

**QUALITY SCOTLAND FOUNDATION
EDUCATIONAL TRUST**

**DIRECTORS' ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2012

**Company No. SC139244
Scottish Charity No. SC020394**

**WHITELAW WELLS
Chartered Accountants
9 Ainslie Place
Edinburgh
EH3 6AT**



QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST
DIRECTORS' ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

CONTENTS	Page
Directors' Annual Report	2
Independent Examiner's Report	7
Statement of Financial Activities (Incorporating Income and Expenditure Account)	8
Balance Sheet	9
Notes to the Financial Statements	10

QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST

DIRECTORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2012

The directors are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2012.

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity Name

Quality Scotland Foundation Educational Trust, known as Quality Scotland Educational Trust

Charity Number

SC020394

Company Number

SC139244

Registered Office and Operational Address

11 Abercromby Place
Edinburgh
EH3 6LB

Directors

Sir Andrew Cubie CBE FRCS	(Chairman)
Mr Martin Armstrong	
Mr Nigel Ayton	(Resigned 30 June 2011)
Ms Rhona Cameron	(Appointed 28 May 2012)
Mr Matthew Ferguson	(Resigned 23 August 2011)
Mr George Hunter	(Resigned 01 April 2011)
Mr George Kirk	(Resigned 01 June 2011)
Mr Colin Mair	
Ms Catherine McPherson	
Mr Christopher Monaghan	(Resigned 21 May 2011)
Mr Joe Noble	
Mr George Ponton	(Appointed 1 July 2011)
Mr David Robb	(Appointed 01 April 2011, Resigned 10 November 2011)
Mr Paul White	(Appointed 23 August 2011)

The President, who is not a director, is Lord Macfarlane of Bearsden.

Secretary and Chief Executive

David Bradley

Independent Examiner

Kevin Cattanach C.A.
Whitelaw Wells
Chartered Accountants
9 Ainslie Place
Edinburgh
EH3 6AT

Bankers

Clydesdale Bank
1 Croall Place
Edinburgh
EH7 4LT

QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST

DIRECTORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Quality Scotland Foundation Educational Trust is a company limited by guarantee governed by a Memorandum and Articles of Association dated 9th July 1992. It has charitable status (charity number SC020394). All directors are also members and each has an individual liability of £1.

Appointment of Directors

The charity shares a common Board of directors and management with Quality Scotland Foundation, which is limited by guarantee and also has charitable status. Governing members of Quality Scotland Foundation are each entitled to appoint one representative to the Board. The directors of the company are also charity trustees for the purposes of charity law.

Directors' Induction and Training

New directors are invited to attend familiarisation meetings with both the Chairman of the Board and senior staff. They are also given the opportunity to meet members of staff. During these sessions they are able to familiarise themselves with the charity and the context within which it operates. The main areas covered are:

- The obligations of the Board members.
- The main documents which set out the operational framework for the charity, including the Memorandum and Articles of Association.
- Resourcing and the current financial position as set out in the latest published accounts.
- Future plans and objectives.

Organisational Structure

The business of the trust is overseen by its Directors. The executive function of the charity is delegated to the Chief Executive, who is supported by his staff team.

The Audit and Risk committee which comprises the Chairman, Chief Executive and two other directors, one of whom chairs the committee, meets on a regular (normally three monthly) basis to review both the financial and other business risks facing the charity.

Related Parties

As noted above, the Trust Board is shared with Quality Scotland Foundation and is made up of representatives of the governing members of Quality Scotland Foundation. Those members are as follows:

Highlands and Islands Enterprise
Glasgow Housing Association
Improvement Service
Royal Bank of Scotland
Scottish Council for Voluntary Organisations

Scottish Enterprise
Scottish Government
Standard Life (until 31 May 2011)
Scottish Water

QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST

DIRECTORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2012

RISK MANAGEMENT

The Board has conducted a review of the major risks to which the charity is exposed. A risk register has been established and is updated at least annually. Appropriate systems and procedures have been established to mitigate the risks the charity faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, secondees, volunteers, members and visitors to the workplace. These procedures are periodically reviewed to ensure they continue to meet the needs of the charity.

As previously noted, the Audit and Risk Committee continues to meet on a regular basis to review both the financial and other business risks facing the charity.

OBJECTIVES AND ACTIVITIES

The objects of the Trust are to advance education and further other charitable purposes by procuring the practical interest and involvement of companies, local authorities and other public sector businesses, firms, voluntary organisations and individuals in such matters all for the purpose of creating a better educated public in Scotland and to do so by disseminating the relevant information to the public by training programmes and other educational processes.

The Board seeks to ensure that, in its work, this broad interest group is reflected through the diversity of the Trustee body, with members from the private, public and voluntary sector.

The main objectives and activities for the year focused upon the promotion of education in organisational and individual excellence in the youth and community, education and voluntary sectors. Vehicles used to assist the charity to meet these objectives include the following:

1. Supporting young people through their training and inspiring them to achieve all they are capable of.
2. Working in partnership with other charitable and public sector organisations to ensure the widest range of direction and support is available in these sectors.
3. Focusing members and non-members in the voluntary sector to satisfy or exceed nationally set standards.

ACHIEVEMENTS AND PERFORMANCE

Key activities and development areas are as follows:

Claire Ford and Angela Howarth took responsibility for the organisation and delivery of our key Educational Trust programme - The Young Quality Scotland Award.

The YQSA Awards were held on Thursday 8th and Friday 9th of March in Dunfermline organised by Fife Council and sponsored by Scottish Water.

QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST
DIRECTORS' ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

ACHIEVEMENTS AND PERFORMANCE (continued)

Quality Scotland renewed its links with Young Enterprise Scotland (YES) and revamped the Quality Scotland Organisational Excellence Award within their "The Company Programme". Introducing the principles of quality to Secondary School Enterprise organisations is a big step in promoting excellence and we are very pleased to be working with Stuart Miller and his team on this annual award.

FINANCIAL REVIEW

The Trust recorded a deficit in the year of £5,004 (2011: deficit £8,103) and had closing reserves, which are all unrestricted, of £41,262 (2011: 46,266).

The principal source of funding in the year was recognition scheme fee income.

Reserves policy

The directors have decided that the Trust needs to hold at least three months essential running costs in reserves. This equates to a reserve balance, after deduction of fixed assets, of approximately £4,000 in general funds. At 31 March 2012, the free reserves, after deduction of fixed assets, stood at £41,074.

PLANS FOR FUTURE PERIODS

With the more secure financial position, following the receipt of the substantial donation in the year ended 31 March 2009 as referred to above, the charity plans to continue the activities outlined above in the forthcoming year. The voluntary sector is becoming increasingly aware of the benefits the charity has to offer resulting in an increase in numbers within voluntary sector network. We continue to pursue funding to further develop educational materials, for example those based on e-learning.

QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST

DIRECTORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the report of the directors and the financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities & Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The directors 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.

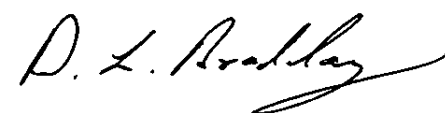
The directors confirm that this report has been prepared so as to comply with current statutory requirements and the charity SORP.

The report of the directors has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

It was approved by the Board on 9 November 2012 and signed on its behalf by:



Sir Andrew Cubie CBE, FRSE
Chair



David Bradley
Company Secretary

QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST

INDEPENDENT EXAMINER'S REPORT

FOR THE YEAR ENDED 31 MARCH 2012

I report on the financial statements for the year ended 31 March 2012 set out on pages 8 to 13.

Respective responsibilities of the Trustees and the Independent Examiner

The charity's Trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The charity's Trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (as amended). An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention:

- 1) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with Section 44 (1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
 - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations

have not been met; or

- 2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Kevin Cattnach C.A.
Whitelaw Wells
Chartered Accountants
9 Ainslie Place
Edinburgh
EH3 6AT

9 November 2012

QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating the Income and Expenditure Account)

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 Total Funds £	2011 Total Funds £
INCOMING RESOURCES			
Incoming resources from generated funds			
<i>Investment income – bank interest</i>		508	323
Incoming resources from charitable activities	2	10,900	8,930
		<hr/>	<hr/>
Total incoming resources		11,408	9,253
		<hr/>	<hr/>
RESOURCES EXPENDED			
Charitable activities		15,273	15,946
Governance costs		1,139	1,410
		<hr/>	<hr/>
Total resources expended	3	16,412	17,356
		<hr/>	<hr/>
Net income/(expenditure) for the year	4	(5,004)	(8,103)
Total funds at 1 April 2011		46,266	54,369
		<hr/>	<hr/>
Total funds at 31 March 2012		41,262	46,266
		<hr/>	<hr/>

All incoming resources and resources expended are included in unrestricted general funds.
There were no gains or losses in the year other than those reported above.
The notes on pages 10 to 13 form an integral part of these financial statements.

QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST

BALANCE SHEET

AS AT 31 MARCH 2012

	Notes	£	2012 £	2011 £
Fixed assets				
Tangible assets	7		188	828
Current assets				
Debtors	8	4,250		6,600
Cash at bank and in hand		61,005		66,872
		65,255		73,472
Creditors				
Amounts falling due within one year	9	(24,181)		(28,034)
Net Current Assets			41,074	45,438
TOTAL ASSETS LESS LIABILITIES			41,262	46,266
THE FUNDS OF THE CHARITY				
Unrestricted general funds			41,262	46,266

The directors are satisfied that the charity is entitled to exemption from the provisions of the Companies Act 2006 relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006; and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for each financial year in accordance with the requirement of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board on 9 November 2012 and were signed on its behalf by:


Sir Andrew Cubie CBE, FRSE
Chair

The notes on pages 10 to 13 form an integral part of these financial statements.

QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared under the historic cost convention and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (“SORP 2005”), applicable UK Accounting Standards, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006. The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to prepare a cash flow statement on the grounds that it is a small company. The principal accounting policies adopted in the preparation of the financial statements are set out below.

Incoming Resources

Investment income comprises interest on cash balances held in interest bearing deposits and is recognised when receivable.

Income from charitable activities comprises fees for the provision of training courses, recognition schemes and income from conferences. Such income is recognised as earned (as the related services are provided) and is deferred where it relates to services provided after the year end.

Resources Expended

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities in full. The charity is not registered for VAT and, accordingly, costs are shown gross of irrecoverable VAT.

Expenditure on *charitable activities* includes expenditure associated with the provision of training courses and other activities in furtherance of the charity’s objectives.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Funds Structure

The charity’s funds consist entirely of unrestricted funds, which are expendable at the discretion of the Board in furtherance of the objects of the charity.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are capitalised at cost and are stated at cost less depreciation. Only items costing £200 or more are capitalised.

Depreciation is provided at rates calculated to write off the cost of tangible fixed assets, less their estimated residual value, over their expected useful lives on the following basis:-

Fixtures, fittings and equipment - 3 years straight line.

QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

2. INCOME FROM CHARITABLE ACTIVITIES

	2012	2011
	£	£
Recognition schemes	10,200	6,950
Training	700	-
Voluntary Sector Network conference	-	1,980
	<hr/>	<hr/>
	10,900	8,930
	<hr/>	<hr/>

3. TOTAL RESOURCES EXPENDED

	Quality management training and assessment £	Governance Costs £	2012 Total £	2011 Total £
Conferences and training	62	-	62	13
Recognition schemes	978	-	978	1,778
Independent examination fee	-	300	300	-
Audit fees	-	-	-	1,410
Accountancy fees	-	839	839	-
Young Quality Scot Awards	659	-	659	751
Staff costs	12,000	-	12,000	12,000
Travel	624	-	624	620
Advertising	-	-	-	144
Domain registration	310	-	310	-
Depreciation	640	-	640	640
	<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended	15,273	1,139	16,412	17,356
	<hr/>	<hr/>	<hr/>	<hr/>

4. NET INCOME/ (EXPENDITURE) FOR THE YEAR

This is stated after charging:

	2012	2011
	£	£
Depreciation	640	640
Auditors' remuneration	-	1,410
Independent Examiner's remuneration	300	-
	<hr/>	<hr/>

QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

5. TAXATION

The company is a registered charity and as such its activities fall within the exemptions afforded by Section 505 of the Income and Corporation Taxes Act 1988. Accordingly, no provision is considered necessary for taxation.

6. STAFF NUMBERS AND COSTS

	2012 £	2011 £
Wages and salaries	12,000	12,000
Social Security costs	-	-
	<hr/>	<hr/>
	12,000	12,000
	<hr/>	<hr/>

Staff costs recorded in note 5 relate to staff employed on joint contracts with Quality Scotland Foundation. Four (2011: four) part-time staff are employed on this basis, which equates to one (2011: one) full time equivalent member of staff.

No directors recorded any emoluments in respect of services to the company, nor did they receive any reimbursement of expenses in either the current or previous years.

7. TANGIBLE ASSETS

	Fixtures, Fittings & Equipment £	Total £
Cost		
At 1 April 2011	1,920	1,920
	<hr/>	<hr/>
At 31 March 2012	1,920	1,920
	<hr/>	<hr/>
Depreciation		
At 1 April 2011	1,092	1,092
Charge for year	640	640
	<hr/>	<hr/>
At 31 March 2012	1,732	1,732
	<hr/>	<hr/>
Net book value		
At 31 March 2012	188	188
	<hr/>	<hr/>
At 31 March 2011	828	828
	<hr/>	<hr/>

QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

8. DEBTORS: Amounts falling due within 1 year

	2012 £	2011 £
Recognition scheme fee debtors	4,250	6,600

9. CREDITORS – Amounts falling due within one year

	2012 £	2011 £
Accruals	1,110	2,254
Amount due to Quality Scotland Foundation	16,821	23,580
Deferred income (note 10)	6,250	2,200
	<u>24,181</u>	<u>28,034</u>

10. DEFERRED INCOME - Recognition schemes

	2012 £	2011 £
Balance as at 1 April 2011	2,200	2,200
Amount released to incoming resources in year	(2,200)	-
Amount deferred in year	6,250	-
	<u>6,250</u>	<u>2,200</u>
Balance as at 31 March 2012	<u>6,250</u>	<u>2,200</u>

11. RELATED PARTY TRANSACTIONS

The company shares a common Board of Directors and management with Quality Scotland Foundation.

During the year £12,000 (2011: £12,000) was paid by the charity to Quality Scotland Foundation in respect of staff employed on a joint contract basis and £3,273 (2011: £3,946) in respect of other charitable costs.

As at 31 March 2012 the charity owed the sum of £16,821 (2011: £22,545) to Quality Scotland Foundation.