>
Current Assets			
Stocks	7	44,305	46,091
Debtors	8	40,868	46,655
Cash at bank & on hand		<u>156,643</u>	<u>153,199</u>
		<u>241,816</u>	<u>245,945</u>
Creditors			
Amounts falling due within one year	9	<u>78,626</u>	<u>98,262</u>
Net Current Assets		<u>163,190</u>	<u>147,683</u>
Total Assets less Current Liabilities		<u>881,889</u>	<u>890,634</u>
The funds of the Charity			
Unrestricted fund	15	137,156	129,394
Designated funds	15	680,699	699,732
Restricted funds	15	<u>64,034</u>	<u>61,508</u>
		<u>881,889</u>	<u>890,634</u>

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 were approved by and signed on behalf of the Board of Directors on 27 May 2022..

Huw Sheppard

Huw Shepherd
 Director

Company Registration No. SC108570

The accompanying notes form an integral part of the accounts.

Statement of Cash Flows
For the Year ended 31 August 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	42,191	106,199
Net cash provided by operating activities		<u>42,191</u>	<u>106,199</u>
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		3,750	13,165
Purchase of tangible fixed assets		(42,508)	(72,356)
Investment income and interest receivable		11	130
Net cash used for investing activities		<u>(38,747)</u>	<u>(59,061)</u>
Cash flows from financing activities			
Repayment of hire purchase finance		-	(1,438)
Repayment of loan		-	(14,000)
Net cash used for financing activities		<u>-</u>	<u>(15,438)</u>
Net increase in cash and cash equivalents		3,444	31,700
Cash and cash equivalents at 31 August 2020		<u>153,199</u>	<u>121,499</u>
Cash and cash equivalents at 31 August 2021		<u>156,643</u>	<u>153,199</u>

Note to Cash Flow Statement

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

Net income (expenditure)	(8,745)	14,367
Depreciation charges	63,010	60,637
Interest received	(11)	(130)
	<u>54,254</u>	<u>74,874</u>
(Increase) Decrease in stocks	1,786	1,119
(Increase) Decrease in debtors	5,787	20,804
Increase (Decrease) in creditors	(19,636)	9,402
	<u>42,191</u>	<u>106,199</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 2021****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. At the date of the approval of the accounts, the trustees are aware of the potential impact on the company of Covid-19. The trustees are actively taking all steps to mitigate any impact the virus may have on the company. The trustees have considered a period of 12 months from the date of approval of the financial statements.

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 2021

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:

	2021 £	2020 £
Unrestricted funds		
Income		
Donations	-	-
Investment income		
Bank interest	11	130
Charitable Activities		
Residential care fees	404,279	390,858
Farm income	48,345	53,300
Renewable heat incentive & log sales	16,658	16,494
Miscellaneous income	863	-
Covid support – Government	31,042	-
	<u>501,187</u>	<u>460,652</u>
Restricted fund donations		
Farm building development		
Grant - Garvald Trust	-	14,000
Leader Grant	-	18,245
Fundraising & donations	26	17
	<u>26</u>	<u>32,262</u>
Log cabin development		
Donation received	2,500	-
	<u>2,526</u>	<u>32,262</u>

Notes to the Financial Statements (Continued)

4. Breakdown of cost of Charitable Activities

	2021	2021	2020	2020
	£	£	£	£
	1	2	1	2
Residential and day care	376,929	44,855	355,848	39,205
Farm	63,548	12,160	53,600	14,692
Wood processing	8,982	5,995	8,592	6,740
	<u>449,549</u>	<u>63,010</u>	<u>418,040</u>	<u>60,637</u>

1. Cost of direct activities

2. Depreciation charged to each activity

Charitable Activities

	Residential & Day Care	Farm	Wood Processing	Total	Residential & Day Care	Farm	Wood Processing	Total
	2022	2022	2022	2022	2021	2021	2021	2021
	£	£	£	£	£	£	£	£
Wages and salaries	204,776	27,124	7,077	238,977	182,329	23,193	6,523	212,045
Staff costs	4,457	-	-	4,457	6,291	-	-	6,291
Farm costs	30,380	30,379	-	60,759	24,350	24,350	-	48,700
Household costs	63,131	-	-	63,131	66,727	-	-	66,727
Resident costs	26,146	-	-	26,146	25,340	-	-	25,340
Wood processing	-	-	1,520	1,520	-	-	1,522	1,522
Rent	15,390	1,900	-	17,290	16,800	1,900	-	18,700
Insurance	10,603	1,178	-	11,781	10,046	1,116	-	11,162
Motor expenses	5,962	662	-	6,624	6,258	695	-	6,953
Telephone	1,128	126	-	1,254	1,192	132	-	1,324
Subscriptions	1,239	138	-	1,377	-	-	-	-
Cabin design fees	-	-	-	-	1,200	-	-	1,200
Gain on disposal	(1,465)	-	-	(1,465)	-	-	-	-
Depreciation	46,150	12,160	5,995	64,305	39,035	14,692	6,740	60,467
	<u>407,897</u>	<u>73,667</u>	<u>14,592</u>	<u>496,156</u>	<u>379,568</u>	<u>66,078</u>	<u>14,785</u>	<u>460,431</u>
Share of support costs	11,188	1,270	-	12,458	11,658	1,121	-	12,779
Share of governance	2,699	771	385	3,855	3,827	1,093	547	5,467
	<u>421,784</u>	<u>75,708</u>	<u>14,977</u>	<u>512,469</u>	<u>395,053</u>	<u>68,292</u>	<u>15,332</u>	<u>478,677</u>
Support costs								
Wages and salaries	5,295	824	-	6,119	4,675	726	-	5,401
Rent	1,710	-	-	1,710	1,900	-	-	1,900
Printing and stationery	635	70	-	705	970	-	-	970
Telephone	1,128	126	-	1,254	1,192	132	-	1,324
Bank charges	305	34	-	339	438	46	-	484
Accounting and payroll	1,783	198	-	1,981	1,791	199	-	1,990
Hire purchase interest	-	-	-	-	360	-	-	360
Fundraising	162	18	-	180	162	18	-	180
Depreciation	170	-	-	170	170	-	-	170
	<u>11,188</u>	<u>1,270</u>	<u>-</u>	<u>12,458</u>	<u>11,658</u>	<u>1,121</u>	<u>-</u>	<u>12,779</u>
Governance costs								
Audit fee	2,279	651	325	3,255	2,450	700	350	3,500
	420	120	60	600	1,377	393	197	1,967
	<u>2,699</u>	<u>771</u>	<u>385</u>	<u>3,855</u>	<u>3,827</u>	<u>1,093</u>	<u>547</u>	<u>5,467</u>

Notes to the Financial Statements (Continued)

	2021	2020
5. Employee Information		
Average monthly number of employees during the year was:	14	13
	£	£
Wages & salaries	227,387	200,003
Social security costs	11,208	11,035
Pension costs	6,501	6,408
	<u>245,096</u>	<u>217,446</u>

No staff member is remunerated at a level in excess of £60,000 per annum. Pension contributions are made in respect of 10 (2020: 13) members of staff. No director received remuneration or travelling expenses.

The key management personnel of the Charity comprise the residential managers and farm manager. Their total cost including employer's pension and national insurance contributions was £94,056 (2020: £100,992).

6. Surplus for the Financial Year	2021	2020
	£	£
Is stated after charging:		
Depreciation charged to Designated Fund	63,010	60,637
Auditor's remuneration	3,255	3,500
Hire purchase interest	-	360
Lease - property	<u>24,420</u>	<u>23,310</u>

	2021	2020
	£	£
7. Stock		
Livestock	30,484	30,201
Crops & feeding	8,006	7,310
Wood and logs	<u>5,815</u>	<u>8,580</u>
	<u>44,305</u>	<u>46,091</u>

Notes to the Financial Statements (Continued)

	£ 2021	£ 2020
8. Debtors		
Trade debtors	33,010	20,298
Other debtors	7,117	25,630
Prepayments	741	727
	<u>40,868</u>	<u>46,655</u>
9. Creditors		
Amounts falling due within one year		
Trade creditors	23,760	32,809
Accruals	13,010	24,745
Other taxation & social security	3,856	2,708
Other creditors	38,000	38,000
	<u>78,626</u>	<u>98,262</u>

10. Other Financial Commitments

The charity has total non-cancellable obligations to pay rent of the farm property and rent of fields as follows:

Expiry date within one year	19,000	19,000
For a period of 8.5 years	46,070	51,490

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 £6,501 (2020: £6,408).

12. Related Party Transaction

During the year the company paid £1,915 (2020: £1,902) 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 £951 due to James Anderson & Co at 31 August 2020, leaving a debt due at 31 August 2021 of £1,017.

Notes to the Financial Statements (Continued)

13. Tangible Fixed Assets	Expenditure on Leased Property £	Tractors & Implements £	Motor Vehicles £	Total £
Cost				
31 August 2020	1,112,905	155,732	56,746	1,325,383
Additions	36,842	5,666	-	42,508
Disposal	-	(18,773)	(24,905)	(43,678)
31 August 2021	<u>1,149,747</u>	<u>142,625</u>	<u>31,841</u>	<u>1,324,213</u>
Depreciation				
31 August 2020	406,271	133,647	42,514	582,432
Charge for year	55,643	4,521	2,846	63,010
Written back on disposal	-	(15,023)	(24,905)	(39,928)
31 August 2021	<u>461,914</u>	<u>123,145</u>	<u>20,455</u>	<u>605,514</u>
Net Book Value				
31 August 2021	<u>687,833</u>	<u>19,480</u>	<u>11,386</u>	<u>718,699</u>
31 August 2020	<u>706,634</u>	<u>22,085</u>	<u>14,232</u>	<u>742,951</u>

14. Capital Commitments

As at 31 August 2021 there were no capital commitments. (At 31 August 2020 capital commitments were £27,322).

Notes to the Financial Statements (Continued)

15. Statement of Funds

	Balance 31 August 2020 £	Income £	Expenditure £	Transfers £	Balance 31 August 2021 £
Operations fund	129,394	501,198	449,459	(43,977)	137,156
Designated fund					
- Fixed asset fund	699,732	-	63,010	43,977	680,699
Total unrestricted funds	829,126	501,198	512,469	-	817,855
Restricted funds					
Log cabin development	61,508	2,526	-	-	64,034
Total restricted funds	61,508	2,526	-	-	64,034
Total funds	890,634	503,724	512,469	-	881,889

Allocation of Net Assets between Funds

	Tangible Fixed Assets £	Current Assets £	Liabilities £	Total £
Operations fund	-	177,782	40,426	137,156
Designated fund				
- Fixed asset fund	718,699	-	38,000	680,699
Restricted Funds				
- Log cabin development	-	64,034	-	64,034
	718,699	241,816	78,626	881,889

UNRESTRICTED FUNDS

Operations Fund

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

Designated Funds

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

RESTRICTED FUNDS

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

Notes to the Financial Statements (Continued)

16. Statement of Funds

	Balance 31 August 2019 £	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.