

OCHIL TOWER SCHOOL LIMITED

Scottish Charity No. SC 006091

Company No. SC 051098

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

**Reference and Administrative Details
For the Year ended 31 March 2018**

<i>Company number:</i>	SC 051098
<i>Charity number:</i>	SC 006091
<i>Registered Office:</i>	140 High Street, Auchterarder, Perthshire, PH3 1AD
<i>Auditors</i>	James Anderson & Co, Pentland Estate, Straiton, Edinburgh, EH20 9QH.
<i>Bankers:</i>	Clydesdale Bank, 117 High Street, Auchterarder, PH3 1AA
<i>Solicitors:</i>	Kippen Campbell, 48 Tay Street, Perth, PH1 5TR.
<i>Company secretary:</i>	John Cursiter
<i>Directors:</i>	The directors serving during the year and since the year end were as follows: J Glass (Chair) G Davies (resigned 23 February 2018) Mrs B McDonough Mrs M Orr Mrs C Tester Mrs S Williams (resigned 15 May 2017) Mrs L Wray
<i>Chief Executive Officer</i>	S Provan (appointed December 2017)
<i>Head of Care</i>	J Alexander (appointed February 2018)
<i>Head of Education</i>	Mrs M Puccianti (appointed January 2018)
<i>Joint co-ordinators:</i>	Mrs H Ruprecht (retired 30 June 2018) U Ruprecht (retired 30 June 2018) Mrs M Snellgrove (retired 30 June 2018) N Snellgrove (retired 30 June 2018)

Report of the Directors For the Year ended 31 March 2018

The trustees who are also the directors present their annual report and financial statements of the charity for the year to 31 March 2018.

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 25 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:

This year has been a year of transition and change with the appointment of a new management team to replace the four joint coordinators who retired at the end of June 2018. The school is planning for our new offering for 18-21 year olds and this programme will begin in July of 2018. In the midst of all these changes the pupils have continued to work hard, develop and grow, and this report will describe the work which has been done over the past school year, celebrate the many successes and achievements, and also look ahead to the future.

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 Equality and Difference, Rights and Responsibilities and Sex Education.

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. Priory House reopened in August 2017 to admit four residential pupils and three day pupils.

We had the laying of the foundation stone for our new Life Skills Centre in September 2017, and since then we have watched the gradual construction with great interest and anticipation. It will contain a food processing area, two classrooms, a covered outdoor workspace and a maintenance workshop. We have enjoyed celebrations as a whole school community with our Michaelmas celebration, Hallowe'en party and St Martin's celebration.

We also enjoyed Advent and Christmas celebrations, theatrical performances, live music workshops and performances enjoyed by all of our children and young people. We opened our Sensory Garden thanks to support from generous donations from our local co-op. Camping Weeks were again a real highlight during the summer term. Two classes went to the White House in Killin for the full four nights, one class for two nights and one for one night, sleeping in tents, canoeing, orienteering, going for long walks and sitting around the camp-fire.

Report of the Directors For the Year ended 31 March 2018

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:

- 22 ASDAN: 12 Towards Independence, 5 New Horizon, and 5 Transition Challenge
- 4 Dynamic Youth Award, 58 National 1 and National 2
- After two years of hard work as an Eco School we received our 3rd Green Flag
- We admitted seven new pupils, four residential and three day
- In December we appointed our new CEO Stuart Provan, in January Miriam Puccianti was appointed as Head of Education, and in February Jim Alexander joined us as Head of Care
- We have a number of new staff who have joined us over the year as we prepare to deliver the new 43 week programme

Looking to the future and planning for Improvement

The school is at a significant moment in its history with a management transition process that has been planned for and is now becoming a reality. The model of four Joint Co-ordinators operating as a leadership team will be replaced by a Leadership Team (LT) led by a CEO and supported by Heads of Education and Care.

In March 2018 the school had its annual Care Inspection and our grades were graded as being “good.” This equates to 4’s across the four capacities of Care and Support, Leadership & Management, Environment and Staffing. Whilst it was disappointing to drop in grades from the previous year it has provided the new SMT with clear objectives for improvement and these will be implemented so as bring positive change to improve the school’s performance from a Care Inspectorate perspective.

The quality of care at Ochil Tower has always central to reputation of the school. The staff team and co-workers demonstrate a dedicated approach in meeting the individual needs of children and young people. The new CEO understands the importance of improving systems and processes so that we can evidence this with greater clarity.

The new 18-21 year old project will operate from our new Life Skills Centre, the aim is for this to open in August 2018 and this will enhance our offering further to our commissioning partners. This initiative will afford young people the chance for a more structured transition from school into young adulthood, and a pathway to greater independence.

The level of interest from Commissioners and parents in the new 43 week service has been very encouraging. These places have been taken up by a mix of children and 18-21 year olds with Social Workers, families and commissioning partners delighted to receive an extended offering at Ochil Tower. This places the school in a more competitive position and enables the school to be better placed in meeting the needs for complex young people so that we are able to provide a pathway to successful outcomes being achieved.

Financial Review

The financial statements follow on pages 10 to 21.

The charity enjoyed another good financial performance in the 2017/18 year. Fee income increased to £2,213,386 (2016/17: £2,137,330); expenditure also increased to £2,167,197 (2016/17: £2,029,538), resulting in a surplus on the Unrestricted Fund of £124,527 (2016/17: £157,678). In addition there was further income and expenditure on the designated funds as shown in the Statement of Financial Activities on page 10. £100,000 was allocated to the designated Maintenance Fund for essential maintenance expenditure planned for the coming year.

The trustees maintain a Development Fund to assist in funding major development projects across the school campus. During the year £379,792 was charged to the Fund for the completion phase of the Priory House improvement project.

**Report of the Directors
For the Year ended 31 March 2018****Reserves policy**

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 19 weeks expenditure and are therefore considered satisfactory.

The restricted Life Skills Centre Fund represents funds received for the construction of the Life Skills Centre and depreciation on the Centre will be charged to this fund.

Plans for Future Periods

The Integrated School Improvement Plan provides 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 completed in August 2017 our attention is on the construction of the new Life Skills Centre. We anticipate that this will be opened in time for the start of the new school term in August 2018. Beyond this, we will begin design work on a new school building that will offer additional teaching and learning facilities for our growing school, with an aim to complete within the next 3 years

We will continue to work in partnership with Education Scotland and the Care Inspectorate to reflect on what we have achieved to date, consider where we are currently and look to the future so as 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.

The original planned retirement of the Joint Coordinators was for the summer of 2019, this plan has now been amended and brought forward to the summer of 2018. This transition will see the school led by a CEO and supported by Heads of Education and Care in forming a Leadership Team (SMT). The new team will have opportunity to work alongside the Joint Coordinators for a period of time, before leading the school community and realising the school's plans for the future.

Report of the Directors For the Year ended 31 March 2018

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 B McDonough will retire by rotation on 31 December 2018 and, being eligible, will offer herself for re-election.

Organisation

The Board of Directors appoints the Leadership Team, carries out financial overview and is available to assist the staff on more complex issues. The Leadership Team 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 Leadership Team and to carry out operational and financial reviews.

Key Management Remuneration Policy

Ochil Tower School is a Camphill community which was led by long term volunteer co-workers until 1 April 2018. They were not paid a salary for their contribution to the school but instead each was entitled to receive their normal living expenses which were substantially less than the salaries paid for equivalent employed positions in similar organisations. The level of the living expenses was monitored by the Board.

From 1 April 2018, the key management of the charity comprise the Chief Executive Officer, Head of Care and Head of Education. Their salaries are set each year with regard to equivalent positions in similar organisations.

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 Leadership 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.

**Report of the Directors
For the Year ended 31 March 2018****Structure Governance and Management Continued****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.

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**

12 November 2018

Opinion

We have audited the financial statements of Ochil Tower School Limited (the 'charitable company') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies. 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 March 2018, 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.

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 FRC'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Directors, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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

- adequate and proper accounting records have not been kept, 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Statement of Directors' Responsibilities 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, 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 charitable company'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 under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 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 regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Ferguson (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.

12 December 2018

Statement of Financial Activities
(Incorporating Income & Expenditure Account)
For the Year ended 31 March 2018

	Notes	Total Unrestricted Funds		Restricted Fund	Total 2018	Total 2017
		Unrestricted Fund	Designated Funds	Fund	£	£
		£	£	£		
Income from :						
Donations	3	6,214	10,173	360,002	376,389	25,768
Charitable activities						
- Fees and allowances		2,209,931	3,455	-	2,213,386	2,137,330
Income from investments	4	3,356	1,065	-	4,421	4,560
Total income		<u>2,219,501</u>	<u>14,693</u>	<u>360,002</u>	<u>2,594,196</u>	<u>2,167,658</u>
Expenditure on :						
Charitable activities						
- Cost of charitable activities	5	2,094,974	40,393	-	2,135,367	1,996,199
- Depreciation	8	-	38,044	-	38,044	33,339
Total expenditure		<u>2,094,974</u>	<u>78,437</u>	<u>-</u>	<u>2,173,411</u>	<u>2,029,538</u>
Net income/(expenditure)	6	124,527	(63,744)	360,002	420,785	138,120
Transfers between funds	11	(138,400)	138,400	-	-	-
Net movement in funds		<u>(13,873)</u>	<u>74,656</u>	<u>360,002</u>	<u>420,785</u>	<u>138,120</u>
Reconciliation of funds						
Balances 31 March 2017		399,353	1,262,016	32,410	1,693,779	1,555,659
Balances 31 March 2018	11	<u>385,480</u>	<u>1,336,672</u>	<u>392,412</u>	<u>2,114,564</u>	<u>1,693,779</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 2018

	Notes	2018 £	2017 £
Fixed Assets			
Tangible assets	8	<u>809,603</u>	<u>256,517</u>
Current Assets			
Debtors	9	561,239	475,864
Cash at bank		<u>880,889</u>	<u>1,034,125</u>
		<u>1,442,128</u>	<u>1,509,989</u>
Creditors			
Amounts falling due within one year	10	<u>137,167</u>	<u>72,727</u>
Net Current Assets		<u>1,304,961</u>	<u>1,437,262</u>
Net Assets		<u>2,114,564</u>	<u>1,693,779</u>
Capital and Reserves			
Unrestricted fund	11	385,480	399,353
Designated funds	11	<u>1,336,672</u>	<u>1,262,016</u>
Total unrestricted fund		1,722,152	1,661,369
Restricted fund	11	<u>392,412</u>	<u>32,410</u>
Total Funds		<u>2,114,564</u>	<u>1,693,779</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 21 were approved by and signed on behalf of the Board of Directors on 12 November 2018.

J Glass

Director

Statement of Cash Flows
For the Year ended 31 March 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	433,473	143,438
Net cash provided by operating activities		<u>433,473</u>	<u>143,438</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(593,930)	(157,242)
Sale of tangible assets		2,800	3,271
Interest received		4,421	4,560
Net cash used for investing activities		<u>(586,709)</u>	<u>(149,411)</u>
Net (decrease) in cash and cash equivalents		(153,236)	(5,973)
Cash and cash equivalents at 31 March 2017		<u>1,034,125</u>	<u>1,040,098</u>
Cash and cash equivalents at 31 March 2018		<u>880,889</u>	<u>1,034,125</u>

Note to Cash Flow Statement

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

Net income	420,785	138,120
Depreciation charges	38,044	33,339
Interest received	(4,421)	(4,560)
	<u>454,408</u>	<u>166,899</u>
(Increase) in debtors	(85,375)	(33,919)
Increase in creditors	64,440	10,458
Net cash provided by operating activities	<u>433,473</u>	<u>143,438</u>

**Notes to the Financial Statements
For the Year ended 31 March 2018****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.

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 2018****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.

**Notes to the Financial Statements
For the Year ended 31 March 2018**

2. Accounting policies continued

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.

n) Operating leases

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

		2018	2017
		£	£
3. Donations and legacies			
Donations	Unrestricted Fund	6,214	9,422
	General Fund (designated)	10,173	8,346
	Restricted donations - Life Skills Centre Fund		
	- Alexander Moncur Trust	2,000	-
	- Auchterarder & District Community Trust	5,000	-
	- Beatrice Laing Trust	2,000	-
	- Boshier Hinton Foundation	3,800	-
	- Camphill Central Scotland Trust Limited	255,000	-
	- Christina Mary Hendrie Trust	-	5,000
	- Garfield Weston Foundation	25,000	-
	- Mugdock Trust	-	2,000
	- Silverhill Trust	7,000	-
	- The RS MacDonald Charitable Trust	30,000	-
	- Trustees of FB Baily Thomas	20,000	-
	- Walter Craig Charitable Trust	2,000	-
	- Others	8,202	1,000
		<u>360,002</u>	<u>8,000</u>
	Total donations	<u>376,389</u>	<u>25,768</u>
4. Investment income			
Interest receivable - Unrestricted Fund		3,356	3,495
	- General Fund (designated)	1,065	1,065
		<u>4,421</u>	<u>4,560</u>

**Notes to the Financial Statements
For the Year ended 31 March 2018**

	2018	2017
	£	£
5. Cost of Charitable Activities		
<i>Unrestricted Fund</i>		
Salaried staff	761,623	652,009
Administration salaries	35,268	28,247
Agency costs	38,966	19,423
Co-worker costs	212,203	204,903
Training costs	19,377	14,572
Rent	338,910	331,800
Office and telephone	41,443	31,129
Camphill Scotland subscriptions	14,021	16,220
Provisions	113,981	121,881
Education & therapy	27,412	41,383
Medical	4,778	7,151
Heat and light	46,029	42,682
Household and laundry	55,623	50,699
Repairs and renewals	43,826	105,439
Motor and travel expenses	32,547	33,839
Insurance and local taxes	42,130	42,930
Garden and estate	10,765	9,554
Bank interest and charges	267	779
Audit fee	8,316	7,920
Accounting and secretarial services	4,980	4,753
Professional fees	18,000	-
Directors' travel	109	216
Co-worker discretionary benevolent fund	224,400	219,000
	<u>2,094,974</u>	<u>1,986,529</u>
<i>Maintenance Fund (designated)</i>		
Maintenance costs	33,000	-
<i>Benevolent Fund (designated)</i>		
Payments for beneficiaries	-	3,785
<i>General Fund (designated)</i>		
Sundries	3,184	2,012
<i>White House Fund (designated)</i>		
Maintenance costs	4,209	3,873
	<u>40,393</u>	<u>9,670</u>
Total cost of charitable activities	<u>2,135,367</u>	<u>1,996,199</u>
6. Operating Surplus (net income)		
This operating surplus is stated after charging:		
Depreciation	38,044	33,339
Audit fee	8,316	7,920
	<u>46,360</u>	<u>41,259</u>

**Notes to the Financial Statements
For the Year ended 31 March 2018**

	2018	2017
	£	£
7. Staff Costs		
Wages & salaries	696,214	596,898
Social security costs	59,238	49,615
Pension costs	41,439	33,743
	<u>796,891</u>	<u>680,256</u>
The average weekly number of employees during the year was:		
	Number	Number
Administration	3	2
School	28	26
	<u>31</u>	<u>28</u>
Co-workers	21	25
	<u>52</u>	<u>53</u>

No staff member is remunerated at a level in excess of £60,000. Pension contributions were made in respect of 40 (2017: 24) members 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 comprised the four joint co-ordinators who were long term co-workers until 1 April 2018, together with the Chief Executive Officer, Head of Education, and Head of Care who were appointed in December 2017, January 2018 and February 2018 respectively. Their total benefits were £109,352 (2017: £34,152).

8. Tangible fixed assets	Tenant's Improvements	Furniture & Equipment	Motor Vehicles	Total
	£	£	£	£
Cost				
At 31 March 2017	206,287	76,937	108,993	392,217
Additions	585,058	8,872	-	593,930
Disposals	-	(15,461)	(4,000)	(19,461)
	<u>791,345</u>	<u>70,348</u>	<u>104,993</u>	<u>966,686</u>
As at 31 March 2018				
Depreciation				
As at 31 March 2017	11,494	47,964	76,242	135,700
Charge for year	14,049	16,355	7,640	38,044
Written back on disposals	-	(15,461)	(1,200)	(16,661)
	<u>25,543</u>	<u>48,858</u>	<u>82,682</u>	<u>157,083</u>
As at 31 March 2018				
Net book value				
At 31 March 2018	765,802	21,490	22,311	809,603
At 31 March 2017	194,793	28,973	32,751	256,517

Notes to the Financial Statements
For the Year ended 31 March 2018

	2018 £	2017 £
9. Debtors		
Trade debtors	190,200	375,864
Prepayments	16,039	-
Loans	100,000	100,000
Other debtors	255,000	-
	<u>561,239</u>	<u>475,864</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	29,062	12,746
Accruals	88,114	45,792
Other taxation and social security	19,991	14,189
	<u>137,167</u>	<u>72,727</u>

11. Statement of funds

	As at 31 March 2017 £	Incoming resources £	Resources expended £	Transfers between funds £	As at 31 March 2018 £
Current Year					
Unrestricted fund	399,353	2,219,501	(2,094,974)	(138,400)	385,480
<i>Designated funds</i>					
Asset replacement fund	16,407	-	-	32,328	48,735
Benevolent fund	90,910	-	-	-	90,910
Capital fund	232,107	-	(38,044)	385,864	579,927
Development fund	554,766	-	-	(379,792)	174,974
General fund	175,650	11,238	(3,184)	-	183,704
Maintenance fund	188,000	-	(33,000)	100,000	255,000
White House fund	4,176	3,455	(4,209)	-	3,422
	<u>1,262,016</u>	<u>14,693</u>	<u>(78,437)</u>	<u>138,400</u>	<u>1,336,672</u>
Total unrestricted funds	1,661,369	2,234,194	(2,173,411)	-	1,722,152
<i>Restricted Fund</i>					
Life Skills Centre fund	32,410	360,002	-	-	392,412
Total	<u>1,693,779</u>	<u>2,594,196</u>	<u>(2,173,411)</u>	<u>-</u>	<u>2,114,564</u>

Notes to the Financial Statements
For the Year ended 31 March 2018

11. Statement of funds continued

<i>Previous Year</i>	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
	<u>1,137,584</u>	<u>15,451</u>	<u>(43,009)</u>	<u>151,990</u>	<u>1,262,016</u>
Total unrestricted funds	1,555,659	2,159,658	(2,029,538)	(24,410)	1,661,369
<i>Restricted Fund</i>					
Life Skills Centre fund	-	8,000	-	24,410	32,410
	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>24,410</u>	<u>32,410</u>
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 upgrade 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.

Transfers between funds

A transfer of £379,792 was made from the Development Fund to the Capital Fund to match the expenditure on the refurbishment of Priory.

Notes to the Financial Statements
For the Year ended 31 March 2018

12. Analysis of Net Assets between Funds

<i>Current Year</i>	Tangible Fixed Assets £	Net Current Assets £	Total £
Unrestricted fund	-	385,480	385,480
<i>Designated funds</i>			
Asset replacement fund	-	48,735	48,735
Benevolent fund	-	90,910	90,910
Capital fund	579,927	-	579,927
Development fund	-	174,974	174,974
General fund	-	183,704	183,704
Maintenance fund	-	255,000	255,000
White House fund	-	3,422	3,422
	<u>579,927</u>	<u>756,745</u>	<u>1,336,672</u>
Total unrestricted funds	579,927	1,142,225	1,722,152
<i>Restricted fund</i>			
Life Skills Centre fund	229,676	162,736	392,412
	<u>229,676</u>	<u>162,736</u>	<u>392,412</u>
Total as at 31 March 2018	<u>809,603</u>	<u>1,304,961</u>	<u>2,114,564</u>

<i>Previous Year</i>	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
	<u>232,107</u>	<u>1,029,909</u>	<u>1,262,016</u>
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
	<u>24,410</u>	<u>8,000</u>	<u>32,410</u>
Total as at 31 March 2017	<u>256,517</u>	<u>1,437,262</u>	<u>1,693,779</u>

**Notes to the Financial Statements
For the Year ended 31 March 2018**

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 £224,000 (2017: £219,000).

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 £41,439 (2017: £33,743).

15. Leases

2018
£

2017
£

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

	Property	
Within one year	325,950	302,650
In the second to fifth years inclusive	1,303,800	1,200,000
After five years	4,889,250	4,800,000
	<u>6,519,000</u>	<u>6,302,650</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 £109 (2017: £216). No director received any remuneration for their services as a director during the year.

During the year the charitable company paid fees of £2,400 (2017: £2,000) on a normal commercial basis to director Margaret Orr for staff mentoring services. The amount outstanding at 31 March 2018 was £nil (2017: £800).

17. Financial commitments

At 31 March 2018 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 £349,944 (2017: £431,636).