

OCHIL TOWER SCHOOL LIMITED

Scottish Charity No. SC 006091

Company No. SC 051098

For retention

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

**Reference and Administrative Details
For the Year ended 31 March 2017**

Company number: SC 051098

Charity number: SC 006091

Registered Office: 140 High Street, Auchterarder, Perthshire, PH3 1AD

Auditors James Anderson & Co, Pentland Estate, Straiton, Edinburgh, EH20 9QH.

Bankers: Clydesdale Bank, 117 High Street, Auchterarder, PH3 1AA

Solicitors: Kippen Campbell, 48 Tay Street, Perth, PH1 5TR.

Company secretary: John Cursiter

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

J Glass (Chair)
G Davies
Mrs B McDonough
Mrs M Orr
Mrs C Tester
Mrs S Williams (resigned 15 May 2017)
Mrs L Wray

Joint co-ordinators: Mrs H Ruprecht
U Ruprecht
Mrs M Snellgrove
N Snellgrove

**Report of the Directors
For the Year ended 31 March 2017**

The trustees who are also the directors present their annual report and financial statements of the charity for the year to 31 March 2017.

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 (Charities SoRP FRS102).

Objectives and Activities

As a Camphill Community our vision for Ochil Tower School is grounded in the ethos of the Camphill Movement where people can live, learn and work together in healthy social relationships based on mutual care and respect. Central to this is valuing each person as a unique being of intrinsic worth with potential for spiritual, moral, intellectual and physical development and change.

Ochil Tower offers 12 day and 28 residential places for young people with additional support needs. In response to the pupils' high social and educational needs we have focused on creating imaginative and flexible approaches to developing self esteem, confidence and an interest in learning and achieving. This is facilitated by a flexible social pedagogical approach which combines care and education as mutually affecting arenas of lifelong learning.

This document should be read in conjunction with the Integrated School Improvement Plan for 2015 and the accompanying Review of the Plan.

All three documents are available on our website: <http://www.ochiltowerschool.org.uk/>

Activities and Special Events:

As always the pupils have been very engaged in our interactive school assemblies. A number of themes have been explored throughout the year and this was done through a range of topic related activities during the assemblies and in the classes. The main topics have been World Religions, Nature Art, Fairtrade and Transport.

The end of term festivals have again provided a wonderful opportunity for the pupils and teachers to show their parents and friends how hard they have worked and how much they have learned. These have included class performances related to the termly themes, a whole school Nativity pageant at Christmas and the end of year festival where we had to say goodbye to so many people and wish them well for the future.

Other special events have been:

The Michaelmas celebration, harvesting, creating a beautiful altar in the Hall and celebrating with our common Michaelmas meal. The Hallowe'en party and St Martin's celebration. The Advent Garden and Advent and Christmas celebrations. Pancake Races and a wonderful Carnival party on Shrove Tuesday. Image Theatre's performance of 'The Jungle Book'. The Live Music Now workshops, sponsored by the Gannochy Trust, which ran for the summer term, have been a real highlight. The musicians 'Granny Green' were not only very talented musically, but also engaged with the young people with energy and enthusiasm, and their sessions were very much appreciated.

Many fund-raising events also took place this year. These were:

Fairtrade fortnight which started with a coffee morning attended by people from our local community of Auchterarder. The hall was beautifully decorated for this occasion and most of the delicious food was prepared by the classes, using Fairtrade ingredients. We had strawberry jam, chocolate spread, fruit salad, smoothies, pancakes, muffins, bircher muesli and freshly baked bread. So much hard work and effort went into making this a really special occasion. As a result of our Fairtrade work we received Fair Achiever School status in April 2017.

The Nativity Pageant at the end of the Christmas term and the variety concert in the Easter term, both of which raised money for Safe Passage, a charity which supports unaccompanied children and young people to travel to the UK legally and safely.

**Report of the Directors
For the Year ended 31 March 2017****Activities and Special Events: Continued**

The father of one of our pupils, Martin McDonald, ran a sponsored marathon which raised £ 850, and his workplace, Hoyer Petrolog UK raised an additional £ 250. This money has gone towards our Life Skills Centre.

More fund-raising was also done at a very successful and enjoyable Red Nose Day in March. All in all £276 was raised. Lochay Class walked 26 miles in stages around Lochleven and raised £880 for the Fairtrade Foundation.

We were also adopted by our local Coop as one of three local charities, and £3,500 was raised for us. In addition we also received £3,500 respective Gift Aid.

Our pupils were very busy during Litter Picking week in the beginning of June, out in all weathers, picking up numerous bags of litter in and around the local community.

Family Day on 18th June: barbecue, ice cream, scrumptious food cooked by our chef David and exquisite cakes baked by his wife Karen, games, dancing, singing, relaxing on the lawn, chatting to friends and family, and all quite unexpectedly in glorious sunshine.

Camping Weeks: three of our five classes enjoyed the annual trip to the White House at Killin, sleeping in tents, canoeing, orienteering, visiting the Crannog Centre, going for long walks and sitting around the camp-fire. The two other classes spent some time at the White House and also enjoyed going for day trips.

Achievements and Performance:

The children and young people have continued to work very hard this year on developing new skills and gaining new knowledge across a wide range of topics and activities. There will possibly be more, but at the time of writing our pupils have achieved the following:

123 SQA National 1, 7 Dynamic Youth Awards, and one pupil gained SQA National 3 in Art and Design, National 4 in Numeracy, National 5 in Hospitality: Practical Cookery, and is also just completing a one year falconry apprenticeship at Phoenix Falconry. A wonderful achievement.

The Achievement Celebration for all pupils and the Leaving Presentations for the school leavers which all took place at the end of June were valuable and memorable occasions, giving the pupils and co-workers a real sense of accomplishment.

In January we had a four day integrated inspection from Education Scotland and the Care Inspectorate. This was a busy, engaging and very successful week. Education Scotland gave us a rating of very good for all areas inspected and the Care Inspectorate gave us excellent for Quality of Care and Support and very good for all other areas. Some of the positive comments were :

Staff across the school have created a nurturing environment based on shared values in which all children and young people are treated with respect.

All staff across the school community share a strong commitment to ensuring positive outcomes for children and young people.

Staff have developed an extremely supportive climate to enable children and young people to improve their confidence and resilience and help prepare them to be ready and engaged in learning.

Staff are reflective in all aspects of their practice. They are responsive to the needs of learners and continually adapt their approaches to ensure the best possible outcomes for children and young people.

**Report of the Directors
For the Year ended 31 March 2017****Achievements and Performance: Continued****Summary**

This has proved to be another exciting, challenging and ultimately fulfilling year. Our pupils have gained in maturity and a sense of themselves as young people fully engaged in the business of learning, achieving and making a contribution to their school, to their local community and also globally.

We want to thank all the parents for their continuing support, which is truly indispensable and much appreciated. We also want to thank our local community of Auchterarder for their friendship and interest, with a special thanks of course to the Coop for their fund-raising initiative. Our Board of Trustees have been particularly supportive throughout this year in providing us with continuing guidance, assistance and encouragement, as we make our way through this period of transition.

We want to thank all the parents for their continuing support, which is truly indispensable and much appreciated, and to thank our local community of Auchterarder for their friendship and interest.

Financial Review

The financial statements follow on pages 10 to 17.

The financial performance of the Company remained satisfactory during the year. Fees were lower this year as planned at £2,137,330 (2015/16: £2,369,145) due to the closure of Priory for major refurbishment, resulting in a lower surplus on the Unrestricted Fund of £157,678 (2015/16: £533,894). £138,000 has been allocated to the Maintenance Fund for essential maintenance expenditure planned for the coming year.

In addition there is further income and expenditure on the designated funds as shown in the Statement of Financial Activities on page 10 with an analysis provided by the notes on pages 14 and 15.

Reserves policy

The Directors maintain a Development Fund in order to fund large essential renovation projects to a number of school properties. During the year £128,781 of renovation works were charged to the designated Development Fund for the initial phases of the project to renovate Priory House.

The directors aim to build up sufficient free reserves to cover the company's running costs for a six month period to ensure the continuity of service provision for the pupils. The current reserves amount to 25 weeks expenditure and are therefore considered satisfactory.

Plans for Future Periods

The Integrated School Improvement Plan gives more detail on the areas for improvement, using Education Scotland quality indicators and Care Inspectorate quality statements, but our broad improvement plans for the future are as follows:

We are planning to make further progress with our Capital Development Project in the coming year. With the refurbishment of Priory House which was closed for this school year nearing completion, we plan to reopen this home for the new school year in August, providing space for four residential and two to three day pupils. We have also commenced design work on the new Life Skills Centres, with work on this to be completed in the year ahead. Beyond this, we aim to begin design work on the renovation and extension of another of our homes, the Coach House, with the aim to complete this project in the near future.

**Report of the Directors
For the Year ended 31 March 2017****Plans for Future Periods Continued**

We will continue to work in partnership with Education Scotland and the Care Inspectorate to reflect on what we have done to date, and look at what we need to do now and in the future to improve and develop the care and education we offer to children and young people. The detailed Summary of Inspection Findings has outlined agreed two areas for improvement. These are as follows:

- 1) We should continue with our work to develop and further improve the curriculum to ensure we are preparing young people for life after they leave the school. In taking this forward we should consider how we can best include partners in developing the curriculum to maximise opportunities for learning.
- 2) It was felt that we have made a very good start in reviewing the progress that learners are making. We should continue with this and develop ways in which we can best track the progress of children and young people to help them build on their learning.

With the planned retirement of the Joint Coordinators in the summer of 2019, we are currently actively engaged in securing the school's future by working with our Board of Trustees and other stakeholders to deliver on our Transition Plan for the school. This will involve the appointment of a new CEO and key senior managements posts, who will work alongside the Joint Coordinators for a period of time, before leading the school community and realising our plans for the future.

Structure Governance and Management*Governing Document*

Ochil Tower School Limited is a charitable company limited by guarantee and is governed by its Memorandum and Articles of Association dated 15 July 1972 and amended 19 November 2012. The liability of each member is limited to £5. It is a registered charity with the Office of the Scottish Charity Regulator (OSCR).

Director induction and training

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, the business plan and recent financial performance of the charity. Directors are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Under the Articles, Mrs M Orr and Mrs C Tester will retire by rotation on 31 December 2017 and, being eligible, will offer themselves for re-election.

Organisation

The Board of Directors appoints the joint co-ordinators, carries out financial overview and is available to assist the staff on more complex issues. The joint co-ordinators are responsible for placement of pupils, the engagement and training of staff and the day to day running of the school. The Directors meet on average six occasions a year to receive reports from the joint co-ordinators and to carry out operational and financial reviews.

Key Management Remuneration Policy

Ochil Tower School is a Camphill community which is led by long term volunteer co-workers. They are not paid a salary for their contribution to the school but instead each is entitled to receive their normal living expenses which are substantially less than the salaries paid for equivalent employed positions in similar organisations. The level of the living expenses is monitored by the Board.

**Report of the Directors
For the Year ended 31 March 2017****Structure Governance and Management Continued***Risk Management*

The Board have identified and addressed the principal risks and uncertainties facing our charity as follows:

1. Failure to comply with legislation, regulations, standards & guidance for care and education of pupils.

The school is led by an experienced management team and trustees, performs regular internal quality audits (eg care, health & safety) and is subject to external inspection by regulatory bodies (eg Care Inspectorate, Education Scotland).

2. Poor practice resulting from insufficient and inadequately staff and volunteers to support pupils.

The school has a policy of recruiting staff with the necessary skills and ensuring that skills are maintained. Volunteers are provided with training appropriate to their roles. The school has a development plan in place for the transition to employing senior staff.

3. Financial loss arising from low occupancy or inadequate financial controls.

The school provides high quality care and maintains good working relationships with parents and local authorities. The Board approve the annual budget and receive quarterly updates on the school's financial position and they and the Senior Management Team are supported by professional advisors.

The directors regularly review all of the risks to which the charity is exposed and the procedures in place to manage these risks.

Statement of Directors Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 the financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting 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.
- Observe the methods and principles in the Charities Statement of Recommended Practice.
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

**Report of the Directors
For the Year ended 31 March 2017**

Structure Governance and Management Continued

Auditors

The auditors, James Anderson & Co CA, will be proposed for reappointment in accordance with s485 of the Companies Act 2006.

By Order of the Board



**J Cursiter
Company Secretary**

13 November 2017

We have audited the financial statements of Ochil Tower School Limited for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, 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 charitable company's members and its trustees those matters that we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, or the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under these acts.

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 (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 applied 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 Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 March 2017 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 applicable to smaller entities; 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).

Opinion (Continued)...

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- The charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit;

James Anderson & Co

Christopher Spalding (Senior Statutory Auditor)
for and behalf of James Anderson & Co, Statutory Auditors, Pentland Estate, Straiton, EH20 9QH

James Anderson & Co is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

13 December 2017

**Statement of Financial Activities
(Incorporating Income & Expenditure Account)
For the Year ended 31 March 2017**

	Notes	Total Unrestricted Funds		Restricted Fund	Total 2017	Total 2016
		Unrestricted Fund	Designated Funds	Fund		
		£	£	£	£	£
Income from :						
Donations	3	9,422	8,346	8,000	25,768	15,150
Charitable activities						
- Fees and allowances		2,131,290	6,040	-	2,137,330	2,369,145
Income from investments	4	3,495	1,065	-	4,560	4,702
Total income		<u>2,144,207</u>	<u>15,451</u>	<u>8,000</u>	<u>2,167,658</u>	<u>2,388,997</u>
Expenditure on :						
Charitable activities						
- Cost of charitable activities	5	1,986,529	9,670	-	1,996,199	1,848,332
- Depreciation	8	-	33,339	-	33,339	38,766
Total expenditure		<u>1,986,529</u>	<u>43,009</u>	<u>-</u>	<u>2,029,538</u>	<u>1,887,098</u>
Net income/(expenditure)	6	157,678	(27,558)	8,000	138,120	501,899
Transfers between funds	11	(176,400)	151,990	24,410	-	-
Net movement in funds		<u>(18,722)</u>	<u>124,432</u>	<u>32,410</u>	<u>138,120</u>	<u>501,899</u>
Reconciliation of funds						
Balances 31 March 2016		418,075	1,137,584	-	1,555,659	1,053,760
Balances 31 March 2017	11	<u>399,353</u>	<u>1,262,016</u>	<u>32,410</u>	<u>1,693,779</u>	<u>1,555,659</u>

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

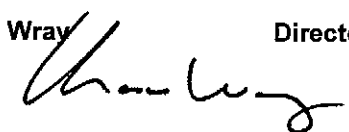
Balance Sheet
As at 31 March 2017

	Notes	2017 £	2016 £
Fixed Assets			
Tangible assets	8	<u>256,517</u>	<u>135,885</u>
Current Assets			
Debtors	9	475,864	441,945
Cash at bank		<u>1,034,125</u>	<u>1,040,098</u>
		<u>1,509,989</u>	<u>1,482,043</u>
Creditors			
Amounts falling due within one year	10	<u>72,727</u>	<u>62,269</u>
Net Current Assets		<u>1,437,262</u>	<u>1,419,774</u>
Net Assets		<u>1,693,779</u>	<u>1,555,659</u>
Capital and Reserves			
Unrestricted fund	11	399,353	418,075
Designated funds	11	<u>1,262,016</u>	<u>1,137,584</u>
Total unrestricted fund		1,661,369	1,555,659
Restricted fund	11	<u>32,410</u>	<u>-</u>
Total Funds		<u>1,693,779</u>	<u>1,555,659</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies and with Charities SoRP FRS102.

The financial statements on pages 10 to 17 were approved by and signed on behalf of the Board of Directors on 13 November 2017.


J Glass Director


L Wray Director

**Notes to the Financial Statements
For the Year ended 31 March 2017****1. Statutory information**

Ochil Tower School 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 (£).

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:

a) 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 (Charities SoRP FRS102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

Ochil Tower School 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.

The last financial statements for the year ended 31 March 2016 were prepared under the previous UK GAAP. The transition date to FRS 102 is therefore 1 April 2015. The transition to FRS102 has had no impact on the financial performance and position of the company as a result of complying with the new standard.

b) 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.

c) Donated services

In accordance with the Charities SoRP (FRS102) general volunteer time is not recognised in the accounts. Information regarding the contribution of volunteers is provided in the Report of the Directors and in note 7.

d) Income

Income is attributable to the one continuing activity, which is the provision of education and residential care for young people with additional support needs.

All income is recognised once the charity has entitlement to the income, there is sufficient certainty of receipt and so it is probable that the income will be received, and the amount of income receivable can be measured reliably.

The charity receives fees for the provision of education and residential care. Fee income is recognised when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

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.

Interest on funds held on deposit is included upon notification of the interest paid or payable by the Bank. Interest receivable on loans is recognised as it becomes due under the terms of the loan agreement.

**Notes to the Financial Statements
For the Year ended 31 March 2017****2. Accounting policies continued****e) 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.

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities.

f) 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 11 to the financial statements.

g) 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 either the designated Capital Fund or the appropriate restricted fund in order to write off each asset over its expected useful life less estimated residual value.

Tenant's improvements	Over the remaining term of the lease which expires in 2038
Fixtures and fittings	12.5% and 25% straight line
Motor vehicles	25% reducing balance

h) 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.

i) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

j) Cash in bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments.

k) Pensions

The company operates a defined contribution scheme. Contributions are charged to the Income and Expenditure Account in the year they arise.

l) Discretionary Benevolent Fund

The company makes provision for future discretionary benevolent payments to its co-workers. The contributions in the year are charged to the Income and Expenditure Account.

m) Taxation

No provision for corporation tax is necessary as the company has charitable status and does not trade. The company suffers input VAT on some of its expenditure which it does not recover.

**Notes to the Financial Statements
For the Year ended 31 March 2017**

2. Accounting policies continued

n) Operating leases

Rentals payable under operating leases are charged to expenditure on a straight line basis over the period of the lease.

	2017	2016
	£	£
3. Donations and legacies		
Donations - Unrestricted Fund	9,422	8,774
- General Fund (designated)	8,346	6,376
- Life Skills Centre Fund (restricted)	8,000	-
	<u>25,768</u>	<u>15,150</u>
4. Investment income		
Interest receivable - Unrestricted Fund	3,495	3,637
- General Fund (designated)	1,065	1,065
	<u>4,560</u>	<u>4,702</u>
5. Cost of Charitable Activities		
<i>Unrestricted Fund</i>		
Salaried staff	652,009	545,889
Administration salaries	28,247	23,060
Agency costs	19,423	27,188
Co-worker costs	204,903	207,476
Training costs	14,572	18,364
Rent	331,800	277,000
Office and telephone	31,129	33,608
Camphill Scotland subscriptions	16,220	14,551
Provisions	121,881	132,578
Education & therapy	41,383	41,590
Medical	7,151	13,900
Heat and light	42,682	45,342
Household and laundry	50,699	65,687
Repairs and renewals	105,439	94,373
Motor and travel expenses	33,839	27,361
Insurance and local taxes	42,930	33,876
Garden and estate	9,554	12,181
Bank interest and charges	779	793
Audit fee	7,920	7,200
Accounting and secretarial services	4,753	4,680
Directors' travel	216	75
Co-worker discretionary benevolent fund	219,000	216,000
	<u>1,986,529</u>	<u>1,842,772</u>
<i>Benevolent Fund (designated)</i>		
Payments for beneficiaries	3,785	-
<i>General Fund (designated)</i>		
Sundries	2,012	-
<i>White House Fund (designated)</i>		
Maintenance costs	3,873	5,560
	<u>1,996,199</u>	<u>1,848,332</u>
Total cost of charitable activities		

**Notes to the Financial Statements
For the Year ended 31 March 2017**

	2017 £	2016 £
6. Operating Surplus (net income)		
This operating surplus is stated after charging:		
Depreciation	33,339	38,766
Audit fee	7,920	7,200
	<u> </u>	<u> </u>
7. Staff Costs		
Wages & salaries	596,898	507,162
Social security costs	49,615	43,250
Pension costs	33,743	18,537
	<u> </u>	<u> </u>
	680,256	568,949

The average weekly number of employees during the year was:

	Number	Number
Administration	2	1
School	26	25
	<u> </u>	<u> </u>
	28	26
Co-workers	25	25
	<u> </u>	<u> </u>
	53	51

No staff member is remunerated at a level in excess of £60,000. Pension contributions are made in respect of 24 (2016: 15) member of staff. In addition to salaried members of staff Ochil Tower School attracts volunteer workers from all over the world who provide friendship and care to residents. These volunteers, who are known as Co-workers, live at Ochil Tower School and help foster a strong & distinctive community spirit. Payments to Co-workers are shown in note 5.

The key management personnel of the charity comprise the four joint co-ordinators who are long term co-workers. Their total benefits were £34,152 (2016: £30,547).

8. Tangible fixed assets	Tenant's Improvements £	Furniture & Equipment £	Motor Vehicles £	Total £
Cost				
At 31 March 2016	77,506	97,416	108,381	283,303
Additions	128,781	19,961	8,500	157,242
Disposals	-	(40,440)	(7,888)	(48,328)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 March 2017	206,287	76,937	108,993	392,217
Depreciation				
As at 31 March 2016	7,593	70,386	69,439	147,418
Charge for year	3,901	18,018	11,420	33,339
Written back on disposals	-	(40,440)	(4,617)	(45,057)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 March 2017	11,494	47,964	76,242	135,700
Net book value				
At 31 March 2017	194,793	28,973	32,751	256,517
At 31 March 2016	69,913	27,030	38,942	135,885

**Notes to the Financial Statements
For the Year ended 31 March 2017**

	2017 £	2016 £
9. Debtors		
Trade debtors	375,864	341,945
Loans	100,000	100,000
	<u>475,864</u>	<u>441,945</u>

Loans totalling £100,000 have been made to Camphill Central Scotland Trust Limited, the owners of the Ochil Tower property. The loans are repayable at three months notice and interest is charged at an agreed rate during the year.

10. Creditors – Amounts falling due within one year

Trade creditors	12,746	17,131
Accruals	45,792	31,231
Other taxation and social security	14,189	13,907
	<u>72,727</u>	<u>62,269</u>

11. Statement of funds

	As at 31 March 2016 £	Incoming resources £	Resources expended £	Transfers between funds £	As at 31 March 2017 £
Unrestricted fund	418,075	2,144,207	(1,986,529)	(176,400)	399,353
<i>Designated funds</i>					
Asset replacement fund	3,197	-	-	13,210	16,407
Benevolent fund	94,695	-	(3,785)	-	90,910
Capital fund	135,885	-	(33,339)	129,561	232,107
Development fund	683,547	-	-	(128,781)	554,766
General fund	168,251	9,411	(2,012)	-	175,650
Maintenance fund	50,000	-	-	138,000	188,000
White House fund	2,009	6,040	(3,873)	-	4,176
Total unrestricted funds	<u>1,555,659</u>	<u>2,159,658</u>	<u>(2,029,538)</u>	<u>(24,410)</u>	<u>1,661,369</u>
<i>Restricted Fund</i>					
Life Skills Centre fund	-	8,000	-	24,410	32,410
Total	<u>1,555,659</u>	<u>2,167,658</u>	<u>(2,029,538)</u>	<u>-</u>	<u>1,693,779</u>

The **Unrestricted** fund represents the unrestricted funds which the company is free to use in accordance with its charitable objectives.

The **Designated** funds are unrestricted funds set aside by the directors for particular purposes of the charity:

- Asset Replacement Fund represents funds set aside for the future purchase of fixed assets.
- Benevolent Fund represents funds set aside to provide for co-workers.
- Capital Fund represents expenditure on the tangible fixed assets less depreciation charged.
- Development Fund represents funds required for necessary renovation work on the school properties.
- General Fund represents donations and interest received less expenditure not normally met out of fee income.
- Maintenance Fund represents funds set aside to provide for major property refurbishment expenditure.
- White House Fund represents the funds set aside for expenses of running a short stay property.

The **Restricted** Life Skills Centre Fund represents funds received towards the construction of the Life Skills Centre less depreciation charged.

**Notes to the Financial Statements
For the Year ended 31 March 2017**

12. Analysis of Net Assets between Funds

	Tangible Fixed Assets £	Net Current Assets £	Total £
Unrestricted fund	-	399,353	399,353
<i>Designated funds</i>			
Asset replacement fund	-	16,407	16,407
Benevolent fund	-	90,910	90,910
Capital fund	232,107	-	232,107
Development fund	-	554,766	554,766
General fund	-	175,650	175,650
Maintenance fund	-	188,000	188,000
White House fund	-	4,176	4,176
Total unrestricted funds	232,107	1,429,262	1,661,369
<i>Restricted fund</i>			
Life Skills Centre fund	24,410	8,000	32,410
Total	256,517	1,437,262	1,693,779

13. Co-Worker Discretionary Benevolent Fund

The company makes provision for future discretionary pension payments to its long term co-workers. The contributions are paid to a separate company which holds its assets in independently administered funds. The charge in the accounts represents contributions payable by the company during the year and amounted to £219,000 (2016: £216,000).

14. Pension Costs

The company operates a money purchase (defined contribution) 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 £33,743 (2016: £18,537).

15. Leases

	2017 £	2016 £
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The total minimum future lease payments under non-cancellable operating leases are as follows:

	Property	
	2017 £	2016 £
Within one year	302,650	252,250
In the second to fifth years inclusive	1,200,000	998,400
After five years	4,800,000	4,243,200
	<u>6,302,650</u>	<u>5,493,850</u>

The property is leased from Camphill Central Scotland Trust until 31 March 2038.

16. Related Parties

The amount reimbursed to one director for travel expenses during the year was £216 (2016: £75). No director received any remuneration for their services as a director during the year.

During the year the charitable company paid fees of £2,000 (2016: £3,700) on a normal commercial basis to director Margaret Orr for staff mentoring services. The amount outstanding at 31 March 2017 was £800 (2016: £nil).

17. Financial commitments

At 31 March 2017 the charitable company had contractual commitments for the acquisition of tangible fixed assets but which have not been provided for in the financial statements of £431,636 (2016: nil).