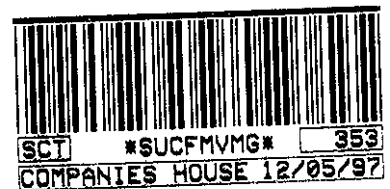


60925

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

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR TO 31 AUGUST 1996

[Handwritten signature]



DOLPHINTON, WEST LINTON, PEEBLESSHIRE EH46 7HJ

Council of Management:

William BC Walker (Chairman)
Renate Amann
Willi Amann
James Anderson
John Brett
Christopher Butler-Cole
Anne Byrne
Dennis Chanerin
Robert Crichton
Martin Dawson
Arthur Horsburgh
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

Report of the Council of Management

The council of management is pleased to present its report for the year ended 31 August 1996.

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 £8,067 (1995 £17,477). It is anticipated that the level of activity in the year ahead will be similar to that experienced in 1995/96 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.

Report of the Council of Management (Continued)**Council of Management**

The members of council are shown on page 1. James Anderson, Robert Crichton and Phillipa Timewell retire by rotation and being eligible offer themselves for re-election.

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

25 March 1997



Robert Crichton
Secretary

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

Respective responsibilities of directors and 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 1996 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

25 March 1997

DM Vaughan

Registered Auditors

Income and Expenditure Account
For the Year ended 31 August 1996

	Notes	1996 £	1995 £
Fees	5	544,037	540,868
		<u> </u>	<u> </u>
Expenses			
Staff costs	6	284,594	266,114
Establishment		110,394	105,083
Administration		31,067	30,446
Household		67,838	58,544
Activities		26,757	33,949
Depreciation		4,792	8,170
Non recurring expenditure		21,421	26,238
		<u>546,863</u>	<u>528,544</u>
		(2,826)	12,324
Other operating income	7	<u>9,543</u>	<u>4,741</u>
Operating surplus		6,717	17,065
Interest receivable	8	<u>1,350</u>	<u>412</u>
Retained Surplus			
For The Year	9 & 13	<u>8,067</u>	<u>17,477</u>

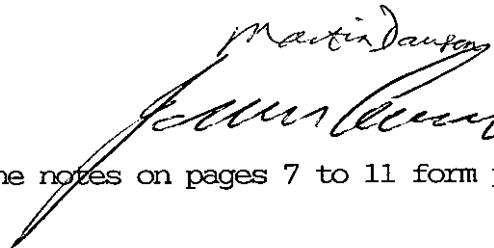
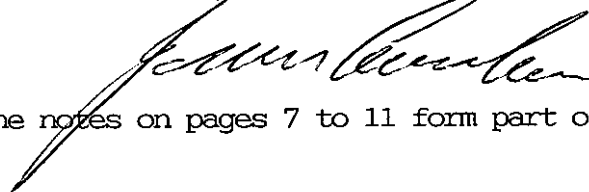
The notes on pages 7 to 11 form part of these accounts.

Balance Sheet

As at 31 August 1996

	Notes	1996 £	1995 £
Fixed Assets			
Tangible assets	16	7,091	5,050
Current Assets			
Debtors	10	53,673	56,476
Bank & cash		48,415	35,454
		102,088	91,930
Creditors			
Amounts falling due within one year	11	43,626	38,230
Net Current Assets		58,462	53,700
Total Assets less Current Liabilities		65,553	58,750
Creditors			
Amounts falling due outwith one year	12	-	1,264
		65,553	57,486
Income Funds			
Unrestricted funds	13	65,553	57,486

The financial statements were approved and signed on behalf of the board of directors on 25 March 1997.


 M Dawson Council Member

 J Anderson Council Member

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

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

1. General

The company does not seek to make a profit, nor can its achievements be measured by normal commercial criteria. In order that a true and fair view of its activities should be given in these accounts, the council of management have set out on page 5 an income and expenditure account which shows the results for the year, but in a format other than as prescribed in the Companies Act 1985. In the opinion of the council of management this provides greater clarity on the nature of the company's activities and discloses in sufficient detail information relating thereto, as required by the Companies Act 1985.

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 practice 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.

(e) Pension Costs

The company operates a defined contribution scheme, contributions are charged against profits on the amounts payable for the year.

Notes to the Financial Statements (Continued)

2. Continued./

(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	1996 £	1995 £
Wages and salaries	241,183	224,078
Social security costs	11,792	11,745
Pension & group life costs	<u>19,967</u>	<u>18,218</u>
	<u>272,942</u>	<u>254,041</u>

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

	1996 No	1995 No
Teachers and houseparents	29	28
Clerical and administration	2	2
Garden, estate and others	<u>8</u>	<u>8</u>
	<u>39</u>	<u>38</u>

Notes to the Financial Statements (Continued)

	1996 £	1995 £
7. Other Operating Income		
Donations	6,341	2,564
Sales	1,763	2,177
Grant	<u>1,439</u>	<u>-</u>
	<u>9,543</u>	<u>4,741</u>
8. Interest Receivable		
Bank deposit account	<u>1,350</u>	<u>412</u>
9. Results for the Financial Year		
After charging:		
Remuneration of council members	31,520	24,240
Pension contributions of council members	3,488	3,990
Auditors remuneration	2,050	1,854
Depreciation	4,792	8,170
Hire purchase interest	<u>587</u>	<u>587</u>
	<u>42,437</u>	<u>38,841</u>
No part of the remuneration paid to council members is for services as a council member.		
10. Debtors		
Fee debtors	40,026	47,756
Other debtors	8,696	3,769
Loan	<u>4,951</u>	<u>4,951</u>
	<u>53,673</u>	<u>56,476</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	1996 £	1995 £
Amounts falling due within one year		
Trade creditors	21,419	16,849
Other creditors	-	674
Accruals	8,648	5,067
Fees received in advance	8,413	9,819
Taxation and social security	3,881	3,291
Hire purchase	<u>1,265</u>	<u>2,530</u>
	<u>43,626</u>	<u>38,230</u>

12. Creditors

Amounts falling due within two to five years

Hire purchase	<u>-</u>	<u>1,264</u>
---------------	----------	--------------

13. Unrestricted Funds

Balance 31 August 1995	57,486	40,009
Retained surplus for the year	<u>8,067</u>	<u>17,477</u>
Balance 31 August 1996	<u>65,553</u>	<u>57,486</u>

14. Capital Commitments

Capital commitments as at 31 August 1996 amounted to £11,220 in respect of a minibus.

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 £18,619 (1995 £17,536).

Notes to the Financial Statements (Continued)

16. Tangible Fixed Assets

	Property Improvements £	Furniture £	Motor Vehicles £	Total £
Cost & Valuation				
31 August 1995	7,017	-	22,325	29,342
Purchased	-	6,833	-	6,833
Sold	-	-	-	-
31 August 1996	7,017	6,833	22,325	36,175
Depreciation				
31 August 1995	7,017	-	17,275	24,292
Charge for year	-	1,367	3,425	4,792
Written back on disposals	-	-	-	-
31 August 1996	7,017	1,367	20,700	29,084
Net Book Value				
31 August 1996	-	5,466	1,625	7,091
31 August 1995	-	-	5,050	5,050

The net book value of motor vehicles includes an amount of £Nil (1995 - £ Nil) in respect of assets held under hire purchase.