

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

## **QUARRIERS**

**Annual Report and Financial Statements**

**For the year ended 31 March 2020**

# QUARRIERS

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### CONTENTS

	<b>Page</b>
Officers and professional advisers	1
Quarriers' sub-committees	3
Trustees' report	4
Strategic report	6
Directors' responsibilities statement	15
Independent auditor's report	16
Statement of financial activities	19
Balance sheet	20
Cash flow statement and notes to the cash flow statement	21
Notes to the financial statements	23

## **QUARRIERS**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **OFFICERS AND PROFESSIONAL ADVISERS**

##### **DIRECTORS (TRUSTEES)**

Alan Frizzell	Chair (from 30 April 2020)
Professor Michael Greaves	Vice Chair (from 30 April 2020)
Thomas Scholes	Chair (up to 30 April 2020)
Sheila Gillies	Vice Chair (up to 30 April 2020)
Catherine Bell	(from 1 December 2019)
Marjorie Calder	
Patricia Cunningham	(up to 30 September 2020)
Graham Findlay	(up to 17 August 2020)
Glen Johnstone	(from 23 May 2019)
Andrew Kubski	
David McCallum	(from 14 January 2020)
Allyson McCollam	(from 22 November 2019)
Heather McKinlay	
Nick Pascazio	
David Watt	
John Wood	
Sandra Wright	(from 26 August 2019)
Trish Godman	(up to 21 July 2019)
George Peacock	(up to 9 January 2020)
Ian Williams	(up to 29 July 2019)

##### **EXECUTIVE DIRECTORS (KEY MANAGEMENT PERSONNEL) \***

Dr Ron Culley	Chief Executive (from 6 April 2020)
Alice Harper	Chief Executive (up to 17 April 2020)
Andrew Williamson	Service Director and Deputy Chief Executive
Ann Parkinson	Director of IT and Information Management (up to 15 May 2020)
Niall Macpherson	Director of Finance and Corporate Services
Alistair Dickson	Executive Director HR (from 18 May 2020)

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

##### **COMPANY SECRETARY**

Lesley-Anne Patrick (from 8 January 2020)  
Christopher Harwood (up to 8 January 2020)

##### **REGISTERED OFFICE**

Quarriers  
Quarriers Village  
Bridge of Weir  
Renfrewshire PA11 3SX

##### **INDEPENDENT AUDITOR**

French Duncan LLP  
133 Finnieston Street  
Glasgow  
G3 8HB

**QUARRIERS  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**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**

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

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

## QUARRIERS

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### QUARRIERS SUB-COMMITTEES

The directors review the day-to-day business of the charity through the Audit Committee, the Finance & General Purposes Committee, the Safeguarding & Services 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. 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	(up to 30 September 2020)
David McCallum	(from 12 May 2020)
Alan Frizzell	(up to 12 May 2020)

##### *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

Glen Johnstone	Chair (from 14 June 2020)
Graham Findlay	Chair (up to 14 June 2020)
Alan Frizzell	
Thomas Scholes	(up to 30 April 2020)

##### *Safeguarding & Services Committee*

The Safeguarding & 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

Professor Michael Greaves	Chair (from 30 April 2020)
Sheila Gillies	Chair (up to 30 April 2020)
Allyson McCollam	(from 27 January 2020)
Heather McKinlay	
John Wood	
Trish Godman	(up to 21 July 2019)
Ian Williams	(up to 29 July 2019)

##### *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
Alan Frizzell	(from 30 April 2020)
Thomas Scholes	(up to 30 April 2020)

# 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 2020. 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 four committees: the Audit Committee, the Finance & General Purposes Committee, the Safeguarding & Services 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 Check-up* 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 services 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)

Having both joined the Quarriers Board in 2011, Tom Scholes and Sheila Gillies stepped down from their roles as Chair and Vice-Chair respectively in April 2020. We are hugely grateful to Tom and Sheila for their stewardship throughout one of the most challenging periods within the social care sector. Alice Harper retired in April after 8 years with Quarriers, the last 6 of which were as Chief Executive. The Board would like to record their thanks to Alice for her unwavering commitment to improve organisational performance and the quality of care delivered. Following a robust recruitment process, Dr. Ron Culley was appointed as Chief Executive in April 2020.

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 seek to achieve our charitable purposes by providing practical support and care for adults, children, young people and families. We do this through the provision of residential care and supported living services, specialist epilepsy services, support for people with learning disabilities, provision of respite care, carer services and support for young homeless people.

### STRATEGY AND VISION

This report covers the last year of the current strategy, a blueprint that has served us well, allowing the continued delivery of high-quality care within an increasingly challenging economic environment. Our new strategy for 2020-23, Transforming Lives: Growing Together sets out our vision of ensuring that the people we support have greater independence and inclusion in their communities, and are active citizens in charge of their health and wellbeing. This strategy is led by the values which stay true to the principles that have made Quarriers what it is, and also reflects our ambition for the future: to sustainably grow and develop leading community-based health, education and social care solutions by 2023. The new strategy includes a focus on sustainable growth, the development of services for children with emotional and behavioural needs and growth in services supporting those with complex needs and lifelong conditions. The strategic goals that underpin this include: -

STRATEGIC GOAL	OBJECTIVE
Personalised Support	We aim to be the provider of choice and be recognised for being person-centred and outcomes-focused in all we do.
Our staff	We aim to be the employer of choice and invest in our values-driven workforce.
Achieving Excellence	We will embrace a culture of continuous improvement, surpassing recognised standards and outcomes while transforming the lives of the people we support.
Development & sustainability	We will continue to develop sustainable services that benefit those we support and their communities.
Impact	We aim to promote active citizenship and maximise our impact in the communities in which we provide services.

### ACHIEVEMENTS AND PERFORMANCE

Quarriers continued to deliver many diverse services during the year ranging from our Arrows addiction service in Moray to our Resilience for Wellbeing service, an education and schools-based service based in the Scottish Borders. All these services assist the people we support in achieving their full potential and contribute to the local economy.

#### Impact

The impact of our work is shown below, split across our key themes: -

	2020 No.	2019 No.	Movement %	Comment
<b>Adult Disability</b>				
No. of people supported in their own homes	319	308	4%	New supported living services across South and East Ayrshire offset by reduction in Homelife Glasgow.
No. of days of adult respite care provided	6,325	6,431	(2%)	Reduced days in Riverview and Mavisbank.
No. of adult family placements	24	26	(8%)	Change of provider.



# QUARRIERS

## STRATEGIC REPORT

	2020 No.	2019 No.	Movement %	Comment
<b>Children &amp; Families</b>				
No. of young people with a disability supported in residential services	4	6	(33%)	Reduced placements in Rivendell.
No. of days of residential respite care provided for children with disabilities	2,164	2,057	5%	Increased demand for Countryview service.
No. of children with a disability utilised family-based short break services	10	11	(9%)	Small reduction in the Family Support service in Dumfries.
No. of children supported by family support services	624	609	2%	Increased numbers accessing the Families Matter North West service.
No. of children supported by flexible childcare at home services	104	99	5%	Increase in Care at Home East Dunbartonshire.
No. of child fostering placements supported	12	11	9%	Year on year increased demand for the Quarriers Fostering Service.
No. of adult carers directly benefited	2,750	2,601	6%	Significant uplift in use of Moray Carers Support service.
No. of young carers directly benefited	277	286	(3%)	Minor service change.
No. of adults supported by drug & alcohol services	907	800	13%	Continued growth in Arrows service.
<b>Epilepsy Services</b>				
No. of patients admitted to Scottish Epilepsy Centre	148	105	41%	Increased patient activity particularly from NHS West region.
No. of outpatients treated at Scottish Epilepsy Centre	338	168	101%	
No. of people with epilepsy within small care homes and supported living services	63	75	(16%)	Closure of 3 registered care homes during the year
Total no. of people supported by Epilepsy Fieldwork services	830	658	26%	Growth driven by increased grant funding
<b>Young Adults</b>				
No. of nights supported accommodation provided	26,268	27,908	(6%)	Re-configuration of the James Shields homelessness service
No. of young people supported in their own tenancies	81	75	8%	

### Personalised Support

In line with our commitment to inclusion and participation we have expanded our cross-party and community partner relationships. Working with various stakeholders including volunteers, peer mentors, educators and buddies has enhanced our reputation for enabling the People We Support to achieve positive outcomes in their lives and for staff to feel valued as key contributors to this success. This has been recognised by external partners including the Care Inspectorate, Local Authorities and other care providers. During the year we saw an improvement in the results of the People We Support survey to 98% (2019: 97%).

### Our Staff

We continue to invest in our staff and were delighted to maintain accreditation as a Scottish Living Wage employer in April and the Investors in People Platinum award received last year continues to help strengthen our employer brand. Contributions to the Government's Apprenticeship Levy scheme allowed us to support 15 modern apprenticeships and, having agreed four new partnership agreements with colleges during the year, we expect this number to increase to 90 apprenticeships next year.

# QUARRIERS

## STRATEGIC REPORT

We reported a Gender Pay Gap of 2.55% and a Median Gender Pay Gap of 0%, representing a slight increase from the 2018/19 Gender Pay Gap of 2.33%. These metrics compare favourably with the UK all employers mean of 17.3% and a median of 16.2% (as reported in the ONS 2019 Annual Survey of Hours and Earnings).

### Achieving Excellence

The commitment of our staff supported by our quality processes further improved our regulator ratings and in January 97% of our services were rated good and above (2019: 95%). In general, our Care Inspectorate-regulated services perform above the Scottish benchmarks in all areas. In April we started on a journey towards EFQM Commitment to Excellence, an assessment and recognition scheme that introduces an excellence initiative into the organisation and helps deliver improved results. A submission for Recognised for Excellence was made in December, in respect of the William Quarrier Scottish Epilepsy Centre and we were delighted to receive the Recognised for Excellence 5 Star award, an accreditation that will run until June 2022.

### Development & Sustainability

In May, Quarriers Carer Support Service (Moray) celebrated its 10<sup>th</sup> anniversary with three staff recognised for being with the service since the beginning. The service has expanded steadily over the years and now has over 1,600 carers of all ages registered to benefit.

In terms of new business, several years of planning culminated in the opening of the Quarriers Mearnsview service in May. The service provides 24-hour support, seven days a week for up to five young men with autism and complex needs and represents a good example of partnership working, having been planned and delivered in conjunction with Glasgow Health & Social Care Partnership. In May, we also completed the transfer-in of adult supported living services across Ayrshire from the British Red Cross and then subsequently opened North Park Court in South Ayrshire, again providing adult supported living services.

## SCOTTISH CHILD ABUSE INQUIRY

Quarriers is a Core Participant in the Scottish Child Abuse Inquiry. In January 2020, the Inquiry published its findings relating to the case study investigating child abuse at residential childcare establishments run by non-religious and voluntary organisations. We responded publicly to this and continue to apologise unreservedly to all those who were abused whilst in our care.

Quarriers contributed to the case study on migration which started in December 2019. At this, we apologised for the migration of children from Quarriers to Canada and Australia. Representatives of Quarriers were due to give evidence regarding migration but this was postponed due to the Covid-19 pandemic.

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.

We have responded to the consultation on the Historical Child Abuse - Redress (Survivors of In Care Abuse) Bill and liaised extensively with the Scottish Government in this regard. The final Redress Scheme is predicted to become statute by 2021.

## WILLIAM QUARRIER SCOTTISH EPILEPSY CENTRE

2019/20 represents the first year of a new regional funding agreement and, despite the Centre delivering a satisfactory financial performance, it is apparent that a new funding arrangement is required in order to accommodate a planned reduction in demand by one of the NHS Regions. A joint working group has been tasked with delivering a national funding model for 2020 and beyond that covers the requisite proportion of the Centre's operating costs and provides an equitable allocation of costs by Region. The Centre continues to be funded at 2019/20 rates until the new arrangement is in place. As part of the response to the Covid-19 pandemic, the Centre was closed to in-patients on 23 March for 15 weeks.

# QUARRIERS

## STRATEGIC REPORT

### COVID-19 PANDEMIC

The pandemic has presented human and economic challenges on an unprecedented scale across all sectors but clearly, this has been particularly acute within the care sector. The following table sets out an impact assessment together with the actions taken to mitigate.

Area	Impact	Mitigation
Business Continuity	Failure to maintain operational activity	The Business Continuity Plan was invoked, and the Emergency Planning Team continues to meet daily to ensure operational activity.
Staff and volunteers	Imposition of lockdown restrictions leading to closure or curtailment of service delivery.  Increased sickness absence due to staff either shielding or self-isolating.	Staff who were unable to carry out their normal duties were re-deployed to other tasks. A return to work route map was also developed.  Self-isolating staff received payment of their full contracted pay while off with extra costs being recovered via HSCP mobilisation plans.  Shielding staff were placed on furlough via the Government's Coronavirus Job Retention Scheme.
People We Support	Introduction of strict social distancing rules.  Increased use of Personal Protective Equipment (PPE)  Cancellation of some day activities.	Dynamic risk assessments undertaken within local care settings.  Recovery of extra costs via HSCP mobilisation plans.  Scottish Government committed to continue paying for contracted services; affected staff were successfully redeployed to other services or activities.
Fundraising	Reduced income due to cancelled or postponed fundraising events.  General reduction in the value of donations.	Assessment of alternative delivery mechanisms e.g. virtual events.  Introduction of digital giving.  Development of new legacy strategy.
Investment property valuations and asset disposals	Reduced values as third-party valuations now based on "material valuation uncertainty."  Extended timescales to complete property sales.	Consider carefully the timing of future disposals.  Maintain ongoing contact with prospective buyers.
Investments	Reduced market value and income yields.	Retained a diversified portfolio including fixed-interest securities.
Pension Scheme	Reduced fair value of Scheme assets.	Assessment of alternative strategies to increase the level of recovery plan contributions.
Internal controls	Increased susceptibility to fraud due to remote working.	Internal controls reviewed and working as planned.

# QUARRIERS

## STRATEGIC REPORT

### STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH s172(1) COMPANIES ACT 2006

The Directors of a charity must act in the way they consider, in good faith, would be most likely to promote the success of the charity and its charitable purpose, and in doing so, have regard (amongst other matters) to: -

- The likely consequences of any decision in the long term;
- The interests of the charity's employees;
- The need to foster the charity's business relationships with all stakeholders;
- The impact of the charity's operations on the community and the environment;
- The desirability of the charity maintaining a reputation for high standards of business conduct;
- The need to act fairly as between members of the charity.

As part of their induction, a Director is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that in a large charity such as ours, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to the Executive Directors and details of this can be found in the Trustees' Report on page 4. The following paragraphs summarise how the Directors fulfil their duties: -

#### **Risk Management**

We provide critical services to the people we support, across a variety of care settings and in many cases within a highly regulated environment. The addition of new services means that our risk environment continues to increase in complexity. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties, and how we manage our risk environment, please see page 13.

#### **Our Staff and Volunteers**

Quarriers is committed to being a responsible organisation. Our behaviour is aligned with the expectations of our staff, volunteers, the people we support, local authority customers, donors, funders and the communities in which we work. Our staff are the heart of the services we deliver. For the charity to succeed we need to manage performance and develop and bring through talent while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behaviour, so we achieve our goals in the right way.

For further details on our staff and volunteers engagement, please see page 12.

#### **Business Relationships**

Our strategy prioritises sustainable growth and to achieve this, we need to develop and maintain strong relationships with a number of stakeholders. We value all of our stakeholders and have multi-year contracts with our key customers and suppliers.

## FINANCIAL REVIEW

### **Results for the year**

Despite a marginal increase in total income, it has been a challenging year resulting in a net expenditure position of £3.3m (2019: £2.2m net expenditure) which has been driven by ongoing deficits within adult services and a shortfall in fundraised income. In addition, there was an actuarial loss on the defined benefit pension scheme of £4.2m (2019: loss of £1.1m) resulting in a net negative movement of funds for the year of £7.6m (2019: £3.3m net negative movement).

Total income increased by £0.4m to £43.1m (2019: £42.7m) due largely to increased income within the adult supported living portfolio. This increase was attributable to Scottish Living Wage uplifts paid by local authorities and increases in housing benefit income. New services contributed an extra £1.3m of income but this was largely offset by the closure of three small care homes in September. The Fundraising team experienced a challenging year which resulted in missing its income target, generating a total of £2.2m (2019: £2.5m) against a budget of £2.6m (2019: £2.4m), £1.1m of which is included within donations and legacies and the balance within Charitable Activities. There were no property disposals in the year (2019: £0.7m gain on sale).

Total expenditure increased by £0.4m to £45.7m (2019: £45.3m). Within this figure, expenditure relating to donations and legacies increased to £0.6m (2019: £0.5m) largely due to the cost of a new donor recruitment campaign.

# QUARRIERS

## STRATEGIC REPORT

Expenditure on charitable activities increased by £0.2m to £44.6m (2019: £44.4m) due to Scottish Living Wage uplifts and unbudgeted agency costs.

### Going concern

During the year, a new £1m overdraft facility was agreed with Barclays. The directors have prepared forecast results which incorporate possible downside sensitivities, including those related to the Covid-19 pandemic, and are confident that the charity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors 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 instruments are bank term loans of £0.4m (2019: £0.6m). 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 customers. 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. The 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 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 £1.2m of investments at cost were disposed of and £0.4m of additions were made. This contributed to an overall 29% decrease in market value to £4.4m (2019: £6.3m).

### Pensions

The deficit on the defined benefit pension scheme, calculated in accordance with FRS102, increased in the year under review to £14.1m, representing a deterioration of £5.1m (56%) on the prior year. The main factors contributing to this deterioration were the negative impact of adopting the latest mortality tables, a fall in corporate bond yields leading to a higher valuation of the Scheme's liabilities and the negative impact of lower than expected returns on the Scheme's assets. This was offset to an extent by a fall in inflationary expectations, the positive impact of member movements and the positive impact of contributions paid. The Scheme was closed to future accrual in 2016 with affected members being transferred to a defined contribution scheme. The directors believe that the Scheme liability is a manageable long-term liability, where the payments required by the deficit recovery plan can be met from forecast cash flows.

### Reserves

The directors recognise the need to hold reserves 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 many social care providers, our target is to retain an amount equivalent to 12 weeks' operational expenditure in unrestricted reserves. In carrying out our assessment of reserves, we look at unrestricted reserves prior to taking pension liabilities into account, referred to as free reserves. In assessing our level of free reserves, we also exclude fixed assets held for the charity's own use and designated reserves (as defined below). By this measure, free reserves at 31 March 2020 amounted to £3.8m representing approximately 4 weeks (2019: 7 weeks as restated) at the current level of annual expenditure of £45.7m. 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 £7.0m (2019: £3.7m reduction) due to the pension scheme movement noted above and the movement in net outgoing resources reported in the Statement of Financial Activities. Restricted funds have reduced by £0.6m (2019: £0.4m increase).

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 positive about employing people with disabilities

# QUARRIERS

## STRATEGIC REPORT

and seeks to provide ongoing support to 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 a condition which satisfies the disability provisions of the Equality Act is 150 (2019: 146).

### Staff Engagement

Quarriers continues to recognise the importance of engaging and consulting with staff around issues and initiatives that directly concern them. A total of 70 staff (2019: 70) have been involved in developing internal policies and procedures during the year and significant numbers of staff also contributed to the development of staff and volunteer strategies which have now been approved.

We have invested heavily in providing support to staff around wellbeing, appointing a new employee assistance programme provider, creating an internal wellbeing calendar, 60 staff expressing an interest in becoming wellbeing ambassadors and the creation of a Head Office wellbeing room. We remain committed to seeking further Healthy Working Lives accreditation to sit alongside our current platinum Investors in People status.

### Volunteers

Quarriers is committed to the involvement of volunteers across the organisation and works with over 400 volunteers (including corporate supporters). Volunteers add value to the organisation and make a real difference to the people we support. We are proud to have received the Investing in Volunteers UK Quality Award and in June, we launched our first Volunteer Strategy which sets out how we aim to grow our volunteer population including how we might involve the people that we support in volunteering opportunities.

### 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 (2019: £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.

### Greenhouse Gas Emissions

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2013 requires all non-quoted large companies to report the greenhouse gas emissions for which they are responsible and on any environmental matters which are material to the company's operations. This is the first year of disclosure and complies with the requirements of Streamlined Energy and Carbon Reporting (SECR).

Greenhouse gas emissions by year (tonnes CO<sub>2</sub>e):

<b>Emissions source (tCO<sub>2</sub>e)</b>	<b>2019/20</b>	<b>% of Total</b>
Fuel combustion: Natural gas	282.456	34.6%
Fuel combustion: Transport	179.763	22.1%
Purchased electricity	353.617	43.3%
<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>815.836</b>	100.0%
Revenue (£)	£43,124,000	
<b>Intensity: (tCO<sub>2</sub>e per £m)</b>	<b>18.918</b>	

Energy consumption by year (kWh):

<b>Energy consumption by year (kWh)</b>	<b>2019/ 20</b>	<b>% of Total</b>
Natural Gas	1,536,341	43.3%
Purchased Electricity	1,275,215	36.0%
Transport Fuel	734,867	20.7%
Total	<b>3,546,423</b>	100.0%
Revenue	£43,124,000	
<b>Intensity: (kWh per £m)</b>	<b>82,238</b>	

# QUARRIERS

## STRATEGIC REPORT

We have reported on all the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. These sources fall within our Statement of Accounts. We do not have responsibility for any emission sources that are not included in our Statement of Accounts.

Our greenhouse gas emissions have been calculated in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019.

### PLANS FOR FUTURE PERIODS

The next 12 months will focus on delivering the new Corporate Strategy, a framework by which we will measure our impact on transforming the lives of vulnerable people across Scotland. Following delays due to the Covid-19 pandemic, the Scottish Child Abuse Inquiry Migration Phase is expected to reconvene in October 2020. We anticipate that this phase will see Quarriers give evidence along with several other care providers. Separately, the Scottish Government's Financial Redress Bill, which seeks to provide reparation for survivors of historical child abuse, was recently introduced to Parliament. We will work with the Scottish Government about the conditions that would support our participation in the Redress Scheme

We will continue to work with the Pension Scheme Trustees to mitigate the impact of the scheme deficit and agree a compliant recovery plan. In addition, we will progress the Committed to Excellence Assessment noted above with a view to completing a submission by the year end.

2021 marks 150 years since William Quarrier opened his first night shelter in Glasgow and plans are already underway to mark this appropriately.

### POST BALANCE SHEET EVENTS

Since the year-end, the Covid-19 pandemic has continued to have a significant impact on the economy at both a macro and micro level. The introduction of social distancing, travel bans and the closure of all non-essential services has resulted in a significant economic slowdown and the outcome of Government interventions to date remains uncertain. The directors have determined that these events are non-adjusting subsequent events and as such, the results for the year ended 31 March 2020 have not been adjusted to reflect their impact. The uncertainty around impact and duration of the pandemic means it is not possible to reliably estimate the effect on future results.

### 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.

In addition to the Covid-19 pandemic risk outlined in detail above, the key risks identified by the Directors are as follows: -

<b>Risk</b>	<b>Mitigation</b>
(SCAI) and Financial Redress. Significant negative Media coverage arising from the Scottish Child Abuse Inquiry resulting in damage to reputation and an unaffordable financial redress liability.	Maintain correct insurance product; ongoing monitoring by PR Team; appropriate legal advisers appointed; appropriate engagement with parliamentary processes.

# QUARRIERS

## STRATEGIC REPORT

<b>Risk</b>	<b>Mitigation</b>
Failure to protect vulnerable groups, to adequately ensure the health, safety and welfare of employees, volunteers and those Quarriers' supports.	Development of safeguarding strategy including the introduction of serious incident reviews; proactive health & safety management; 3rd party assurance work by Insurers; safer recruitment procedures maintained; mandatory staff training.
Failure to hit budget leading to additional cashflow pressure.	Regular reporting and monitoring of financial performance; weekly cashflow forecasting; implementation of recovery plans & earlier decision making on deficit services; new overdraft facility in place.
Timely transition to new business systems following completion of existing vendor contract.	Procured proven products with little development requirements; accessed suppliers on the Scottish Public Service Software Vendor Framework.
Significant additional funding required to support Pension Scheme deficit.	Ongoing dialogue with Pension Scheme Trustees; appointment of professional Scheme Trustee; proposal to secure additional assets to the Contingent Asset agreement.

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 (effective 1 January 2019) "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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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:



Alan Frizzell

Chair of Trustees

5th October 2020

# **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 2020 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 2020, 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.

## **Emphasis of matter**

Without qualifying our opinion, we draw attention to the disclosures made in Note 17 to the Financial Statements and the professional valuation of certain investment properties at 31 March 2020 reported on the basis of material valuation uncertainty as a result of the Covid-19 pandemic.

## **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.

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

## **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.

## **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 (as amended) 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 15), 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

## 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

11 October 2020

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

# QUARRIERS

## STATEMENT OF FINANCIAL ACTIVITIES (including the income and expenditure account) For the year ended 31 March 2020

		Unrestricted funds			Total	Total
	Note	General Funds £'000	Designated Funds £'000	Restricted Funds £'000	31 March 2020 £'000	31 March 2019 £'000
<b>Income from:</b>						
Donations and legacies	3	888	-	209	1,097	1,330
Charitable activities	4	35,846	-	5,534	41,380	40,023
Other trading activities	5	185	-	-	185	183
Investments	6	462	-	-	462	490
Gain on sale of fixed assets		-	-	-	-	712
<b>TOTAL INCOME</b>		<b>37,381</b>	<b>-</b>	<b>5,743</b>	<b>43,124</b>	<b>42,738</b>
<b>Expenditure on:</b>						
Raising donations and legacies	7	579	-	-	579	485
Charitable activities	8	38,808	-	5,838	44,646	44,444
Other trading activities	9	77	-	-	77	81
Investment management costs	10	333	-	-	333	325
Loss on sale of fixed assets		79	-	-	79	-
<b>TOTAL EXPENDITURE</b>		<b>39,876</b>	<b>-</b>	<b>5,838</b>	<b>45,714</b>	<b>45,335</b>
<b>Net (expenditure) before investment gains</b>		<b>(2,495)</b>	<b>-</b>	<b>(95)</b>	<b>(2,590)</b>	<b>(2,597)</b>
Net (losses)/gains on investments		(730)	-	-	(730)	353
<b>NET (EXPENDITURE)</b>		<b>(3,225)</b>	<b>-</b>	<b>(95)</b>	<b>(3,320)</b>	<b>(2,244)</b>
<b>Transfers between funds</b>	24	597	(137)	(460)	-	-
<b>Other recognised (losses)/gains</b>						
Actuarial (losses) on defined benefit pension schemes	25	(4,243)	-	-	(4,243)	(1,097)
<b>NET MOVEMENT IN FUNDS</b>		<b>(6,871)</b>	<b>(137)</b>	<b>(555)</b>	<b>(7,563)</b>	<b>(3,341)</b>
<b>RECONCILIATION OF FUNDS</b>						
Total funds brought forward at 1 April		6,994	4,680	3,385	15,059	18,400
Net movement in funds for the year		(6,871)	(137)	(555)	(7,563)	(3,341)
<b>Total funds carried forward 31 March</b>		<b>123</b>	<b>4,543</b>	<b>2,830</b>	<b>7,496</b>	<b>15,059</b>

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.

The notes on pages 23 to 41 form part of these financial statements.

# QUARRIERS

## BALANCE SHEET As at 31 March 2020

	Note	2020 £'000	2019 £'000
<b>FIXED ASSETS</b>			
Investment properties	17	4,555	5,668
Other tangible fixed assets	17	11,036	10,472
Intangible fixed assets	18	-	378
		<u>15,591</u>	<u>16,518</u>
Investments	19	4,444	6,250
		<u>20,035</u>	<u>22,768</u>
<b>CURRENT ASSETS</b>			
Debtors	20	3,858	4,059
Cash at bank and in hand		1,904	1,573
		<u>5,762</u>	<u>5,632</u>
<b>CREDITORS: amounts falling due within one year</b>	21	<u>(3,981)</u>	<u>(3,897)</u>
<b>NET CURRENT ASSETS</b>		<u>1,781</u>	<u>1,735</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		21,816	24,503
<b>CREDITORS: amounts falling due after more than one year</b>	21	<u>(233)</u>	<u>(441)</u>
<b>NET ASSETS EXCLUDING PENSION DEFICIT</b>		21,583	24,062
<b>PENSION DEFICIT</b>	25	<u>(14,087)</u>	<u>(9,003)</u>
<b>NET ASSETS</b>		<u>7,496</u>	<u>15,059</u>
<b>CAPITAL AND RESERVES</b>			
Unrestricted funds			
- General reserve	24	14,210	15,997
- Pension scheme reserve	24	(14,087)	(9,003)
		<u>123</u>	<u>6,994</u>
- Designated reserves	24	4,543	4,680
		<u>4,666</u>	<u>11,674</u>
Restricted funds	24	2,830	3,385
<b>TOTAL CAPITAL AND RESERVES</b>		<u>7,496</u>	<u>15,059</u>

The financial statements of Quarriers, registered company number SC014361, were approved and authorised for issue by the Board of Trustees on 5<sup>th</sup> October 2020.

Signed on behalf of the Board of Trustees by:



Alan Frizzell



David Watt

The notes on pages 23 to 41 form part of these financial statements.

# QUARRIERS

## CASH FLOW STATEMENT For the year ended 31 March 2020

	Notes to the cash flow statement	2020 £'000	2019 £'000
<b>Net cash provided by operating activities</b>	(i)	(565)	(2,295)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments (note 6)		462	490
Proceeds from the sale of fixed assets		-	795
Purchase of fixed assets (notes 17 and 18)		(718)	(772)
Proceeds from sale of investments		1,741	934
Purchase of investments (note 19)		(389)	(1,080)
<b>Net cash from investing activities</b>		<u>1,096</u>	<u>367</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowing (note 21)		(200)	(194)
<b>Net cash used in financing activities</b>		<u>(200)</u>	<u>(194)</u>
<b>Net increase/(decrease) in cash</b>		<u>331</u>	<u>(2,122)</u>
<b>Cash at beginning of year</b>		<u>1,573</u>	<u>3,695</u>
<b>Cash at end of year</b>		<u><u>1,904</u></u>	<u><u>1,573</u></u>

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

	2020 £'000	2019 £'000
Net (expenditure) per Statement of Financial Activities	(3,320)	(2,244)
Adjustments for:		
Depreciation charges (note 17)	903	949
Amortisation and impairment of intangible assets (note 18)	387	816
Loss/(Gain) on investments	730	(353)
Dividends, interest and rents from investments (note 6)	(462)	(490)
Loss/(Gain) on sale of fixed assets	79	(712)
Decrease/(increase) in debtors	201	(285)
Increase in creditors	76	352
Pension – net interest on net defined benefit liability (note 25)	205	207
Pension – GMP equalisation (note 25)	1,186	-
Pension – difference between service cost and contributions (note 25)	(550)	(535)
<b>Net cash (outflow) from operating activities</b>	<u><u>(565)</u></u>	<u><u>(2,295)</u></u>

## QUARRIERS

### CASH FLOW STATEMENT For the year ended 31 March 2020

#### (ii) RECONCILIATION OF NET DEBT

	As at 1 April 2019 £'000	Cash- flows £'000	Other non-cash changes £'000	As at 31 March 2020 £'000
<b>Cash and cash equivalents</b>				
Cash	1,573	331	-	1,904
<b>Borrowings</b>				
Loans falling due within one year	(200)	200	(208)	(208)
Loans falling due after more than one year	(441)	-	208	(233)
<b>TOTAL</b>	<b>932</b>	<b>531</b>	<b>-</b>	<b>1,463</b>

The notes on pages 23 to 41 form part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 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 2019)” applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2019; and the Companies Act 2006.

Quarriers meets the definition of a public benefit entity under FRS 102.

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 including those related to the COVID-19 pandemic, 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 2020 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.

# QUARRIERS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

### 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 or valuation if transferred from investment properties 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
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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 2019, 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 a cyclical professional valuation of properties, an assessment of future rental income, lease expiry dates and benchmarking against the Nationwide House Price Index.

Where an investment property is re-provisioned for care use the carrying value is reallocated to Buildings and treated as deemed cost. Depreciation is then charged from the date of transfer.

#### 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.

# QUARRIERS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

### 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.

## QUARRIERS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

#### 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.

Of particular significance is the potential impact on the organisation of the Redress (Survivors of In-Care Abuse) Bill recently submitted to the Scottish Parliament. This will create a national Redress Scheme that will allow survivors of historical child abuse to seek financial reparation. The directors are required to decide if the organisation's best interests will be served by participating in the scheme, and if so, they are required to quantify an appropriate financial contribution. Refer to note 29 for details of the contingent liability.

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. These assumptions will vary from year to year, as will the value of assets, and will be dependent on circumstances at the date of valuation. Refer to note 25 for details of post-retirement benefits.

A new integrated business system was in development, however full integration of all stand-alone applications was not achieved. The costs have been capitalised as an intangible fixed asset. The directors review the carrying value and useful economic life of intangible assets at the balance sheet date. Refer to note 18 for details of impairment.

In accordance with SORP 2019, 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 a cyclical professional valuation of properties, an assessment of future rental income, lease expiry dates and benchmarking against the Nationwide House Price Index.

#### 3. INCOME FROM DONATIONS AND LEGACIES

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Individual giving	787	906
Community and corporate fundraising	30	32
Legacies	197	333
Training grants	36	24
Trusts and grant making bodies	47	35
	<hr/>	<hr/>
	1,097	1,330
	<hr/> <hr/>	<hr/> <hr/>

In addition, grants awarded to restricted projects amounting to £829,000 (2019 - £1,162,000) were applied for by the fundraising department and are shown within income from charitable activities.

In 2019, £1,186,000 of income from donations and legacies was attributable to unrestricted funds and £144,000 was attributable to restricted funds.

## QUARRIERS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

#### 4. INCOME FROM CHARITABLE ACTIVITIES

	Local authority/ NHS fees £'000	Grants £'000	Other funding £'000	Total 2020 £'000	Total 2019 £'000
Adult disability	23,304	71	75	23,450	21,467
Children and families	2,639	3,600	46	6,285	6,528
Epilepsy	6,227	175	170	6,572	7,010
Young adults	2,313	2,680	80	5,073	5,018
	<u>34,483</u>	<u>6,526</u>	<u>371</u>	<u>41,380</u>	<u>40,023</u>

In 2019, £34,153,000 of income from charitable activities was attributable to unrestricted funds and £5,870,000 was attributable to restricted funds.

Of the £6,526,000 (2019 - £6,341,000) grants recognised during the year, £5,824,000 (2019 - £5,488,000) 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:

	2020 £	2019 £
Awards for All	-	4,000
BBC Children in Need (Main Grant)	36,263	34,752
BBC Children In Need (Small Grant)	8,000	-
Big Lottery Fund (Investing in Communities)	-	112,413
Big Lottery Fund (Investing in Communities)	66,158	218,783
Big Lottery Fund (Investing in Communities)	-	136,711
Boshier-Hinton Foundation	-	2,000
Carers Act Transformations Fund	8,943	17,260
Comic Relief	37,364	38,950
Corra Foundation (Drugs Initiative)	46,904	77,089
Creative Scotland	18,237	14,390
Glasgow City Council Integrated Grant Funding	105,801	105,801
Glasgow City Council Integrated Grant Funding	57,498	57,498
Glasgow City Council Integrated Grant Funding	128,529	128,529
Hollywood Trust	19,354	15,834
Hollywood Trust	11,000	11,236
Inspiring Scotland	46,058	39,600
Life Changes Trust (Befriending and Peer Support)	11,201	18,692
Life Changes Trust	49,977	44,419
Life Changes Trust (Home and Belonging)	75,048	-
Scottish Government Building Collaboration	13,750	-
Scottish Government Children and Families Intervention Fund	45,000	36,000
Scottish Government Children and Families Intervention Fund	-	34,886
Scottish Government Short Breaks Fund (Better Breaks)	-	17,988
Scottish Government Short Breaks Fund (Creative Breaks)	5,000	-
Scottish Government Short Breaks Fund (Creative Breaks)	28,479	34,873
Scottish Government Short Breaks Fund (Creative Breaks)	-	11,074
Year of Young People National Lottery Fund	-	8,000

## QUARRIERS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

#### 5. INCOME FROM OTHER TRADING ACTIVITIES

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Major fundraising events	98	114
Conferences, courses and venue hire	87	69
	<u>185</u>	<u>183</u>

In 2019, all income from trading activities was attributable to unrestricted funds.

#### 6. INCOME FROM INVESTMENTS

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Dividends	175	171
Bank interest	1	3
Property rental income	286	316
	<u>462</u>	<u>490</u>

In 2019, all income from investments was attributable to unrestricted funds.

#### 7. EXPENDITURE ON RAISING DONATIONS AND LEGACIES

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Individual giving	440	342
Community and corporate fundraising	20	21
Legacies	4	4
Trusts and grant making bodies	32	28
Awareness raising	83	90
	<u>579</u>	<u>485</u>

£141,000 (2019 - £64,000) of individual giving expenditure relates to up-front payments for donor recruitment. The related income will be received over many years in the future.

In 2019, all expenditure on raising donations and legacies was attributable to unrestricted funds.

#### 8. EXPENDITURE ON CHARITABLE ACTIVITIES

	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>Direct</b>	<b>Support</b>	<b>Total</b>	<b>Direct</b>	<b>Support</b>	<b>Total</b>
	<b>costs</b>	<b>costs</b>	<b>costs</b>	<b>costs</b>	<b>costs</b>	<b>costs</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adult disability	24,578	1,700	26,278	23,327	1,991	25,318
Children and families	6,048	359	6,407	5,573	434	6,007
Epilepsy	6,579	401	6,980	7,139	521	7,660
Young adults	4,709	272	4,981	5,109	350	5,459
	<u>41,914</u>	<u>2,732</u>	<u>44,646</u>	<u>41,148</u>	<u>3,296</u>	<u>44,444</u>

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

# QUARRIERS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

### 8. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

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

In 2019, £38,834,000 of expenditure on charitable activities was attributable to unrestricted funds and £5,610,000 was attributable to restricted funds.

Quarriers incurred £49,000 in the year (2019 - £469,000) on external legal and other costs to provide evidence at the Scottish Child Abuse Inquiry.

#### SUPPORT COSTS

	2020 £'000	2019 £'000
Finance	501	504
Governance	174	230
Human resources	589	593
Information technology (including new business system)	639	1,186
Management and administration	386	271
Communications	79	86
Grant applications	63	102
Property	301	324
	<u>2,732</u>	<u>3,296</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.

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

	2020 £'000	2019 £'000
Major fundraising events	66	68
Conferences, courses and venue hire	11	13
	<u>77</u>	<u>81</u>

In 2019, all expenditure on other trading activities was attributable to unrestricted funds.

### 10. EXPENDITURE ON INVESTMENT MANAGEMENT COSTS

	2020 £'000	2019 £'000
Investment manager's costs	36	30
Bank charges and interest payable	18	25
Property rental costs	279	270
	<u>333</u>	<u>325</u>

In 2019, all expenditure on investment management costs was attributable to unrestricted funds.

## QUARRIERS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

#### 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 EXPENDITURE FOR THE YEAR

	2020	2019
	£'000	£'000
<b>Net expenditure is stated after charging:</b>		
Auditor's remuneration - fee for audit of statutory accounts (inclusive of VAT)	28	28
Depreciation of owned assets	903	1,068
Amortisation and impairment of intangible assets	387	816
Operating lease rentals - plant and machinery	226	274
- land and buildings	869	918
Directors' and officers' indemnity insurance	15	13
	<u>          </u>	<u>          </u>

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

	2020	2019
	No	No
The average monthly number of employees during the year was as follows:		
Administration	147	158
Social care and other	1,498	1,478
	<u>          </u>	<u>          </u>
	1,645	1,636
	<u>          </u>	<u>          </u>

	2020	2019
	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	29,868	28,526
Social security costs	2,375	2,248
Pension costs	700	502
	<u>          </u>	<u>          </u>
	32,943	31,276
	<u>          </u>	<u>          </u>
Pension costs can be analysed as follows:		
Defined benefit current service cost (see note 25)	-	-
Defined contribution pension costs (see note 25)	700	502
	<u>          </u>	<u>          </u>
	700	502
	<u>          </u>	<u>          </u>

In addition to the above pension costs, an actuarial loss of £4,243,000 (2019 - loss of £1,097,000) and the net interest cost on the net defined pension liability of £205,000 (2019 - £207,000) and GMP equalisation costs of £1,186,000 (2019 - £nil) have been included within the statement of financial activities.



## QUARRIERS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2020

#### 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:

	2020 No.	2019 No.
£60,000 - £70,000	1	-
£70,000 - £80,000	1	1
£80,000 - £90,000	1	1
£100,000 - £110,000	1	1
	<u>1</u>	<u>1</u>

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 £389,000 (2019: £385,000).

##### 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 (2019 - £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

	2020 £'000	2019 £'000
Income from listed investments (see note 6)	175	171
Bank interest receivable (see note 6)	1	3
	<u>176</u>	<u>174</u>

#### 15. INTEREST PAYABLE AND SIMILAR CHARGES

	2020 £'000	2019 £'000
Net interest on net pension defined benefit liability	205	207
Scheme changes (GMP equalisation)	1,186	-
Bank loans and overdrafts (see note 10)	18	25
	<u>1,409</u>	<u>232</u>

#### 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.

## QUARRIERS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2020

#### 17. INVESTMENT PROPERTIES AND OTHER TANGIBLE FIXED ASSETS

	Investment properties	Land and buildings	Motor vehicles	Plant & equipment	Fixtures & fittings	Total Tangible Fixed Assets
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
At 1 April 2019	5,668	19,502	158	3,574	1,596	24,830
Additions	161	342	-	59	147	548
Transfer	(998)	957	-	-	41	998
Disposals	-	(100)	-	(57)	(87)	(244)
Revaluation	(276)	-	-	-	-	-
At 31 March 2020	4,555	20,701	158	3,576	1,697	26,132
<b>Accumulated depreciation</b>						
At 1 April 2019	-	9,534	140	3,298	1,386	14,358
Charge for the year	-	654	6	116	127	903
Disposals	-	(53)	-	(53)	(59)	(165)
At 31 March 2020	-	10,135	146	3,361	1,454	15,096
<b>Net book value</b>						
At 31 March 2020	4,555	10,566	12	215	243	11,036
At 31 March 2019	5,668	9,968	18	276	210	10,472
<b>Net book value of assets used directly for charitable purposes</b>						
At 31 March 2020	-	9,948	7	194	223	10,372
At 31 March 2019	-	9,331	11	251	178	9,771

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

The net book value of leasehold properties included within land and buildings is £107,000 (2019 - £122,000).

Properties held as security for bank borrowing amount to £2.7m (2019 - £2.7m) and pension scheme contingent assets amount to £4.23m (2019 - £4.23m.)

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

Valuation date	Number of properties	Net book value 2020	Historic cost 2020	Net book value 2019	Historic cost 2019
		£'000	£'000	£'000	£'000
31 March 2020	9	1,840	898	2,093	847
5 June 2017	1	382	95	379	92
31 March 2016	12	2,333	789	2,261	746
Transferred to land & buildings	3	-	-	935	421
	25	4,555	1,782	5,668	2,106

## QUARRIERS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2020

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

For the properties professionally valued during the year, the valuer has reported that due to the Covid-19 pandemic property market activity has been impacted in many sectors. At the valuation date the valuer has attached less weight to previous market evidence for comparison purposes to inform opinion of value. The current response to Covid-19 means valuers are faced with an unprecedented set of circumstances on which to base a judgement. Hence the valuations are reported on the basis of material valuation uncertainty per VPS3 and VPGA10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to these valuations than would normally be the case.

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 £90,000 (2019 - £80,000) of the above carrying amount.

#### 18. INTANGIBLE FIXED ASSETS

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
As at 1 April	1,194	1,190
Additions	9	4
	<hr/>	<hr/>
As at 31 March	1,203	1,194
	<hr/>	<hr/>
<b>Accumulated amortisation and impairments</b>		
As at 1 April	816	-
Amortisation provided during the year	44	119
Impairment	343	697
	<hr/>	<hr/>
As at 31 March	1,203	816
	<hr/>	<hr/>
<b>Net book value</b>		
As at 31 March	-	378
	<hr/> <hr/>	<hr/> <hr/>

Intangible fixed assets comprise the costs for development of a new management information system. Continued supplier delays and integration issues 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 £343k (2019 - £697k). This charge is included in charitable activities (support costs).

## QUARRIERS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2020

#### 19. INVESTMENTS

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
As at 1 April	4,677	4,272
Additions	389	1,080
Disposals	(1,226)	(675)
	<u>3,840</u>	<u>4,677</u>
As at 31 March	<u>3,840</u>	<u>4,677</u>
Composed of:		
Listed investments:		
Listed on London Stock Exchange	1,648	2,552
Overseas investments	2,190	2,123
Unlisted investments	2	2
	<u>3,840</u>	<u>4,677</u>
As at 31 March	<u>3,840</u>	<u>4,677</u>
<b>Market Value</b>		
As at 1 April	6,250	5,806
Additions	389	1,080
Disposals as at 1 April 2019 market value	(1,694)	(919)
	<u>4,945</u>	<u>5,967</u>
(Losses)/gains in the year	(501)	283
As at 31 March	<u>4,444</u>	<u>6,250</u>

#### Subsidiary undertakings

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

<u>Company</u>	<u>Principal activity, net assets and results</u>	<u>Country of incorporation</u>
<b>Gottar Limited</b>	Design and build company.	Scotland
Company	Net liabilities at 31 March 2020 - £1,863 (31 March 2019 - net liabilities £1,924)	
Registration No. SC115261	Profit for the year to 31 March 2020 - £61 (31 March 2019 - loss £1,019)	
<b>Strathgryffe Limited</b>	Property management company (for charitable purposes).	Scotland
Company	Net assets at 31 March 2020 - £13,621 (2019 - £12,711).	
Registration No. SC263231	Profit before tax for the year to 31 March 2020 - £910 (2019 - £910)	
OSCR Charity No. SC035170		

## QUARRIERS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2020

#### 20. DEBTORS

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	3,394	3,552
Other debtors	49	45
Prepayments and accrued income	415	462
	<u>3,858</u>	<u>4,059</u>
	<u><u>3,858</u></u>	<u><u>4,059</u></u>

No debtors are due after more than one year.

#### 21. CREDITORS:

##### AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Bank term loans	208	200
Trade creditors	796	847
Other taxes and social security costs	590	595
Other creditors	915	795
Deferred grant income (see note 22)	253	263
Accruals and other deferred income	1,205	1,184
Amounts owed to subsidiary undertakings	14	13
	<u>3,981</u>	<u>3,897</u>
	<u><u>3,981</u></u>	<u><u>3,897</u></u>

Included within other creditors are pension contributions payable amounting to £169,000 (2019 - £131,000).

##### AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Bank term loans due for repayment: -		
Between one and two years	215	208
Between two and five years	18	233
	<u>233</u>	<u>441</u>
	<u><u>233</u></u>	<u><u>441</u></u>

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 (2019 –3.33% per annum).

## QUARRIERS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2020

22. DEFERRED GRANT INCOME	2020 £'000	2019 £'000
As at beginning of year	263	337
Received during the year	5,258	5,892
Released during the year	(5,268)	(5,966)
	<hr/>	<hr/>
As at 31 March	253	263
	<hr/> <hr/>	<hr/> <hr/>

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.

### 24. RESERVES

	As at 1 April 2019 £'000	Income £'000	Expenditure £'000	(Losses) / gains on investment assets £'000	Pension scheme movements £'000	Transfers £'000	As at 31 March 2020 £'000
General reserve	15,997	37,381	(39,876)	(730)	841	597	14,210
Pension scheme reserve	(9,003)	-	-	-	(5,084)	-	(14,087)
<b>Designated funds</b>							
Fixed assets fund	4,680	-	-	-	-	(137)	4,543
<b>Total unrestricted funds</b>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	11,674	37,381	(39,876)	(730)	(4,243)	460	4,666
<b>Restricted funds</b>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,385	5,743	(5,838)	-	-	(460)	2,830
<b>Total funds</b>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	15,059	43,124	(45,714)	(730)	(4,243)	-	7,496
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	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)
<b>Designated funds</b>							
Fixed assets fund	4,731	-	-	-	-	(51)	4,680
<b>Total unrestricted funds</b>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	15,386	36,724	(39,725)	353	(1,097)	33	11,674
<b>Restricted funds</b>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,014	6,014	(5,610)	-	-	(33)	3,385
<b>Total funds</b>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	18,400	42,738	(45,335)	353	(1,097)	-	15,059
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## QUARRIERS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2020

#### 24. RESERVES (CONTINUED)

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.

#### 25. EMPLOYEE RETIREMENT BENEFITS

##### Defined contribution scheme

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

	2020 £'000	2019 £'000
Auto-enrolment scheme	500	294
Stakeholder scheme	35	37
Quarriers defined contribution scheme	165	171
	<u>700</u>	<u>502</u>

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 £550,000 (2019 - £535,000). Contributions amounting to £46,000 (2019 - £46,000) were payable to the fund at 31 March 2020. 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 14 years. The estimated amounts of contributions expected to be paid to the scheme during the year ended 31 March 2021 is £550,000.

## QUARRIERS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2020

#### 25. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

##### Actuarial valuation

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

	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
Rate of inflation (RPI)	2.70	3.10
Salary increase rate (CPI)	2.00	2.10
Increases for pensions in payment - RPI maximum 5% per annum	2.70	3.10
- RPI maximum 2.5% per annum	2.10	2.10
Liability discount rate	2.30	2.35
	<b>2020</b>	<b>2019</b>
	<b>Years</b>	<b>Years</b>
Mortality assumptions - life expectancy on retirement		
Pensioners – male	21.2	19.9
Pensioners – female	23.5	21.9
Non-pensioners - male	22.2	20.9
Non-pensioners - female	24.8	23.1

These assumptions will vary from year to year, as will the value of assets, and will be dependent on circumstances at the date of valuation. Since the year end there has been volatility in market assumptions given the Covid-19 pandemic and in particular discount rates have fallen which would increase scheme liabilities. However, stock market performance has improved which would help to offset any increase in liabilities.

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:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Equities	24,128	26,574
Bonds	22,097	20,898
Cash	175	224
Total fair value of assets	46,400	47,696
Present value of scheme liabilities	(60,487)	(56,699)
Deficit in the scheme	(14,087)	(9,003)



## QUARRIERS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2020

#### 25. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	-	-
Service cost – scheme administrative cost	-	-
GMP equalisation	1,186	-
Net interest on the net defined benefit liability	205	207
	<u>1,391</u>	<u>207</u>
Net cost recognised within net income/(expenditure) for the year	<u>1,391</u>	<u>207</u>
Actuarial losses	4,243	1,097
	<u>5,634</u>	<u>1,304</u>
Total cost relating to defined benefit scheme recognised in the Statement of Financial Activities	<u>5,634</u>	<u>1,304</u>

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Assets at 1 April	47,696	46,305
Actual return on plan assets	(1,354)	1,144
Interest income on scheme assets	1,109	1,192
Employer contributions	550	535
Employee contributions	-	-
Scheme administrative cost	-	-
Benefits paid	(1,601)	(1,480)
	<u>46,400</u>	<u>47,696</u>
Assets at 31 March	<u>46,400</u>	<u>47,696</u>

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Liabilities at 1 April	56,699	54,539
Current service cost	-	-
Interest cost	1,314	1,399
Employee contributions	-	-
Actuarial loss	2,889	2,241
Scheme changes (GMP Equalisation)	1,186	-
Benefits paid	(1,601)	(1,480)
	<u>60,487</u>	<u>56,699</u>
Liabilities at 31 March	<u>60,487</u>	<u>56,699</u>

## QUARRIERS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2020

#### 25. EMPLOYEE RETIREMENT BENEFITS (CONTINUED)

The impact of the pension deficit on unrestricted funds at 31 March 2020 is as follows:

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Unrestricted funds excluding pension deficit	18,753	20,677
Pension deficit	(14,087)	(9,003)
	<u>4,666</u>	<u>11,674</u>
Unrestricted funds including pension deficit	<u><u>4,666</u></u>	<u><u>11,674</u></u>

#### 26. FINANCIAL COMMITMENTS

##### Operating lease commitments

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

	<b>2020</b> <b>Land &amp;</b> <b>buildings</b> <b>£'000</b>	<b>2020</b> <b>Other</b> <b>£'000</b>	<b>2019</b> <b>Land &amp;</b> <b>buildings</b> <b>£'000</b>	<b>2019</b> <b>Other</b> <b>£'000</b>
Within one year	124	130	171	123
Between two and five years	13	239	26	186
After five years	-	-	-	-
	<u>137</u>	<u>369</u>	<u>197</u>	<u>309</u>

##### 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 2020 (2019 - £4.23m).

#### 27. SUBSIDIARY COMPANY TRANSACTIONS

During the year the company made purchases of a total value of £7,000 (2019 - £6,000) from Gottar Limited, a subsidiary company, and made sales to Gottar Limited of a total value of £5,000 (2019 - £5,000).

At 31 March 2020, the company was owed £Nil from Gottar Limited (2019 - £Nil).

During the year the company made purchases of a total value of £19,000 (2019 - £19,000) from Strathgryffe Limited, a subsidiary company, and made sales to Strathgryffe Limited of a total value of £18,000 (2019 - £18,000).

At 31 March 2020, the company owed £14,000 (2019 - £13,000) to Strathgryffe Limited.

#### 28. RELATED PARTY TRANSACTIONS

There were no related party transactions in the year to 31 March 2020 (2019 - none).

## QUARRIERS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2020

#### 29. CONTINGENT LIABILITY

As noted in the Strategic Report, Quarriers is a key participant in the Scottish Child Abuse Inquiry. Separately, the Scottish Government has recently published the Redress (Survivors of In-Care Abuse) Bill that is intended to deliver financial reparation for the survivors of historical abuse. Compensation will be payable by participating organisations depending on the seriousness and extent of the abuse and a waiver scheme will mean that recipients of a Redress payment cannot then pursue a civil claim. We are currently in discussions with the Scottish Government about the conditions that would support our participation in the Redress Scheme and as such, are unable to quantify the timing and amount of any liability.

In addition, Quarriers may have a liability in respect of compensation payments to survivors pursuing a civil action. We continue to work with our insurer to establish what, if any, uninsured liability exists.

#### 30. POST BALANCE SHEET EVENTS

Since the year-end, the Covid-19 pandemic has continued to have a significant impact on the economy at both a macro and micro level. The introduction of social distancing, travel bans and the closure of all non-essential services has resulted in a significant economic slowdown and the outcome of Government interventions to date remains uncertain. The directors have determined that these events are non-adjusting subsequent events and as such, the results for the year ended 31 March 2020 have not been adjusted to reflect their impact. The uncertainty around impact and duration of the pandemic means it is not possible to reliably estimate the effect on future results.