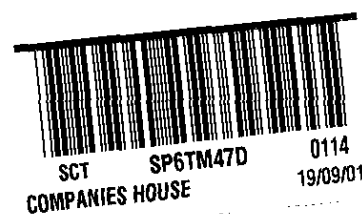
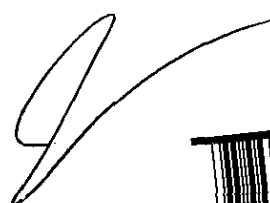


QUARRIERS

Report and Financial Statements

31 March 2001

Deloitte & Touche
Chartered Accountants
Lomond House
9 George Square
Glasgow
G2 1QQ



REPORT AND FINANCIAL STATEMENTS 2001

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OFFICERS AND PROFESSIONAL ADVISERS**DIRECTORS**

Mr Robin W Wilson	(Chairman)
Professor Alan Alexander	(Resigned 11 September 2000)
Mr David S Alexander	
Miss Rona S Beattie	
Mrs Murielle K Boyd	
Mr Douglas R Corner	
Mr Graeme M Davidson	
Mr James W Dinsmore	
Mr William Harkness	(Appointed 1 November 2000)
Mr David J C MacRobert	
Mr Donald McQuade	(Appointed 1 November 2000)
Mrs Christine Thom	
Mr Robert Walker	
Mr Frederick D Wardle	

SENIOR MANAGERS

Mr Philip Robinson	Chief Executive
Mrs Jane McCartney	Director of Human Resources
Dr Anthony Williams	Director of Fundraising and Publicity
Mr Martin Cawley	Service Director
Mr Kevin Scullion	Service Director
Mr Hugh Walker	Director of Finance And Corporate Services

SECRETARY

Mr Fraser W MacDonald

REGISTERED OFFICE

Quarriers
Quarriers Village
Bridge of Weir
Renfrewshire PA11 3SX

BANKERS

Bank of Scotland
Main Street
Bridge of Weir
Renfrewshire PA11 3ED

INVESTMENT MANAGERS

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

SOLICITORS

Brechin Tindal Oatts
48 St Vincent Street
Glasgow G2 5HS

AUDITORS

Deloitte & Touche
Chartered Accountants
Lomond House
9 George Square
Glasgow
G2 1QQ

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of Quarriers for the year ended 31 March 2001.

The company is a charity (Scottish Charities Registration number SC001960) constituted as a company limited by guarantee, with memorandum and articles of association as its governing document.

SHARE CAPITAL

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

PRINCIPAL ACTIVITY

The principal activity of Quarriers during the year continued to be to care for children, young people, families and those with a disability.

This involved services for children and their families, providing accommodation and support for the young homeless, services for persons with epilepsy and those with learning difficulties, and providing respite care for people with a disability.

REVIEW OF BUSINESS AND FUTURE PROSPECTS

The organisation has had an active year and continues to grow with an increased income from operations of £16,385,673 (2000 - £14,885,029). Many of the vacancies identified last year have been filled or are in the process of being resolved and this has resulted in a surplus for the year of £73,590 (2000 - deficit of £338,830).

The excess of operating costs over operating income has fallen this year to £1,031,727 (2000 - £1,189,868). This is largely attributable to filling vacancies particularly within our residential school at Seafield and a first-stage move by local authorities to increase fees within our epilepsy services in the Village. Negotiations are currently ongoing to establish sustainable fee rates for all our services. Overall costs are tightly controlled.

Voluntary income of £1,155,346 this year (2000 - £677,437) and profits from the disposal of heritable properties of £111,265 (2000 - £173,130) have ensured the loss on operating activities is fully met. Voluntary income fluctuates significantly between years; a large bequest this year has helped us exceed our targeted income.

During the year Quarriers grew from new services across all operations.

Two new services for children were opened in Quarriers Village - Countryview, a newly built children's respite service, which opened on 30th September 2000 and replaces the older children's respite service in Quarriers Village. Rivendell also opened on 1st May 2001; this is a new residential service for six children with learning difficulties.

The Family Resource Centre at Ruchazie is under construction and the building is planned to open in October 2001. The project is already operating and continues to grow. It supports troubled young families in the greater Easterhouse area of Glasgow.

New services for adults with a disability were opened in Milton of Campsie, Milngavie and Kirkintilloch. In addition, a new service within Greenock became fully operational with service users moving from Quarriers Village to the new property.

Quarriers was successful with the second phase of funding from the National Lottery Charities Board during the year. This has allowed Quarriers to continue to work in partnership with a charity in Taganka, Moscow, providing support to children and families.

Quarriers have been successful in winning the contract to supply an adult respite service in Glasgow. Planning applications are under way to convert an existing Quarriers' property in Govan with a start-up date planned for early 2002. Quarriers continues to expand rapidly - income has increased by 10% this year and by 160% over the last six years. The charity will continue to meet the needs of its service users 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.

During the year the management executive has been restructured from eight executive directors to six. This will meet the needs of the organisation to respond in a rapid and effective manner to a changing and growing service.

DIRECTORS' REPORT (continued)**RESULTS, DIVIDENDS AND TRANSFERS TO RESERVES**

The surplus for the year amounted to £73,590 (2000 - £338,830 deficit). The directors recommend that no dividend be paid for the year and the surplus of £73,590 (2000 - £338,830 deficit) has been transferred to reserves.

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 then transferred to reserves in order to provide future funds for the charity.

FIXED ASSETS

Movements in tangible fixed assets are as set out in note 11 to the accounts.

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 purpose are leased with a view to maximising rental income.

MARKET VALUE OF LAND AND BUILDINGS

The market value of the land and buildings is significantly higher than the book value in these financial statements. If the land and buildings were sold at the sums indicated in the valuation, 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 12.

The investments are held in accordance with the powers of the directors as laid out in the memorandum and articles of association.

DIRECTORS AND THEIR INTERESTS

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

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

SUB-COMMITTEES

The directors review the day to day business of the charity by involvement in sub-committees, which then report at the full meeting of the board.

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

Children, families & young people sub-committee – Mr David Alexander (Convenor) and Mr Graeme Davidson.

Finance & General Purposes sub-committee – Mr Robin Wilson (Convenor), Mr Douglas Corner, Mr James Dinsmore and Mr William Harkness.

Fundraising & publicity sub-committee – Mr Douglas Corner (Convenor), Mr Fredrick Wardle, Mr David MacRobert and Mrs Christine Thom.

Human Resources sub-committee – Miss Rona Beattie (Convenor), Mr Graeme Davidson and Mr Robert Walker.

Services for people with a disability sub-committee – Mr Robert Walker (Convenor), Mrs Murielle Boyd, Mr Donald McQuade and Mrs Christine Thom.

Quality sub-committee – Mr Graeme Davidson (Convenor) and Miss Rona Beattie.

DIRECTORS' REPORT (continued)**RISK MANAGEMENT**

The Council of Management has conducted its own review of the major risks to which the charity is exposed and systems have been established to mitigate those risks. External risks have been addressed in the strategic plan which allows for the diversification and development of activities to mitigate the identified risks. 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. These procedures are periodically reviewed to ensure that they still meet the needs of the charity.

DISABLED EMPLOYEES

It is the policy of Quarriers to employ disabled persons whenever possible, and to meet the legal requirements concerning the employment of disabled people. The average number of disabled employees employed during the year was 19 (2000 - 15).

EMPLOYEE INVOLVEMENT

Facilities for the provision of information to employees and for consultation on matters of concern are available through the Human Resources Department. Copies of the Annual Report are made available from the Registered Office.

CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations totalling £124 to various charities.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board



F W MacDonald

Secretary

3 September 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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.

AUDITORS' REPORT TO THE MEMBERS OF

QUARRIERS

We have audited the financial statements on pages 7 to 24 which have been prepared under the accounting policies set out on pages 13 and 14.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

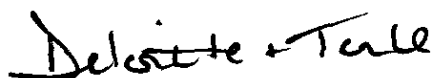
Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes an 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 company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2001 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

14 September 2001

INCOME AND EXPENDITURE ACCOUNT
Year ended 31 March 2001

		2001 £	Restated 2000 £
INCOME - continuing operations	2	16,385,673	14,885,029
Cost of services		(16,858,817)	(15,502,942)
GROSS DEFICIT		(473,144)	(617,913)
Administrative expenses		(558,583)	(571,955)
OPERATING DEFICIT - continuing operations	3	(1,031,727)	(1,189,868)
Gain on sale of fixed assets in continuing operations	5	151,103	185,804
		(880,624)	(1,004,064)
Income from donations, legacies and bequests		1,155,346	677,437
Interest receivable and investment income	8	124,539	137,454
Interest payable	9	(16,231)	(21,351)
		383,030	(210,524)
Relating to restricted reserves and funds for special purposes		(309,440)	(128,306)
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		73,590	(338,830)
Tax on surplus/(deficit) on ordinary activities	10	-	-
RETAINED SURPLUS/(DEFICIT) FOR THE YEAR	20	73,590	(338,830)

The prior year figures have been restated to classify transactions relating to restricted reserves and funds for special purposes in a manner consistent with the current year. The retained deficit for the prior year is unchanged.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 March 2001

	Unrestricted Funds £	Restricted Funds £	Total Endowment Funds £	Totals 31 March 2001 £	Totals 31 March 2000 £
Surplus/(deficit) of income over expenditure	73,590	308,420	1,020	383,030	(210,524)
Unrealised (losses)/gains on investments	(423,926)	-	(9,408)	(433,334)	146,304
Total recognised gains and losses relating to the year	(350,336)	308,420	(8,388)	(50,304)	(64,220)

RECONCILIATION OF MOVEMENTS IN CAPITAL AND RESERVES
Year ended 31 March 2001


	Unrestricted Funds £	Restricted Funds £	Total Endowment Funds £	Totals 31 March 2001 £	Totals 31 March 2000 £
Surplus/(deficit) of income over expenditure	73,590	308,420	1,020	383,030	(210,524)
Unrealised (losses)/gains on investments	(423,926)	-	(9,408)	(433,334)	146,304
Net (reduction in)/addition to capital and reserves	(350,336)	308,420	(8,388)	(50,304)	(64,220)
Opening capital and reserves	3,187,522	417,933	127,661	3,733,116	3,797,336
Closing capital and reserves	2,837,186	726,353	119,273	3,682,812	3,733,116

BALANCE SHEET
31 March 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	11	2,995,761	2,651,849
Investments	12	2,379,257	2,774,485
		<u>5,375,018</u>	<u>5,426,334</u>
CURRENT ASSETS			
Stocks	13	18,314	22,358
Debtors	14	1,351,291	1,418,281
Cash at bank and in hand		1,246,575	786,002
		<u>2,616,180</u>	<u>2,226,641</u>
CREDITORS: amounts falling due			
Within one year	15	<u>(2,490,287)</u>	<u>(2,132,255)</u>
NET CURRENT ASSETS		<u>125,893</u>	<u>94,386</u>
TOTAL ASSETS LESS CURRENT			
LIABILITIES		<u>5,500,911</u>	<u>5,520,720</u>
CREDITORS: amounts falling due			
after more than one year	17	<u>(164,475)</u>	<u>(175,998)</u>
PROVISIONS FOR LIABILITIES AND			
CHARGES	18	<u>(1,653,624)</u>	<u>(1,611,606)</u>
		<u>3,682,812</u>	<u>3,733,116</u>
CAPITAL AND RESERVES	19		
General reserves			
- Income and expenditure account	20	2,834,099	2,554,805
- Revaluation reserve	20	3,087	632,717
Restricted funds	20	726,353	417,933
Funds for special purposes	20	119,273	127,661
		<u>3,682,812</u>	<u>3,733,116</u>

These financial statements were approved by the Council of Management on 3 September 2001.

Signed on behalf of the Council of Management by



R W Wilson

Director



D R Corner

Director

CASH FLOW STATEMENT
Year ended 31 March 2001

	Notes to the cash flow statement	Year ended 31 March 2001 £	Year ended 31 March 2000 £
Net cash outflow from operating activities	1	(254,302)	(360,705)
Returns on investment and servicing of finance	2	107,289	114,742
Capital expenditure and financial investment	2	(514,787)	(1,127,851)
Net cash outflow before financing		(661,800)	(1,373,814)
Financing	2	1,122,373	643,817
Increase/(decrease) in cash		460,573	(729,997)
Reconciliation of net cash flow to movement in net funds (Note 3)			
		£	£
Increase/(decrease) in cash in the year		460,573	(729,997)
Cash outflow from decrease in debt and lease financing		33,992	34,981
Change in net funds resulting from cash flows		494,565	(695,016)
New finance leases		(16,000)	-
Movement in net funds in the year		478,565	(695,016)
Net funds at 1 April		613,222	1,308,238
Net funds at 31 March		1,091,787	613,222

The notes to the cash flow statement are included on pages 11 and 12.

NOTES TO THE CASH FLOW STATEMENT
Year ended 31 March 2001

1. RECONCILIATION OF OPERATING DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating deficit	(1,031,727)	(1,189,868)
Depreciation	299,872	282,027
Decrease/(increase) in stock	4,044	(10,218)
Decrease in debtors	66,990	259,585
Increase in creditors	364,501	229,698
Increase in provision for pension costs	42,018	68,071
	<u>(254,302)</u>	<u>(360,705)</u>
Net cash outflow from operating activities	<u>(254,302)</u>	<u>(360,705)</u>

2. GROSS CASH FLOWS

	2001 £	2000 £
Returns on investment and servicing of finance		
Interest received	54,481	76,448
Interest paid	(11,386)	(16,119)
Interest element of finance lease rental payments	(4,844)	(5,232)
Dividends received	69,038	59,645
	<u>107,289</u>	<u>114,742</u>
Capital expenditure and financial investment		
Payments to acquire fixed assets	(787,645)	(897,673)
Receipts from sales of fixed assets	257,485	245,683
Payments to acquire investments	(724,715)	(1,559,504)
Receipts from sales of investments	740,088	1,083,643
	<u>(514,787)</u>	<u>(1,127,851)</u>
Financing		
Income from donations, legacies and bequests	1,155,345	677,437
Repayment of term loan	(13,658)	(12,506)
Repayment of capital element of finance lease rentals	(20,334)	(22,475)
Income from funds for special purposes	1,020	1,361
	<u>1,122,373</u>	<u>643,817</u>

NOTES TO THE CASH FLOW STATEMENT
Year ended 31 March 2001

3. ANALYSIS OF CHANGES IN NET FUNDS

	2000	Cash	Other non	2001
	£	flows	cash	£
		£	changes	
			£	
Short term cash deposits	666,991	275,604	-	942,595
Other cash at bank and in hand	119,011	184,969	-	303,980
Total cash at bank and in hand	786,002	460,573	-	1,246,575
Debt due within one year	(13,391)	10,511	-	(2,880)
Debt due after more than one year	(116,250)	3,147	-	(113,103)
Finance leases	(43,139)	20,334	(16,000)	(38,805)
	613,222	494,565	(16,000)	1,091,787

NOTES TO THE ACCOUNTS
Year ended 31 March 2001**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000) issued in October 2000, applicable accounting standards and the Companies Act 1985. 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 2001 to the exemption conferred by Section 229 of the Companies Act 1985, as the exclusion of the subsidiary companies is not material for the purpose of giving a true and fair view.

Donations, legacies and other similar income

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

Deferred government grants

Government grants in respect of capital expenditure are matched to the related expenditure and written off to the income and expenditure account in the year in which the expenditure is charged. Grants of a revenue nature are credited to income in the period to which they relate.

Investments

Investments are recorded at market valuation. Realised gains and losses are included in the income and expenditure account. 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.

Stocks

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

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:

Heritable properties	- over 50 years
Motor vehicles	- over 4 years
Plant & equipment	- over 3 to 10 years
Fixtures & fittings	- over 3 to 10 years

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 income and expenditure account 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 income and expenditure account in equal annual amounts over the lease term.

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

1. ACCOUNTING POLICIES (continued)

Pensions

The company operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. Contributions to the fund are charged to the income and expenditure account so as to spread the cost of pensions over the employees' average working lives within the company. The regular pension cost is attributed to individual years using the projected unit credit method. Variations in pension costs, which are identified as a result of actuarial valuation, are amortised over the average expected remaining service lives of those in the scheme. Differences between the amounts funded and the amounts charged to the income and expenditure account are treated either as provisions or prepayments in the balance sheet.

Support and administration costs

Central costs incurred at head office in Quarriers Village relate to the management and administration costs of the organisation. Where practical and appropriate, the expenses of general management and support services are apportioned to projects on the basis of time spent by staff.

2. INCOME - continuing operations

Income represents the amounts derived from the provision of services which fall within the company's ordinary activities, stated net of VAT.

Income is attributable to the company's principal activity, a charity, caring for children, young people and families, and those with a disability, operating in Scotland.

The majority of grants received were from Local Authorities, Health Boards or the National Lottery Charities Board.

3. OPERATING DEFICIT - continuing operations

	2001 £	2000 £
Operating deficit is stated after charging the following items:		
Auditors' remuneration - audit services	15,732	15,212
Depreciation of owned assets	279,496	259,553
Depreciation of assets held under finance leases and hire purchase contracts	20,376	22,474
Operating lease rentals - plant and machinery	38,496	49,691
- land and buildings	560,318	508,155
Directors' and officers' indemnity insurance	7,219	1,690
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

4. STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Endowment Funds £	Totals 31 March 2001 £	Totals 31 March 2000 £
Incoming Resources					
Donations and gifts	205,451	239,568	-	445,019	310,025
Legacies receivable	710,326	-	-	710,326	476,899
Grants	-	3,344,238	-	3,344,238	3,041,371
less: deferred income	-	(364,980)	-	(364,980)	(305,223)
National Lottery Grants receivable	-	365,105	-	365,105	225,717
less: deferred income	-	(19,508)	-	(19,508)	(11,883)
Fees receivable	1,024,819	11,882,356	-	12,907,175	11,798,774
less: deferred income	-	29,017	-	29,017	(58,740)
Investment income	123,519	-	1,020	124,539	136,893
Rents receivable	124,626	-	-	124,626	110,832
Net gain on disposal of tangible fixed assets	97,624	-	-	97,624	171,693
Total incoming resources	2,286,365	15,475,796	1,020	17,763,181	15,896,358
Resources Expended					
<i>Direct charitable expenditure</i>					
Children, young people and family services	370,536	4,549,527	-	4,920,063	4,424,759
Disability services	643,119	9,733,768	-	10,376,887	9,701,096
Support costs	-	946,187	-	946,187	977,777
	1,013,655	15,229,482	-	16,243,137	15,103,632
<i>Other Expenditure</i>					
Costs of generating funds	228,210	-	-	228,210	217,451
Administration	729,955	-	-	729,955	537,346
Property	232,328	-	-	232,328	263,088
	1,190,493	-	-	1,190,493	1,017,885
Total resources expended	2,204,148	15,229,482	-	17,433,630	16,121,517
Net incoming/(outgoing) resources before transfers	82,217	246,314	1,020	329,551	(225,159)
Transfers between funds	(62,106)	62,106	-	-	-
Net incoming/(outgoing) resources	20,111	308,420	1,020	329,551	(225,159)
<i>Gains and losses on investment assets</i>					
Realised	53,479	-	-	53,479	14,635
Unrealised	(423,926)	-	(9,408)	(433,334)	146,304
	(370,447)	-	(9,408)	(379,855)	160,939
Net movements in funds	(350,336)	308,420	(8,388)	(50,304)	(64,220)
Fund balances brought forward as at 1 April 2000	3,187,522	417,933	127,661	3,733,116	3,797,336
Fund balances carried forward as at 31 March 2001	2,837,186	726,353	119,273	3,682,812	3,733,116

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

4. STATEMENT OF FINANCIAL ACTIVITIES (continued)

Deferred income relates to income which has been prepaid or received prior to the year end and will be repayable if the restrictions on the income's use are not met. These preconditions should be met in future accounting periods.

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.

5. GAIN ON SALE OF FIXED ASSETS IN CONTINUING OPERATIONS

	2001 £	2000 £
Gain on disposal of heritable properties	111,265	173,130
Loss on disposal of other tangible assets	(13,641)	(1,438)
Gain on disposal of investments	53,479	14,112
	<u>151,103</u>	<u>185,804</u>

6. DIRECTORS' EMOLUMENTS

None of the directors of the company received any fees, emoluments or expenses in respect of their duties as directors during the current or preceding year.

Indemnity insurance has been purchased during the year to protect the charity from loss arising from neglect or faults of its directors, employees or agents.

7. STAFF COSTS

	2001 £	2000 £
Wages and salaries	11,953,187	10,888,128
Social security costs	869,081	796,685
Pension costs	417,713	371,450
	<u>13,239,981</u>	<u>12,056,263</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

7. STAFF COSTS (continued)

	2001 £	2000 £
Pension costs can be analysed as follows:		
Regular pension costs	494,759	448,033
Variations from regular costs	(196,282)	(187,471)
Interest	99,920	95,699
	<hr/>	<hr/>
Quarriers scheme profit and loss charge (see note 17)	398,397	356,261
Other pension scheme costs	19,316	15,189
	<hr/>	<hr/>
	<u>417,713</u>	<u>371,450</u>

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

	No	No
Administration	87	87
Social care, domestic and other	889	816
	<hr/>	<hr/>
	<u>976</u>	<u>903</u>

During the year, one employee had emoluments (excluding pension contributions) within the band of £50,000 to £59,999. That employee also has a defined benefit pension accruing. There were no other employees with emoluments exceeding £50,000 during the year.

8. INTEREST RECEIVABLE AND INVESTMENT INCOME

	2001 £	2000 £
Income from listed investments	70,058	61,006
Bank interest receivable	54,481	76,448
	<hr/>	<hr/>
	<u>124,539</u>	<u>137,454</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

9. INTEREST PAYABLE

	2001	2000
	£	£
Bank loans and overdrafts	11,386	16,119
Finance charges payable under finance leases and hire purchase contracts	4,845	5,232
	<u>16,231</u>	<u>21,351</u>

10. TAX ON SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

Quarriers has been granted charitable status by the Inland Revenue and as a result no liability to taxation will arise.

11. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Motor vehicles	Plant & equipment	Fixtures & fittings	Total
	£	£	£	£	£
Cost					
At 1 April 2000	2,820,453	175,782	477,648	265,456	3,739,339
Additions	677,201	26,600	79,821	20,023	803,645
Disposals	(139,203)	(44,563)	(5,153)	(21,433)	(210,352)
	<u>3,358,451</u>	<u>157,819</u>	<u>552,316</u>	<u>264,046</u>	<u>4,332,632</u>
Accumulated depreciation					
At 1 April 2000	523,120	151,963	244,413	167,994	1,087,490
Charge for the year	140,599	7,976	101,657	49,640	299,872
Disposals	(4,640)	(33,502)	(1,825)	(10,524)	(50,491)
	<u>659,079</u>	<u>126,437</u>	<u>344,245</u>	<u>207,110</u>	<u>1,336,871</u>
Net book value					
At 31 March 2001	<u>2,699,372</u>	<u>31,382</u>	<u>208,071</u>	<u>56,936</u>	<u>2,995,761</u>
At 31 March 2000	<u>2,297,333</u>	<u>23,819</u>	<u>233,235</u>	<u>97,462</u>	<u>2,651,849</u>
Net book value of assets used directly for charitable purposes	2,053,222	4,756	122,412	54,960	2,504,652

The net book value of assets includes £38,805 (2000 - £43,139) in respect of assets held under finance leases and hire purchase contracts, the depreciation charge on which is disclosed in note 3.

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 income and expenditure account.

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

12. INVESTMENTS

	2001 £	2000 £
Cost		
At 1 April 2000	2,132,101	1,261,885
Additions	724,715	1,559,504
Disposals	(480,905)	(689,288)
At 31 March 2001	<u>2,375,911</u>	<u>2,132,101</u>
	2001 £	2000 £
Listed investments:		
Listed on London Stock exchange	2,304,549	2,060,739
Other	69,617	69,617
	<u>2,374,166</u>	<u>2,130,356</u>
Unlisted investments	1,745	1,745
At 31 March 2001	<u>2,375,911</u>	<u>2,132,101</u>
Market Value		
As at 1 April 2000	2,774,485	2,138,208
Additions	724,715	1,559,504
Disposals at 1 April 2000 market value	(686,609)	(1,069,531)
	<u>2,812,591</u>	<u>2,628,181</u>
Unrealised (losses)/gains in year	(433,334)	146,304
As at 31 March 2001	<u>2,379,257</u>	<u>2,774,485</u>

Subsidiary undertakings

Both Quarrier's Activities Limited and Gottar Limited 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	Sale of goods to supporters of Quarriers. Net Assets at 31 December 2000 - £1,129 Loss for the year to 31 December 2000 - £165	U.K.
Gottar Limited	Design and build company. Net Assets at 28 February 2001 - £226 Profit for the year to 28 February 2001 - £15	U.K.

The company does not prepare consolidated group accounts as it is entitled for the year ended 31 March 2001 to the exemption conferred by Section 229 of the Companies Act 1985, as the exclusion of the subsidiary companies is not material for the purpose of giving a true and fair view.

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

13. STOCKS

	2001 £	2000 £
General stocks	18,314	22,358

14. DEBTORS

	2001 £	2000 £
Trade debtors	1,103,911	1,215,961
Other debtors	91,609	103,072
Amounts owed by subsidiary undertakings	6,808	5,000
Prepayments and accrued income	148,963	94,248
	<u>1,351,291</u>	<u>1,418,281</u>

No debtors are due after more than one year.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank loans (see note 17)	2,880	13,391
Obligations under finance leases and hire purchase contracts (see note 17)	23,933	19,891
Trade creditors	142,772	126,913
Other taxes and social security costs	264,701	256,709
Amounts owed to subsidiary undertakings	139,646	-
Other creditors	206,325	277,297
Deferred grant income (see note 16)	682,508	318,959
Accruals and other deferred income	1,027,522	1,119,095
	<u>2,490,287</u>	<u>2,132,255</u>

The bank overdraft facility is secured by a letter of pledge over the investments owned by Quarriers and a fixed security over two buildings.

The bank loans and amounts payable under finance leases and hire purchase contracts are secured over the fixed assets to which they relate.

16. DEFERRED GRANT INCOME

	£
As at 1 April 2000	318,959
Received during the year	3,344,238
Released during the year	<u>(2,980,689)</u>
As at 31 March 2001	<u>682,508</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £	2000 £
Bank loans	113,103	116,250
Obligations under finance leases and hire purchase contracts	14,872	23,248
Other creditors	36,500	36,500
	<u>164,475</u>	<u>175,998</u>

Analysis of loan repayments

	2001 £	2000 £
Bank term loans		
Amounts repayable by instalments:		
Within one year or on demand	2,880	13,391
Between one and two years	2,880	2,613
Between two and five years	8,640	7,839
After more than five years	101,583	105,798
	<u>115,983</u>	<u>129,641</u>
Included in creditors: amounts falling due within one year	(2,880)	(13,391)
	<u>113,103</u>	<u>116,250</u>

Details of loans not wholly repayable within five years are as follows:

	2001 £	2000 £
10% secured loan repayable in 240 monthly instalments commencing 7th March 1997	<u>118,863</u>	<u>118,863</u>

Obligations under finance leases and hire purchase contracts

	2001 £	2000 £
Amounts payable by instalments:		
Within one year	29,016	24,623
Between one and two years	11,781	22,980
Between two and five years	5,533	5,745
	<u>46,330</u>	<u>53,348</u>
Less: finance charges allocated to future periods	(7,525)	(10,209)
	<u>38,805</u>	<u>43,139</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

18. PROVISIONS FOR LIABILITIES AND CHARGES

	2001 £	2000 £
Pension costs		
As at 1 April 2000	1,611,606	1,543,535
Profit and loss charge	398,397	356,261
Paid during year	(356,379)	(288,190)
	<u>1,653,624</u>	<u>1,611,606</u>
As at 31 March 2001		

19. SHARE CAPITAL

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

20. RESERVES

	Income and expenditure account £	Revaluation reserve £	Total £
(i) General funds			
At 1 April 2000	2,554,805	632,717	3,187,522
Retained surplus for the year	73,590	-	73,590
Unrealised gains and losses on investments	-	(423,926)	(423,926)
Realised on sale of investments	205,704	(205,704)	-
	<u>2,834,099</u>	<u>3,087</u>	<u>2,837,186</u>
At 31 March 2001			
	Various purposes £	Revaluation reserve £	Total £
(ii) Funds for special purposes			
At 1 April 2000	117,994	9,667	127,661
Received during the year	1,020	-	1,020
Unrealised gains and losses on investments	-	(9,408)	(9,408)
	<u>119,014</u>	<u>259</u>	<u>119,273</u>
At 31 March 2001			
		2001 £	2000 £
Held as follows:			
Listed investments at market value			
Historical Cost:- 2001 - £62,233			
2000 - £60,886		62,492	70,553
Bank deposit account		3,313	3,640
Due from general fund		53,468	53,468
		<u>119,273</u>	<u>127,661</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

20. RESERVES (continued)

Funds for special purposes are permanent endowment funds, whereby the income from the funds can only be spent in the manner determined by the donor.

(iii) Restricted funds

	As at 31 March 2000 £	Received during the year £	Expended during the year £	As at 31 March 2001 £
For various purposes	417,933	319,862	(11,442)	726,353

Restricted funds have arisen because the income received has to be spent in a defined manner, otherwise it becomes repayable. Balances in restricted funds are held as tangible fixed assets and cash.

21. CAPITAL COMMITMENTS

	2001 £	2000 £
Contracted for, but not provided	1,065,512	20,559

22. PENSION SCHEME

The company operates a defined benefit pension scheme, which is funded by the payment of contributions to a separate trustee administered fund. The balance due to the fund by the company at 31 March 2001 was £50,635.

The contributions to the scheme are determined with the advice of an independent qualified actuary on the basis of triennial valuations using the projected unit credit method. The results of the most recent valuation, which was conducted as at 1 November 1998 were as follows:

Main assumptions:

Rate of return on investments (% per annum)	6.2% for current assets 6.7% for future investments
Rate of salary increases (% per annum)	4.7%
Rate of pensions increases (% per annum)	3.0%
Market value of scheme's assets	£13,227,622

Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases 106%

The surplus in the scheme is being recognised as a variation from regular cost over twelve years, the average estimated remaining service lives of the employees.

NOTES TO THE ACCOUNTS

Year ended 31 March 2001

23. FINANCIAL COMMITMENTS

Operating leases

	Land & buildings £	Other £
Annual obligations under operating leases which expire:		
Within one year	188,912	143,262
Between two and five years	10,000	190,406
In more than five years	298,404	-
	<u>497,316</u>	<u>333,668</u>

24. DIRECTORS' INTERESTS

Due to the nature of the company's activities, in the normal course of business it is inevitable that transactions will take place with companies and other organisations in which a director may have an interest. All such transactions are negotiated and entered into on an arms length basis, are in accordance with the normal project rules, and are reviewed by the company's Finance and General Purpose sub-committee. Transactions with companies or organisations in which a director had an interest are set out below.

Director	Organisation	Transaction	Amount
Mr Douglas Corner	Adam & Company plc (subsidiary of Adam & Company Group plc)	Investment management fee paid to Adam & Company Investment Management Ltd (subsidiary of Adam & Company Group plc)	£12,207

The total value of this transaction represents 0.01% of the company's expenditure in the year to 31 March 2001.

25. SUBSIDIARY COMPANY TRANSACTIONS

During the year the company purchased tangible fixed assets of a total value of £497,822 (2000 - £Nil) from Gottar Limited, a subsidiary company.

At 31 March 2001, the company owed £139,646 (2000 - £211) to Gottar Limited.

During the year the company charged a management fee of £1,175 (2000 - £1,175) to Quarriers Activities Limited, a subsidiary company.

At 31 March 2001, the balance owed to the company by Quarriers Activities Limited was £6,808 (2000 - £5,000) stated net of a provision for doubtful debts of £5,000 (2000 - £5,000).