Company Registration No. SC014361
Charity No. SC001960
Registered in Scotland

QUARRIERS

Annual Report and Financial Statements

For the year ended 31 March 2019

QUARRIERS

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS (TRUSTEES)

Thomas Scholes	Chair
Sheila Gillies	Vice Chair
Linda Bailey	(up to 25 July 2018)
Marjorie Calder	
Patricia Cunningham	
Graham Findlay	
Alan Frizzell	
Trish Godman	(up to 21 July 2019)
Professor Michael Greaves	
Glen Johnstone	(from 23 May 2019)
Andrew Kubski	
Heather McKinlay	
Donald McRae	(up to 1 September 2018)
Nick Pascazio	
George Peacock	
David Watt	
Ian Williams	(from 15 January 2019 to 29 July 2019)
John Wood	(from 13 March 2019)
Sandra Wright	(from 26 August 2019)

EXECUTIVE DIRECTORS (KEY MANAGEMENT PERSONNEL)*

Alice Harper	Chief Executive
Andrew Williamson	Service Director and Deputy Chief Executive
Barry Ashcroft	Director of IT and Information Management (up to 7 December 2018)
Ann Parkinson	Director of IT and Information Management (from 10 December 2018)
Niall MacPherson	Director of Finance and Corporate Services

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

COMPANY SECRETARY

Mr Christopher Harwood

REGISTERED OFFICE

Quarriers
Quarriers Village
Bridge of Weir
Renfrewshire PA11 3SX

INDEPENDENT AUDITOR

French Duncan LLP
133 Finnieston Street
Glasgow
G3 8HB

OFFICERS AND PROFESSIONAL ADVISERS (CONTINUED)

INVESTMENT MANAGERS

Brewin Dolphin
48 St Vincent Street
Glasgow
G2 5TS

SOLICITORS

Brechin Tindal Oatts
48 St Vincent Street
Glasgow
G2 5HS

Brodies LLP Solicitors
110 Queen Street
Glasgow
G1 3BX

DWF LLP
110 Queen Street
Glasgow
G1 3HD

PENSION SCHEME ADMINISTRATORS AND CONSULTANTS

Broadstone Pensions Consulting Ltd
221 West George Street
Glasgow
G2 2ND

XPS Pensions Group
40 Torphichen Street
Edinburgh
EH3 8JB

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

QUARRIERS SUB-COMMITTEES

The directors review the day-to-day business of the charity through the Audit Committee, the Finance & General Purposes Committee, the Services Committee, the Estates & Property Committee and the Remuneration 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 for internal compliance testing 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	
David Watt	Chair
Patricia Cunningham	
Alan Frizzell	
Donald McRae	(up to 1 September 2018)

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 and information technology resources.

Members	
Graham Findlay	Chair
Alan Frizzell	(from 1 January 2019)
Thomas Scholes	
Andrew Kubski	(up to 7 August 2018)
Donald McRae	(up to 1 September 2018)

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	
Sheila Gillies	Chair
Trish Godman	(up to 21 July 2019)
Professor Michael Greaves	
Heather McKinlay	(from 29 January 2019)
Ian Williams	(from 15 January 2019 to 29 July 2019)
John Wood	(from 13 March 2019)
Linda Bailey	(up to 25 July 2018)

Estates & Property Committee

The Estates & Property 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' real estate resources.

Members	
George Peacock	Chair
Andrew Kubski	
Thomas Scholes	

Remuneration Committee

The Remuneration Committee meets at least once per year and approves pay awards or changes in terms and conditions for the Executive Directors. The Committee also oversees any major changes in employee benefits structures throughout Quarriers.

Members	
Nick Pascazio	Chair
Linda Bailey	(up to 25 July 2018)
Thomas Scholes	

QUARRIERS

TRUSTEES' REPORT

The trustees, who are also directors of the company, present their annual report (including the Strategic Report) on the affairs of the charity, together with the audited financial statements and auditor's report for the year ended 31 March 2019. The following items have been disclosed in the Strategic Report – use of financial instruments, policy for those with a disability, action on employee participation and future developments.

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 is a public benefit entity. It was incorporated on 30 October 1926. The company is governed by the memorandum and 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 five committees: the Audit Committee, the Finance & General Purposes Committee, the Services Committee, the Estates & Property Committee and the Remuneration 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 is shown on page 3.

The charitable company has two subsidiaries whose results are not consolidated. Further details of the performance are given in note 19.

Trustees' recruitment, induction and training

Trustees are recruited following best practice guidelines as set out in the Scottish Governance Code for the Third Sector. This is further augmented by adherence to the Scottish Council of Voluntary Organisations *Good Governance Checkup* which provides a clear framework for setting out organisational purpose and values.

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 an induction programme which introduces the Trustees to the organisation, its staff and services, the people Quarriers supports, safeguarding 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 (Trustees)

It is with sadness that we note the death of Trish Godman on 21st July 2019. Trish served as Chair from 10th May 2011 until 1st June 2015 , after which she agreed to stay on as a Board member. During her time she contributed greatly to the development of the organisation, always retaining a keen sense of interest in local projects. Her values embodied those of William Quarrier and she will be greatly missed by her colleagues and many friends.

The Trustees 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. Trustees who have completed their term on the Board can be re-elected by nomination and approval by the majority of existing Trustees.

As authorised by the governing documents, indemnity insurance has continued to be purchased during the year for Trustees and officers to protect them from loss.

QUARRIERS

TRUSTEES' REPORT

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 French Duncan LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

QUARRIERS

STRATEGIC REPORT

OBJECTIVES AND ACTIVITIES

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

We do this by providing practical support and care for children, young people, adults and families at any stage of their lives. We do this through the provision of residential care services, specialist epilepsy services, support for those with learning disabilities, provision of respite care, carer services and support for the young homeless.

STRATEGY & VISION

Our strategy Transforming Lives 2017-2020 states our vision is to become Scotland's leading charity for delivering community-based health and social care solutions by 2020. This strategy is aligned with our overarching objectives as follows: -

DRIVER	GOAL
Personalised Support	To be the care provider of choice and be recognised for being person-centred and outcomes-focussed in all we do.
Our staff	To be the social care employer of choice and continue to invest in our workforce.
Achieving Excellence	To embrace a culture of continuous improvement surpassing recognised standards and outcomes whilst transforming the lives of those we support.
Development & sustainability	To continue to develop sustainable services that benefit those we support and their communities.
Impact	To maximise our impact in the communities in which we provide services.

SCOTTISH CHILD ABUSE INQUIRY

Quarriers remains a Core Participant in the Scottish Child Abuse Inquiry, restating an unreserved apology to survivors of abuse at Quarriers as part of the third case study of the Inquiry, which started in October 2018 and finished early March 2019. This case study investigated child abuse at residential childcare establishments run by non-religious and voluntary organisations, namely Barnardo's, Aberlour and Quarriers. Quarriers welcomed the establishment of the Inquiry from the outset and fully supports the process which allows the survivors of abuse to be heard. In January, as part of this case study, Quarriers gave evidence to the Inquiry and in February, Lady Smith announced future phases, including migration and fostering, which are likely to involve Quarriers.

Key participants, including Quarriers, continue to work with the Scottish Government in shaping a Final Redress Scheme and the Advance Redress Scheme: both designed to make payments to survivors of child abuse. The former will pool contributions from care organisations and distribute the funds to survivors, whereas the latter has been fully funded by the Scottish Government and makes payments to survivors over 70 years of age and to those who have a terminal illness. The Final Redress Scheme is predicted to become statute by 2021.

Engagement with survivors is invaluable, welcomed openly and informs our work and preparations for the future phases of the Inquiry. It is important for Quarriers to publicly acknowledge, apologise for and learn from wrongs of the past. By doing so, we are able to inform and improve current policy and practice and focus on the welfare of the people we support.

ACHIEVEMENTS AND PERFORMANCE

During the year Quarriers continued to deliver a large number of services across the length and breadth of the country, all of which assist the People We Support in achieving their full potential and contribute to the local economy. A few of the highlights this year include: -

Personalised Support

- People We Support survey showed a 97% satisfaction score in line with prior year;
- Increased the number of Self Directed Support care packages being delivered.

STRATEGIC REPORT

Our Staff

- Received Living Wage accreditation resulting in all staff receiving at least the real Living Wage.
- Reported a mean Gender Pay Gap of 2.33% and a median Gender Pay Gap of 0%, representing a significant improvement on the 2017/18 mean Gender Pay Gap of 3.43%. These metrics compare favourably with the UK all employees mean of 17.1% and median of 17.9% (as reported in the ONS 2018 Annual Survey of Hours and Earnings).
- Care to Join Us campaign received s1Jobs Award for Best Recruitment Campaign.
- Mandatory training for all staff increased to 97%.

Achieving Excellence

- 92% of registered Adult services scored Good and above (2018: 85%), 100% of Children, Family and Young Person Services scored Good and above (2018: 100%), with an overall percentage of 95% (2018: 89%) of all services scoring Good and above.
- Received Investors in People PLATINUM award - an accolade given to less than 1% of UK companies.
- Staff turnover fell to 13% (2018: 20%)

Development & Sustainability

- Fundraising team exceeded their income target by 6% generating around £2.6m.
- Completed refurbishment of a specialist service for adults with autism.

Notwithstanding the challenging environment, which has seen continued pressure on Health and Social Care Partnership (HSCP) budgets, we have been able to provide person-centred support to over 5,000 people each year across a diverse range of care models and geographic areas. The impact of our work is shown by the following table, split across our key themes.

	2019 No.	2018 No.	Movement	Comment
Adult Disability				
No. of people supported in their own homes and residential care homes	308	314	(2%)	Voids in small number of services.
No. of days of adult respite care provided	6,431	6,886	(7%)	Occupancy levels not achieved.
No. of adult family placements	26	27	(4%)	
Children & Families				
No. of young people with a disability supported in residential services	6	6	-	
No. of days of residential respite care provided for children with disabilities	2,057	2,356	(13%)	End of long-term placement.
No. of children with a disability utilised family-based short break services	11	11	-	
No. of children supported by family support services	609	543	12%	Increased grant funding.
No. of children supported by flexible childcare at home services	99	106	(7%)	Reduction in care package numbers.
No. of child fostering placements supported	11	10	10%	New placement in year.
No. of adult carers directly benefited	2,601	2,421	7%	Increased grant funding.
No. of young carers directly benefited	286	332	(14%)	Now only funded for carers with significant caring role.
Epilepsy Services				
No. of patients admitted to Scottish Epilepsy Centre	105	99	6%	Explanation as per paragraph below.
No. of outpatients treated at Scottish Epilepsy Centre	168	150	12%	

STRATEGIC REPORT

	2019 No.	2018 No.	Movement	Comment
No. of people supported in small care homes and supported living services	75	78	(4%)	Voids in registered care homes.
Total no. of people supported by Epilepsy Fieldwork services in North East	658	417	58%	Increase in capacity as staff vacancies during 2018 now filled.
Young Adults				
No. of nights supported accommodation provided	27,908	26,922	4%	Voids during 2018 due to building renovations.
No. of young people supported in their own tenancies	75	57	32%	

Despite an increase in patients admitted to the William Quarrier Scottish Epilepsy Centre, occupancy levels were significantly below budget leading to a deficit for the year of £0.25m. This prompted the Scottish Government to commit additional funding to allow Quarriers time to negotiate a more resilient funding model with the NHS i.e. Regional Agreements with the East, West and North Health Boards. Regional Agreements will effectively block-fund the majority of the hospital beds and will ensure equality of access for all patients across Scotland. The Regional Agreements will be based on a 3-year rolling activity model which will be reviewed annually.

On 28 March 2019, Quarriers entered collective consultation with staff to propose closure of three registered care homes for adults with learning disabilities. This followed a strategic review, which highlighted that these services had delivered significant losses over a number of years, largely due to the "spot purchase" funding model and ongoing staff recruitment and retention issues. Following an extended consultation period, the Board reluctantly agreed to close the homes by 30 September 2019. All efforts will be made to ensure as smooth a transition as possible of the people we support to alternative services and the redeployment of our staff.

Due to reductions in external funding, the Board also agreed to close the Glasgow Day Activities and Digital Inclusion services by 30 June 2019.

Continued supplier delays in implementing a new management information system - Project Evolution –prompted the Directors to assess impairment indicators in the asset's carrying value. A value in use calculation was performed based on the present value of future cash flows expected to be derived from the asset, resulting in a write down in value of £697k. This charge is included in support costs.

Despite the challenges noted above, it is encouraging to note the continued improvements in the quality of care services delivered and the impact in the communities in which we work.

FINANCIAL REVIEW

Results for the year

It has been a challenging year resulting in a net expenditure position of £2.2m (2018: £0.9m net income) much of which has been driven by increased staffing and agency costs. In addition, there was an actuarial loss on the defined benefit pension scheme of £1.1m (2018: gain of £2.2m) resulting in a net negative movement of funds for the year of £3.3m (2018: £3.2m net positive movement).

Within this, total income increased by £1.2m to £42.7m (2018: £41.5m) due primarily to uplifted rates paid by local authorities in respect of the Scottish Living Wage. In addition, property disposals generated a gain on sale of £0.7m (2018: £0.2m).

Despite seeing a drop in individual giving, the Fundraising team exceeded its income target delivering a total of £2.5m (2018: £2.8m) against a budget of £2.4m (2018: £2.3m), £1.3m of which is included within donations and legacies and the balance within Charitable activities.

Total expenditure increased by £4.5m to £45.3m (2018: £40.8m). Within this figure, expenditure relating to donations and legacies remained flat at £0.5m (2018: £0.5m) largely due to the inability to secure a third party provider to deliver a new donor recruitment campaign. Expenditure on charitable activities increased by £4.5m to £44.4m (2018: £39.9m) due primarily to unbudgeted agency costs and Scottish Living Wage payments to staff for all care hours worked, including sleepovers.

STRATEGIC REPORT

Going concern

Having considered forecast results including reasonably possible downside sensitivities, together with banking facilities available to the charity, the directors are satisfied 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 bank term loans of £0.6m (2018: £0.8m). 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.

Investments

Quarriers investments are retained to support operations of the charity. The investments are held in a combination of funds comprising equities, fixed income securities and cash. Investment policy is reviewed annually and performance against target set is reviewed quarterly. The charity maintains an Ethical Investment Policy which prohibits direct investment in businesses where the main activities include tobacco, aerospace or defence industries; an additional constraint prohibits investment in companies where there is any sign concerning the use of child labour. The portfolio is used to support the business and continues to be managed on a total return basis with the objective of at least maintaining its value in real terms while meeting the requirement for increased income. During the year £0.7m of investments at cost were disposed of and £1.1m of additions were made. This contributed to an overall 7.6% increase in market value to £6.3m (2018: £5.8m).

Pensions

The deficit on the defined benefit pension scheme, calculated in accordance with FRS102, increased in the year under review to £9.0m, representing a deterioration of £0.8m (9%) on the prior year. The major factors contributing to this deterioration were a fall in corporate bond yields and a rise in inflationary expectations leading to a higher valuation of Scheme liabilities, partially offset by the positive impact of higher than expected returns on Scheme assets. On 31st August 2016 the Board agreed to close the defined benefit pension scheme to future accrual, with affected members being transferred to a defined contribution scheme.

Reserves

The Directors recognise the need to hold reserves in order to provide the necessary working capital to carry out our activities and to provide protection against adverse financial circumstances in the future. In line with the majority of social care providers, it is our policy to retain an amount equivalent to 12 weeks' operational expenditure in unrestricted reserves. Total unrestricted reserves at 31 March 2019 amounted to £11.7m representing approximately 13 weeks (2018: 20 weeks) at the current level of annual expenditure of £45.3m. Having reviewed the level of unrestricted reserves in this context, the directors believe them to be sufficient to meet future requirements.

Unrestricted funds reduced by £3.7m (2018: £3.8m increase) primarily due to the net outgoing resources reported in the Statement of Financial Activities. Restricted funds have increased by £0.4m (2018: £0.6m decrease).

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. Quarriers is a Positive about Disability Employer and conducts annual interviews with employees who have a disability in order to assess their needs and provide them with support in the workplace. The average number of people employed with Disability Discrimination Act related conditions is 146 (2018: 81).

Staff Engagement

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 70 staff (2018: 89) have been involved in developing internal policies and procedures during the year. Staff also contributed to the development of our HR Strategy: People Plan 2018-20. 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 its recognition agreement with Unison.

Our approach to staff engagement was recognised in the 2018 Investors in People (IIP) assessment and in the award of IIP PLATINUM accreditation.

Volunteers

Quarriers is committed to the involvement of volunteers across the organisation and works with over 300 volunteers. Volunteers add value to the organisation and make a real difference to the people we support. Volunteering within Quarriers continues to grow year on year and Quarriers is proud to have the Investing in Volunteers UK Quality Award.

Funds held as custodian

Quarriers holds funds on behalf of people we support who are unable to open bank accounts. These balances amount to £0.3m (2018: £0.3m) and are held in a separate bank account. These amounts are accounted for within cash at bank and creditors in the Balance Sheet.

PLANS FOR FUTURE PERIODS

We anticipate income growth in 2019/20 following the opening of our new Mearnsview service for adults on the autistic spectrum and the transfer-in of new adult supported living care packages in South Ayrshire.

2019/20 will be our first full year as an accredited Living Wage employer, meaning that staff will receive a minimum payment of the Scottish Living Wage (SLW) for every hour worked. Importantly in 2019/20, Health and Social Care Partnerships (HSCPs) will receive additional Scottish Government funding to extend this to sleepover shifts, meaning that Quarriers will no longer have to fund a disproportionate share of this cost from internal resources. We will continue to focus on recruitment and retention and the reduction in agency expenditure.

As previously noted, the Board agreed to close three registered care homes by 30 September 2019. The impact of this decision has been significant and we will continue to work with HSCPs to provide the most suitable alternative arrangements for the People We Support and to maximise redeployment opportunities for those staff impacted by the closures.

We will continue to review and develop our safeguarding practices in line with regulation, legislation, best practice and learning from our ongoing involvement with the SCAI.

We will also continue to work with our software supplier to ensure we deliver management information systems in line with the needs of the organisation.

Our strategy Transforming Lives 2017-20 has another year to run so we will shortly begin a consultation exercise on development of our new strategy.

KEY MANAGEMENT REMUNERATION

It is the policy of Quarriers to ensure that Executive Directors are fairly rewarded for their contribution to organisational objectives. The remuneration of Executive Directors comprises annual salary, car allowance and employer pension contribution. Annual salaries are regularly benchmarked against industry averages.

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.

STRATEGIC REPORT

In addition to the Scottish Child Abuse Inquiry noted above, the key risks identified by the Directors are as follows: -

Risk	Mitigation
Failure to protect vulnerable groups appropriately leading to breach of contract with local authorities	Mandatory training implemented; Code of Conduct and enhanced Disclosure checks implemented; Medication errors tool developed; Quality and internal monitoring framework in place.
Failure of staff to adhere to internal or external standards and quality assurance mechanisms not working appropriately	Robust mandatory training; Whistleblowing policy and Disciplinary procedures in place supplemented by regular internal audits to ensure compliance.
Failure to adequately ensure the health, safety and welfare of employees and those Quarriers supports (including vicarious liability risk in respect of third parties).	Mandatory training; safer recruitment procedures adopted and preventative maintenance programme in place.
Failure of business IT infrastructure	Resilience built in through hardware and software layers; development of mirrored servers at alternative site; network scanning software installed and annual penetration testing performed.
Introduction of Private Residential Tenancy legislation	Review of Property Strategy including reducing landlord/care provider conflict of interests.
Failure to manage material unbudgeted property maintenance and/or dilapidations liability	Legal due diligence, third party assurance reviews and close relationships with local authorities.

The controls and mitigating actions are designed to ensure the Directors are satisfied that there are no risks that pose a significant threat to the organisation. Robust governance procedures are in place through the Board of Trustees, Sub-Committees and management structures.

QUARRIERS

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 regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 (updated for Bulletin 1) "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit 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 Charity SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 are sufficient to show and explain the charitable company's transactions and 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.

The directors 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.

The Trustees' Report, including the Strategic Report, was approved by the Board and signed on its behalf by:

T Scholes

Thomas Scholes

Chair of Trustees

26 August 2019

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

Opinion

We have audited the financial statements of Quarriers (the 'charitable company') for the year ended 31 March 2019 which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement (set out on page 12), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Antony J Sinclair CA (Senior Statutory Auditor)

For and on behalf of
French Duncan LLP
Chartered Accountants and Statutory Auditors
133 Finnieston Street, Glasgow, G3 8HB

28 September 2019

French Duncan LLP are eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES
(including the income and expenditure account)
For the year ended 31 March 2019

	Note	Unrestricted funds General Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total 31 March 2019 £'000	Total 31 March 2018 £'000
Income from:						
Donations and legacies	3	1,186	-	144	1,330	1,686
Charitable activities	4	34,153	-	5,870	40,023	38,826
Other trading activities	5	183	-	-	183	188
Investments	6	490	-	-	490	591
Gain on sale of fixed assets		712	-		712	213
TOTAL INCOME		36,724	-	6,014	42,738	41,504
Expenditure on:						
Raising donations and legacies	7	485	-	-	485	482
Charitable activities	8	38,834	-	5,610	44,444	39,899
Other trading activities	9	81	-	-	81	68
Investment management costs	10	325	-	-	325	382
TOTAL EXPENDITURE		39,725	-	5,610	45,335	40,831
Net (expenditure)/income before investment gains		(3,001)	-	404	(2,597)	673
Net gains on investments		353	-	-	353	258
NET (EXPENDITURE)/INCOME		(2,648)	-	404	(2,244)	931
Transfers between funds	24	84	(51)	(33)	-	-
Other recognised (losses)/gains						
Actuarial (losses)/gains on defined benefit pension schemes	25	(1,097)	-	-	(1,097)	2,220
NET MOVEMENT IN FUNDS		(3,661)	(51)	371	(3,341)	3,151
RECONCILIATION OF FUNDS						
Total funds brought forward at 1 April		10,655	4,731	3,014	18,400	15,249
Net movement in funds for the year		(3,661)	(51)	371	(3,341)	3,151
Total funds carried forward 31 March		6,994	4,680	3,385	15,059	18,400

There were no other recognised gains or losses other than those listed above in arriving at the net income for the year. All income and expenditure derives from continuing activities.

BALANCE SHEET
As at 31 March 2019

	Note	2019 £'000	2018 £'000
FIXED ASSETS			
Investment properties	17	5,668	5,502
Other tangible fixed assets	17	10,472	10,847
Intangible fixed assets	18	378	1,190
		16,518	17,539
Investments	19	6,250	5,806
		22,768	23,345
CURRENT ASSETS			
Debtors	20	4,059	3,774
Cash at bank and in hand		1,573	3,695
		5,632	7,469
CREDITORS: amounts falling due within one year	21	(3,897)	(3,539)
NET CURRENT ASSETS		1,735	3,930
TOTAL ASSETS LESS CURRENT LIABILITIES		24,503	27,275
CREDITORS: amounts falling due after more than one year	21	(441)	(641)
NET ASSETS EXCLUDING PENSION DEFICIT		24,062	26,634
PENSION DEFICIT	25	(9,003)	(8,234)
NET ASSETS		15,059	18,400

CAPITAL AND RESERVES		2019 £'000	2018 £'000
Unrestricted funds			
- General reserve	24	15,997	18,889
- Pension scheme reserve	24	(9,003)	(8,234)
- Designated reserves	24	4,680	4,731
		11,674	15,386
Restricted funds	24	3,385	3,014
TOTAL CAPITAL AND RESERVES		15,059	18,400

The financial statements of Quarriers, registered company number SC014361, were approved and authorised for issue by the Board of Trustees on 26 August 2019.

Signed on behalf of the Board of Trustees by

Thomas Scholes David Watt

CASH FLOW STATEMENT
For the year ended 31 March 2019

	Notes to the cash flow statement	2019 £'000	2018 £'000
Net cash provided by operating activities	(i)	(2,295)	770
Cash flows from investing activities:			
Dividends, interest and rents from investments (note 6)		490	591
Proceeds from the sale of fixed assets		795	1,593
Purchase of fixed assets (notes 17 and 18)		(772)	(1,049)
Proceeds from sale of investments		934	567
Purchase of investments (note 19)		(1,080)	(682)
Net cash from investing activities		367	1,020
Cash flows from financing activities:			
Repayments of borrowing (note 21)		(194)	(279)
Net cash used in financing activities		(194)	(279)
Net (decrease)/increase in cash		(2,122)	1,511
Cash at beginning of year		3,695	2,184
Cash at end of year		1,573	3,695

Total cash and cash equivalents are shown in cash at bank and in hand.

NOTES TO THE CASH FLOW STATEMENT

(i) RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £'000	2018 £'000
Net (expenditure)/income per Statement of Financial Activities	(2,244)	931
Adjustments for:		
Depreciation charges (note 17)	949	1,082
Amortisation and impairment of intangible assets (note 18)	816	-
(Gain) on investments	(353)	(258)
Dividends, interest and rents from investments (note 6)	(490)	(591)
(Gain) on sale of fixed assets	(712)	(213)
(Increase)/decrease in debtors	(285)	415
Increase/(decrease) in creditors	352	(28)
Pension – net interest on net defined benefit liability (note 25)	207	265
Pension – difference between service cost and contributions (note 25)	(535)	(833)
Net cash (outflow)/inflow from operating activities	(2,295)	770

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

1. **ACCOUNTING POLICIES**

Basis of accounting

The financial statements are prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)" applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 updated for Bulletin 1), effective 1 January 2015; and the Companies Act 2006.

Quarriers meets the definition of a public benefit entity under FRS 102 (updated for Bulletin 1).

The principal 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 fair value at the balance sheet date and investment properties which are held at fair value.

Basis of preparation and going concern

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 2019 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. The principal activities, net assets and results of the subsidiary companies are detailed in note 19.

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, probable certainty of receipt and the amount can be quantified with reasonable accuracy. Receipt of a legacy is only considered probable when the amount can be measured reliably and notification has been received from the executor of their intention to make a distribution.

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.

Expenditure on charitable activities 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.

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)
For the year ended 31 March 2019

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 less their estimated residual values 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.

A review for impairment is carried out if events or changes in circumstances indicate that the carrying value of any tangible fixed asset may not be recoverable.

Intangible fixed assets

Intangible fixed assets are recognised where it is probable that there will be a future economic benefit and that this can be reliably measured. These assets are written off over their useful economic life on a straight line basis as follows:

System development	- 10 years

This is the period over which the charity expects to derive benefit from the asset. Assets are not amortised until the system becomes operational, subject to annual impairment.

Investment properties

In accordance with SORP 2015, investment properties held for their investment potential are recorded at fair value. Realised and unrealised gains and losses are included in the Statement of Financial Activities. No provision is made for depreciation of investment properties.

The directors review the carrying value of investment properties at the balance sheet date. This involves an assessment of future rental income, lease expiry dates and benchmarking against the Nationwide House Price Index.

Investments

Investments are measured at fair value, with realised and unrealised gains and losses included in the Statement of Financial Activities. Unlisted investments held in the subsidiary companies are valued at cost as there is no reliable measure of fair value.

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)
For the year ended 31 March 2019

1. ACCOUNTING POLICIES (CONTINUED)

Pensions

For the defined benefit scheme the amounts charged to the Statement of Financial Activities are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to the Statement of Financial Activities and included within direct costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in 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.

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

Funds

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.

Restricted funds comprise funds that are subject to specific conditions imposed by the donor on how these funds can be spent.

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.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand included cash and short term highly liquid investments. Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2019

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charity's accounting policies, which are described in note 1, the trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The charity operates both a defined benefit pension scheme providing benefits based on final pensionable earnings and a defined contribution scheme. The determination of any pension scheme surplus/deficit is based on assumptions determined with independent actuarial advice. The assumptions used include discount rate, inflation, pension increases, salary increases, the expected return on scheme assets and mortality assumptions. Refer to note 25 for details of post retirement benefits.

A new integrated business system is in development, which is designed to realise efficiency savings across the organisation. However, it is unlikely that full integration of all stand-alone applications will be achieved. The costs have been capitalised as an intangible fixed asset and will be amortised over the useful economic life of the system. The directors review the carrying value and useful economic life of intangible assets at the balance sheet date.

In accordance with SORP 2015, investment properties held for their investment potential are recorded at fair value. Realised and unrealised gains and losses are included in the Statement of Financial Activities. No provision is made for depreciation of investment properties. The directors review the carrying value of investment properties at the balance sheet date. This involves an assessment of future rental income, lease expiry dates and benchmarking against the Nationwide House Price Index.

3. INCOME FROM DONATIONS AND LEGACIES

	2019 £'000	2018 £'000
Individual giving	906	1,029
Community and corporate fundraising	32	83
Legacies	333	490
Training grants	24	20
Trusts and grant making bodies	35	64
	1,330	1,686

In addition, grants awarded to restricted projects amounting to £1,162,117 (2018 - £1,032,000) were applied for by the fundraising department and are shown within income from charitable activities.

In 2018, £1,572,000 of incomc from donations and legacies was attributable to unrestricted funds and £114,000 was attributable to restricted funds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2019

4. INCOME FROM CHARITABLE ACTIVITIES

	Local authority/ NHS fees £'000	Grants £'000	Other funding £'000	Total 2019 £'000	Total 2018 £'000
Adult disability	21,259	131	77	21,467	20,517
Children and families	2,504	3,963	61	6,528	6,844
Epilepsy	6,341	498	171	7,010	6,459
Young adults	3,219	1,749	50	5,018	5,006
	33,323	6,341	359	40,023	38,826

In 2018, £32,969,000 of income from charitable activities was attributable to unrestricted funds and £5,857,000 was attributable to restricted funds.

Of the £6,341,000 (2018 - £5,568,000) grants recognised during the year, £5,488,000 (2018 - £4,547,000) 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:

		2019 £	2018 £
Awards for All	Castle Semple Activities	4,000	-
BBC Children in Need	Opt-in Early Years	34,752	33,014
Big Lottery Fund (Investing in Communities)	Quarriers Early Years Intervention	112,413	110,100
Big Lottery Fund (Investing in Communities)	Epilepsy Fieldwork	218,783	220,818
Big Lottery Fund (Investing in Communities)	Coaching for Life	136,711	134,713
Boshier-Hinton Foundation	Eyegaze Equipment	2,000	-
Carers Act Transformations Fund	CATS Project	17,260	-
Comic Relief	Peri-natal Mental Health – NE Glasgow	38,950	20,847
Corra Foundation (Drugs Initiative)	Arrows, Moray	77,089	77,089
Creative Scotland	Inclusion Oh Yellow Music Project	14,390	14,390
Glasgow City Council Integrated Grant Funding	Family Support Service	105,801	105,801
Glasgow City Council Integrated Grant Funding	Quarriers Literacy Project	57,498	57,500
Glasgow City Council Integrated Grant Funding	Opt In South West Education Support	128,529	128,529
Holywood Trust	Activity Co-ordinator & Refurbishment	15,834	13,200
Holywood Trust	D&G Mental Health Post	11,236	-
Inspiring Scotland	Intandem Mentoring Programme	39,600	39,966
Life Changes Trust (Befriending and Peer Support)	Dementia Befriending Service	18,692	18,731
Life Changes Trust	Creative and Active	44,419	-
Scottish Government Children and Families Intervention Fund	Children and Families Inclusion	36,000	36,000
Scottish Government Children and Families Intervention Fund	Brief Interventions– North East Glasgow	34,886	35,008
Scottish Government Short Breaks Fund (Better Breaks)	Aberdeenshire Carer Service	17,988	-
Scottish Government Short Breaks Fund (Creative Breaks)	Time to Live – Aberdeenshire/Moray	34,873	28,268
Scottish Government Short Breaks Fund (Creative Breaks)	Riverview and Mavisbank	11,074	6,335
Scottish Government Technology Enabled Care	Adult Services	-	85,000
Scottish Power Energy Peoples Trust	Energy Efficiency Advisor	-	3,340
See Me	Mental Health – Glasgow North	-	25,000
The Robertson Trust	Sexual Exploitation Counsellor	-	12,000
The R S MacDonald Charitable Trust	Epilepsy Practice Development Nurse	-	19,316
UK Government	Peri-natal Mental Health – NE Glasgow	-	121,839
Year of Young People National Lottery Fund	Kinship Care Service: Health & Active	8,000	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2019

5. INCOME FROM OTHER TRADING ACTIVITIES

	2019 £'000	2018 £'000
Major fundraising events	114	100
Conferences, courses and venue hire	69	88
	183	188

In 2018, all income from trading activities was attributable to unrestricted funds.

6. INCOME FROM INVESTMENTS

	2019 £'000	2018 £'000
Dividends	171	163
Bank interest	3	2
Property rental income	316	426
	490	591

In 2018, all income from investments was attributable to unrestricted funds.

7. EXPENDITURE ON RAISING DONATIONS AND LEGACIES

	2019 £'000	2018 £'000
Individual giving	342	317
Community and corporate fundraising	21	37
Legacies	4	9
Trusts and grant making bodies	28	30
Awareness raising	90	89
	485	482

£63,870 (2018 - £Nil) of individual giving expenditure relates to upfront payments for donor recruitment. The related income will be received over many years in the future.

In 2018, all expenditure on raising donations and legacies was attributable to unrestricted funds.

8. EXPENDITURE ON CHARITABLE ACTIVITIES

	2019 Direct costs £'000	2019 Support costs £'000	2019 Total £'000	2018 Direct costs £'000	2018 Support costs £'000	2018 Total £'000
Adult disability	23,327	1,991	25,318	20,451	1,217	21,668
Children and families	5,573	434	6,007	6,255	302	6,557
Epilepsy	7,139	521	7,660	6,468	317	6,785
Young adults	5,109	350	5,459	4,663	226	4,889
	41,148	3,296	44,444	37,837	2,062	39,899

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2019

8. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

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

In 2018, £34,036,000 of expenditure on charitable activities was attributable to unrestricted funds and £5,863,000 was attributable to restricted funds.

Quarriers incurred £469,000 in the year (2018 - £183,000) on external legal and other costs to provide evidence at the Scottish Child Abuse Inquiry.

SUPPORT COSTS

	2019 £'000	2018 £'000
Finance	504	460
Governance	230	191
Human resources	593	532
Information technology (including new business system)	1,186	148
Management and administration	271	241
Communications	86	87
Grant applications	102	118
Property	324	285
	3,296	2,062

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.

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.

9. EXPENDITURE ON OTHER TRADING ACTIVITIES

	2019 £'000	2018 £'000
Major fundraising events	68	55
Conferences, courses and venue hire	13	13
	81	68

In 2018, all expenditure on other trading activities was attributable to unrestricted funds.

10. EXPENDITURE ON INVESTMENT MANAGEMENT COSTS

	2019 £'000	2018 £'000
Investment manager's costs	30	30
Bank charges and interest payable	25	37
Property rental costs	270	315
	325	382

In 2018, all expenditure on investment management costs was attributable to unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2019

11. 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 exclusively in Scotland.

12. NET INCOME FOR THE YEAR

	2019 £'000	2018 £'000
Net income is stated after charging:		
Auditor's remuneration - fee for audit of statutory accounts (inclusive of VAT)	28	26
Depreciation of owned assets	1,068	1,082
Amortisation and impairment of intangible assets	816	-
Operating lease rentals - plant and machinery	274	281
- land and buildings	918	919
Directors' and officers' indemnity insurance	13	13

13. ANALYSIS OF STAFF COSTS, TRUSTEES' REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

The average monthly number of employees during the year was as follows:	2019 No	2018 No
Administration	158	154
Social care and other	1,478	1,468
	1,636	1,622

Their aggregate remuneration comprised:	2019 £'000	2018 £'000
Wages and salaries	28,526	26,200
Social security costs	2,248	1,961
Pension costs	502	446
	31,276	28,607
Pension costs can be analysed as follows:		
Defined benefit current service cost (see note 25)	-	25
Defined contribution pension costs (see note 25)	502	421
	502	446

In addition to the above pension costs, an actuarial loss of £1,097,000 (2018 - gain of £2,220,000) and the net interest cost on the net defined pension liability of £207,000 (2018 - £265,000) have been included within the statement of financial activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2019

13. ANALYSIS OF STAFF COSTS, TRUSTEES' REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL (CONTINUED)

The number of employees whose emoluments, excluding pension and employers national insurance contributions but including benefits in kind, were in excess of £60,000 was:

	2019 No.	2018 No.
£60,000 - £70,000	-	1
£70,000 - £80,000	1	1
£80,000 - £90,000	1	1
£100,000 - £110,000	1	1

The key management personnel are listed on page 1. The total remuneration (including pension and employer's national insurance contributions) of the key management personnel of the Charity for the year totalled £385,000 (2018: £380,000).

Trustees' Remuneration

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. £Nil was paid to directors in respect of travel expenses (2018 - £Nil).

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

14. INTEREST RECEIVABLE AND INVESTMENT INCOME

	2019 £'000	2018 £'000
Income from listed investments (see note 6)	171	163
Bank interest receivable (see note 6)	3	2
	174	165

15. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £'000	2018 £'000
Net interest on net pension defined benefit liability	207	265
Bank loans and overdrafts (see note 10)	25	37
	232	302

16. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2019

17. INVESTMENT PROPERTIES AND OTHER TANGIBLE FIXED ASSETS

	Investment properties	Freehold land and buildings	Motor vehicles	Plant & equipment	Fixtures & fittings	Total Tangible Fixed Assets
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
At 1 April 2018	5,502	19,223	153	3,511	1,476	24,363
Additions	56	505	10	70	127	712
Transfer	56	(56)	-	-	-	(56)
Disposals	-	(170)	(5)	(7)	(7)	(189)
Revaluation	54	-	-	-	-	-
At 31 March 2019	5,668	19,502	158	3,574	1,596	24,830
Accumulated depreciation						
At 1 April 2018	-	8,979	140	3,125	1,272	13,516
Charge for the year	-	643	5	180	121	949
Disposals	-	(88)	(5)	(7)	(7)	(107)
At 31 March 2019	-	9,534	140	3,298	1,386	14,358
Net book value						
At 31 March 2019	5,668	9,968	18	276	210	10,472
At 31 March 2018	5,502	10,244	13	386	204	10,847
Net book value of assets used directly for charitable purposes						
At 31 March 2019	-	9,331	11	251	178	9,771
At 31 March 2018	-	9,454	9	355	167	9,985

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.

Properties held as security for bank borrowing amount to £2.7m (2018 - £2.7m) and pension scheme contingent assets amount to £4.23m (2018 - £4.23m.)

Investment properties were valued by John Kane BSc MRICS of Lambert Smith Hampton, Allied Surveyors and Christie & Co:

Valuation date	Number of properties	Net book value 2019 £'000	Historic cost 2019 £'000	Net book value 2018 £'000	Historic cost 2018 £'000
5 June 2017	1	379	92	375	88
31 March 2016	14	2,662	772	2,582	726
Between 31 March 2014 and 30 October 2014	6	1,593	977	1,553	968
9 February 2012	4	1,034	265	992	211
	25	5,668	2,106	5,502	1,993

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2019

17. INVESTMENT PROPERTIES AND OTHER TANGIBLE FIXED ASSETS (CONTINUED)

All investment properties are located in the United Kingdom. The Directors are satisfied that the investment properties which were not revalued in the period are held at fair value. This is based on an assessment of future rental income, lease expiry date and benchmarking against the Nationwide House Prices index. One investment property is held under an historic agreement that restricts the capital receipt attributable to Quarriers in the event of disposal. This represents £80,000 (2018 - £80,000) of the above carrying amount.

18. INTANGIBLE FIXED ASSETS

	2019 £'000	2018 £'000
Cost		
As at 1 April	1,190	898
Additions	4	292
As at 31 March	1,194	1,190
Accumulated amortisation and impairments		
As at 1 April	-	-
Amortisation provided during the year	119	-
Impairment	697	-
As at 31 March	816	-
Net book value		
As at 31 March	378	1,190

Intangible fixed assets comprise the costs for development of a new management information system. Continued supplier delays prompted the Directors to assess impairment indicators in the asset's carrying value. A value in use calculation was performed based on the present value of future cash flows expected to be derived from the asset, resulting in a write down in the asset's value of £697k. This charge is included in charitable activities (support costs).

19. INVESTMENTS

	2019 £'000	2018 £'000
Cost		
As at 1 April	4,272	4,038
Additions	1,080	682
Disposals	(675)	(448)
As at 31 March	4,677	4,272
Composed of:		
Listed investments:		
Listed on London Stock Exchange	2,552	2,793
Overseas investments	2,123	1,477
Unlisted investments	2	2
As at 31 March	4,677	4,272

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2019

19. INVESTMENTS (CONTINUED)

	2019 £'000	2018 £'000
Market Value		
As at 1 April	5,806	5,720
Additions	1,080	682
Disposals as at 1 April 2018 market value	(919)	(560)
	5,967	5,842
Gains/(losses) in the year	283	(36)
As at 31 March	6,250	5,806

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:

Company	Principal activity, net assets and results	Country of incorporation
Gottar Limited Company Registration No. SC115261	Design and build company. Net liabilities at 31 March 2019 - £1,924 (31 March 2018 – net liabilities £905) Loss for the year to 31 March 2019 - £1,019 (31 March 2018 - loss £999)	Scotland
Strathgryffe Limited Company Registration No. SC263231 OSCR Charity No. SC035170	Property management company (for charitable purposes). Net assets at 31 March 2019 - £12,711 (2018 - £11,801) Profit before tax for the year to 31 March 2019 - £910 (2018 - £910)	Scotland

Quarriers Activities Limited was dissolved on 5th March 2019.

20. DEBTORS

	2019 £'000	2018 £'000
Trade debtors	3,552	3,169
Other debtors	45	30
Prepayments and accrued income	462	575
	4,059	3,774

No debtors are due after more than one year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2019

21. CREDITORS:

AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Bank term loans	200	194
Trade creditors	847	815
Other taxes and social security costs	595	500
Other creditors	795	787
Deferred grant income (see note 22)	263	337
Accruals and other deferred income	1,184	893
Amounts owed to subsidiary undertakings	13	13
	3,897	3,539

Included within other creditors are pension contributions payable amounting to £131,000 (2018 - £105,000).

AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £'000	2018 £'000
Bank term loans due for repayment:-		
Between one and two years	208	201
Between two and five years	233	440
	441	641

The term loan is secured by fixed securities over 4 properties. An additional bank overdraft facility is secured by a standard security over various properties. The term loan is at a fixed interest rate of 3.33% per annum (2018 –3.33% per annum).

22. DEFERRED GRANT INCOME

	2019 £'000	2018 £'000
As at beginning of year	337	580
Received during the year	5,892	4,331
Released during the year	(5,966)	(4,574)
As at 31 March	263	337

Deferred grant income consists of grants received in the current financial year for services to be performed in future financial periods.

23. SHARE CAPITAL

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2019

24. RESERVES

	As at 1 April 2018 £'000	Income £'000	Expenditure £'000	Gains on investment assets £'000	Pension scheme movements £'000	Transfers £'000	As at 31 March 2019 £'000
General reserve	18,889	36,724	(39,725)	353	(328)	84	15,997
Pension scheme reserve	(8,234)	-	-	-	(769)	-	(9,003)
Designated funds							
Fixed assets fund	4,731	-	-	-	-	(51)	4,680
Total unrestricted funds	15,386	36,724	(39,725)	353	(1,097)	33	11,674
Restricted funds	3,014	6,014	(5,610)	-	-	(33)	3,385
Total funds	18,400	42,738	(45,335)	353	(1,097)	-	15,059

	As at 1 April 2017 £'000	Income £'000	Expenditure £'000	Gains on investment assets £'000	Pension scheme movements £'000	Transfers £'000	As at 31 March 2018 £'000
General reserve	17,711	35,538	(34,968)	258	(568)	918	18,889
Pension scheme reserve	(11,022)	-	-	-	2,788	-	(8,234)
Designated funds							
Fixed assets fund	4,921	-	-	-	-	(190)	4,731
Total unrestricted funds	11,610	35,538	(34,968)	258	2,220	728	15,386
Restricted funds	3,639	5,966	(5,863)	-	-	(728)	3,014
Total funds	15,249	41,504	(40,831)	258	2,220	-	18,400

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2019

25. EMPLOYEE RETIREMENT BENEFITS

Defined contribution scheme

Employer contributions have been made in the year to the following defined contribution schemes:

	2019 £'000	2018 £'000
Auto-enrolment scheme	294	129
Stakeholder scheme	37	39
Quarriers defined contribution scheme	171	253
	502	421

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

Defined benefit scheme

The company operates a defined benefit pension scheme, which was closed to future accrual on 31 August 2016. Active members of the scheme at that date retained a salary link on their deferred pension and cash benefits. 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 £535,000 (2018 - £858,000). Contributions amounting to £46,000 (2018 - £46,000) were payable to the fund at 31 March 2019. No additional contributions were paid in respect of ill health retirement.

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 2016 was formalised on 12 January 2018. Under the funding schedule agreed with the scheme trustees, Quarriers aims to eliminate the current deficit over the next 15 years. The estimated amounts of contributions expected to be paid to the scheme during the year ended 31 March 2020 is £550,000.

Actuarial valuation

The figures below have been based on the actuarial valuation as at 1 November 2016, updated to 31 March 2019. The main actuarial assumptions used at the balance sheet date were as follows:

		2019 %	2018 %
Rate of inflation (RPI)		3.10	3.00
Salary increase rate (CPI)		2.10	2.00
Increases for pensions in payment	- RPI maximum 5% per annum	3.10	3.00
	- RPI maximum 2.5% per annum	2.10	2.10
Liability discount rate		2.35	2.60

Mortality assumptions - life expectancy on retirement	2019 Years	2018 Years
Pensioners – male	19.9	20.1
Pensioners – female	21.9	22.4
Non-pensioners - male	20.9	21.2
Non-pensioners - female	23.1	23.7

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2019

25. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

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

	2019	2018
	£'000	£'000
Equities	26,574	25,310
Bonds	20,898	20,153
Cash	224	842
Total fair value of assets	47,696	46,305
Present value of scheme liabilities	(56,699)	(54,539)
Deficit in the scheme	(9,003)	(8,234)

Amounts recognised in the Statement of Financial Activities in respect of the defined benefit scheme are as follows:

	2019 £'000	2018 £'000
Current service cost	-	-
Service cost – scheme administrative cost	-	25
Net interest on the net defined benefit liability	207	265
Net cost recognised within net income/(expenditure) for the year	207	290
Actuarial (gains)/losses	1,097	(2,220)
Total cost relating to defined benefit scheme recognised in the Statement of Financial Activities	1,304	(1,930)

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

	2019 £'000	2018 £'000
Assets at 1 April	46,305	47,225
Actual return on plan assets	1,144	(372)
Interest income on scheme assets	1,192	1,160
Employer contributions	535	858
Employee contributions	-	-
Scheme administrative cost	-	(25)
Benefits paid	(1,480)	(2,541)
Assets at 31 March	47,696	46,305

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2019

25. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

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

	2019 £'000	2018 £'000
Liabilities at 1 April	54,539	58,247
Current service cost	-	-
Interest cost	1,399	1,425
Employee contributions	-	-
Actuarial (gain)/loss	2,241	(2,592)
Benefits paid	(1,480)	(2,541)
Liabilities at 31 March	56,699	54,539

The impact of the pension deficit on unrestricted funds at 31 March 2019 is as follows:

	2019 £'000	2018 £'000
Unrestricted funds excluding pension deficit	21,048	23,620
Pension deficit	(9,003)	(8,234)
Unrestricted funds including pension deficit	12,045	15,386

26. FINANCIAL COMMITMENTS

Operating lease commitments

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

	2019 Land & buildings £'000	2019 Other £'000	2018 Land & buildings £'000	2018 Other £'000
Within one year	171	123	157	154
Between two and five years	26	186	66	200
After five years	-	-	-	1
	197	309	223	355

Secured assets

Quarriers has agreed with the Quarriers Pension Scheme a contingent asset agreement whereby the scheme holds security over Quarriers tangible fixed assets to the value of £4.23m at 31 March 2019 (2018 - £4.23m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 March 2019

27. SUBSIDIARY COMPANY TRANSACTIONS

During the year the company made purchases of a total value of £5,000 (2018 - £5,000) from Gottar Limited, a subsidiary company, and made sales to Gottar Limited of a total value of £5,000 (2018 - £5,000).

At 31 March 2019, the company owed £Nil to Gottar (2018 –£1,000).

During the year the company made purchases of a total value of £19,000 (2018 - £19,000) from Strathgryffe Limited, a subsidiary company, and made sales to Strathgryffe Limited of a total value of £18,000 (2018 - £18,000).

At 31 March 2019, the company owed £13,000 (2018 - £12,000) to Strathgryffe Limited.

28. RELATED PARTY TRANSACTIONS

There were no related party transactions in the year to 31 March 2019 (2018 - none).

29. CONTINGENT LIABILITY

In October 2018, a High Court ruling in respect of the unequal calculation of Guaranteed Minimum Pension (GMP) benefits for men and women, could lead to increased liabilities for Defined Benefit Pension Schemes. As there is currently no set basis for calculating equalisation, an industry group has been set up to review this process and advise Schemes accordingly. While the liability rests with the Quarriers Pension Scheme (registration number 10057720), Quarriers would be required to fund the increased contributions. A full assessment of the Scheme liabilities will be made once this work is complete.

As noted in the Strategic Report, Quarriers is a key participant in the Scottish Child Abuse Inquiry. Together with a number of other care organisations, we are working with the Scottish Government to design a financial redress scheme for historic abuse survivors. While it is expected that all key participants will make a financial contribution to the scheme, it is too early to accurately quantify both the liability and timing of payments.

In addition, Quarriers may have a liability in respect of compensation payments to those historic abuse survivors pursuing a civil action. We are currently working with our insurer to establish what, if any, uninsured liability exists.