

Company Registration No. SC 14361
Charity No. SC001960
Registered in Scotland

QUARRIERS

Report and Financial Statements

31 March 2014

QUARRIERS

REPORT AND FINANCIAL STATEMENTS 2014

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS (TRUSTEES)

Mrs Trish Godman	Chair
Mr Thomas Scholes	Vice Chair
Mr David Adams	
Ms Christine Banim	
Mr Derek Bottom	
Mr Leslie Campbell	
Ms Ann Dougan	
Mrs Sheila Gillies	
Mr Scott Hill	(up to 02 June 2014)
Mr Donald McRae	
Mr David Philip	(up to 28 August 2013)
Mr Robert Ross	
Mr William Scott	(up to 17 June 2013)

EXECUTIVE DIRECTORS*

Mr Paul Moore	Chief Executive (up to 31 January 2014)
Ms Alice Drife	Chief Executive (from 02 June 2014)
	Acting Chief Executive (from 01 February to 01 June 2014)
	Service Director and Deputy Chief Executive (up to 31 January 2014)
Ms Karen Croan	Director of Human Resources and Organisational Development
Mr Niall Macpherson	Director of Finance and Corporate Services

*These directors, although designated as directors, are not statutory directors.

SECRETARY

Mr Christopher Harwood	(from 02 December 2013)
Mr Gordon Fraser	(up to 19 August 2013)

REGISTERED OFFICE

Quarriers
Quarriers Village
Bridge of Weir
Renfrewshire PA11 3SX

INDEPENDENT AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Lomond House
9 George Square
Glasgow
United Kingdom
G2 1QQ

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OFFICERS AND PROFESSIONAL ADVISERS (CONTINUED)

INVESTMENT MANAGERS

Speirs & Jeffrey
Stockbrokers
36 Renfield Street
Glasgow
G2 1NA

SOLICITORS

Brechin Tindal Oatts
48 St Vincent Street
Glasgow
G2 5HS

Brodies
2 Blythswood Square
Glasgow
G2 4AD

PENSION SCHEME ADMINISTRATORS AND CONSULTANTS

Punter Southall
7 Castle Street
Edinburgh
EH2 3AH

BANKERS

Bank of Scotland
Level 3
110 St Vincent Street
Glasgow
G2 5ER

Barclays Commercial Bank
Aurora
1st Floor
120 Bothwell Street
Glasgow
G2 7JT

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QUARRIERS SUB-COMMITTEES

The directors review the day-to-day business of the charity through the Audit Committee, the Finance & General Purposes Committee and the Services Committee, which then report at the full meeting of the Board of Trustees, which meets six times per annum.

The committees which have operated during the year and the directors who sat on them are as follows:

Audit Committee

The Audit Committee meets three times per year and reviews the effectiveness of internal controls, risk management systems and takes an overview of the work plans of internal audit and health and safety. In addition, it monitors the relationship with the external auditor and reviews the annual financial statements before submission to the Board of Trustees.

Members

Mr Leslie Campbell (Chair)
Mr Robert Ross
Mr Derek Bottom

Finance & General Purposes Committee

The Finance & General Purposes Committee meets four times per year and maintains an overview of the strategies, policies and operations of the charity to secure effective management of Quarriers' financial, information technology and real estate resources.

Members

Mr Thomas Scholes (Chair)
Mrs Trish Godman
Mr Donald McRae

Services Committee

The Services Committee meets six times per year and reviews inspection and operational reports to monitor the quality of services. The performance of the business development unit is also considered.

Members

Mrs Sheila Gillies (Chair)
Ms Christine Banim
Mrs Trish Godman
Mr Scott Hill (up to 02 June 2014)

QUARRIERS

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of Quarriers for the year ended 31 March 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

William Quarrier first opened a night refuge in Glasgow in 1871. The company was established under a memorandum of association which set out the object and charitable powers of the company.

Quarriers is a charitable company (Scottish Charities Registration Number SC001960) limited by guarantee and does not have a share capital. It was incorporated on 30 October 1926. The company is governed by the memorandum and its articles of association. In the event of the company being wound up each director and member of the company undertakes to contribute such amount as may be required (not exceeding £1) to the company's assets.

Organisational Structure

The statutory directors of the company are also charity trustees for the purposes of charity law and are known as members of the Board of Trustees. The terms directors and trustees are used interchangeably throughout this report. Quarriers' Board of Trustees is responsible for guarding the mission, objectives and values of the organisation, overseeing its direction and control and ensuring it receives appropriate information and advice to carry out its statutory and corporate responsibilities. It is also responsible for regularly reviewing the organisation's future plans and commitments and reviewing and mitigating any associated risks. The Board of Trustees meets a minimum of six times per year.

Day to day management of the organisation is delegated to the Chief Executive and Executive Directors.

The Board of Trustees operates three committees: the Audit Committee, the Finance & General Purposes Committee and the Services Committee, all of which have clear terms of reference, and meets regularly throughout the year to govern the work of the Executive Directors. Composition and terms of reference of these committees are shown on page 3.

Trustees' induction and training

All Trustees should be familiar with the practical work of the charity and are encouraged to visit projects, and see the varied work Quarriers undertakes. New members receive a detailed briefing by the Chief Executive together with an induction pack which includes legal, financial and strategic information. Quarriers provides a training programme which introduces the Trustees to the organisation, its staff and services, the people Quarriers supports and the role of a Board of Trustees member. All Trustees are encouraged to attend training in both governance and specific areas of interest and relevance to their role within the charity.

Directors

The directors who served during the year and to the date of this report, and any changes in the composition of the Board during the year, are as shown on page 1. Directors are appointed by nomination and approval by the majority of existing directors. As authorised by the governing documents, indemnity insurance has continued to be purchased during the year for directors and officers to protect them from loss.

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DIRECTORS' REPORT (CONTINUED)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Trustees and signed on behalf of the Board of Trustees



Mrs Trish Godman

25 August 2014

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STRATEGIC REPORT

MISSION AND OBJECTIVES

Quarriers' mission is to help vulnerable people to enjoy their lives by enabling them to achieve their full potential.

Our objectives are to provide practical support and care for children, young people, adults and families at any stage of their lives. We challenge inequality of opportunity and choice to bring about positive change in people's lives. We promote the relief of disability, poverty, illness and suffering and the advancement of education. We do this through the provision of residential care services, specialist epilepsy services, support for those with learning difficulties, provision of respite care, carer services and support for the young homeless.

ACHIEVEMENTS AND PERFORMANCE

Quarriers continues to deliver a diverse range of high quality services unequalled by any other charity in Scotland. This is done in the context of on-going local authority austerity cuts and significant changes to the regulatory environment such as the introduction of the Self Directed Support (Scotland) Act which came into effect on 01 April 2014.

Following the resignation of Paul Moore as Chief Executive Officer on 31 January 2014, Alice Drife was appointed to post on 02 June 2014.

During the year the Board of Trustees reluctantly approved the closure of the Seafield School. This decision was taken once it became clear that the operational recovery plan would be unable to reverse the heavy losses sustained in recent years. Of the 72 staff impacted by the closure, 13 were successfully re-deployed within other Quarriers' services. Consequently, incoming resources from charitable activities reduced by 1.6% to £39.8m.

The reduction in income from charitable activities is reflected in the following key performance indicators with 12 of the 18 metrics either reducing or remaining static:-

		2014	2013	
		No.	No.	Movement
Adult Disability	No. of people supported in their own homes and residential care homes	333	334	-
	No. of days of adult respite care provided	7,510	7,735	-3%
	No. of adult family placements	13	15	-13%
Children & Families	No. of young people with a disability supported in residential services	10	11	-9%
	No. of days of residential respite care provided for children with disabilities	4,416	4,273	3%
	No. of children with a disability utilised family-based short break services	43	32	34%
	No. of children supported by family support services	316	310	2%
	No. of children supported by flexible childcare at home services	165	184	-10%
	No. of young people with complex needs and behaviours supported in residential services	5	5	-
	Average no. of young people supported at Seafield School	17	17	-
	No. of adult carers directly benefited	1,667	1,834	-9%
No. of young carers directly benefited	194	258	-25%	

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STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Epilepsy Services	No. of patients admitted to Scottish Epilepsy Centre	123	123	-
	No. of outpatients treated at Scottish Epilepsy Centre	178	192	-7%
	No. of people supported in small care homes and supported living services	83	80	4%
	No. of contacts by Epilepsy Fieldwork services in North East	16,966	16,695	2%
Young Adults	No. of nights supported accommodation provided	42,312	41,765	1%
	No. of people supported by youth justice service	37	70	-47%

In September 2013, almost 600 staff, who previously had no pension provision, were enrolled into the company's stakeholder pension scheme under the new "auto-enrolment" initiative introduced by the UK Government.

During the year a new Operating Plan was implemented with 81% of the targets being achieved. It was especially encouraging, given the difficult economic environment, that the fundraising income target was met. This is a real testament to the generosity of a long-standing donor base. In terms of business development, growth was achieved in new geographic locations in Scotland and England, notably services for children and young people in Cheshire West and Chester. In addition, Quarriers entered into three Public Social Partnerships (PSPs) in Scotland (Moray, Glasgow and North Ayrshire), one of which as Lead Partner. This is in accordance with the Scottish Government's campaign for an increase in collaborative working.

Work remains ongoing to grow income from Self Directed Support.

FINANCIAL REVIEW

Results for the year

Overall incoming resources decreased by £1.9m to £43.7m (2013: £45.6m). This was due to a reduction in voluntary income as the William Quarrier Scottish Epilepsy Centre Capital Appeal successfully concluded. Incoming resources from charitable activities decreased by £0.7m to £39.8m due to declining residential pupil occupancy at the Seafield school and reduced income in the North Lanarkshire Adult Supported Living service as individuals' care packages transfer over to Individual Budgets. Total resources expended increased by £1.0m due to the impact of an impairment review on the Seafield school building and the clawback of historic surpluses by local authorities. Despite this, the cost of generating voluntary income was significantly less than last year following conclusion of the Capital Appeal as noted above. These movements resulted in net incoming resources declining by £2.9m to £0.7m, with the overall result for the year showing a positive net movement of £1.9m (2013: £4.7m positive movement) across all reserve classes. This positive movement includes an FRS17 pension actuarial gain of £1.0m (2013: £0.3m gain).

Going concern

Having considered forecast results including reasonably possible downside sensitivities, together with banking facilities available to the charity, the directors are confident that the charity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Financial instruments and credit risk

The charity's principal financial assets are bank balances and investments. The charity's only significant financial liabilities are £1.7m (2013 - £1.9m) of bank revolving credit and term loans. The charity's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The charity has no significant concentration of credit risk, with exposure spread over a large number of people supported. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The investment portfolio is spread across a range of listed securities.

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STRATEGIC REPORT (CONTINUED)

Investments

Quarriers investments are held in a combination of investment funds comprising equities, fixed income securities and cash. Investment policy is reviewed annually and performance quarterly. The portfolio continues to be managed on a total return basis with the objective of at least maintaining its value in real terms while meeting the requirement for increased income. During the year £0.7m of investments at cost were disposed of and £0.5m of additions were made. This contributed to an overall 4% reduction in market value to £4.7m.

Pensions

The deficit on the defined benefit pension scheme, calculated in accordance with FRS17, decreased in the year under review to £7.9m, representing an improvement of £1.4m (15%) on the prior year. The major factors contributing to this reduction were the additional deficit reduction contributions that were paid into the scheme, together with the investment returns achieved on the scheme's assets.

The 2013 triennial valuation is currently being reviewed by the Board of Trustees and the recommendations regarding the deficit funding will be agreed in due course.

Reserves

Unrestricted funds have increased by £1.5m (2013: £5.8m increase). Notable movements include £1.2m income received in relation to the completion of the new William Quarrier Scottish Epilepsy Centre and £1.1m utilised to cover Glasgow City Council clawback of prior year surpluses.

It is the policy of Quarriers to retain an amount equivalent to 12 weeks' expenditure in unrestricted reserves. The total unrestricted reserves at 31 March 2014 amounting to £13.1m represents approximately 16 weeks (2013: 14 weeks) at the current level of annual expenditure of £43.0m. Having reviewed the level of unrestricted reserves, the directors believe them to be sufficient to meet future requirements.

In setting the reserves policy the directors have established as designated reserves, monies that are committed in respect of planned expenditure or liabilities that are likely to crystallise. Restricted funds comprise funds that are subject to specific conditions imposed by the donor on how these funds can be spent.

People with disabilities

It is the policy of Quarriers to employ people with disabilities whenever possible, and to meet the legal requirements concerning the employment of people with disabilities. The average number of people employed with Disability Discrimination Act related conditions is 8 (2013 - 9).

Employee involvement

Facilities for the provision of information to employees and for consultation on matters of concern are available through the Human Resources Department. A total of 60 staff have been involved in developing internal standards during the year and 4 ideas were submitted to the Executive Directors through Staff Direct, a suggestion hotline.

PLANS FOR FUTURE PERIODS

Key to realising the organisational Strategic Plan will be managing the requirements of the Self Directed Support (Scotland) Act noted above which will see the traditional local authority customer potentially being replaced by individual service users. This change in customer base will require new investment in people, marketing materials and back office systems to ensure that market share is maintained and the people supported continue to receive high-quality care.

A new Estates Strategy was approved by the Board of Trustees in June 2014 and will be implemented over the next 36 months. This will see a rationalisation in the number of properties currently held but also ensure that those properties used to deliver social care services continue to comply with regulatory requirements.

September 2014 will see further expansion into new geographic areas with the opening of a new supported living facility for adults with learning disabilities in Fife.

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STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS

The Board of Trustees reviews on an annual basis the major risks to which the charity may be exposed and the systems which have been established to mitigate risks. The key components of Quarriers' risk management include:

- A formal risk register which quantifies the likelihood and impact of business risks and the consequential actions required to mitigate those risks;
- A documented framework of delegated authority with procedures for reporting decisions;
- An approved annual budget against which progress is reported on a regular basis, including monthly financial reporting of actual results compared with budgets and forecasts; and
- Clear policies on whistleblowing, health and safety and complaints to ensure compliance with statutory regulations.

The key risks identified by the Directors are as follows:

- Safeguarding of vulnerable individuals;
- Pressure on funding levels as a result of ongoing local authority spending cuts;
- Managing longer-term liabilities on the defined benefit pension fund.

Controls and mitigating actions have been agreed against each risk such that the Directors are satisfied that there are no risks that pose a significant threat to the organisation.

Approved by the Board of Trustees and signed on behalf of the Board of Trustees


Mrs Trish Godman

25 August 2014

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DIRECTORS' RESPONSIBILITIES STATEMENT

The trustees (who are also directors of Quarriers for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF QUARRIERS

We have audited the financial statements of Quarriers for the year ended 31 March 2014 which comprise the statement of financial activities (including the income and expenditure account), the reconciliation of net income for the year for the purposes of the Companies Act 2006, the combined statement of total recognised gains and losses and reconciliation of movements in capital and reserves, the balance sheet, the cash flow statement including the notes thereto and the reconciliation of net cash flow to movement in net debt, and the related notes 1 to 25. 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).

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 charity's directors, 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 the directors 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 directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors (who are also the trustees of the charity for the purposes of charity 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 those 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'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 annual report 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 2014 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF QUARRIERS (CONTINUED)

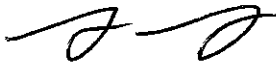
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report 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 Boyle CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom

4 SEPTEMBER 2014

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity.

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

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STATEMENT OF FINANCIAL ACTIVITIES (including the income and expenditure account) Year ended 31 March 2014

	Note	Unrestricted funds			Total 31 March 2014 £'000	Total 31 March 2013 £'000
		General Funds £'000	Designated Funds £'000	Restricted Funds £'000		
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	2,981	-	247	3,228	4,575
Activities for generating funds	2	235	-	-	235	181
Investment income	2	492	-	-	492	462
Incoming resources from charitable activities	3	33,557	-	6,197	39,754	40,407
Other incoming resources:						
Gain on sale of tangible fixed assets	9	-	-	-	-	8
Total incoming resources		37,265	-	6,444	43,709	45,633
RESOURCES EXPENDED						
Costs of generating funds:						
Costs of generating voluntary income	4	953	-	-	953	2,209
Fundraising trading	4	156	-	-	156	103
Investment management costs	4	363	-	-	363	323
Costs of charitable activities	5	35,153	-	6,204	41,357	39,136
Governance costs	6	174	-	-	174	178
Total resources expended		36,799	-	6,204	43,003	41,949
Net incoming resources before transfers	8	466	-	240	706	3,684
TRANSFERS						
Transfers to restricted funds	21	(173)	-	173	-	-
Transfers to designated funds	21	(608)	608	-	-	-
		(315)	608	413	706	3,684
OTHER RECOGNISED GAINS AND LOSSES						
Gains and losses on investment assets:						
Realised	9	225	-	-	225	127
Unrealised		(48)	-	-	(48)	637
		177	-	-	177	764
Actuarial gain on defined benefit pension scheme	23	1,010	-	-	1,010	280
Net movement in funds		872	608	413	1,893	4,728
RECONCILIATION OF FUNDS						
Total funds brought forward 1 April		6,289	5,379	2,000	13,668	8,940
Total funds carried forward 31 March		7,161	5,987	2,413	15,561	13,668

A reconciliation of the net income for the year for the purposes of the Companies Act 2006 is provided on page 14.

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RECONCILIATION OF NET INCOME FOR THE YEAR FOR THE PURPOSES OF THE COMPANIES ACT 2006

Year ended 31 March 2014

	2014 £'000	2013 £'000
Net incoming resources per the Statement of Financial Activities (page 13)	706	3,684
Realised gains on investment assets per the Statement of Financial Activities (page 13)	225	127
	<u> </u>	<u> </u>
Net income for the year for the purposes of the Companies Act 2006	<u> </u> 931	<u> </u> 3,811

All of the above reported net income arises from continuing activities.

COMBINED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES AND RECONCILIATION OF MOVEMENTS IN CAPITAL AND RESERVES

Year ended 31 March 2014

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total 2014 £'000	Total 2013 £'000
Net income/(expenditure) for the year for the purposes of the Companies Act 2006	(90)	608	413	931	3,811
Actuarial gain in respect of pension scheme under FRS 17 (note 23)	1,010	-	-	1,010	280
Unrealised (losses)/gains on investment assets	(48)	-	-	(48)	637
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total recognised gains and losses relating to the year and net movement in capital and reserves	872	608	413	1,893	4,728
Opening capital and reserves	6,289	5,379	2,000	13,668	8,940
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing capital and reserves	<u> </u> 7,161	<u> </u> 5,987	<u> </u> 2,413	<u> </u> 15,561	<u> </u> 13,668

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BALANCE SHEET 31 March 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Investment properties	15	4,706	4,560
Other tangible fixed assets	15	13,357	13,344
		<u>18,063</u>	<u>17,904</u>
Investments	16	4,708	4,899
		<u>22,771</u>	<u>22,803</u>
CURRENT ASSETS			
Debtors	17	4,036	3,456
Cash at bank and in hand		3,331	1,744
		<u>7,367</u>	<u>5,200</u>
CREDITORS: amounts falling due within one year	18	(5,832)	(4,388)
NET CURRENT ASSETS		<u>1,535</u>	<u>812</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		24,305	23,615
CREDITORS: amounts falling due after more than one year	18	(878)	(705)
NET ASSETS EXCLUDING PENSION DEFICIT		<u>23,428</u>	<u>22,910</u>
PENSION DEFICIT	23	(7,867)	(9,242)
NET ASSETS		<u>15,561</u>	<u>13,668</u>
CAPITAL AND RESERVES			
Unrestricted funds			
- General reserve	21	8,988	9,382
- Pension scheme reserve	21	(7,867)	(9,242)
- Revaluation reserve	21	6,040	6,149
- Designated reserves	21	5,987	5,379
		<u>13,148</u>	<u>11,668</u>
Restricted funds	21	2,413	2,000
TOTAL CAPITAL AND RESERVES		<u>15,561</u>	<u>13,668</u>

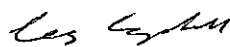
The financial statements of Quarriers, registered company number SC 14361, were approved by the Board of Trustees on 25 August 2014.

Signed on behalf of the Board of Trustees by



Mrs Trish Godman

25 August 2014



Mr Leslie Campbell

25 August 2014

QUARRIERS

CASH FLOW STATEMENT Year ended 31 March 2014

	Notes to the cash flow statement	2014 £'000	2013 £'000
Net cash inflow from operating activities	(i)	2,558	4,986
Returns on investments and servicing of finance	(ii)	97	104
Capital expenditure and financial investment	(ii)	(1,249)	(4,910)
Net cash inflow before financing		<u>1,406</u>	<u>180</u>
Financing	(ii)	181	(111)
Increase in cash	(iii)	<u><u>1,587</u></u>	<u><u>69</u></u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT) Year ended 31 March 2014

	2014 £'000	2013 £'000
Increase in cash in the year	1,587	69
(Increase)/decrease in debt financing	(181)	111
Change in net funds resulting from cash flows and movement in net debt in the year	<u>1,406</u>	<u>180</u>
Opening net debt	(145)	(325)
Closing net funds/(debt)	<u><u>1,261</u></u>	<u><u>(145)</u></u>

The notes to the cash flow statement are included on page 17.

QUARRIERS

NOTES TO THE CASH FLOW STATEMENT

Year ended 31 March 2014

(i) RECONCILIATION OF NET OUTGOING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 £'000	2013 £'000
Net incoming resources per Statement of Financial Activities	706	3,684
Gain on sale of tangible fixed assets	-	8
Interest receivable and investment income (note 12)	(159)	(147)
Interest payable and similar charges (note 13)	257	370
Depreciation	1,460	1,093
(Increase)/decrease in debtors	(580)	815
Increase/(decrease) in creditors	1,434	(439)
Difference between FRS 17 service cost and contributions	(560)	(398)
	<u>2,558</u>	<u>4,986</u>

(ii) GROSS CASH FLOWS

	2014 £'000	2013 £'000
Returns on investment and servicing of finance		
Interest received (note 12)	1	1
Interest paid (note 13)	(62)	(43)
Investment income (note 12)	158	146
	<u>97</u>	<u>104</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets (note 15)	(1,653)	(5,607)
Receipts from sales of tangible fixed assets	-	701
Payments to acquire investments (note 16)	(523)	(362)
Receipts from sales of investments	927	358
	<u>(1,249)</u>	<u>(4,910)</u>
Financing		
Revolving credit facility and term loan drawdown/(repayment)	181	(111)

(iii) ANALYSIS OF CHANGES IN NET DEBT

	2013 £'000	Cash flows £'000	2014 £'000
Cash at bank and in hand	1,744	1,587	3,331
Bank revolving credit and term loan (note 18)	(1,889)	(181)	(2,070)
Net funds/(debt)	<u>(145)</u>	<u>1,406</u>	<u>1,261</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2014

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (revised 2005) ("SORP 2005"), applicable United Kingdom accounting standards and the Companies Act 2006.

Accounting policies have remained unchanged on the prior year. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention, with the exception of investments which are valued at market value at the balance sheet date and investment properties which are held at directors' valuation.

Basis of preparation

The charity's activities and principal risks are described in the strategic report and the directors' report. Having considered forecast results including reasonably possible sensitivities, together with banking facilities available to the charity, the directors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Group financial statements

The company does not prepare consolidated group financial statements as it is entitled for the year ended 31 March 2014 to the exemption conferred by Section 405 of the Companies Act 2006, as the exclusion of the subsidiary companies is not considered by the directors to be material for the purpose of giving a true and fair view. Information is therefore presented for the individual company not its group.

Donations, legacies and other similar income

Donations and other similar income are recognised in the period in which they are received.

Legacies are recognised as income when there is legal entitlement, certainty of receipt and the amount can be quantified with reasonable accuracy.

Income from charitable activities is recognised when earned.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the statement of financial activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2014

1. ACCOUNTING POLICIES (CONTINUED)

Grants

Grants of both a revenue and capital nature, including government grants, are credited to the statement of financial activities in the period to which they relate. Grants are deferred and recorded within deferred grant income where the grant conditions state that the funding relates to a future period. Such grants will be repayable if the restrictions on the income's use are not met. These preconditions should be met in future accounting periods.

Tangible fixed assets and depreciation

Tangible fixed assets (excluding investment properties) are recorded at original cost and are written off over their useful economic lives on a straight line basis as follows:

Buildings	- 20 to 50 years
Building improvements	- up to 10 years
Motor vehicles	- 3 to 4 years
Plant & equipment	- 3 to 10 years
Fixtures & fittings	- 3 to 10 years

Land is not depreciated.

Assets in the course of construction are not depreciated until brought into use.

Tangible fixed assets are capitalised in the year of purchase and depreciated over their useful economic lives or, in the case of finance leased assets, over the term of the lease, if shorter. Expenditure which adapts buildings to a particular purpose is charged to the statement of financial activities.

Investment properties

In accordance with SORP 2005, investment properties held for their investment potential are recorded at open market valuation. Unrealised gains and losses are included in the statement of total recognised gains and losses and are recorded in the investment revaluation reserve. No provision is made for depreciation of investment properties.

Open market valuations are performed by professional valuers at least every five years, subject to obtaining advice as to the possibility of any material movements between individual valuations. If it is considered that there may be a material movement, the investment properties are revalued at the balance sheet date.

Investments

Investments are recorded at market valuation. Realised gains and losses are included in determining net income for the purposes of the Companies Act 2006. Unrealised gains and losses are included in the statement of total recognised gains and losses and are recorded in the investment revaluation reserve. Both realised and unrealised gains and losses are included in the Statement of Financial Activities.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the assets have passed to the company, are capitalised and depreciated over the term of the lease or contract. The interest element of the rental obligations is charged to the statement of financial activities over the period of the lease or contract and represents a constant proportion of the balance of capital repayments outstanding.

Operating lease rentals payable/(receivable) are charged/(credited) to the statement of financial activities in equal annual amounts over the lease term.

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2014

1. ACCOUNTING POLICIES (CONTINUED)

Pensions

Amounts charged to the income and expenditure account are the current service costs and any gains or losses on settlements and curtailments. They are included as part of staff costs. The interest cost and the expected return on assets are treated as finance costs. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses and are also presented on the Statement of Financial Activities.

The defined benefit scheme is funded, with the assets of the scheme held separately from those in the company, in a separate trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit pension liability is presented separately after other net assets on the balance sheet.

The contribution levels have been determined by the scheme actuary and further details are available in note 23 to the financial statements.

The company also operates a defined contribution stakeholder scheme. The assets of the scheme are held separately from those of the company by the insurance company under the stakeholder contract. Contributions payable for the period are charged to the statement of financial activities in that period.

Statement of financial activities

Certain project funding surpluses are recorded within restricted reserves or general reserves depending on the nature of the related funding.

Transfers to designated funds occur where unrestricted funds have been allocated for certain specific purposes upon internal approval.

Other transfers between funds occur where restricted income has been insufficient to cover the associated expenditure and income is transferred from general funds to meet the shortfall.

Taxation

Quarriers is exempt from taxation provided that its income is used for charitable purposes.

2. INCOMING RESOURCES FROM GENERATED FUNDS

	2014 £'000	2013 £'000
VOLUNTARY INCOME		
Individual giving	1,115	1,181
Community fundraising	157	100
Corporate donations	34	39
Legacies	647	594
Training grants	18	35
Trusts and grant making bodies	65	59
William Quarrier Scottish Epilepsy Centre Appeal	1,192	2,567
	<u>3,228</u>	<u>4,575</u>

In addition, grants awarded to restricted projects amounting to £678,000 (2013 - £548,000) were applied for by the fundraising department and are shown within incoming resources from charitable activities.

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2014

2. INCOMING RESOURCES FROM GENERATED FUNDS (CONTINUED)

ACTIVITIES FOR GENERATING FUNDS	2014 £'000	2013 £'000
Major fundraising events	177	117
Conferences and courses	58	40
Gardening contract	-	24
	<u>235</u>	<u>181</u>
INVESTMENT INCOME		
Dividends	158	146
Bank interest	1	1
Property rental income	333	315
	<u>492</u>	<u>462</u>

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Local authority fees £'000	Grants £'000	Other funding £'000	Total 2014 £'000	Total 2013 £'000
Adult disability	19,455	146	39	19,640	20,126
Children and families	4,780	2,949	32	7,761	8,079
Epilepsy	5,788	103	43	5,934	5,822
Young adults	5,266	1,085	68	6,419	6,380
	<u>35,289</u>	<u>4,283</u>	<u>182</u>	<u>39,754</u>	<u>40,407</u>

Of the £4,283,000 (2013 - £4,191,000) grants recognised during the year, £3,909,000 (2013 - £3,649,000) related to grant income from Local Authorities and the Scottish Government.

The following grants were received during the current year and the prior year and treated as restricted funds:

Big Lottery Fund Grant Reaching Communities – South West Life Coach £62,587 (2013 - £66,092)
 Big Lottery Fund Grant Young Start – Learning & Development Initiative £18,744 (2013 - £Nil)
 Comic Relief – Counselling Service £33,567 (2013 - £33,333)
 European Commission Lifelong Learning Programme (Leonardo 2011) – Youth Inclusion £37,260 (2013 - £37,846)
 European Commission Lifelong Learning Programme (Leonardo 2012) – Youth Inclusion £55,555 (2013 - £32,139)
 European Commission Lifelong Learning Programme (Leonardo 2013) – Youth Inclusion £35,045 (2013 - £Nil)
 Inspiring Scotland – Glasgow Schools Transition £8,981 (2013 - £101,417)
 Inspiring Scotland – Family Resource Centre Ruchazie £6,200 (2013 - £113,007)
 Scottish Community Foundation – Family Resource Centre Ruchazie £4,286 (2013 - £4,286)
 Scottish Government Housing Voluntary Grants Scheme – Youth Inclusion £28,047 (2013 - £28,047)
 Scottish Government Section 16B Health Grants – William Quarrier Scottish Epilepsy Centre £Nil (2013 - £10,000)
 Social Investment Scotland – William Quarrier Scottish Epilepsy Centre £500,000 (2013 - £Nil)
 Short Breaks Fund – Moray Carers Support Service £48,883 (2013 - £19,794)
 Short Breaks Fund – Chavey Down £19,412 (2013 - £ Nil)

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2014

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES (CONTINUED)

Short Breaks Fund – Steps and Stages £Nil (2013 - £18,562)
Short Breaks Fund – Barlanark Family Support £Nil (2013 - £10,725)
Scottish Government Third Sector Early Intervention Fund, managed by the Big Fund – Youth Inclusion £35,405 (2013 - £Nil)
Scottish Government Third Sector Early Intervention Fund, managed by the Big Fund – Glasgow Schools Transition £77,438 (2013 - £Nil)
Scottish Government Third Sector Early Intervention Fund, managed by the Big Fund – Family Resource Centre Ruchazie £72,240 (2013 - £Nil)

4. COSTS OF GENERATING FUNDS

	2014 £'000	2013 £'000
COSTS OF GENERATING VOLUNTARY INCOME		
Individual giving	570	1,537
Community fundraising	72	91
Corporate donations	3	2
Legacies	3	4
Trusts and grant making bodies	43	72
Scottish Epilepsy Centre Appeal	160	274
Awareness raising	102	229
	<u>953</u>	<u>2,209</u>

£192,000 (2013 - £257,000) of individual giving expenditure relates to upfront payments for donor recruitment. The related income will be received over many years in the future.

The support costs associated with generating voluntary income of £121,000 (2013 - £132,000) are detailed in note 5.

	2014 £'000	2013 £'000
FUNDRAISING TRADING		
Major fundraising events	152	101
Conferences and courses	4	2
	<u>156</u>	<u>103</u>
INVESTMENT MANAGEMENT COSTS		
Investment manager's costs	19	17
Bank charges and interest payable	75	52
Property rental costs	269	254
	<u>363</u>	<u>323</u>

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2014

5. COSTS OF CHARITABLE ACTIVITIES

	2014 Direct costs £'000	2014 Support costs £'000	2014 Total £'000	2013 Direct costs £'000	2013 Support costs £'000	2013 Total £'000
Adult disability	19,585	998	20,583	18,535	1,101	19,636
Children and families	8,461	353	8,814	8,017	419	8,436
Epilepsy	5,672	236	5,908	4,875	232	5,107
Young adults	5,809	243	6,052	5,678	279	5,957
	<u>39,527</u>	<u>1,830</u>	<u>41,357</u>	<u>37,105</u>	<u>2,031</u>	<u>39,136</u>

The activities underlying the costs above are described in the Strategic Report and the Directors' Report.

Where necessary, costs have been allocated between activity categories on the basis of time spent.

SUPPORT COSTS

2014	2014 Allocated to the cost of charitable activities £'000	2014 Allocated to costs of generating voluntary income £'000	2014 Allocated to governance costs £'000	2014 Total £'000
Finance	464	-	85	549
Human resources	470	-	7	477
Information technology	116	-	-	116
Management and administration	164	-	-	164
Communications	101	91	-	192
Grant applications	83	10	-	93
Property	237	20	-	257
FRS 17 net pension finance cost	195	-	-	195
	<u>1,830</u>	<u>121</u>	<u>92</u>	<u>2,043</u>

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2014

5. COSTS OF CHARITABLE ACTIVITIES (CONTINUED)

2013	2013	2013	2013
	Allocated to the cost of charitable activities	Allocated to costs of generating voluntary income	Allocated to governance costs
	£'000	£'000	£'000
Finance	441	-	81
Human resources	457	-	7
Information technology	130	-	-
Management and administration	158	-	-
Communications	269	108	-
Grant applications	64	10	-
Property	185	14	-
FRS 17 net pension finance cost	327	-	-
	<u>2,031</u>	<u>132</u>	<u>88</u>
			<u>2,251</u>

Support costs have been allocated to activities on the following basis:

Property costs - allocated on the basis of use of resources.

Other support costs - allocated on the basis of time spent by the departments supporting the various activities.

Information technology and communications costs are allocated where appropriate directly to projects. Those elements used by support departments and the elements not otherwise directly allocated are included in support costs.

The FRS 17 net pension finance cost has been allocated across charitable activities on the basis of salary costs in relation to each category.

6. GOVERNANCE COSTS

	2014	2013
	£'000	£'000
Internal audit	38	44
External audit (inclusive of VAT)	32	32
Apportionment of Executives' costs (based on time spent)	38	48
Company secretariat	11	10
Annual accounts and committee papers	55	44
	<u>174</u>	<u>178</u>

Governance costs relate to the general running of the charity and include the operations of the Board of Trustees and addressing constitutional, audit and other statutory matters.

7. INCOMING RESOURCES

Incoming resources include funding received and amounts derived from the provision of services which fall within the company's ordinary activities, and are stated net of VAT.

Incoming resources are attributable to the company's principal activities as described in the Strategic Report. Quarriers is a charity operating principally in Scotland.

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2014

8. NET INCOMING/(OUTGOING) RESOURCES

	2014 £'000	2013 £'000
'Net incoming/(outgoing) resources' is stated after charging the following items:		
Auditor's remuneration - fee for audit of statutory accounts (inclusive of VAT)	32	32
Depreciation of owned assets	1,460	1,093
Operating lease rentals - plant and machinery	341	325
- land and buildings	1,010	997
Directors' and officers' indemnity insurance	11	11
	<u> </u>	<u> </u>

The auditor, Deloitte LLP, also received amounts of £7,920 (2013 - £7,920), inclusive of VAT, in respect of the audit of the Quarriers pension scheme.

9. GAINS ON SALE OF FIXED ASSETS

	2014 £'000	2013 £'000
Gain on disposal of tangible fixed assets	-	8
Realised gain on disposal of investments	225	127
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

As required by the Statement of Recommended Practice the gain on disposal of fixed assets in the prior year is included in resources expended alongside depreciation.

10. DIRECTORS' EMOLUMENTS

None of the statutory directors of the company received any fees or emoluments in respect of their duties as directors during the current or preceding year. £592 was paid to one director in respect of travel expenses (2013 £Nil).

Indemnity insurance has continued to be purchased during the year to protect directors and officers from loss arising from breach of duty, trust, neglect, error, misstatement, omission, or any other act committed by any director or officer solely in the course of their activities for Quarriers.

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2014

11. STAFF COSTS

	2014 £'000	2013 £'000
Wages and salaries	27,796	27,475
Social security costs	1,963	1,965
Pension costs	822	962
	<u>30,581</u>	<u>30,402</u>
Pension costs can be analysed as follows:		
FRS 17 current service cost (see note 23)	735	874
Defined contribution pension costs (see note 23)	87	88
	<u>822</u>	<u>962</u>

In addition to the above pension costs, an actuarial gain of £1,010,000 (2013- gain of £280,000) has been recorded in the statement of total recognised gains and losses and the statement of financial activities and a FRS 17 net finance cost of £195,000 (2013 - net finance cost of £327,000) has been included within the statement of financial activities.

The average weekly number of employees during the year was as follows:	No	No
Administration	171	165
Social care, domestic and other	1,830	1,785
	<u>2,001</u>	<u>1,950</u>

During the year, one employee had emoluments (excluding pension contributions) within the band £95,000 to £99,999 (2013 - one). This employee has a defined benefit pension accruing. One employee had emoluments (excluding pension contributions) within the band £70,000 to £74,999 (2013 - one). One employee had emoluments (excluding pension contributions) within the band £60,000 to £64,999 (2013 - two). This employee has a defined benefit pension accruing.

12. INTEREST RECEIVABLE AND INVESTMENT INCOME

	2014 £'000	2013 £'000
Income from listed investments	158	146
Bank interest receivable	1	1
	<u>159</u>	<u>147</u>

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2014

13. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £'000	2013 £'000
FRS 17 net pension finance cost (see note 23)	195	327
Bank loans and overdrafts	62	43
	<u>257</u>	<u>370</u>

14. TAXATION

Quarriers has been granted charitable status by HM Revenue and Customs and as a result no liability to corporation tax arises on its charitable activities.

15. TANGIBLE FIXED ASSETS

	Investment properties £'000	Freehold land and buildings £'000	Motor vehicles £'000	Plant & equipment £'000	Fixtures & fittings £'000	Total £'000
Cost						
At 1 April 2013	4,560	20,431	179	2,887	1,130	29,187
Additions	168	1,175	-	194	117	1,654
Transfer	13	(6)	-	-	(7)	-
Disposals	-	-	(24)	-	-	(24)
Revaluation	(35)	-	-	-	-	(35)
At 31 March 2014	<u>4,706</u>	<u>21,600</u>	<u>155</u>	<u>3,081</u>	<u>1,240</u>	<u>30,782</u>
Accumulated depreciation						
At 1 April 2013	-	7,845	158	2,193	1,087	11,283
Charge for the year	-	1,174	8	233	45	1,460
Disposals	-	-	(24)	-	-	(24)
At 31 March 2014	<u>-</u>	<u>9,019</u>	<u>142</u>	<u>2,426</u>	<u>1,132</u>	<u>12,719</u>
Net book value						
At 31 March 2014	<u>4,706</u>	<u>12,581</u>	<u>13</u>	<u>655</u>	<u>108</u>	<u>18,063</u>
At 31 March 2013	<u>4,560</u>	<u>12,586</u>	<u>21</u>	<u>694</u>	<u>43</u>	<u>17,904</u>
Net book value of assets used directly for charitable purposes						
At 31 March 2014	<u>-</u>	<u>11,695</u>	<u>11</u>	<u>580</u>	<u>96</u>	<u>12,382</u>
At 31 March 2013	<u>-</u>	<u>11,551</u>	<u>15</u>	<u>593</u>	<u>43</u>	<u>12,202</u>

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2014

15. TANGIBLE FIXED ASSETS (CONTINUED)

Investment properties were valued at 31 March 2012 by John Kane BSc MRICS of Lambert Smith Hampton, on an open market value basis. All investment properties are located in the United Kingdom. The value of one investment property has been updated to 31 March 2014. The value of the investment properties revaluation reserve at year ended 31 March 2014 is £4,576,000 (2013: £4,673,000).

In the opinion of the directors, the market value of the freehold land and buildings is significantly higher than the book value in these financial statements.

The net book value of freehold land and buildings includes £395,000 (2013 - £405,000) in respect of property assets currently being used for rental purposes. These properties are temporarily surplus to functional requirements.

The net book value of assets includes £167,000 (2013 - £nil) in respect of property assets in the course of construction.

16. INVESTMENTS

	2014	2013
	£'000	£'000
Cost		
As at 1 April 2013	3,423	3,292
Additions	523	362
Disposals	(702)	(231)
As at 31 March 2014	<u>3,244</u>	<u>3,423</u>
Composed of:		
Listed investments:		
Listed on London Stock Exchange	3,071	3,299
Overseas investments	171	122
Unlisted investments	2	2
As at 31 March 2014	<u>3,244</u>	<u>3,423</u>
Market Value		
As at 1 April 2013	4,899	4,132
Additions	523	362
Disposals as at 1 April 2013 market value	(868)	(320)
Gains in the year	4,554	4,174
	154	725
As at 31 March 2014	<u>4,708</u>	<u>4,899</u>

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2014

16. INVESTMENTS (CONTINUED)

Subsidiary undertakings

All subsidiary undertakings are limited by guarantee and therefore Quarriers has no holding in the companies. The companies are subsidiary undertakings by virtue of Quarriers' right to exercise dominant influence. The principal activities of the subsidiary undertakings are set out below:

<u>Company</u>	<u>Principal activity, net assets and results</u>	<u>Country of incorporation</u>
Quarrier's Activities Limited	Dormant during the year. Net assets at 31 March 2014 - £47 (31 March 2013 - £47) Result before tax for the year to 31 March 2014 - £nil (31 March 2013 - £Nil)	Scotland
Gottar Limited	Design and build company. Net assets at 31 March 2014 - £1,565 (31 March 2013 - £938) Profit for the year to 31 March 2014 - £627 (31 March 2013 - loss £55,610)	Scotland
Strathgryffe Limited	Property management company (for charitable purposes). Net assets at 31 March 2014- £8,642 (2013 - £7,732) Profit before tax for the year to 31 March 2014 - £910 (2013 - £910)	Scotland

17. DEBTORS

	2014	2013
	£'000	£'000
Trade debtors	3,326	2,962
Other debtors	31	19
Prepayments and accrued income	671	475
Amounts owed from subsidiary undertakings	8	-
	<u>4,036</u>	<u>3,456</u>

No debtors are due after more than one year.

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2014

18. CREDITORS:

AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Bank term loan	192	184
Bank revolving credit	1,000	1,000
Trade creditors	1,290	694
Other taxes and social security costs	520	534
Other creditors	671	456
Deferred grant income (see note 19)	537	335
Accruals and other deferred income	1,614	1,134
Amounts owed to subsidiary undertakings	8	51
	<u>5,832</u>	<u>4,388</u>

The bank revolving credit facility and term loan are secured by fixed securities over various properties. An additional bank overdraft facility is secured by a standard security over Laing Shrewsbury House (Head Office).

Included within other creditors are pension contributions payable amounting to £150,000 (2013 - £150,000).

AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £'000	2013 £'000
Bank term loan	514	705
Trade creditors	364	-
	<u>878</u>	<u>705</u>

19. DEFERRED GRANT INCOME

	£'000
As at 1 April 2013	335
Received during the year	4,415
Released during the year	(4,213)
	<u>537</u>
As at 31 March 2014	<u>537</u>

20. SHARE CAPITAL

The company is limited by guarantee and therefore has no share capital.

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2014

21. RESERVES

	As at 1 April 2013 £'000	Income £'000	Expenditure £'000	Gains/(losses) on investment assets £'000	Pension scheme movements £'000	Transfers £'000	As at 31 March 2014 £'000
General reserve	9,382	37,265	(36,799)	286	(365)	(781)	8,988
Pension scheme reserve	(9,242)	-	-	-	1,375	-	(7,867)
Revaluation reserve	6,149	-	-	(109)	-	-	6,040
Designated funds							
Fixed assets fund	5,300	-	-	-	-	560	5,860
Other funds	79	-	-	-	-	48	127
Total designated funds	5,379	-	-	-	-	608	5,987
Total unrestricted funds	11,668	37,265	(36,799)	177	1,010	(173)	13,148
Restricted funds	2,000	6,444	(6,204)	-	-	173	2,413
Total funds	13,668	43,709	(43,003)	177	1,010	-	15,561

Designated funds represent unrestricted funds that have been allocated for certain specific purposes upon internal approval.

Restricted funds have arisen because the income received has to be spent in a defined manner. Balances in restricted funds are held as investments and cash. The balance of restricted funds at year end relates to small balances held in respect of a number of projects.

Transfers to designated funds occur where unrestricted funds have been allocated for certain specific purposes upon internal approval.

Other transfers between funds occur where restricted income has been insufficient to cover the associated expenditure and income is transferred from general funds to meet the shortfall.

22. CAPITAL COMMITMENTS

	2014 £'000	2013 £'000
Contracted for, but not provided	495	-

Capital commitments relate to the construction of a new 6-bed supported living facility in Cowdenbeath which is scheduled for completion by September 2014. The total cost to completion is estimated at £662,000, of which £167,000 has been incurred and capitalised within Fixed Assets during the current year.

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2014

23. PENSION COSTS

The company operates a defined benefit pension scheme, the Quarriers Pension Scheme, providing retirement benefits based on final salary upon retirement. The assets of the scheme are held separately from those of the company in a trustee-administered fund. Company contributions paid in the year were £1,295,000 (2013 - £1,272,000). Contributions amounting to £102,000 (2013 - £112,000) were payable to the fund at 31 March 2014. No additional contributions were paid in respect of ill health retirement.

Contributions of £54,000 have also been made in the year to a defined contribution stakeholder scheme (2013 - £50,000) and £33,000 to a scheme for teachers (2013 - £38,000). The scheme for teachers is a multi-employer defined benefit scheme, for which Quarriers has no liability other than monthly employer's contributions. Therefore it is accounted for as a defined contribution scheme.

Actuarial valuation and contribution levels

The contributions to the defined benefit scheme are determined with the advice of a qualified independent actuary on the basis of triennial valuations using the projected unit funding method. The triennial valuation to 1 November 2010 was formalised on 27 April 2012 which amended the contributions from 1 July 2012. The recommended contribution levels from 1 July 2012 necessary to meet future liabilities of the scheme are 6% (previously - 6%) of pensionable salary for members and 18.1% (previously - 18.1%) of pensionable salary for the employer, plus the cost of insuring death-in-service benefits. Under the funding schedule agreed with the scheme trustees, Quarriers aims to eliminate the current deficit over the next 13 years. The estimated amounts of contributions expected to be paid to the scheme during the year ended 31 March 2015 is £1.228 million and this will be confirmed on finalisation of the 2013 triennial valuation.

FRS 17

The figures below have been based on the actuarial valuation as at 1 November 2010, updated to 31 March 2014. The FRS does not allow for the surplus or deficit to be spread over the period when recovery would normally take place, but instead requires the total assessed surplus or deficit to be declared in full at the balance sheet date.

The main actuarial assumptions used at the balance sheet date were as follows:

	2014 %	2013 %
Rate of inflation (RPI)	3.30	3.30
Salary increase rate (CPI)	2.30	2.30
Increases for pensions in payment - pre April 1997	3.00	3.00
- April 1997 to April 2005	3.20	3.20
- post April 2005	2.20	2.20
Revaluation of deferred pensions	3.30	3.30
Liability discount rate	4.40	4.50
Expected return on scheme assets	5.50	5.10
	2014	2013
Mortality assumptions - life expectancy on retirement	Years	Years
Pensioners - male	21.70	21.60
Pensioners - female	24.30	24.20
Non-pensioners - male	23.60	23.50
Non-pensioners - female	26.10	26.00

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2014

23. PENSION COSTS (CONTINUED)

FRS 17 (CONTINUED)

The fair value of the assets in the scheme, the present value of the liabilities in the scheme, and the expected rate of return at each balance sheet date were:

	2014 £'000	2014 Rate of return	2013 £'000	2013 Rate of return
Equities	24,199	6.5%	21,681	6.10%
Bonds	14,416	3.8%	14,473	3.60%
Cash	256	0.5%	219	0.50%
	<u>38,871</u>		<u>36,373</u>	
Total fair value of assets				
Present value of scheme liabilities	<u>(46,738)</u>		<u>(45,615)</u>	
Deficit in the scheme	<u>(7,867)</u>		<u>(9,242)</u>	

Analysis of the amount charged to operating costs under FRS 17:

	2014 £'000	2013 £'000
Current service cost	<u>735</u>	<u>874</u>

Analysis of the amount charged to net finance cost under FRS 17:

	2014 £'000	2013 £'000
Expected return on pension scheme assets	1,852	1,696
Interest on pension scheme liabilities	<u>(2,047)</u>	<u>(2,023)</u>
Net finance cost	<u>(195)</u>	<u>(327)</u>

Amounts of actuarial gains/(losses) recognised in the statement of total recognised gains and losses ('STRGL'):

	2014 £'000	2013 £'000
Amount recognised during the year	<u>1,010</u>	<u>280</u>
Cumulative amount recognised	<u>(1,201)</u>	<u>(2,211)</u>

The actual return on scheme assets was a gain of £2,190,000 (2013 – gain of £4,639,000).

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2014

23. PENSION COSTS (CONTINUED)

FRS 17 (CONTINUED)

Movements in the present value of scheme assets were as follows:

	2014 £'000	2013 £'000
Assets at start of year	36,373	32,106
Expected return on assets	1,852	1,696
Actuarial gain	338	2,943
Employer contributions	1,295	1,272
Employee contributions	253	284
Benefits paid	(1,240)	(1,928)
	<u>38,871</u>	<u>36,373</u>

Movements in the present value of defined benefit obligations were as follows:

	2014 £'000	2013 £'000
Liabilities at start of year	45,615	41,699
Current service cost	735	874
Interest cost	2,047	2,023
Employee contributions	253	284
Actuarial (loss)/gain	(672)	2,663
Benefits paid	(1,240)	(1,928)
	<u>46,738</u>	<u>45,615</u>

Five year history:

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Scheme assets	38,871	36,373	32,106	30,704	28,166
Scheme liabilities	(46,738)	(45,615)	(41,699)	(38,095)	(40,144)
Deficit in the scheme	<u>(7,867)</u>	<u>(9,242)</u>	<u>(9,593)</u>	<u>(7,391)</u>	<u>(11,978)</u>
Experience adjustments on scheme assets	338	2,943	(435)	597	3,207
Experience adjustments on scheme liabilities	(243)	(192)	1,080	3,495	(824)

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2014

23. PENSION COSTS (CONTINUED)

FRS 17 (CONTINUED)

The impact of the FRS 17 pension deficit on unrestricted funds at 31 March 2014 is as follows:

	2014 £'000	2013 £'000
Unrestricted funds excluding pension deficit	21,015	20,910
FRS 17 pension deficit	(7,867)	(9,242)
Unrestricted funds including pension deficit	<u>13,148</u>	<u>11,668</u>

24. FINANCIAL COMMITMENTS

Operating leases

Annual obligations under operating leases which expire:

	2014 Land & buildings £'000	2014 Other £'000	2013 Land & buildings £'000	2013 Other £'000
Within one year	452	50	467	5
Between two and five years	412	215	431	247
In more than five years	123	-	131	-
	<u>987</u>	<u>265</u>	<u>1,029</u>	<u>252</u>

Secured assets

During the year ended 31 March 2010, Quarriers agreed with the Quarriers Pension Scheme a contingent asset agreement whereby the scheme holds security over Quarriers tangible fixed assets to the value of £2.65m. During the year ended 31 March 2014 it was agreed to increase this to £4.23m. The process to formalise the increase of the contingent asset has recently been concluded.

25. SUBSIDIARY COMPANY TRANSACTIONS

During the year the company made purchases of a total value of £686,000 (2013- £4,781,000) from Gottar Limited, a subsidiary company, and made sales to Gottar Limited of a total value of £5,000 (2013 - £769,000).

At 31 March 2014, the company was owed £8,000 from Gottar Limited (2013 -£44,000).

During the year the company made purchases of a total value of £19,000 (2013 - £19,000) from Strathgryffe Limited, a subsidiary company, and made sales to Strathgryffe Limited of a total value of £ 18,000 (2013 - £18,000).

At 31 March 2014, the company owed £8,000 (2013 - £7,000) to Strathgryffe Limited.