

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

QUARRIERS

Report and Financial Statements

31 March 2015



QUARRIERS

REPORT AND FINANCIAL STATEMENTS 2015

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS (TRUSTEES)

Mrs Trish Godman	Chair (up to 01 June 2015)
Mr Thomas Scholes	Chair (from 01 June 2015)
	Vice Chair (up to 01 June 2015)
Mr David Adams	
Ms Christine Banim	(up to 14 November 2014)
Mr Derek Bottom	(up to 14 November 2014)
Mr Leslie Campbell	(up to 01 December 2014)
Ms Trisha Cunningham	(from 19 October 2014)
Ms Ann Dougan	
Mr Graham Findlay	(from 19 October 2014)
Mrs Sheila Gillies	Vice Chair (from 01 June 2015)
Mr Michael Greaves	(from 19 October 2014)
Mr Scott Hill	(up to 02 June 2014)
Mrs Margaret McManus	(from 19 October 2014)
Mr Donald McRae	
Mr Robert Ross	(up to 25 August 2014)
Mr David Watt	(from 19 October 2014)
Mrs Alison Welsh	(from 19 October 2014)

EXECUTIVE DIRECTORS*

Ms Alice Drife	Chief Executive (from 02 June 2014)
	Acting Chief Executive (from 01 February to 01 June 2014)
Mr Andrew Williamson	Service Director and Deputy Chief Executive (from 19 October 2014)
Mr Barry Ashcroft	Director of IT and Information Management (from 01 December 2014)
Ms Karen Croan	Director of Human Resources and Organisational Development
Mr Niall Macpherson	Director of Finance and Corporate Services

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

SECRETARY

Mr Christopher Harwood

REGISTERED OFFICE

Quarriers
Quarriers Village
Bridge of Weir
Renfrewshire PA11 3SX

INDEPENDENT AUDITOR

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

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OFFICERS AND PROFESSIONAL ADVISERS (CONTINUED)

INVESTMENT MANAGERS

Speirs & Jeffrey
Stockbrokers
36 Renfield Street
Glasgow
G2 1NA

SOLICITORS

Brechin Tindal Oatts
48 St Vincent Street
Glasgow
G2 5HS

Brodies
2 Blythswood Square
Glasgow
G2 4AD

PENSION SCHEME ADMINISTRATORS AND CONSULTANTS

Thomson Dickson Consulting Ltd
45 West Nile Street
Glasgow
G1 2PT

Punter Southall
7 Castle Street
Edinburgh
EH2 3AH

BANKERS

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

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

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QUARRIERS SUB-COMMITTEES

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

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

Audit Committee

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

Members

Mr David Watt	Chair (from 20 November 2014)
Mr Derek Bottom	(up to 29 July 2014)
Mr Leslie Campbell	(up to 20 November 2014)
Ms Trisha Cunningham	(from 12 May 2015)
Mr Donald McRae	(from 12 May 2015)
Mr Robert Ross	(up to 29 July 2014)

Finance & General Purposes Committee

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

Members

Mr Thomas Scholes	Chair (up to 01 June 2015)
Mr Donald McRae	Chair (from 01 June 2015)
Mr David Adams	(from 04 November 2014)
Mr Graham Findlay	(from 04 November 2014)
Mrs Trish Godman	

Services Committee

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

Members

Mrs Sheila Gillies	(Chair)
Ms Christine Banim	(up to 14 November 2014)
Mrs Trish Godman	
Mr Michael Greaves	(from 01 December 2014)
Mr Scott Hill	(up to 02 June 2014)
Mrs Margaret McManus	(from 01 December 2014)

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DIRECTORS' REPORT

The directors present their annual report, including the Strategic Report and the Directors Report, and the audited financial statements of Quarriers for the year ended 31 March 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

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

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

Organisational Structure

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

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

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

Trustees' recruitment, induction and training

Trustees are recruited following best practice guidelines as set out in the National Council of Voluntary Organisations (NCVO): *The Good Trustee Guide* and regulators requirements relating to '*fit and proper assessment*'. All Trustees should be familiar with the practical work of the charity and are encouraged to visit projects, and see the varied work Quarriers undertakes. New members receive a detailed briefing by the Chief Executive together with an induction pack which includes legal, financial and strategic information. Quarriers provides a training programme which introduces the Trustees to the organisation, its staff and services, the people Quarriers supports and the role of a Board of Trustees member. All Trustees are encouraged to attend training in both governance and specific areas of interest and relevance to their role within the charity.

Directors

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

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DIRECTORS' REPORT (CONTINUED)

AUDITOR

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

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

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

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

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



Mr Thomas Scholes

17 August 2015

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STRATEGIC REPORT

MISSION AND OBJECTIVES

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

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

ACHIEVEMENTS AND PERFORMANCE

Quarriers continues to deliver a diverse range of high quality services unequalled by any other charity in Scotland. This is done in the context of on-going local authority austerity cuts and significant changes to the regulatory environment such as the introduction of the Self Directed Support (Scotland) Act which came into effect on 1 April 2014.

This challenging environment is reflected in the fact that 10 of the 19 key performance indicators has either reduced or remained static as follows:-

		2015	2014	
		No.	No.	Movement
Adult Disability	No. of people supported in their own homes and residential care homes	342	333	3%
	No. of days of adult respite care provided	7,647	7,510	2%
	No. of adult family placements	13	13	2%
Children & Families	No. of young people with a disability supported in residential services	10	10	-
	No. of days of residential respite care provided for children with disabilities	5,577	4,416	26%
	No. of children with a disability utilised family-based short break services	41	43	-5%
	No. of children supported by family support services	582	316	84%
	No. of children supported by flexible childcare at home services	139	165	-16%
	No. of young people with complex needs and behaviours supported in residential services	4	5	-20%
	No. of child fostering placements supported	4	2	100%
	Average no. of young people supported at Seafield School	-	17	-100%
	No. of adult carers directly benefited	1,704	1,667	2%
	No. of young carers directly benefited	214	194	10%

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STRATEGIC REPORT (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Epilepsy Services	No. of patients admitted to Scottish Epilepsy Centre	130	123	6%
	No. of outpatients treated at Scottish Epilepsy Centre	164	178	-8%
	No. of people supported in small care homes and supported living services	83	83	-
	No. of contacts by Epilepsy Fieldwork services in North East	15,476	16,966	-9%
Young Adults	No. of nights supported accommodation provided	41,762	42,312	-1%
	No. of people supported by youth justice service	-	37	-100%

Notwithstanding this, the roll-out of the new Operating Plan framework continued during the year with staff across all parts of the organisation involved in the consultation process. The results for the year show that 86% of targets were achieved or exceeded (2014: 81%).

FINANCIAL REVIEW

Results for the year

Overall incoming resources decreased by £1.4m to £42.3m (2014: £43.7m) due to a reduction in voluntary income. This reduction was primarily due to the culmination of the William Quarriers Scottish Epilepsy Centre appeal, which saw £1.2m of non-recurring income recognised in the 2014 figures. In addition, legacy income decreased by £0.6m. Incoming resources from charitable activities kept pace with the prior year at £39.8m despite the closure of Seafeld School in June 2014. The associated loss of income was offset by gains from the new Fife Supported Living service for adults with learning disabilities, a new Adults Supported Living service in North Ayrshire and a young People Support service in Chester. Care Home occupancy levels continue to perform in line with plan.

Total resources expended decreased by £1.7m due to reduced operating costs following the Seafeld closure as noted above and a reduced provision for the repayment of surpluses to local authorities. These movements resulted in net incoming resources increasing by £0.2m to £0.9m, with the overall result for the year showing a negative net movement of £5.2m (2014: £1.9m positive movement) across all reserve classes. This negative movement includes an FRS17 pension actuarial loss of £6.2m (2014: £1.0m gain).

Going concern

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

Financial instruments and credit risk

The charity's principal financial assets are bank balances and investments. The charity's only significant financial liabilities are £1.5m (2014 - £1.7m) of bank revolving credit and term loans. The charity's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The charity has no significant concentration of credit risk, with exposure spread over a large number of people supported. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The investment portfolio is spread across a range of listed securities.

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STRATEGIC REPORT (CONTINUED)

Investments

Quarriers investments are held in a combination of investment funds comprising equities, fixed income securities and cash. Investment policy is reviewed annually and performance against target set is reviewed quarterly. The portfolio continues to be managed on a total return basis with the objective of at least maintaining its value in real terms while meeting the requirement for increased income. During the year £0.4m of investments at cost were disposed of and £0.6m of additions were made. This contributed to an overall 6% increase in market value to £5.0m.

Pensions

The deficit on the defined benefit pension scheme, calculated in accordance with FRS17, increased in the year under review to £13.6m, representing a deterioration of £5.7m (72%) on the prior year. The major factor contributing to this deterioration was the significant fall in corporate bond yields during the year.

This continued volatility is a cause for concern and the Directors continue to assess measures to de-risk the defined benefit pension scheme deficit.

Reserves

Unrestricted funds have decreased by £6.2m (2014: £1.5m increase), the majority of which is due to the deterioration of the defined benefit pension scheme deficit noted above. Restricted funds have increased by £1.0m (2014: £0.4m increase) due to voluntary income from Quarriers being named Official National Charity for the 2014 Ryder Cup and grant funding held for use in the next financial year.

It is the policy of Quarriers to retain an amount equivalent to 12 weeks' operational expenditure in unrestricted reserves. The total unrestricted reserves at 31 March 2015 amounting to £7.0m represents approximately 9 weeks (2014: 16 weeks) at the current level of annual expenditure of £41.3m. Excluding the pension deficit the total unrestricted reserves amounts to £20.5m which represents approximately 26 weeks at the current level of expenditure. Having reviewed the level of unrestricted reserves in this context, the directors believe them to be sufficient to meet future requirements.

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

People with disabilities

It is the policy of Quarriers to employ people with disabilities whenever possible, and to meet the legal requirements concerning the employment of people with disabilities. The average number of people employed with Disability Discrimination Act related conditions is 110. A new framework has been introduced in the year to calculate the number of employees with disabilities so the prior year figure could not be restated on a comparable basis.

Employee involvement

Facilities for the provision of information to employees and for consultation on matters of concern are available through the Human Resources Department. A total of 100 staff have been involved in developing internal standards during the year. Additionally the organisation has implemented its Health and Well Being Strategy, progressed Healthy Working Lives accreditation, committed to the See Me campaign and engages on a regular basis as part of our recognition agreement with Unison.

PLANS FOR FUTURE PERIODS

The next 12 months will see the implementation of a new business reporting system which will deliver improvements in the way services are managed and delivered. The new system will realise efficiency savings through improved data management and reduce the likelihood of compliance failures, most notably in respect of the new Self Directed Support legislation.

Other developments in employment legislation regarding holiday pay and the National Minimum Wage emphasise the importance of realising the efficiency savings noted above and the Directors continue to work with stakeholders to improve staff pay and terms & conditions, in particular with a focus on moving towards the Living Wage for all staff as quickly as possible.

Changes in personnel within the Senior Management Team have begun to take effect as evidenced by recent new business wins from Aberdeenshire Council (Young Carers Service) and Moray Council (Drug & Alcohol Service). In addition, three Quarriers registered care homes were ranked in the top five in the recent Scotland Excel framework which will allow local authorities to make care home placements for adults with a disability.

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STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS

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

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

The key risks identified by the Directors are as follows:

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

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

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



Mr Thomas Scholes

17 August 2015

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DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

In so far as the trustees are aware:

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

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

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

We have audited the financial statements of Quarriers for the year ended 31 March 2015 which comprise the statement of financial activities (including the income and expenditure account), the reconciliation of net income for the year for the purposes of the Companies Act 2006, the combined statement of total recognised gains and losses and reconciliation of movements in capital and reserves, the balance sheet, the cash flow statement including the notes thereto and the reconciliation of net cash flow to movement in net debt, and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's directors, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and the directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body, and the charitable company's directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



James Boyle CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom

21 AUGUST 2015

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

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

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

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STATEMENT OF FINANCIAL ACTIVITIES (including the income and expenditure account) Year ended 31 March 2015

		Unrestricted funds			Total	Total
	Note	General Funds £'000	Designated Funds £'000	Restricted Funds £'000	31 March 2015 £'000	31 March 2014 £'000
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	1,144	-	335	1,479	3,228
Activities for generating funds	2	477	-	-	477	235
Investment income	2	501	-	2	503	492
Incoming resources from charitable activities	3	32,842	-	6,963	39,805	39,754
Total incoming resources		34,964	-	7,300	42,264	43,709
RESOURCES EXPENDED						
Costs of generating funds:						
Costs of generating voluntary income	4	1,133	-	-	1,133	953
Fundraising trading	4	240	-	-	240	156
Investment management costs	4	440	-	-	440	363
Costs of charitable activities	5	32,941	-	6,405	39,346	41,357
Governance costs	6	173	-	-	173	174
Other resources expended						
Loss on sale of fixed assets	9	5	-	-	5	-
Total resources expended		34,932	-	6,405	41,337	43,003
Net incoming resources before transfers	8	32	-	895	927	706
TRANSFERS						
Transfers to restricted funds	22	(99)	-	99	-	-
Transfers from designated funds	22	518	(518)	-	-	-
		451	(518)	994	927	706
OTHER RECOGNISED GAINS AND LOSSES						
Gains and losses on investment assets:						
Realised	9	147	-	-	147	225
Unrealised		(54)	-	-	(54)	(48)
		93	-	-	93	177
Actuarial (loss)/gain on defined benefit pension scheme	24	(6,182)	-	-	(6,182)	1,010
Net movement in funds		(5,638)	(518)	994	(5,162)	1,893
RECONCILIATION OF FUNDS						
Total funds brought forward 1 April		7,161	5,987	2,413	15,561	13,668
Total funds carried forward 31 March		1,523	5,469	3,407	10,399	15,561

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

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

Year ended 31 March 2015

	2015 £'000	2014 £'000
Net incoming resources per the Statement of Financial Activities (page 13)	927	706
Realised gains on investment assets per the Statement of Financial Activities (page 13)	147	225
	<u> </u>	<u> </u>
Net income for the year for the purposes of the Companies Act 2006	<u>1,074</u>	<u>931</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

Year ended 31 March 2015

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
Net income/(expenditure) for the year for the purposes of the Companies Act 2006	598	(518)	994	1,074	931
Actuarial (loss)/gain in respect of pension scheme under FRS 17 (note 24)	(6,182)	-	-	(6,182)	1,010
Unrealised losses on investment assets	(54)	-	-	(54)	(48)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total recognised gains and losses relating to the year and net movement in capital and reserves	(5,638)	(518)	994	(5,162)	1,893
Opening capital and reserves	7,161	5,987	2,413	15,561	13,668
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing capital and reserves	1,523	5,469	3,407	10,399	15,561

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BALANCE SHEET 31 March 2015

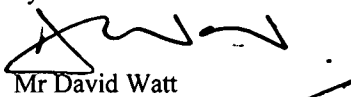
	Note	2015 £'000	2014 £'000
FIXED ASSETS			
Investment properties	15	4,612	4,706
Other tangible fixed assets	15	14,035	13,357
		<u>18,647</u>	<u>18,063</u>
Investments	16	4,986	4,708
		<u>23,633</u>	<u>22,771</u>
CURRENT ASSETS			
Debtors	17	4,044	4,036
Cash at bank and in hand		2,128	3,331
		<u>6,172</u>	<u>7,367</u>
CREDITORS: amounts falling due within one year	18	(4,992)	(5,438)
NET CURRENT ASSETS		<u>1,180</u>	<u>1,929</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		24,813	24,700
CREDITORS: amounts falling due after more than one year	18	(314)	(878)
Provisions for liabilities and charges	19	(550)	(394)
NET ASSETS EXCLUDING PENSION DEFICIT		<u>23,949</u>	<u>23,428</u>
PENSION DEFICIT	24	(13,550)	(7,867)
NET ASSETS		<u>10,399</u>	<u>15,561</u>
CAPITAL AND RESERVES			
Unrestricted funds			
- General reserve	22	9,149	8,988
- Pension scheme reserve	22	(13,550)	(7,867)
- Revaluation reserve	22	5,924	6,040
- Designated reserves	22	5,469	5,987
		<u>6,992</u>	<u>13,148</u>
Restricted funds	22	3,407	2,413
TOTAL CAPITAL AND RESERVES		<u>10,399</u>	<u>15,561</u>

The financial statements of Quarriers, registered company number SC 14361, were approved by the Board of Trustees on 17 August 2015.

Signed on behalf of the Board of Trustees by


Mr Thomas Scholes

17 August 2015


Mr David Watt
17 August 2015

QUARRIERS

CASH FLOW STATEMENT Year ended 31 March 2015

	Notes to the cash flow statement	2015 £'000	2014 £'000
Net cash inflow from operating activities	(i)	960	2,922
Returns on investments and servicing of finance	(ii)	107	97
Capital expenditure and financial investment	(ii)	(2,077)	(1,249)
Net cash (outflow)/inflow before financing		(1,010)	1,770
Financing	(ii)	(193)	(183)
(Decrease)/Increase in cash	(iii)	(1,203)	1,587

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT) Year ended 31 March 2015

	2015 £'000	2014 £'000
(Decrease)/Increase in cash in the year	(1,203)	1,587
Decrease in debt financing	193	183
Change in net funds resulting from cash flows and movement in net debt in the year	(1,010)	1,770
Opening net funds/(debt)	1,625	(145)
Closing net funds	615	1,625

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

QUARRIERS

NOTES TO THE CASH FLOW STATEMENT

Year ended 31 March 2015

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

	2015 £'000	2014 £'000
Net incoming resources per Statement of Financial Activities	927	706
Interest receivable and investment income (note 12)	(228)	(159)
Interest payable and similar charges (note 13)	44	257
Depreciation	1,308	1,460
(Increase)/decrease in debtors	(8)	(580)
Increase/(decrease) in creditors	(661)	1,798
Difference between FRS 17 service cost and contributions	(422)	(560)
Net cash inflow from operating activities	960	2,922

(ii) GROSS CASH FLOWS

	2015 £'000	2014 £'000
Returns on investment and servicing of finance		
Interest received (note 12)	1	1
Interest paid (note 13)	(44)	(62)
Investment income (note 12)	150	158
	107	97
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets (note 15)	(1,950)	(1,653)
Receipts from sales of tangible fixed assets	15	-
Payments to acquire investments (note 16)	(647)	(523)
Receipts from sales of investments	505	927
	(2,077)	(1,249)
Financing		
Revolving credit facility and term loan drawdown/(repayment)	(193)	(183)

(iii) ANALYSIS OF CHANGES IN NET DEBT

	2014 £'000	Cash flows £'000	2015 £'000
Cash at bank and in hand	3,331	(1,203)	2,128
Bank revolving credit and term loan (note 18)	(1,706)	193	(1,513)
Net funds/(debt)	1,625	(1,010)	615

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

1. ACCOUNTING POLICIES

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

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

Accounting convention

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

Basis of preparation

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

Group financial statements

The company does not prepare consolidated group financial statements as it is entitled for the year ended 31 March 2015 to the exemption conferred by Section 405 of the Companies Act 2006, as the exclusion of the subsidiary companies is not considered by the directors to be material for the purpose of giving a true and fair view. Information is therefore presented for the individual company not its group.

Donations, legacies and other similar income

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

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

Income from charitable activities is recognised when earned.

Resources expended

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

1. ACCOUNTING POLICIES (CONTINUED)

Grants

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

Tangible fixed assets and depreciation

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

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

Land is not depreciated.

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

Tangible fixed assets are capitalised in the year of purchase and depreciated over their useful economic lives or, in the case of finance leased assets, over the term of the lease, if shorter. All repairs and maintenance expenditure on fixed assets is charged to the statement of financial activities.

Investment properties

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

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

Investments

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

Leasing and hire purchase commitments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

1. ACCOUNTING POLICIES (CONTINUED)

Pensions

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

The defined benefit scheme is funded, with the assets of the scheme held separately from those in the company, in a separate trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit pension liability is presented separately after other net assets on the balance sheet. The contribution levels have been determined by the scheme actuary and further details are available in note 24 to the financial statements.

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

Statement of financial activities

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

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

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

Taxation

Quarriers is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. It is currently believed that there is no liability to UK corporation tax or capital gains tax. The charitable company does not receive an exemption on Value Added Tax and irrecoverable VAT is accounted for as part of resources expended and is reported as part of the expenditure to which it relates.

2. INCOMING RESOURCES FROM GENERATED FUNDS

	2015 £'000	2014 £'000
VOLUNTARY INCOME		
Individual giving	1,142	1,115
Community fundraising	112	157
Corporate donations	67	34
Legacies	89	647
Training grants	-	18
Trusts and grant making bodies	69	65
William Quarrier Scottish Epilepsy Centre Appeal	-	1,192
	<u>1,479</u>	<u>3,228</u>

In addition, grants awarded to restricted projects amounting to £617,000 (2014 - £678,000) were applied for by the fundraising department and are shown within incoming resources from charitable activities.

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

2. INCOMING RESOURCES FROM GENERATED FUNDS (CONTINUED)

ACTIVITIES FOR GENERATING FUNDS	2015 £'000	2014 £'000
Major fundraising events	343	177
Conferences, courses and venue hire	134	58
	<u>477</u>	<u>235</u>
 INVESTMENT INCOME		
Dividends	150	158
Bank interest	1	1
Property rental income	352	333
	<u>503</u>	<u>492</u>

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Local authority fees £'000	Grants £'000	Other funding £'000	Total 2015 £'000	Total 2014 £'000
Adult disability	19,875	153	132	20,160	19,640
Children and families	3,972	3,226	43	7,241	7,761
Epilepsy	5,835	104	143	6,082	5,934
Young adults	5,072	1,178	72	6,322	6,419
	<u>34,754</u>	<u>4,661</u>	<u>390</u>	<u>39,805</u>	<u>39,754</u>

Of the £4,661,000 (2014 - £4,283,000) grants recognised during the year, £4,197,000 (2014 - £3,909,000) related to grant income from Local Authorities and the Scottish Government.

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

		2015 £	2014 £
Big Lottery Fund Grant (2014 Communities)	Street Dance and Sports Group	1,987	-
Big Lottery Fund Grant (Celebrate)	Commonweath Games Inclusion Team	9,950	-
Big Lottery Fund Grant (Investing in Communities)	Quarriers Early Years Family Support	104,077	-
Big Lottery Fund Grant (Reaching Communities)	Coaching for Life	71,860	62,587
Big Lottery Fund Grant (Young Start)	Work it Out	24,637	18,744
Comic Relief	Counselling Service	16,900	33,567
Community Food and Health (Scotland)	Quarriers Healthy Lifestyles Club	1,800	-
European Commission Lifelong Learning Programme	Way to Work (Leonardo 2011)	-	37,260
European Commission Lifelong Learning Programme	Way to Work (Leonardo 2012)	11,130	55,555
European Commission Lifelong Learning Programme	Way to Work (Leonardo 2013)	-	35,045

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES (CONTINUED)

		2015 £	2014 £
Glasgow City Council Integrated Grant Funding	Family Support Service	110,992	101,053
Glasgow City Council Integrated Grant Funding	Quarriers Literacy Project	61,000	61,000
Glasgow City Council Integrated Grant Funding	Opt In South West Education Support	126,726	126,872
Inspiring Scotland	Glasgow Schools Transition	-	8,981
Inspiring Scotland	Family Resource Centre Ruchazie	-	6,200
NHS Grampian Carer Information Strategy	Go4IT Moray	32,638	-
Robertson Trust	Sexual Exploitation Counsellor	15,000	-
Scottish Community Foundation	Family Resource Centre Ruchazie	-	4,286
Scottish Government Autism Development Fund	Family Support services	7,664	-
Scottish Government Housing Voluntary Grants Scheme	Youth Inclusion	31,517	28,047
Social Investment Scotland	William Quarrier Scottish Epilepsy Centre	-	500,000
Short Breaks Fund	Moray Breaks	26,933	48,883
Short Breaks Fund	Chavey Chill Out	7,912	19,412
Scottish Government Third Sector Early Intervention Fund	Quarriers Youth Inclusion	37,102	35,405
Scottish Government Third Sector Early Intervention Fund	Quarriers Early Years Family Support	24,081	72,240
Scottish Government Third Sector Early Intervention Fund	Opt-In Early Years	103,262	77,438

4. COSTS OF GENERATING FUNDS

	2015 £'000	2014 £'000
COSTS OF GENERATING VOLUNTARY INCOME		
Individual giving	888	570
Community fundraising	79	72
Corporate donations	2	3
Legacies	2	3
Trusts and grant making bodies	38	43
Scottish Epilepsy Centre Appeal	-	160
Awareness raising	124	102
	<u>1,133</u>	<u>953</u>

£357,000 (2014 - £192,000) of individual giving expenditure relates to upfront payments for donor recruitment. The related income will be received over many years in the future.

The support costs associated with generating voluntary income of £134,000 (2014 - £121,000) are detailed in note 5.

	2015 £'000	2014 £'000
FUNDRAISING TRADING		
Major fundraising events	201	152
Conferences, courses and venue hire	39	4
	<u>240</u>	<u>156</u>
INVESTMENT MANAGEMENT COSTS		
Investment manager's costs	19	19
Bank charges and interest payable	61	75
Property rental costs	360	269
	<u>440</u>	<u>363</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

5. COSTS OF CHARITABLE ACTIVITIES

	2015	2015	2015	2014	2014	2014
	Direct	Support	Total	Direct	Support	Total
	costs	costs	costs	costs	costs	costs
	£'000	£'000	£'000	£'000	£'000	£'000
Adult disability	19,604	913	20,517	19,585	998	20,583
Children and families	7,048	323	7,371	8,461	353	8,814
Epilepsy	5,580	216	5,796	5,672	236	5,908
Young adults	5,440	222	5,662	5,809	243	6,052
	<u>37,672</u>	<u>1,674</u>	<u>39,346</u>	<u>39,527</u>	<u>1,830</u>	<u>41,357</u>

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

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

SUPPORT COSTS

	2015	2015	2015	2015
	Allocated	Allocated	Allocated to	Total
	to the	to costs of	governance	costs
	cost of	generating	costs	costs
	charitable	voluntary	costs	costs
	activities	income	costs	costs
	£'000	£'000	£'000	£'000
2015				
Finance	429	-	93	522
Human resources	480	-	7	487
Information technology	173	-	2	175
Management and administration	166	-	-	166
Communications	123	113	-	236
Grant applications	85	9	-	94
Property	218	12	-	230
	<u>1,674</u>	<u>134</u>	<u>102</u>	<u>1,910</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

5. COSTS OF CHARITABLE ACTIVITIES (CONTINUED)

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

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

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

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

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

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

6. GOVERNANCE COSTS

	2015 £'000	2014 £'000
Internal audit	37	38
External audit (inclusive of VAT)	35	32
Apportionment of Executives' costs (based on time spent)	39	38
Company secretariat	11	11
Annual accounts and committee papers	51	55
	<u>173</u>	<u>174</u>

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

7. INCOMING RESOURCES

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

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

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

8. NET INCOMING/(OUTGOING) RESOURCES

	2015 £'000	2014 £'000
'Net incoming/(outgoing) resources' is stated after charging the following items:		
Auditor's remuneration - fee for audit of statutory accounts (inclusive of VAT)	35	32
Depreciation of owned assets	1,308	1,460
Operating lease rentals - plant and machinery	349	341
- land and buildings	1,000	1,010
Directors' and officers' indemnity insurance	11	11

The auditor, Deloitte LLP, also received amounts of £7,920 (2014 - £7,920), inclusive of VAT, in respect of the audit of the Quarriers pension scheme.

9. GAINS/(LOSSES) ON SALE OF FIXED ASSETS

	2015 £'000	2014 £'000
Loss on disposal of tangible fixed assets	(5)	-
Realised gain on disposal of investments	147	225
	<u>142</u>	<u>225</u>

The loss on disposal of tangible fixed assets is presented within other resources expended in the statement of financial activities. Realised gain on disposal of investments is presented within other recognised gains and losses in the statement of financial activities.

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. £289 was paid to one director in respect of travel expenses (2014 - £592).

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

11. STAFF COSTS

	2015	2014
	£'000	£'000
Wages and salaries	27,280	27,796
Social security costs	1,882	1,963
Pension costs	709	822
	<u>29,871</u>	<u>30,581</u>
Pension costs can be analysed as follows:		
FRS 17 current service cost (see note 24)	659	735
Defined contribution pension costs (see note 24)	50	87
	<u>709</u>	<u>822</u>

In addition to the above pension costs, an actuarial loss of £6,182,000 (2014 - gain of £1,010,000) has been recorded in the statement of total recognised gains and losses and the statement of financial activities and a FRS 17 net finance income of £77,000 (2014 - net finance cost of £195,000) has been included within the statement of financial activities.

	No	No
The average weekly number of employees during the year was as follows:		
Administration	191	171
Social care, domestic and other	1,808	1,830
	<u>1,999</u>	<u>2,001</u>

During the year, one employee had emoluments (excluding pension contributions) within the band £90,000 to £99,999 (2014 - one). No employees had emoluments (excluding pension contributions) within the band £70,000 to £79,999 (2014 - one). Two employees had emoluments (excluding pension contributions) within the band £60,000 to £69,999 (2014 - one). One of these employees has a defined benefit pension accruing. Two of these employees have benefits accruing under defined contribution schemes, with contributions of £3,000 made in the year.

12. INTEREST RECEIVABLE AND INVESTMENT INCOME

	2015	2014
	£'000	£'000
Income from listed investments (see note 2)	150	158
Bank interest receivable (see note 2)	1	1
FRS17 net pension finance income (see note 24)	77	-
	<u>228</u>	<u>159</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

13. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £'000	2014 £'000
FRS 17 net pension finance cost (see note 24)	-	195
Bank loans and overdrafts	44	62
	<u>44</u>	<u>257</u>

14. TAXATION

Quarriers has been granted charitable status by HM Revenue and Customs and as a result no liability to corporation tax arises to the extent that income or gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, are applied exclusively to charitable purposes. It is currently believed that there is no liability to UK corporation or capital gains tax.

15. TANGIBLE FIXED ASSETS

	Investment properties £'000	Freehold land and buildings £'000	Motor vehicles £'000	Plant & equipment £'000	Fixtures & fittings £'000	Total £'000
Cost						
At 1 April 2014	4,706	21,600	155	3,081	1,240	30,782
Additions	178	1,376	8	319	69	1,950
Transfer	(229)	229	-	-	-	-
Disposals	-	(66)	(14)	-	-	(80)
Revaluation	(43)	-	-	-	-	(43)
At 31 March 2015	<u>4,612</u>	<u>23,139</u>	<u>149</u>	<u>3,400</u>	<u>1,309</u>	<u>32,609</u>
Accumulated depreciation						
At 1 April 2014	-	9,019	142	2,426	1,132	12,719
Charge for the year	-	968	7	284	49	1,308
Disposals	-	(54)	(11)	-	-	(65)
At 31 March 2015	<u>-</u>	<u>9,933</u>	<u>138</u>	<u>2,710</u>	<u>1,181</u>	<u>13,962</u>
Net book value						
At 31 March 2015	<u>4,612</u>	<u>13,206</u>	<u>11</u>	<u>690</u>	<u>128</u>	<u>18,647</u>
At 31 March 2014	<u>4,706</u>	<u>12,581</u>	<u>13</u>	<u>655</u>	<u>108</u>	<u>18,063</u>
Net book value of assets used directly for charitable purposes						
At 31 March 2015	<u>-</u>	<u>11,627</u>	<u>8</u>	<u>612</u>	<u>115</u>	<u>12,362</u>
At 31 March 2014	<u>-</u>	<u>11,695</u>	<u>11</u>	<u>580</u>	<u>96</u>	<u>12,382</u>

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

15. TANGIBLE FIXED ASSETS (CONTINUED)

Investment properties were valued at 31 March 2012 by John Kane BSc MRICS of Lambert Smith Hampton, on an open market value basis. All investment properties are located in the United Kingdom. The value of one investment property has been updated to 31 March 2015. The value of the investment properties revaluation reserve at year ended 31 March 2015 is £4,471,000 (2014: £4,576,000).

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

The net book value of freehold land and buildings includes £386,000 (2014 - £395,000) in respect of property assets currently being used for rental purposes. These properties are temporarily surplus to functional requirements.

The net book value of assets includes £Nil (2014 - £167,000) in respect of property assets in the course of construction.

16. INVESTMENTS

	2015 £'000	2014 £'000
Cost		
As at 1 April 2014	3,244	3,423
Additions	647	523
Disposals	(358)	(702)
	<u>3,533</u>	<u>3,244</u>
As at 31 March 2015	<u>3,533</u>	<u>3,244</u>
Composed of:		
Listed investments:		
Listed on London Stock Exchange	3,292	3,071
Overseas investments	239	171
Unlisted investments	2	2
	<u>3,533</u>	<u>3,244</u>
As at 31 March 2015	<u>3,533</u>	<u>3,244</u>
Market Value		
As at 1 April 2014	4,708	4,899
Additions	647	523
Disposals as at 1 April 2014 market value	(481)	(868)
	<u>4,874</u>	<u>4,554</u>
Gains in the year	112	154
	<u>4,986</u>	<u>4,708</u>
As at 31 March 2015	<u>4,986</u>	<u>4,708</u>

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

16. INVESTMENTS (CONTINUED)

Subsidiary undertakings

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

<u>Company</u>	<u>Principal activity, net assets and results</u>	<u>Country of incorporation</u>
Quarrier's Activities Limited	Dormant during the year. Net assets at 31 March 2015 - £47 (31 March 2014 - £47) Result before tax for the year to 31 March 2015 - £Nil (31 March 2014 - £Nil)	Scotland
Gottar Limited	Design and build company. Net assets at 31 March 2015 - £938 (31 March 2014 - £1,565) Loss for the year to 31 March 2015 - £627 (31 March 2014 - profit £627)	Scotland
Strathgryffe Limited	Property management company (for charitable purposes). Net assets at 31 March 2015- £9,552 (2014 - £8,642) Profit before tax for the year to 31 March 2015 - £910 (2014 - £910)	Scotland

17. DEBTORS

	2015	2014
	£'000	£'000
Trade debtors	3,257	3,326
Other debtors	22	31
Prepayments and accrued income	763	671
Amounts owed from subsidiary undertakings	2	8
	<u>4,044</u>	<u>4,036</u>

No debtors are due after more than one year.

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

18. CREDITORS:

AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Bank term loan	199	192
Bank revolving credit	1,000	1,000
Trade creditors	1,474	1,290
Other taxes and social security costs	494	520
Other creditors	540	671
Deferred grant income (see note 20)	271	537
Accruals and other deferred income	1,005	1,220
Amounts owed to subsidiary undertakings	9	8
	<u>4,992</u>	<u>5,438</u>

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

Included within other creditors are pension contributions payable amounting to £119,000 (2014 - £150,000).

AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £'000	2014 £'000
Bank term loan	314	514
Trade Creditors	-	364
	<u>314</u>	<u>878</u>

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Local authority clawback £'000	Other £'000	Total £'000
As at 1 April 2014	394	-	394
Created during the year	466	84	550
Released during the year	(394)	-	(394)
As at 31 March 2015	<u>466</u>	<u>84</u>	<u>550</u>

The Local Authority clawback provision is for potential repayment of funding not fully utilised during the year. The other provision is to cover potential obligations arising following the results of recent court cases involving other organisations.

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

20. DEFERRED GRANT INCOME

	£'000
As at 1 April 2014	537
Received during the year	3,922
Released during the year	(4,188)
	<u>271</u>
As at 31 March 2015	<u>271</u>

21. SHARE CAPITAL

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

22. RESERVES

	As at 1 April 2014 £'000	Income £'000	Expenditure £'000	Gains/(losses) on investment assets £'000	Pension scheme movements £'000	Transfers £'000	As at 31 March 2015 £'000
General reserve	8,988	34,964	(34,932)	209	(499)	419	9,149
Pension scheme reserve	(7,867)				(5,683)		(13,550)
Revaluation reserve	6,040			(116)			5,924
Designated funds							
Fixed assets fund	5,860					(391)	5,469
Other funds	127					(127)	-
Total designated funds	5,987					(518)	5,469
Total unrestricted funds	13,148	34,964	(34,932)	93	(6,182)	(99)	6,992
Restricted funds	2,413	7,300	(6,405)			99	3,407
Total funds	15,561	42,264	(41,337)	93	(6,182)	-	10,399

Designated funds represent unrestricted funds that have been allocated for certain specific purposes upon internal approval. These funds were created from grants or donations received for buildings and will be released gradually to offset depreciation.

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

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

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

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

23. CAPITAL COMMITMENTS

	2015 £'000	2014 £'000
Contracted for, but not provided	-	495

Capital commitments in the previous year related to construction costs of 6 bed supported living facility in Cowdenbeath, which was completed in November 2014.

24. PENSION COSTS

The company operates a defined benefit pension scheme, the Quarriers Pension Scheme, providing retirement benefits based on final salary upon retirement. The assets of the scheme are held separately from those of the company in a trustee-administered fund. Company contributions paid in the year were £1,081,000 (2014 - £1,295,000). Contributions amounting to £78,000 (2014 - £102,000) were payable to the fund at 31 March 2015. No additional contributions were paid in respect of ill health retirement.

Contributions of £44,000 have also been made in the year to a defined contribution stakeholder scheme (2014 - £54,000) and £6,000 to a scheme for teachers (2014 - £33,000). The scheme for teachers is a multi-employer defined benefit scheme, for which Quarriers has no liability other than monthly employer's contributions. Therefore it is accounted for as a defined contribution scheme.

Actuarial valuation and contribution levels

The contributions to the defined benefit scheme are determined with the advice of a qualified independent actuary on the basis of triennial valuations using the projected unit funding method. The triennial valuation to 1 November 2013 was formalised on 11 August 2014. The recommended contribution levels necessary to meet future liabilities of the scheme are 6% of pensionable salary for members and 18.1% of pensionable salary for the employer, plus the cost of insuring death-in-service benefits. Under the funding schedule agreed with the scheme trustees, Quarriers aims to eliminate the current deficit over the next 11 years. The estimated amounts of contributions expected to be paid to the scheme during the year ended 31 March 2016 is £1.226 million.

FRS 17

The figures below have been based on the actuarial valuation as at 1 November 2013, updated to 31 March 2015. The FRS does not allow for the surplus or deficit to be spread over the period when recovery would normally take place, but instead requires the total assessed surplus or deficit to be declared in full at the balance sheet date.

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

	2015 %	2014 %
Rate of inflation (RPI)	2.90	3.30
Salary increase rate (CPI)	1.90	2.30
Increases for pensions in payment - pre April 1997	3.00	3.00
- April 1997 to April 2005	2.85	3.20
- post April 2005	2.10	2.20
Revaluation of deferred pensions	3.30	3.30
Liability discount rate	3.30	4.40
Expected return on scheme assets	5.50	5.50

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

24. PENSION COSTS (CONTINUED)

FRS 17 (CONTINUED)

	2015 Years	2014 Years
Mortality assumptions - life expectancy on retirement		
Pensioners – male	21.80	21.70
Pensioners – female	24.40	24.30
Non-pensioners - male	23.70	23.60
Non-pensioners - female	26.20	26.10

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:

	2015 £'000	2015 Rate of return	2014 £'000	2014 Rate of return
Equities	26,883	6.5%	24,199	6.5%
Bonds	16,367	3.8%	14,416	3.8%
Cash	190	0.5%	256	0.5%
Total fair value of assets	43,440		38,871	
Present value of scheme liabilities	(56,990)		(46,738)	
Deficit in the scheme	(13,550)		(7,867)	

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

	2015 £'000	2014 £'000
Current service cost	659	735

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

	2015 £'000	2014 £'000
Expected return on pension scheme assets	2,110	1,852
Interest on pension scheme liabilities	(2,033)	(2,047)
Net finance cost	77	(195)

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

	2015 £'000	2014 £'000
Amount recognised during the year	(6,182)	1,010
Cumulative amount recognised	(7,383)	(1,201)

The actual return on scheme assets was a gain of £5,025,000 (2014 – gain of £2,190,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2015

24. PENSION COSTS (CONTINUED)

FRS 17 (CONTINUED)

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

	2015	2014
	£'000	£'000
Assets at start of year	38,871	36,373
Expected return on assets	2,110	1,852
Actuarial gain	2,915	338
Employer contributions	1,081	1,295
Employee contributions	208	253
Benefits paid	(1,745)	(1,240)
Assets at end of year	<u>43,440</u>	<u>38,871</u>

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

	2015	2014
	£'000	£'000
Liabilities at start of year	46,738	45,615
Current service cost	659	735
Interest cost	2,033	2,047
Employee contributions	208	253
Actuarial loss/(gain)	9,097	(672)
Benefits paid	(1,745)	(1,240)
Liabilities at end of year	<u>56,990</u>	<u>46,738</u>

Five year history:

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Scheme assets	43,440	38,871	36,373	32,106	30,704
Scheme liabilities	(56,990)	(46,738)	(45,615)	(41,699)	(38,095)
Deficit in the scheme	<u>(13,550)</u>	<u>(7,867)</u>	<u>(9,242)</u>	<u>(9,593)</u>	<u>(7,391)</u>
Experience adjustments on scheme assets	2,915	338	2,943	(435)	597
Experience adjustments on scheme liabilities	(382)	(243)	(192)	1,080	3,495

QUARRIERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Year ended 31 March 2015

24. PENSION COSTS (CONTINUED)

FRS 17 (CONTINUED)

The impact of the FRS 17 pension deficit on unrestricted funds at 31 March 2015 is as follows:

	2015 £'000	2014 £'000
Unrestricted funds excluding pension deficit	20,542	21,015
FRS 17 pension deficit	(13,550)	(7,867)
Unrestricted funds including pension deficit	<u>6,992</u>	<u>13,148</u>

25. FINANCIAL COMMITMENTS

Operating leases

Annual obligations under operating leases which expire:

	2015 Land & buildings £'000	2015 Other £'000	2014 Land & buildings £'000	2014 Other £'000
Within one year	507	30	452	50
Between two and five years	288	239	412	215
In more than five years	123	-	123	-
	<u>918</u>	<u>269</u>	<u>987</u>	<u>265</u>

Secured assets

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

26. SUBSIDIARY COMPANY TRANSACTIONS

During the year the company made purchases of a total value of £667,000 (2014 - £686,000) from Gottar Limited, a subsidiary company, and made sales to Gottar Limited of a total value of £5,000 (2014 - £5,000).

At 31 March 2015, the company was owed £2,000 from Gottar Limited (2014 - £8,000).

During the year the company made purchases of a total value of £19,000 (2014 - £19,000) from Strathgryffe Limited, a subsidiary company, and made sales to Strathgryffe Limited of a total value of £18,000 (2014 - £18,000).

At 31 March 2015, the company owed £9,000 (2014 - £8,000) to Strathgryffe Limited.

27. SUBSEQUENT EVENTS

The sale of the Seafeld building and adjacent land completed on 02 June 2015 for a consideration of £847,500.