

Company Registration No SC 14361
Charity No. SCO 01960
Registered in Scotland

QUARRIERS

Report and Financial Statements

31 March 2008

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QUARRIERS

REPORT AND FINANCIAL STATEMENTS 2008

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr Roger C Mills	Chairman
Mr Robert Walker	(retired 3 September 2007)
Mr David S Alexander	(retired 3 September 2007)
Professor Rona S Beattie	
Mrs Elizabeth M Bompfray	(retired 8 November 2007)
Mr Leslie G Campbell	
Ms Joanne H Dallachy	
Mr James W Dinsmore	(retired 3 September 2007)
Professor Mike Donnelly	(retired 28 March 2008)
Ms Sheena M Duncan	(retired 3 September 2007)
Ms Keren E Edwards	
Mr William Harkness	
Mr John W Howie	
Professor Raymond L Jones	
Mr David J C MacRobert	
Dr Ian C Matson	
Mr Robert Ross	(appointed 3 September 2007)
Mr Angus Skinner	(appointed 3 September 2007)
Mr Frederick D Wardle	
Mr Kenneth Winter	

EXECUTIVE DIRECTORS*

Dr Philip Robinson	Chief Executive
Mr Martin Cawley	Service Director
Ms Karen Croan	Director of Human Resources
Ms Glynis Elgey	Service Director
Mr Laurie Gardner	Director of Fundraising
Mr Hugh Walker	Director of Finance and Corporate Services
Mr David Williams	Service Director

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

SECRETARY

Mr Fraser W MacDonald

REGISTERED OFFICE

Quarriers
Quarriers Village
Bridge of Weir
Renfrewshire PA11 3SX

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Glasgow

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OFFICERS AND PROFESSIONAL ADVISERS (CONTINUED)

INVESTMENT MANAGERS

Adam & Company
Investment Management Limited
22 Charlotte Square
Edinburgh EH2 4DF

Speirs and Jeffrey
Stockbrokers
39 Renfield Street
Glasgow
G2 1NA

SOLICITORS

Brechin Tindal Oatts
48 St Vincent Street
Glasgow
G2 5HS

Harper McLeod
The Ca'd'oro
45 Gordon Street
Glasgow G1 3PE

Bannatyne, Kirkwood, France & Company
16 Royal Exchange Square
Glasgow
G1 3AC

PENSION SCHEME ADMINISTRATORS AND CONSULTANTS

Xafinity Consulting Limited
8th Floor
110 Fenchurch Street
London EC3M 5J

PUBLIC AFFAIRS AND MEDIA ADVISORS

Webber Shandwick
9 Lynedoch Crescent
Glasgow
G36 EQ

BANKERS

Bank of Scotland
PO Box No10
2nd floor
38 St Andrew Square Edinburgh
EH2 2YR

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 by involvement in subcommittees, which then report at the full meeting of the Council of Management

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

Audit Subcommittee

Reviews the system of internal controls, reviews the management of risk within Quarriers, monitors the relationship with the external auditors and takes an overview of the work plan of internal audit. The Audit Subcommittee reviews the annual financial statements before submission to the Council of Management

Members

Mr William Harkness (Chair, retired 3 September 2007)
Mr Leslie Campbell (appointed as Chair 3 September 2007)
Ms Sheena Duncan (retired 3 September 2007)
Mr John Howie (retired 3 December 2007)
Mr Roger Mills (appointed 3 December 2007)
Mr Robert Ross (appointed 3 December 2007)
Mr Kenneth Winter (appointed 3 December 2007)

Finance & General Purposes Subcommittee

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 James Dinsmore (Chair, retired 3 September 2007)
Mr William Harkness (appointed as Chair 3 September 2007)
Mr Roger Mills
Mr Robert Walker (retired 3 September 2007)
Mr Kenneth Winter

Fundraising Subcommittee

Maintains an overview of the fundraising and communications activities and strategies of Quarriers and reviews the outcomes against agreed targets and identifies the appropriate actions for recommendation to Council of Management

Members

Mrs Elizabeth Bomphray (Chair, retired 8 November 2007)
Mrs Joanne Dallachy (retired 3 December 2007)
Ms Keren Edwards (appointed as Chair 3 December 2007)
Mr John Howie
Mr David MacRobert

Heritage Subcommittee

Maintains an overview of the heritage assets within Quarriers encompassing intellectual property, records and museum artefacts and the estate

Members

Mr James Dinsmore (Chair, retired 3 September 2007)
Mr Kenneth Winter (appointed as Chair 3 September 2007)
Mr David MacRobert
Dr Ian Matson
Mr Frederick Wardle

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QUARRIERS SUB COMMITTEES (CONTINUED)

Human Resources Subcommittee

Maintains an overview of staff policies and procedures including recruitment, retention and training, in particular reviews the staff organisation initiatives and ensures co ordination of the staff resources to meet the organisational requirement within the strategic plan

Members

Professor Rona Beattie (Chair)

Ms Keren Edwards

Mr John Howie

Professor Raymond Jones

Quality and Policy Subcommittee

Monitors performance against strategic priorities including internal standards and benchmarks, and reports and recommendations Advises on the systems strategy for policy, public education, influencing and campaigning and advising on the associated method and forms of communications

Members

Mr Roger Mills (Chair)

Professor Rona Beattie

Professor Mike Donnelly (retired 28 March 2008)

Professor Raymond Jones

Services Subcommittee

Monitors the performance of the charity's activities and outcomes against strategic priorities, performance targets, internal standards, external benchmarks and the action taken to respond to and learn from recommendations for improvement The committee's main remit is to monitor the services provided by the charity

Members

Mr David Alexander (Chair, retired 3 September 2007)

Professor Raymond Jones (appointed as Chair 3 September 2007)

Mr Leslie Campbell

Mrs Joanne Dallachy

Ms Sheena Duncan (retired 3 September 2007)

Dr Ian Matson

Mr Angus Skinner (appointed 3 December 2007)

QUARRIERS

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of Quarriers for the year ended 31 March 2008

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 and 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.

Quarriers is a charitable company (Scottish Charities Registration number SCO01960) limited by guarantee and does not have a share capital. It was incorporated on 30 October 1926.

Recruitment and appointment to Council of Management

The statutory directors of the company are also charity trustees for the purposes of charity law and under the company's articles of association are known as members of the Council of Management. New trustees are appointed by Council; they retire at the first Annual General Meeting following appointment and may seek re-election at this time. Under the requirement of the memorandum and articles of association, one third of the remaining Council of Management members, who are subject to retirement by rotation, retire each year at the Annual General Meeting and may be re-elected at the meeting. Due to the wide ranging nature of the charity's work, the Council of Management seeks to ensure that the needs of the people it supports are appropriately reflected through the diversity of the trustee body. To enhance the potential pool of trustees the charity's aim is through invitation, selective advertising and networks with social work and health bodies, to identify and appoint individuals who can use their experience to assist the charity. More traditional business skills are also well represented on the Council. 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.

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. All Council members are sent all policies and standards which Quarriers has developed. 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 Council member. All Trustees are encouraged to attend training in both governance and specific areas of interest and relevance to their role within the charity. Feedback from the Trustees in respect of this induction process has been positive.

Organisational Structure

Quarriers' Council of Management is responsible for guarding the mission, objectives and values of the organisation, overseeing the direction and control of the organisation and ensuring it receives appropriate information and advice to carry out its statutory and corporate responsibilities. Quarriers' Council of management is also responsible for monitoring and minimising the risks whilst taking legal responsibilities arising from its control, regularly reviewing the plans and commitments of the organisation. Quarriers had twenty directors during the year from a variety of professional backgrounds relevant to the working of the charity. Quarriers' has been fortunate in appointing two new members to the Council of Management whilst six have retired; it is believed the new Board of fourteen will provide a more streamlined decision making body.

The Company Secretary and Executive Directors also attend the Council of Management but have no voting rights. Day to day responsibility of the services rests with the Chief Executive along with the three regional Service Directors, Finance & Corporate Services Director, Human Resources Director and Fundraising Director. The Chief Executive is responsible for ensuring the charity delivers the services specified and that key performance indicators and the strategic plan are met. The Council of Management has set up a number of key subcommittees, each subcommittee and its convenor has clear written terms of reference approved by Council. Each subcommittee reports quarterly to the Council of Management. All recommendations are considered and approved by the Council of Management; the subcommittees must meet regularly enough to implement the work of the Council of Management and to carry out Quarriers' business. The subcommittees' structure, terms of reference and authorities are reviewed periodically. Further details of each subcommittee are provided on pages 3 and 4.

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DIRECTORS' REPORT (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk Management

On an annual basis the Council of Management reviews the major risks to which the charity may be exposed and the systems which have been established to mitigate risks. A risk register has been prepared and external risks which are identified have been addressed in the strategic plan which includes diversification and development of activities to mitigate risk. Internal risks are minimised by the implementation of procedures for authorisation of all transactions and projects and to ensure consistent quality of delivery for all operational aspects of the charitable company.

The Audit Committee is responsible for reviewing the mechanism for the management of risk and makes recommendations to the Council of Management. The Chief Executive reports on the management of risk to the Council of Management. An internal audit programme which is agreed by the Audit Committee is carried out by Head Office staff.

OBJECTS AND PRINCIPAL ACTIVITIES

Quarriers is a Scottish based charity. The company's objects are to provide practical support and care for children, young people, adults and families at any stage of their lives. Quarriers challenges inequality of opportunity and choice to bring about positive change in people's lives.

The services provided include services for children and their families, accommodation and support for the young homeless, services for people with epilepsy and those with learning difficulties, advisory and carers services and respite care for people with a disability.

Quarriers promotes the relief of disability, poverty, illness and suffering and the advancement of education, in particular by establishing, maintaining and conducting residential care and support services.

The main objectives and activities for the year are focussed on eight thematic areas of care and support. Quarriers provides services in all these areas.

Epilepsy

This includes The Scottish National Epilepsy Assessment Centre, a ten bedded facility which works in conjunction with the NHS to provide assessments and diagnosis to people suffering from Epilepsy. The service also encompasses outreach work in many areas of Scotland.

Adults with Learning or Physical Disabilities

The mechanism by which this service is provided by Quarriers varies from supporting individuals in their own homes to supported living projects for adults with disabilities and group registered houses. Quarriers also provides support through adult respite services as well as training for work programmes.

Adults with Acquired Brain Injuries

Quarriers supports individuals within their own tenancies who suffer from the effects of traumatic head injuries as well as offering support and advice through outreach work.

Children with a Disability

Quarriers supports children with physical and learning difficulties within registered homes and provides respite care in registered homes and foster placements as well as outreach and holiday programmes.

Education and Residential Care

Quarriers provides education for children with social, emotional and behavioural difficulties both within a school environment and in support units attached to schools. The principal aim is to re-integrate the children into mainstream education. Quarriers also provides positive support and accommodation for looked after children, working closely with families and others to assist them to develop the necessary emotional and practical skills for life.

Carers Support

Quarriers organises and supports carers centres to provide information, advice and emotional and practical support for carers of all ages.

QUARRIERS

DIRECTORS' REPORT (continued)

OBJECTS AND PRINCIPAL ACTIVITIES (continued)

Youth Homelessness

Quarriers provides various models of support to young people who would otherwise be homeless. This service is provided through individual tenancies and within group residencies. The service includes befriending and provides a place to live whilst learning the necessary skills and confidence that will enable the young person to move on to independent living.

Family Support and Learning

Quarriers provides support for families facing poverty, family breakdown, exclusion and disadvantage. Quarriers provides family centres which offer parents personal support, practical advice, improved parenting skills, adult education and home visiting. It also provides flexible childcare to support parents into training and employment.

Other Areas of Work

Quarriers continues to work in partnership with overseas non governmental organisations ('NGOs') by offering, as appropriate, advice, assistance and expertise.

Quarriers maintains close links with other charities and other welfare organisations in the United Kingdom and in Europe. Quarriers is a member of SCVO (Scottish Charities Voluntary Organisations) and CCPS (Community Care Providers Forum). Quarriers also works in partnership with Taganka Children's Fund in Moscow and SAATHI in Nepal, these relationships involve the transfer of ideas and practice between Scotland, Russia and Nepal utilising Quarriers' experience and learning from the impact of services in deprived areas.

Quarriers actively works with local authorities, central government and interest groups to campaign to improve the lives of the people it supports.

The strategies employed to assist these objectives include the following aims:

To deliver Quarriers services to the maximum number of people able to benefit from them.

To influence social policy and practice at national and local levels, thereby benefiting those whom we cannot support directly.

To provide cost effective services of the highest quality and maximum positive impact.

ACHIEVEMENT AND PERFORMANCE

The impact of Quarriers' services can be seen both in terms of the quality of services, the numbers of satisfied individuals supported and the continued huge demand for services. Quarriers continues to win tenders for new services and is frequently asked to expand existing services.

Epilepsy

This unique assessment service admitted 69 (100 2007) patients during the year and supplied 2,390 (2,558 2007) days of inpatient care whilst seeing 174 (231 2007) as outpatients. Quarriers has identified a new site for the National Assessment service closer to the Southern General Hospital in Glasgow and hopes to commence the new building in early 2010. This is the start of a major investment in Quarriers' Epilepsy services for Scotland. This service is both in demand and in need of expansion and renewal. In addition Quarriers continues to provide Epilepsy advisory services throughout Scotland. Quarriers also support 367 people with Epilepsy in other long stay supported and accommodation projects. These projects are designed to support people with the condition to lead full and active lives in the community.

Adults with Learning and Physical Disabilities

The service includes care and support to adults with learning difficulties in varying aspects of their lives. This year Quarriers assisted 331 (332 2007) people in their own homes and a range of community care projects whilst also supplying 7,997 (7,290 2007) days of adult respite care and 11 (11 2007) adult fostering placements. Everyone whom Quarriers currently supports has a person centred plan to ensure a focus on the person's needs as an individual. At Sommervilles restaurant Quarriers continues to provide training and supported employment. A total of 23 (26 2007) adults were involved in Sommervilles training during the year, with 12 taking up an SQA course at a new college, 1 (14 2007) successfully completed the SQA qualifications during this year.

QUARRIERS

DIRECTORS' REPORT (continued)

ACHIEVEMENT AND PERFORMANCE (continued)

Adults with Acquired Brain Injuries

Quarriers has worked with 130 (124 2007) people in the community and at home whilst directly supporting another 14 (14 2007) in their own homes

Children with a Disability

Quarriers provides full time care for 41 (41 2007) young people. Quarriers also supplied 10,100 (8,600 2007) days of respite care. One of the respite services has recently completed a new sensory garden that was developed with the help of volunteers and has assisted in giving a better access and experience for the children. Quarriers also supports children in the process of transition to adult services. All children have individual plans in place. A further 53 (33 2007) children utilise Quarriers' family based short break services.

Education and Residential Care

Quarriers supports the education of children with social and behavioural difficulties with the aim of returning them to mainstream schooling. In 2008, 6 (13 2007) pupils transferred back to mainstream education. Quarriers Seafield is an independent school and inspected by HMIE. The number of day pupils at Seafield is 24 (38 2007) and it supplies residential places to 28 (28 2007) young people. A safe and supportive environment is provided in which they can learn to address emotional and behavioural issues. Of twenty seven young people who benefited from this support 81% moved on to planned and positive alternatives. Other educational support services continue to be in great demand. Quarriers has worked with a further 30 (20 2007) pupils in education support attached to other schools, who have successfully returned to mainstream education. The opening this year of the new recreation hall at Seafield and an outdoor playground will greatly enhance the school facilities. Quarriers has also contracted with Wiltshire County Council to run two new houses for the care and support of looked after children. Both these homes became fully operational in September 2007, it is planned to transfer these services to two new homes in the next 18 months. The first of these homes was purchased during the year.

Carers Support

The input and support from Quarriers Carers Centres is vital to anyone looking after a relative, partner or friend who couldn't manage without their help. 809 (959 2007) adult carers and 91 (50 2007) young carers have benefited directly from the information, advice and support from these services, enabling them to continue in their caring role as long as possible. Quarriers continues to work where carers will influence the planning and delivery of services and makes representation on behalf of carers to a wider social policy audience.

Youth Homelessness

Quarriers has supplied 43,697 (46,535 2007) days and nights of care to young homeless people. The aim of these services is not only to provide a bed but to ensure young people have secured a level of stability in their lives and permanency away from homelessness, with Quarriers' support. It is Quarriers' view that this can be evidenced by at least 78% of residents leaving the service without being considered homeless. In addition Quarriers has supplied housing support to 79 (56 2007) young people of varying needs in their own tenancies, 70% of these young people are still in their tenancies six months after their move or the start of their involvement with Quarriers.

Family Support and Learning

Quarriers' family support services continue to grow. The services aim to improve relationships, develop parenting skills and improve the health and educational outcomes of children. The services provide children with support to allow parents to access training and employment opportunities. This year Quarriers has supported 280 (266 2007) families and young people. A further 110 (132 2007) children are supported as part of flexible childcare at home services. During the year Quarriers has developed two new family support services in Glasgow with particular emphasis being placed on supporting children affected by adult addiction. The services also provide support to parents.

QUARRIERS

DIRECTORS' REPORT (continued)

ACHIEVEMENT AND PERFORMANCE (continued)

Quarriers Policy and Influencing

The principle aim of the policy function is to represent the interests of the people we support to policy makers. The breadth and diversity of Quarriers' work presents particular challenges in respect of influencing and informing social policy, so a strategic and focused approach, which concentrates on several clearly defined areas, has been adopted, to make best use of resources. Our proactive policy work is currently, therefore, concentrating on wheelchair provision, youth housing support, epilepsy and people with learning disabilities living at home.

During the year, we have responded to 10 consultations, met 13 MSPs, hosted a campaign event for people we support and politicians at the Scottish Parliament, briefed MSPs for a debate on wheelchairs, attended several consultation events and successfully completed an energy efficiency project. We strive to ensure that the people we support are given every opportunity to participate in policy work and, to this end, we have facilitated self advocacy groups' responses to 5 consultations, and the organisation is represented on many different committees and working groups by people we support, including the Scottish Parliament Cross Party Group on Learning Disability.

Effective Management

Quarriers' staff are the key to its success and the development of a workforce and development strategy outlining Quarriers plans for their education and development demonstrates our commitment to a skilled workforce and consequently a better service for the people we support. Quarriers continues to meet the government objectives on registration and education of the voluntary sector workforce and is confident that its facilities and staff training both meet and exceed all requirements and ensure a quality service. Quarriers has completed 5,255 (6,112 2007) staff training days and 136 (120 2007) staff have qualified with external qualifications or SVQ's. In addition to this, Quarriers is marketing a number of its training courses due to the demand from external organisations and the relevance and quality of the training we provide. Quarriers has again achieved the Investors in People award which covers a range of levels of achievement in learning and development and requires the organisation to meet continuing higher standards than before in a range of key people management activities. The support and core services of the following departments are essential to the success of Quarriers and are a valued resource within the organisation: Quarriers' Quality & Policy, Fundraising, Finance, Health & Safety, Human Resources, Corporate Services and Administration departments, which work hard in support of their colleagues and continue to raise the internal standards of the organisation.

Quarriers is inspected by the Care Commission and HMIE in Scotland and Ofsted in England. 55 (55 2007) inspections have been completed this year with 22 (28 2007) requirements and 80 (113 2007) recommendations, 96% of actions from the prior year were completed and the remainder are continuing to be worked upon. Quarriers also monitors concerns and complaints from users of our services. In 2008, 177 (146 2007) were received and 171 (140 2007) have been resolved satisfactorily, to date.

QUARRIERS

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW

REVIEW OF BUSINESS AND FUTURE PROSPECTS

The organisation has had an active year and continues to grow with increased incoming resources of £42,186,000 (2007 £39,003,000). The expansion in incoming resources has been mostly through generic growth in existing projects, inflationary fee rises and tenders won last year fully impacting with a full year's activity. This has resulted in an increase in fees receivable for the year to £34,140,000 (2007 £31,361,000). Total grant income for the year was £5,552,000 (2007 £4,909,000), reflecting an increase in family support and learning grant income. The overall results for the year show a negative net movement in funds of £129,000 (2007 £1,377,000 positive) across all reserve types.

The net movement in funds includes unrealised losses of £654,000 (2007 £196,000 gains) in investments and an FRS 17 pensions actuarial loss of £1,064,000 (2007 £687,000 gain).

Net incoming resources before transfers to reserves was £1,325,000 (2007 £385,000).

Negotiations are ongoing to establish sustainable fee rates and balanced contracts for all Quarriers' services. This continues to be a difficult process with local authorities seeking efficiency savings year on year and a tendency for contracting to be difficult. Towards the end of the year, the move by some local authorities to a culture of procurement through large tendering exercises has led Quarriers to lose a number of projects and gain others. In addition, the Scottish Government's change to remove ring fenced funding streams has led Quarriers to be unable to sustain full capacity in certain services and has directly led to the closure of two projects. The net effect on total revenue of these changes this year has been minimal as this occurred towards the year end. However, this has resulted in Quarriers looking closely at underlying costs in order to remain competitive. The changes have also led to a substantial upheaval and disturbance to the people we support and staff. All costs continue to be tightly controlled.

Quarriers has continued to invest significant sums in its fundraising department and activities in order to sustain voluntary income in the future. Costs associated with donor recruitment continue to be fully expensed in the year of expenditure and the donor base continues to grow. Voluntary income (see note 2 to the financial statements) of £1,784,000 (2007 £1,866,000) was received during the year. The costs of generating funds (see note 4 to the financial statements) amounted to £829,000 (2007 £1,046,000). The resulting contribution was used by Quarriers to support a variety of charitable activities including capital projects and equipment for services.

Quarriers' services for adults with learning difficulties have been enhanced by the continued redevelopment and upgrading of existing houses. The refurbishment of Cottage 11 in Quarriers Village was completed in the year as a supported living project and further work on deregistered flats is in progress. Quarriers works in partnership with local authorities to ensure that the individuals supported within Quarriers Village and throughout the country are offered the highest quality of housing and support.

Quarriers has taken over two refurbished children's homes in Wiltshire during the year; these homes offer a high quality service for looked after children. The properties will be replaced by new Quarriers owned houses in the next 18 months; one property has already been purchased and refurbishment will start in July 2008.

Quarriers has invested significantly in Seafield, a residential and day school for children with social, emotional and behavioural difficulties. The school provision has been enhanced this year by the building of a multi purpose recreation facility at the school. In addition, Quarriers won the People's Millions, a grant from the Big Lottery Fund, and has completed the build of an outdoor play area. Quarriers' services for young people, who are homeless, where support is provided to young people in their own tenancies, have continued to expand in Glasgow. Services for adults with disabilities continue to grow with the expansion to existing services.

Quarriers has continued to expand this year at a quicker rate than the last few years – fee income has increased by 8.1% (2007 1.9%) this year and by over 100% during the last five years. This reflects some services started last year and impacting for the full year, in addition, generic growth has assisted the increase. The charity will continue to meet the needs of the people it supports and will expand its services by providing new and improved services whilst at the same time ensuring that its charitable resources are applied in the best and most efficient manner.

QUARRIERS

DIRECTORS' REPORT (continued)

RESULTS AND TRANSFER TO RESERVES

Restricted funds have increased by £676,000 (2007 decrease of £117,000) Total funds have fallen by £129,000 (2007 £1,377,000 increase) General and designated funds have decreased by £805,000 (2007 £1,494,000 increase), £1,064,000 of which is accounted for by a current year loss in the actuarially assessed pension deficit Funds are applied for the specific purpose for which they are received If funds are received for general purposes then they are applied where there is the greatest need and any surpluses are transferred to reserves in order to provide future funds for the charity

In setting a reserves policy the directors have established as designated reserves, monies that are committed in respect of planned expenditure or liabilities that are believed likely to crystallise The directors have reviewed the level of unrestricted reserves and believe them to be sufficient to meet future requirements The directors believe that £5,777,000 (2007 £6,430,000) held as current assets is sufficient for working capital needs and to meet budgeted future needs In reviewing this, the cash flow needs of the future pension fund contributions have been taken into account Additional company pension contributions together with regular increased monthly contributions are expected, over a longer period to reduce the pension deficit to nil

FIXED ASSETS

Movements in tangible fixed assets are as set out in note 15 to the financial statements

Assets are held primarily for use by charitable services or for use by the support services Land and buildings which are not used at the present time by the charity for their charitable purposes are leased with a view to maximising rental income

MARKET VALUE OF LAND AND BUILDINGS

In the opinion of the directors, the market value of the land and buildings is significantly higher than the book value in these financial statements If land and buildings were sold at sums in excess of their book valuations, no liability to tax would arise due to the company's charitable status

INVESTMENTS

Investments are recorded at market value in the balance sheet The movement in investments is as set out in note 16 The investments are held in accordance with the powers of the directors as laid out in the memorandum and articles of association

FINANCIAL INSTRUMENTS AND CREDIT RISK

The charity's principal financial assets are bank balances and investments The charity's only significant financial liability is a £1,800,000 (2007 £1,355,000) bank revolving credit facility 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

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 with disabilities employed during the year was 15 (2007 16)

QUARRIERS

DIRECTORS' REPORT (continued)

EMPLOYEE INVOLVEMENT

Facilities for the provision of information to employees and for consultation on matters of concern are available through the Human Resources Department. 88 staff have been involved in the process of developing internal standards for Quarriers during the year. Copies of the Annual Report are made available from the Registered Office. Quarriers' operates a direct access system to the Executive through Staff Direct, a suggestion hotline, 19 ideas were submitted, 100% of ideas have been considered by the Executive and a written response made to each staff member and 85% were agreed and progressed.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and to the date of this report are as shown on page 1. Directors are appointed by nomination and approval by the majority of existing directors.

On 3 September 2007, Mr David Alexander, Mr James Dinsmore and Mrs Sheena Duncan retired by rotation and did not offer themselves for re-election. Mr Robert Walker also retired at this date. Professor Rona Beattie, Professor Mike Donnelly, Mr Leslie G Campbell, Ms Joanne H Dallachy, Ms Keren Edwards, Mr John W Howie, Professor Raymond L Jones and Mr Roger C Mills, retired by rotation and were re-elected, Mr Robert Ross and Professor Angus Skinner's appointments were confirmed on this date.

Mr William Harkness, Mr David MacRobert, Dr Ian Matson and Mr Frederick Wardle will retire by rotation and are eligible to offer themselves for re-election.

No director has any interest in the company as it is limited by guarantee.

AUDITORS

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 auditors are 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

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

Approved by the Council of Management
and signed on behalf of the Council of Management



Mr Roger C Mills
1st September 2008



Mr Leslie G Campbell
1st September 2008

QUARRIERS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND DIRECTORS OF QUARRIERS

We have audited the financial statements of Quarriers for the year ended 31 March 2008 which comprise the statement of financial activities (including the income and expenditure account), 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 funds, and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985 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. 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 auditors' 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 auditors

The responsibilities of the directors (who are also the trustees of the charity for the purposes of charity law) for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

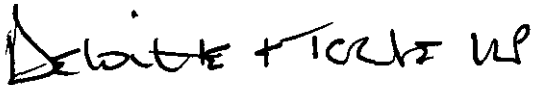
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND DIRECTORS OF QUARRIERS

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, and
- the information given in the directors' report is consistent with the financial statements



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Glasgow

United Kingdom

1st September 2008

QUARRIERS

STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account) Year ended 31 March 2008

		Unrestricted funds			Total	Total
	Note	General Funds £'000	Designated Funds £'000	Restricted Funds £'000	31 March 2008 £'000	31 March 2007 £'000
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	2	1,409		375	1,784	1,866
Activities for generating funds	2	192			192	183
Investment income	2	480		37	517	358
Incoming resources from charitable activities	3	11,143		28,549	39,692	36,270
Other incoming resources						
Gain on sale of tangible fixed assets	9	1			1	326
Total incoming resources		13,225		28,961	42,186	39,003
RESOURCES EXPENDED						
Costs of generating funds						
Costs of generating voluntary income	4	829			829	1,046
Fundraising trading	4	152			152	110
Investment management costs	4	328			328	219
Costs of charitable activities	5	10,814		28,560	39,374	37,086
Governance costs	6	178			178	157
Total resources expended		12,301		28,560	40,861	38,618
Net incoming resources before transfers	8	924		401	1,325	385
TRANSFERS						
Transfers to restricted funds	23	(451)		451		
Gross transfers to designated funds	23	(222)	398	(176)		
Net incoming resources		251	398	676	1,325	385
OTHER RECOGNISED GAINS AND LOSSES						
Gains and losses on investment assets						
Realised	9	264			264	109
Unrealised		(654)			(654)	196
		(390)			(390)	305
Actuarial (loss)/gain on defined benefit pension scheme	25	(1,064)			(1,064)	687
Net movement in funds		(1,203)	398	676	(129)	1,377
RECONCILIATION OF FUNDS						
Total funds brought forward at 1 April 2007		(288)	2,733	4,597	7,042	5,665
Total funds carried forward at 31 March 2008		(1,491)	3,131	5,273	6,913	7,042

A reconciliation of the net income for the year for the purposes of the Companies Act 1985 is provided on page 17

QUARRIERS

RECONCILIATION OF NET INCOME FOR THE YEAR FOR THE PURPOSES OF THE COMPANIES ACT 1985

Year ended 31 March 2008

	2008 £'000	2007 £'000
Net incoming resources per the Statement of Financial Activities (page 16)	1,325	385
Realised gains and losses on investment assets per the Statement of Financial Activities (page 16)	<u>264</u>	<u>109</u>
Net income for the year for the purposes of the Companies Act 1985	<u><u>1,589</u></u>	<u><u>494</u></u>

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

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total 2008 £'000	Total 2007 £'000
Net income for the year for the purposes of the Companies Act 1985	515	398	676	1,589	494
Actuarial (loss)/gain in respect of pension scheme under FRS 17 (note 25)	(1,064)			(1,064)	687
Unrealised (losses)/gains on investments	<u>(654)</u>	<u></u>	<u></u>	<u>(654)</u>	<u>196</u>
Total recognised gains and losses relating to the year and net movement in capital and reserves	(1,203)	398	676	(129)	1,377
Opening capital and reserves	<u>(288)</u>	<u>2,733</u>	<u>4,597</u>	<u>7,042</u>	<u>5,665</u>
Closing capital and reserves	<u><u>(1,491)</u></u>	<u><u>3,131</u></u>	<u><u>5,273</u></u>	<u><u>6,913</u></u>	<u><u>7,042</u></u>

QUARRIERS

BALANCE SHEET 31 March 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Tangible assets	15	9,399	7,441
Investments	16	3,120	3,515
		<u>12,519</u>	<u>10,956</u>
CURRENT ASSETS			
Stocks	17	3	3
Debtors	18	4,982	4,349
Cash at bank and in hand		792	2,078
		<u>5,777</u>	<u>6,430</u>
CREDITORS: amounts falling due within one year	19	<u>(5,013)</u>	<u>(4,663)</u>
NET CURRENT ASSETS		<u>764</u>	<u>1,767</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,283	12,723
CREDITORS: amounts falling due after more than one year	21	<u>(37)</u>	<u>(37)</u>
NET ASSETS EXCLUDING PENSION DEFICIT		13,246	12,686
PENSION DEFICIT	25	<u>(6,333)</u>	<u>(5,644)</u>
NET ASSETS		<u>6,913</u>	<u>7,042</u>
CAPITAL AND RESERVES	22		
General reserves			
Income and expenditure account	23	(1,965)	(1,416)
Revaluation reserve	23	474	1,128
Designated reserves	23	3,131	2,733
		<u>1,640</u>	<u>2,445</u>
Restricted funds	23	<u>5,273</u>	<u>4,597</u>
TOTAL CAPITAL AND RESERVES		<u>6,913</u>	<u>7,042</u>

These financial statements were approved by the Council of Management on 1st September 2008

Signed on behalf of the Council of Management by

Mr Roger C Mills

Mr Leslie G Campbell

QUARRIERS

CASH FLOW STATEMENT Year ended 31 March 2008

	Notes to the cash flow statement	2008 £'000	2007 £'000
Net cash inflow from operating activities	(i)	1,340	929
Returns on investments and servicing of finance	(ii)	67	108
Capital expenditure and financial investment	(ii)	(3,138)	(1,458)
Net cash outflow before financing		(1,731)	(421)
Financing	(ii)	445	672
(Decrease)/increase in cash	(iii)	(1,286)	251

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS Year ended 31 March 2008

	2008 £'000	2007 £'000
(Decrease)/increase in cash in the year	(1,286)	251
Increase in debt and lease financing	(445)	(672)
Change in net funds resulting from cash flows	(1,731)	(421)
Movement in net funds in the year	(1,731)	(421)
Opening net funds	723	1,144
Closing net (debt)/funds	(1,008)	723

The notes to the cash flow statement are included on pages 20 and 21

QUARRIERS

NOTES TO THE CASH FLOW STATEMENT

Year ended 31 March 2008

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

	2008 £'000	2007 £'000
Net incoming resources per Statement of Financial Activities	1,325	385
Gain on sale of tangible fixed assets	(1)	(326)
Interest receivable and investment income (note 12)	(183)	(212)
Interest payable and similar charges (note 13)	170	71
Depreciation	1,186	916
(Increase)/decrease in debtors	(633)	140
(Decrease)/increase in creditors	(95)	169
Difference between FRS 17 service cost and contributions	(429)	(214)
Net cash inflow from operating activities	<u>1,340</u>	<u>929</u>

(ii) GROSS CASH FLOWS

	2008 £'000	2007 £'000
Returns on investment and servicing of finance		
Interest received	83	85
Interest paid	(116)	(70)
Interest element of finance lease rental payments		(1)
Investment income	100	94
	<u>67</u>	<u>108</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(3,180)	(1,768)
Receipts from sales of tangible fixed assets	37	333
Payments to acquire investments	(676)	(592)
Receipts from sales of investments	681	569
	<u>(3,138)</u>	<u>(1,458)</u>
Financing		
Revolving credit facility advance	445	675
Repayment of capital element of finance lease rentals		(3)
	<u>445</u>	<u>672</u>

QUARRIERS

NOTES TO THE CASH FLOW STATEMENT (continued) Year ended 31 March 2008

(iii) ANALYSIS OF CHANGES IN NET FUNDS

	2007 £'000	Cash flows £'000	2008 £'000
Cash at bank and in hand	2,078	(1,286)	792
Bank revolving credit facility	(1,355)	(445)	(1,800)
Net funds	<u>723</u>	<u>(1,731)</u>	<u>(1,008)</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

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 1985

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

Group accounts

The company does not prepare consolidated group accounts as it is entitled for the year ended 31 March 2008 to the exemption conferred by Section 229 of the Companies Act 1985, 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

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.

Investments

Investments are recorded at market valuation. Realised gains and losses are included in determining net income for the purposes of the Companies Act 1985. Unrealised gains and losses are included in the statement of total recognised gains and losses. Both realised and unrealised gains and losses are included in the Statement of Financial Activities.

Tangible fixed assets and depreciation

All tangible fixed assets 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

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.

Stocks

Stocks are stated at the lower of cost and net realisable value

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

1. ACCOUNTING POLICIES (continued)

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 are charged to the statement of financial activities in equal annual amounts over the lease term.

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.

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 our scheme actuary and further details are available in note 25 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 designated 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.

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

2. INCOMING RESOURCES FROM GENERATED FUNDS

	2008 £'000	2007 £'000
VOLUNTARY INCOME		
Individual giving	726	765
Community fundraising	95	60
Corporate donations	57	26
Legacies	413	668
Training grants	230	129
Trusts and grant making bodies	263	193
Appeal planning		25
	<u>1,784</u>	<u>1,866</u>

In addition, grants awarded to restricted projects amounting to £443,000 (2007 £426,000) were applied for by the fundraising department and are shown within incoming resources from charitable activities

At 31 March 2008, Quarriers had been notified of potential legacies receivable totalling £Nil (2007 £240,000) which had not yet been recognised as income in line with the related accounting policy

ACTIVITIES FOR GENERATING FUNDS

Major fundraising events	163	166
Conferences and courses	28	16
Quarriers book	1	1
	<u>192</u>	<u>183</u>

INVESTMENT INCOME

Dividends	100	94
Bank interest	83	85
Property rental income	334	179
	<u>517</u>	<u>358</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Local authority fees £'000	Grants £'000	Other funding £'000	Total 2008 £'000	Total 2007 £'000
Adults with learning disabilities	14,866	1,124	86	16,076	15,658
Acquired brain injury	2,218	64	12	2,294	2,012
Epilepsy	4,523	123	29	4,675	4,102
Carers	396	491	23	910	955
Youth homelessness	4,764	484	103	5,351	4,898
Children with a disability	2,412	1,027	26	3,465	2,392
Family support and learning	313	1,618	25	1,956	1,041
Education and residential care	4,315	621	29	4,965	5,212
	<u>33,807</u>	<u>5,552</u>	<u>333</u>	<u>39,692</u>	<u>36,270</u>

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

Big Lottery Fund Grant People's Millions – Seafield School £8,000 (2007 £Nil)

Big Lottery Fund Grant Investing in Ideas – Person Centred Planning £6,000 (2007 £Nil)

Big Lottery Fund Grant Awards for All – Larkfield Family Centre £1,000 (2007 £Nil)

Big Lottery Fund Grant New Opportunities – North Argyll Carers Centre £Nil (2007 £9,000)

Scottish Executive Futurebuilders – Seafield School £125,000 (2007 £125,000)

Comic Relief Young Carers Programme managed by Princess Royal Trust for Carers £21,000 (2007 £10,000)

Glasgow Social Inclusion Partnership £405,000 (2007 £292,000)

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

4. COSTS OF GENERATING FUNDS

	2008 £'000	2007 £'000
COSTS OF GENERATING VOLUNTARY INCOME		
Individual giving	411	660
Community fundraising	59	49
Corporate donations	42	42
Legacies	37	42
Trusts and grant making bodies	35	34
Appeal planning	76	50
Awareness raising	169	169
	<u>829</u>	<u>1,046</u>
 £181,000 (2007 £365,000) of individual giving expenditure relates to upfront payments for donor recruitment. The related income will be received over many years in the future.		
FUNDRAISING TRADING		
Major fundraising events	99	92
Conferences and courses	53	10
Quarriers book		8
	<u>152</u>	<u>110</u>
INVESTMENT MANAGEMENT COSTS		
Investment manager's costs	28	22
Bank charges and interest payable	116	71
Property rental costs	184	126
	<u>328</u>	<u>219</u>

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

5. COSTS OF CHARITABLE ACTIVITIES

	2008 Direct costs £'000	2008 Support costs £'000	2008 Total £'000	2007 Direct costs £'000	2007 Support costs £'000	2007 Total £'000
Adults with learning disabilities	15,934	672	16,606	15,667	758	16,425
Acquired brain injury	2,206	101	2,307	1,938	101	2,039
Epilepsy	4,371	168	4,539	3,881	165	4,046
Carers	839	17	856	977	26	1,003
Youth homelessness	4,924	176	5,100	4,793	195	4,988
Children with a disability	3,325	126	3,451	2,294	106	2,400
Family support and learning	1,748	64	1,812	1,525	62	1,587
Education and residential care	4,530	173	4,703	4,399	199	4,598
	<u>37,877</u>	<u>1,497</u>	<u>39,374</u>	<u>35,474</u>	<u>1,612</u>	<u>37,086</u>

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

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

SUPPORT COSTS

	2008 Allocated to the cost of charitable activities £'000	2008 Allocated to costs of generating voluntary income £'000	2008 Allocated to governance costs £'000	2008 Total £'000
2008				
Finance	468		83	551
Human resources	497		6	503
Information technology	124			124
Management and administration	160			160
Communications	88	77		165
Grant applications	74	35		109
Property	160	10		170
Movement in VAT provision	(128)			(128)
FRS 17 net pension finance income	54			54
	<u>1,497</u>	<u>122</u>	<u>89</u>	<u>1,708</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

5. COSTS OF CHARITABLE ACTIVITIES (continued)

SUPPORT COSTS	2007 Allocated to the cost of charitable activities £'000	2007 Allocated to costs of generating voluntary income £'000	2007 Allocated to governance costs £'000	2007 Total £'000
2007				
Finance	450		76	526
Human resources	493		6	499
Information technology	57			57
Management and administration	165			165
Communications	64	64		128
Grant applications	68	34		102
Property	156	10		166
Movement in VAT provision	192			192
FRS 17 net pension finance cost	(33)			(33)
	<u>1,612</u>	<u>108</u>	<u>82</u>	<u>1,802</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 income or cost has been allocated across charitable activities on the basis of salary costs in relation to each category

6. GOVERNANCE COSTS

	2008 £'000	2007 £'000
Internal audit	40	30
External audit (inclusive of VAT)	28	27
Apportionment of Executives' costs (based on time spent)	49	48
Company secretariat	16	16
Annual accounts and committee papers	45	36
	<u>178</u>	<u>157</u>

Governance costs relate to the general running of the charity and include the operations of the Council of Management 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 Directors' Report
Quarriers is a charity operating principally in Scotland

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

8 NET INCOMING RESOURCES

	2008 £'000	2007 £'000
'Net incoming resources' is stated after charging the following items:		
Auditors' remuneration audit services (inclusive of VAT)	28	27
Auditors' remuneration tax advisory services (inclusive of VAT)	1	9
Auditors' remuneration audit of Quarriers pension scheme (inclusive of VAT)	7	6
Depreciation of owned assets	1,186	912
Depreciation of assets held under finance leases and hire purchase contracts		4
Operating lease rentals plant and machinery	417	408
land and buildings	923	840
Directors' and officers' indemnity insurance	6	6
	<u>265</u>	<u>435</u>

9. GAIN ON SALE OF FIXED ASSETS

	2008 £'000	2007 £'000
Gain on disposal of heritable properties		323
Gain on disposal of other tangible fixed assets	1	3
Gain on disposal of investments	264	109
	<u>265</u>	<u>435</u>

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. Travel expenses totalling £3,000 (2007 £1,000) were paid to two directors during the year.

Indemnity insurance has continued to be purchased during the year to protect directors and officers from loss arising from neglect or error in the course of carrying out their activities for Quarriers.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

11. STAFF COSTS

	2008	2007
	£'000	£'000
Wages and salaries	27,564	25,644
Social security costs	2,261	2,112
Pension costs	1,150	1,545
	<u>30,975</u>	<u>29,301</u>

Pension costs can be analysed as follows

FRS 17 current service cost (see note 25)	1,054	1,444
Defined contribution pension costs (see note 25)	96	101
	<u>1,150</u>	<u>1,545</u>

In addition to the above pension costs, an actuarial loss of £1,064,000 (2007 gain of £687,000) has been recorded in the statement of total recognised gains and losses and a FRS 17 net finance cost of £54,000 (2007 – net finance income of £33,000) has been included within the statement of financial activities

	No	No
The average weekly number of employees during the year was as follows		
Administration	152	152
Social care, domestic and other	1,728	1,614
	<u>1,880</u>	<u>1,766</u>

During the year, one employee had emoluments (excluding pension contributions) within the band £90,000 to £94,999 (2007 one employee in the band £85,000 £89,999) This employee has a defined benefit pension accruing Two employees had emoluments (excluding pension contributions) within the band £60,000 to £64,999 (2007 two)

12. INTEREST RECEIVABLE AND INVESTMENT INCOME

	2008	2007
	£'000	£'000
FRS 17 net pension finance income (see note 25)		33
Income from listed investments	100	94
Bank interest receivable	83	85
	<u>183</u>	<u>212</u>

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

13 INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £'000	2007 £'000
FRS 17 net pension finance cost (see note 25)	54	
Bank loans and overdrafts	116	70
Finance leases and hire purchase interest		1
	<u>170</u>	<u>71</u>

14. TAXATION

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

15. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Motor vehicles £'000	Plant & equipment £'000	Fixtures & fittings £'000	Total £'000
Cost					
At 1 April 2007	9,893	241	1,431	786	12,351
Additions	2,652	2	433	93	3,180
Disposals	(6)	(53)	(215)	(45)	(319)
At 31 March 2008	<u>12,539</u>	<u>190</u>	<u>1,649</u>	<u>834</u>	<u>15,212</u>
Accumulated depreciation					
At 1 April 2007	2,995	171	1,140	604	4,910
Charge for the year	859	30	199	98	1,186
Disposals	(6)	(54)	(178)	(45)	(283)
At 31 March 2008	<u>3,848</u>	<u>147</u>	<u>1,161</u>	<u>657</u>	<u>5,813</u>
Net book value					
At 31 March 2008	<u>8,691</u>	<u>43</u>	<u>488</u>	<u>177</u>	<u>9,399</u>
At 31 March 2007	<u>6,898</u>	<u>70</u>	<u>291</u>	<u>182</u>	<u>7,441</u>
Net book value of assets used directly for charitable purposes					
At 31 March 2008	<u>8,033</u>	<u>42</u>	<u>409</u>	<u>161</u>	<u>8,645</u>
At 31 March 2007	<u>6,494</u>	<u>70</u>	<u>155</u>	<u>180</u>	<u>6,899</u>

The net book value of assets includes £Nil (2007 £2,000) in respect of assets held under finance leases and hire purchase contracts, the depreciation charge on which is disclosed in note 8

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

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

16 INVESTMENTS

	2008 £'000	2007 £'000
Cost		
As at 1 April 2007	2,387	2,255
Additions	677	592
Disposals	(418)	(460)
As at 31 March 2008	<u>2,646</u>	<u>2,387</u>
Composed of		
Listed investments		
Listed on London Stock exchange	2,208	2,006
Overseas investments	436	379
Unlisted investments	2	2
As at 31 March 2008	<u>2,646</u>	<u>2,387</u>
Market Value		
As at 1 April 2007	3,515	3,187
Additions	677	592
Disposals at 1 April 2007 market value	(733)	(606)
	<u>3,459</u>	<u>3,173</u>
(Losses)/gains in year	(339)	342
As at 31 March 2008	<u>3,120</u>	<u>3,515</u>

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 December 2007 £47 (2006 £47) Result before tax for the year to 31 December 2007 £Nil (2006 £Nil)	Scotland
Gottar Limited	Design and build company Net liabilities at 29 February 2008 £10,000 (2007 Net liabilities £9,000) Loss before tax for the year to 29 February 2008 £1,000 (2007 loss £1,000)	Scotland
Strathgryffe Limited	Property management company Net assets at 31 March 2008 £3,000 (2007 £2,000) Profit before tax for the year to 31 March 2008 £1,000 (2007 £1,000)	Scotland

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

17 STOCKS

	2008 £'000	2007 £'000
General stocks	<u>3</u>	<u>3</u>

18. DEBTORS

	2008 £'000	2007 £'000
Trade debtors	4,187	3,962
Other debtors	15	16
Amounts owed by subsidiary undertakings	7	1
Prepayments and accrued income	773	370
	<u>4,982</u>	<u>4,349</u>

No debtors are due after more than one year

19. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Bank revolving credit facility	1,800	1,355
Trade creditors	881	618
Other taxes and social security costs	696	791
Other creditors	422	565
Deferred grant income (see note 20)	177	232
Accruals and other deferred income	1,034	1,101
Amounts owed to subsidiary undertakings	3	1
	<u>5,013</u>	<u>4,663</u>

The bank revolving credit facility is secured by a fixed security over six properties. The 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 £185,000 (2007 £205,000)

20 DEFERRED GRANT INCOME

	£'000
As at 1 April 2007	232
Received during the year	5,504
Released during the year	<u>(5,559)</u>
As at 31 March 2008	<u>177</u>

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

21 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £'000	2007 £'000
Other creditors	37	37

22. SHARE CAPITAL

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

23. RESERVES

	As at 1 April 2007 £'000	Income £'000	Expenditure £'000	Investment gains/ (losses) £'000	Actuarial loss in respect of pension scheme £'000	Transfers £'000	As at 31 March 2008 £'000
General reserve	(1,416)	13,225	(12,301)	264	(1,064)	(673)	(1,965)
Revaluation reserve	1,128			(654)			474
Designated funds							
Fixed assets fund	2,030					(77)	1,953
Revolving credit facility fund	298					79	377
Other funds	405					396	801
Total designated funds	2,733					398	3,131
Total unrestricted funds	2,445	13,225	(12,301)	(390)	(1,064)	(275)	1,640
Restricted funds	4,597	28,961	(28,560)			275	5,273
Total funds	7,042	42,186	(40,861)	(390)	(1,064)		6,913

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 tangible fixed assets and cash

24. CAPITAL COMMITMENTS

	2008 £'000	2007 £'000
Contracted for, but not provided	300	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2008

25. PENSION COSTS

The company operates a defined benefit pension scheme, the Quarriers Pension Scheme. The assets of the scheme are held separately from those of the company in a trustee administered fund. Regular company contributions paid in the year were £1,483,000 (2007 £1,658,000, inclusive of a special contribution of £250,000). Contributions amounting to £123,000 (2007 £135,000) were payable to the fund at 31 March 2008.

The company's contribution continues in line with actuarial valuation recommendations at the increased rate of 18.4%. No additional contributions were paid in respect of ill health retirement.

Contributions of £30,000 have also been made in the year to a defined contribution stakeholder scheme (2007 £30,000) and £66,000 to a scheme for teachers (2007 £71,000). 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.

Quarriers also paid £116,000 (2007 £115,000) to a life assurance company, for life cover, for staff during the year.

Actuarial valuation

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 latest finalised formal valuation was effective as at 1 November 2004. The assumptions which had the most significant effect on the results of the valuation were those relating to investment return (6.75%), salary growth (4.0%) and pensions growth (2.5%).

The actuarial valuation showed that the market value of the scheme's assets at 1 November 2004 was £15,027,000 and that the actuarial value of those assets represented 72% of the benefits that had accrued to members, after allowing for expected future increases in earnings. On 1 October 2004 the company voluntarily increased the employer's contribution rate from 10% to 15%. The existing recommended normal contribution levels necessary to meet future liabilities of the scheme are 6% of pensionable salary for members and 18.4% of pensionable salary for the employer. From 1 April 2005, the company increased the employer's contribution rate to 18.4%.

FRS 17

The figures below have been based on an actuarial valuation as at 1 November 2004, updated to the current year end. 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 deficit declared under FRS 17 is consistent with the position already being recognised by the company in its contributions, which reflect the current minimum funding requirement position. Following the full actuarial valuation at 1 November 2004, employer contributions have been agreed at the rate of 18.4% of pensionable pay plus the cost of insuring death in service benefits, from 1 April 2005. Active members pay on average at the rate of 6% of pensionable pay.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2008

25 PENSION COSTS (continued)

FRS 17 (continued)

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

	2008 %	2007 %	2006 %
Rate of inflation	3.6	3.2	3.0
Salary increase rate	4.4	4.0	4.0
LPI increases for post April 1997 pensions in payment	3.6	3.0	2.8
Revaluation of deferred pensions	3.6	3.2	3.0
Liability discount rate	6.3	5.5	5.0

	2008 Years	2007 Years
Mortality assumptions – life expectancy on retirement		
Pensioners – male	21.3	19.4
Pensioners – female	23.6	22.4
Non pensioners – male	22.5	19.4
Non pensioners – female	24.7	22.4

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

	2008 £'000	2008 Rate of return	2007 £'000	2007 Rate of return	2006 £'000	2006 Rate of return
Equities	13,822	7.5%	14,381	7.5%	13,924	7.5%
Bonds	10,069	5.4%	9,530	5.0%	7,764	5.0%
Cash	186	5%	56	5.25%	50	5.0%
Total fair value of assets	24,077		23,967		21,738	
Present value of scheme liabilities	(30,410)		(29,611)		(28,316)	
Deficit in the scheme	(6,333)		(5,644)		(6,578)	

Analysis of the amount charged to operating costs under FRS 17

	2008 £'000	2007 £'000
Current service cost	1,054	1,444

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

25. PENSION COSTS (continued)

FRS 17 (continued)

Analysis of the amount (charged)/credited to net finance (cost)/income under FRS 17

	2008 £'000	2007 £'000
Expected return on pension scheme assets	1,588	1,473
Interest on pension scheme liabilities	(1,642)	(1,440)
Net finance (cost)/income	<u>(54)</u>	<u>33</u>

Analysis of the actuarial (loss)/gain recognised in the statement of total recognised gains and losses ('STRGL')

	2008 £'000	2007 £'000
Actual return less expected return on pension scheme assets	(2,388)	(410)
Experience gains and losses arising on the scheme liabilities	(108)	44
Changes in assumptions underlying the present value of the scheme liabilities	<u>1,432</u>	<u>1,053</u>
Actuarial (loss)/gain recognised in STRGL	<u>(1,064)</u>	<u>687</u>

History of experience gains and losses

	2008	2007	2006	2005	2004
Difference between the expected and actual return on scheme assets					
Amount (£'000)	(2,388)	(410)	3,128	921	1,073
Percentage of scheme assets	(10%)	(2%)	14%	6%	8%
Experience gains and losses on scheme liabilities:					
Amount (£'000)	(108)	44		(738)	
Percentage of the present value of scheme liabilities	0%	0%	0%	(3%)	0%
Total actuarial (loss)/gain recognised in the statement of total recognised gains and losses:					
Amount (£'000)	(1,064)	687	323	36	(76)
Percentage of the present value of scheme liabilities	(3%)	2%	1%	0%	(0%)

Analysis of the movement in the scheme deficit during the year

	2008 £'000	2007 £'000
Opening deficit in the scheme	(5,644)	(6,578)
Current service cost	(1,054)	(1,444)
Contributions	1,483	1,658
Net finance (cost)/income	(54)	33
Actuarial (loss)/gain	<u>(1,064)</u>	<u>687</u>
Closing deficit in the scheme	<u>(6,333)</u>	<u>(5,644)</u>

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NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2008

25. PENSION COSTS (continued)

FRS 17 (continued)

The impact of the FRS 17 pension deficit on general reserves at 31 March 2008 is as follows

	2008 £'000	2007 £'000
General reserves excluding pension deficit	7,973	8,089
FRS 17 pension deficit	(6,333)	(5,644)
General reserves including pension deficit	<u>1,640</u>	<u>2,445</u>

26. FINANCIAL COMMITMENTS

Operating leases

Annual obligations under operating leases which expire

	2008 Land & buildings £'000	2008 Other £'000	2007 Land & buildings £'000	2007 Other £'000
Within one year	367	28	302	88
Between two and five years	154	349	181	210
In more than five years	300		296	
	<u>821</u>	<u>377</u>	<u>779</u>	<u>298</u>

27. SUBSIDIARY COMPANY TRANSACTIONS

During the year the company made purchases of a total value of £5,000 (2007 £5,000) from Gottar Limited, a subsidiary company, and made sales to Gottar Limited of a total value of £5,000 (2007 £5,000)

At 31 March 2008, the company was owed £9,000 by Gottar Limited (2007 £8,000)

During the year the company made purchases of a total value of £19,000 (2007 £19,000) from Strathgryffe Limited, a subsidiary company, and made sales to Strathgryffe Limited of a total value of £18,000 (2007 £18,000)

At 31 March 2008, the company owed £3,000 (2007 £2,000) to Strathgryffe Limited