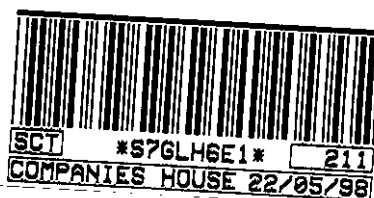


GARVALD WEST LINTON LIMITED  
A company limited by guarantee  
and not having a share capital

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REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR TO 31 AUGUST 1997

60925.



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DOLPHINTON, WEST LINTON, PEEBLESSHIRE EH46 7HJ

Council of Management:

William BC Walker (Chairman)  
Renate Amann (Renate died  
3 July 1997)  
Willi Amann  
James Anderson  
John Brett  
Christopher Butler-Cole  
Anne Byrne (resigned  
25 February 1998)  
Dennis Chanerin  
Robert Crichton  
Martin Dawson  
Arthur Horsburgh (Arthur died  
December 1997)  
Phillipa Timewell

Secretary:

Robert Crichton

Treasurer:

James Anderson C.A.

Solicitors:

Lindsays W.S.

Bankers:

The Royal Bank of Scotland PLC

Auditors:

D M Vaughan & Co

Registered Office:

Garvald West Linton

Company Registration No:

60925 (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 ended 31 August 1997.

### Review of Activities

The company continues to be engaged in providing care, education and training for adults in need of special care. There has been no change of policy in this regard.

The average number of clients during the year was thirty two. The main achievements during the year were to provide a high level of care for clients and to continue the upgrade of accommodation.

### Financial Review

The financial statements are contained in the following pages 5 to 11.

The surplus for the year was £5,740 (1996 £8,067). It is anticipated that the level of activity in the year ahead will be similar to that experienced in 1996/97 and that a small surplus will ensue.

### Legal and Administrative Details

This information regarding Garvald West Linton 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 are shown on page 1. William B C Walker, John Brett and Christopher Butler-Cole retire by rotation and being eligible offer themselves for re-election.

It is with great regret that we all learned of the deaths of Renate Amann and Arthur Horsburgh.

No council members are remunerated for their services as council members. The company enters into contracts for the provision of professional services from certain 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 them and to authorise the council to fix their remuneration.

**By Order of the Board**



Robert Crichton  
Secretary

11 May 1998

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 auditors

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 1997 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

DM Vaughan & Co Ltd

Registered Auditors

11 May 1998

Income and Expenditure Account  
For the Year ended 31 August 1997

	Notes	1997 £	1996 £
Fees	5	554,980	544,037
		<u>          </u>	<u>          </u>
Expenses			
Staff costs	6	300,917	284,594
Establishment		115,086	110,394
Administration		30,666	31,067
Household		69,117	67,838
Activities		27,755	26,757
Depreciation		7,517	4,792
Non recurring expenditure		<u>15,391</u>	<u>21,421</u>
		566,449	546,863
		<u>          </u>	<u>          </u>
		( 11,469 )	( 2,826 )
Other operating income	7	<u>16,207</u>	<u>9,543</u>
Operating surplus		4,738	6,717
Interest receivable	8	<u>1,002</u>	<u>1,350</u>
Retained Surplus For The Year	9 & 13	<u>5,740</u>	<u>8,067</u>

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

## Balance Sheet

As at 31 August 1997

	Notes	1997 £	1996 £
<b>Fixed Assets</b>			
Tangible assets	16	28,457	7,091
<b>Current Assets</b>			
Debtors	10	62,996	53,673
Bank & cash		<u>21,683</u>	<u>48,415</u>
		84,679	102,088
<b>Creditors</b>			
Amounts falling due within one year	11	35,532	43,626
<b>Net Current Assets</b>		<u>49,147</u>	<u>58,462</u>
<b>Total Assets less Current Liabilities</b>		77,604	65,553
<b>Creditors</b>			
Amounts falling due outwith one year	12	<u>6,311</u>	<u>-</u>
		<u>71,293</u>	<u>65,553</u>
<b>Income Funds</b>			
Unrestricted funds	13	<u>71,293</u>	<u>65,553</u>

The financial statements were approved and signed on behalf of the board of directors on 11 May 1998.

*Martin Dawson,*

M Dawson Council Member

*J Anderson,*

J Anderson 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 1997

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 council of management have set out on page 5 an income and expenditure account and statement of financial activities 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 Accounting Practice - Accounting by Charities. In the opinion of the council of management this provides greater clarity on the nature of the company's activities and discloses in sufficient and more appropriate detail information relating thereto.

2. Accounting Policies

(a) Basis of Accounting

The company prepares its accounts on the historical costs basis.

(b) Fixed Assets

Fixed assets are stated at the values taken over from the Garvald Trustees at January 1977 plus, in the case of motor vehicles, subsequent additions at cost. For years up to 31 August 1995 it was 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. From 1 September 1995 this policy was brought into line with the Statement of Recommended Accounting Practice - Accounting by Charities whereby such expenditure is capitalised and depreciated over the useful life of the assets.

(c) Depreciation

Depreciation is charged at annual rates on a straight line basis.

Vehicles	33,1/3%
Furniture	20%

(d) Leasing and Hire Purchase Commitments

Assets obtained under hire purchase commitments are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.



## Notes to the Financial Statements (Continued)

## 2. Continued./

## (e) Pension Costs

The company operates a defined contribution 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.

## 3. Continuing Operations

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

## 4. Total Recognised Gains and Losses

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

## 5. Fees

The company's turnover consists of fees issued to local authorities and individuals in respect of trainees. The provision of care education and training is an exempt supply for VAT purposes.

6. Staff Costs	1997 £	1996 £
Wages and salaries	255,870	241,183
Social security costs	13,279	11,792
Pension & group life costs	<u>21,150</u>	<u>19,967</u>
	<u>290,299</u>	<u>272,942</u>

## Notes to the Financial Statements (Continued)

## 6. Continued./

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

	1997	1996
	No	No
Teachers and houseparents	28	29
Clerical and administration	2	2
Garden, estate and others	<u>8</u>	<u>8</u>
	<u>38</u>	<u>39</u>

## 7. Other Operating Income

	£	£
Donations	8,362	6,341
Sales	803	1,763
Grant	-	1,439
Refund of water rates	<u>7,042</u>	<u>-</u>
	<u>16,207</u>	<u>9,543</u>

## 8. Interest Receivable

Bank deposit account	<u>1,002</u>	<u>1,350</u>
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## 9. Results for the Financial Year

After charging:

Remuneration of council members	35,399	31,520
Pension contributions of council members	2,907	3,488
Auditors remuneration	2,200	2,050
Depreciation	7,517	4,792
Hire purchase interest	<u>926</u>	<u>587</u>
	<u>48,949</u>	<u>42,437</u>

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

## 10. Debtors

Fee debtors	51,775	40,026
Other debtors	8,270	8,696
Loan	<u>2,951</u>	<u>4,951</u>
	<u>62,996</u>	<u>53,673</u>

The loan is made to Garvald Home Farm Limited. It is unsecured and interest free, with no fixed terms of repayment.

## Notes to the Financial Statements (Continued)

11. Creditors	1997 £	1996 £
Amounts falling due within one year		
Trade creditors	14,913	21,419
Accruals	4,770	8,648
Fees received in advance	9,414	8,413
Taxation and social security	3,630	3,881
Hire purchase	<u>2,805</u>	<u>1,265</u>
	<u>35,532</u>	<u>43,626</u>

## 12. Creditors

Amounts falling due within two to five years

Hire purchase	<u>6,311</u>	<u>-</u>
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## 13. Unrestricted Funds

Balance 31 August 1996	65,553	57,486
Retained surplus for the year	<u>5,740</u>	<u>8,067</u>
Balance 31 August 1997	<u>71,293</u>	<u>65,553</u>

## 14. Capital Commitments

There were no capital commitments as at 31 August 1997. However, on 27 August 1997 the company was awarded a grant from the National Lottery Charities Board in the sum of £77,762 to assist with the construction of an estate building, the refurbishment of an existing building and to contribute to the salaries of two full time staff members.

## 15. Pension Scheme

The company operates a defined contribution pension scheme. 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 £19,714 (1996 £18,619).

## Notes to the Financial Statements (Continued)

## 16. Tangible Fixed Assets

	Property Improvements £	Furniture £	Motor Vehicles £	Total £
<b>Cost &amp; Valuation</b>				
31 August 1996	7,017	6,833	22,325	36,175
Purchased	-	9,208	25,075	34,283
Sold	-	-	(17,450)	(17,450)
31 August 1997	7,017	16,041	29,950	53,008
<b>Depreciation</b>				
31 August 1996	7,017	1,367	20,700	29,084
Charge for year	-	2,935	4,582	7,517
Written back on disposals	-	-	(12,050)	(12,050)
31 August 1997	7,017	4,302	13,232	24,551
<b>Net Book Value</b>				
31 August 1997	-	11,739	16,718	28,457
31 August 1996	-	5,466	1,625	7,091

The net book value of motor vehicles includes an amount of £10,054 (1996 - £ Nil) in respect of assets held under hire purchase.

**GARVALD WEST LINTON LIMITED****Expenditure Analysis  
For the Year to 31 August 1997**

	1997 £	1996 £
<b>1. Staff Costs</b>		
Salaries & employers national insurance	269,149	252,975
Pensions & life assurance scheme	21,150	19,967
Expenses	3,286	3,925
Staff training	2,263	3,494
Council tax	5,069	4,233
	<u>300,917</u>	<u>284,594</u>
<b>2. Establishment</b>		
Water rates	-	1,990
Heat & light	30,574	27,845
Cleaning	6,288	5,936
Insurance	9,096	9,275
Rent	49,183	48,514
Property repairs & upkeep	19,945	16,834
	<u>115,086</u>	<u>110,394</u>
<b>3. Administration</b>		
Printing & stationery	4,662	2,163
Postage & telephone	9,660	10,982
Accounting fees	10,620	10,200
Audit fee	2,206	2,050
Professional & registration fees	1,352	3,901
Bank charges	696	570
Advertising	544	614
Hire purchase interest	926	587
	<u>30,666</u>	<u>31,067</u>

The above statement does not form part of the audited statutory financial statements.

	1997 £	1996 £
<b>4. Household</b>		
Provisions	52,227	51,634
Repairs & renewals of equipment and furniture	9,802	8,501
Laundry & mending	2,496	2,898
Garden & estate	3,370	3,424
Medical expenses & toiletries	<u>1,222</u>	<u>1,381</u>
	<u>69,117</u>	<u>67,838</u>
<b>5. Activities</b>		
Literature & materials	6,333	4,527
Client extras	14,003	15,628
Vehicle expenses	6,277	5,924
Subscriptions & gratuities	<u>1,142</u>	<u>678</u>
	<u>27,755</u>	<u>26,757</u>
<b>6. Depreciation</b>		
Vehicles	4,582	3,425
Furniture	<u>2,935</u>	<u>1,367</u>
	<u>7,517</u>	<u>4,792</u>
<b>7. Non Recurring Expenditure</b>		
Improvements	<u>15,391</u>	<u>21,421</u>
<b>8. Other Operating Income</b>		
Donations	8,362	6,341
Sales	803	1,763
Grant	-	1,439
Refund of water rates	<u>7,042</u>	<u>-</u>
	<u>16,207</u>	<u>9,543</u>

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