
THE BRITISH QUALITY FOUNDATION

Directors' report and financial statements **for the year ended 31st December 2011**

A company limited by guarantee and not having a share capital

Registered Number 2770257

(England and Wales)



THE BRITISH QUALITY FOUNDATION

Patron

Her Royal Highness The Princess Royal

Directors

D A Callaghan

J W Goasdoué

W J Buckley

D R Burton

C M Doran

J Murphy

A Rappoport

S A Scott-Parker OBE

A J M Valk

A M Williams

President and Chairman

Chief Executive

Secretary and Registered Office

J W Goasdoué

32-34 Great Peter Street,

London SW1P 2QX

Auditors

Durrant & Company

Chartered Certified Accountants and Statutory Auditors,

Tankard Hall, Morton,

Oswestry, Shropshire SY10 8BQ

Bankers

HSBC Bank plc,

4-8 Victoria Street, London SW1H 0NJ

Index

Chairman's statement

Report of the directors

Independent auditor's report

Income and expenditure account

Balance sheet

Cash flow statement

Notes to the financial statements

Page

1

2-3

4-5

6

7

8

9-13

Chairman's statement

Last year saw the BQF expand both its business and its influence

The annual awards ceremony took place on 13 October 2011 in the presence of HRH The Princess Royal, our Patron. The Gold Medal for Excellence was presented to the Probation Service for its Recognised for Excellence achievements. The winners of the UK Excellence Award were Siemens Industry Automation and Drive Technologies, Bishop Burton College and St Anne's Primary School. Special Achievement Awards were presented to Phoenix Futures for Leadership, to Virgin Trains for Customer Satisfaction, to Co-operative Banking Group for Process Improvement and to Skanska UK for Sustainable Future. The winner of the Lean Six Sigma Award was CooperVision.

Last year I said that we wanted the BQF to have a much higher profile and that the Board had started work on defining the future direction. We have made good progress, driven by our new statement of purpose. The BQF is the community for every business seeking excellent insights, tools and experiences to improve itself. Insights are vital if we are to play a key thought leadership role on business excellence and the first step has been a major research project on excellence in Leadership, Process Management, Employee Engagement and Customer Relationships. The findings from the research will now be used in the execution of our thought leadership strategy.

A good example of the BQF having a higher profile was a report by the CBI - Future Champions: Unlocking growth in the UK's medium-sized businesses (MSBs) - published in October 2011 which recommended that the Department for Business, Innovation and Skills (BIS) and trade bodies should work with 'specialists such as the British Quality Foundation' to establish ways of helping MSBs to improve their management capability. This endorsement from the CBI was much appreciated and, partly as a result of this, we are now involved in the BIS initiative to support the growth of MSBs. The Government's Autumn Statement 2011 talked a lot about the importance of MSBs, the 10,000 or so firms in the UK which do not fall into the category of either SMEs or the biggest firms. While they represent just 0.2% of all UK firms, they account for one fifth of private-sector employment and turnover. A number of Local Enterprise Partnerships (LEPs) are involved in this initiative and we have submitted proposals on how the BQF could help them to support MSBs.

We are also involved in the BIS Leadership and Management Network Group, the aim of which is to make a significant contribution in driving up the UK's leadership and management capability compared with other leading nations.

Financial performance was highly satisfactory, a tribute to the importance of business improvement and excellence in these difficult times. Turnover grew by 7.7% and the surplus before tax was £29,895 (£49,526 in 2010).

We were pleased to welcome to the Board Catherine Doran, Chief Information Officer at Royal Mail and Anton Valk, Chairman of Abellio Group. Paul Baker, Nicholas Friedlos, Kevin Paterson and Sir Peter Bonfield resigned from the Board. Peter deserves special mention. Having joined the Board at the very beginning in 1993, he has served us for more than 18 years and I thank him for his loyal support.



D. A. Callaghan
President and Chairman

Report of the directors

The directors present their annual report and the audited financial statements of the Foundation for the year ended 31st December 2011

Status of company

The company is registered in England and is limited by guarantee given by the members, as defined by Paragraphs 2 to 5 inclusive of the Articles of Association. Accordingly the company does not have a share capital.

Principal activity

The principal activity of the company continues to be to enhance the performance and effectiveness of organisations in the United Kingdom through the promotion of the EFQM Excellence Model and other tools and techniques that improve business results.

Directors

The directors who served during the year were as follows,

D A Callaghan	
Sir Peter Bonfield CBE	(Resigned 20th February 2012)
J W Goasdoué	
P W Baker	(Resigned 26th August 2011)
W J Buckley	
D R Burton	
C M Doran	(Appointed 22nd March 2011)
N R Friedlos	(Resigned 12th January 2012)
J Murphy	
K W Paterson	(Resigned 30th November 2012)
A Rappoport	
S A Scott-Parker OBE	
A M Williams	

The following directors retire from office in accordance with Article 34, having served their two years as directors, and, being eligible, offer themselves for re-election at the Annual General Meeting

W J Buckley, J Murphy, S A Scott-Parker, A M Williams

A J M Valk, who was appointed a director on 16th January 2012, retires from office, having been appointed since the last Annual General Meeting and, being eligible, offers himself for re-election

Auditors

The Auditors, Durrant & Company, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006

Report of the directors - (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to ensure the preparation of financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to

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


The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The above report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 relating to small companies, was approved by the board on 11th April 2012 and signed on its behalf.

Signed on behalf of the board of directors



J.W. Goasdoué
Secretary

Independent auditor's report to the members of The British Quality Foundation

We have audited the financial statements of The British Quality Foundation for the year ended 31st December 2011, which comprise the income and expenditure account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters that 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities statement set out in the Report of the directors, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's (APB's) Ethical Standards for Auditors, including "APB Ethical Standard Provisions Available for Small Entities (Revised)". In addition to our audit responsibilities we undertake and assist the Foundation in payroll preparation and also deal with all matters in connection with Corporation Tax.

Scope of the Audit of Financial Statements

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

Independent auditor's report to the members of The British Quality Foundation - (continued)

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st December 2011 and of its surplus for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities,
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- Adequate 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 audit, or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime



Richard Norman Durrant (Senior Statutory Auditor)
For and behalf of

DURRANT & COMPANY
Chartered Certified Accountants and Statutory Auditors

Tankard Hall
Morton
Oswestry
Shropshire
SY10 8BQ

11th April 2012

**Income and expenditure account
for the year ended 31st December 2011**

	Notes	2011 £	2010 £
Turnover - continuing operations	1	1,479,628	1,374,271
Cost of sales		(616,006)	(492,597)
Gross income		863,622	881,674
Administrative expenses		(887,286)	(864,297)
(Deficit)/surplus on ordinary activities before interest	2	(23,664)	17,377
Other income	3	53,559	32,149
Surplus on ordinary activities before taxation		29,895	49,526
Taxation - UK corporation tax	4	(5,479)	(4,861)
Retained surplus for the year		24,416	44,665

The notes on pages 9 to 13 form an integral part of these financial statements

Balance sheet at 31st December 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	5	6,517	1,992
Investments	6	15,000	-
		<u>21,517</u>	<u>1,992</u>
Current assets			
Debtors	7	242,454	187,810
Cash at bank and in hand		1,351,261	1,323,677
		<u>1,593,715</u>	<u>1,511,487</u>
Creditors: amounts falling due within one year	8	(667,424)	(590,087)
Net current assets		<u>926,291</u>	<u>921,400</u>
Total assets less current liabilities		<u>947,808</u>	<u>923,392</u>
Capital and reserves			
Retained income	9	<u>947,808</u>	<u>923,392</u>


These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the board on 11th April 2012 and signed on its behalf

D. A. Callaghan - *President and Chairman*



J. W. Goasdoué - *Chief Executive*



The notes on pages 9 to 13 form an integral part of these financial statements

Cash flow statement for the year ended 31st December 2011

	2011 £	2010 £
Reconciliation of operating surplus to net cash inflow from operations		
Operating (deficit)/surplus	(23,664)	17,377
Depreciation of tangible fixed assets	2,794	7,646
Profit on disposal of fixed assets	-	(110)
(Increase) in debtors	(54,644)	(14,045)
Increase in creditors	76,719	53,644
Net cash inflow from operations	1,205	64,512

Cash flow statement

Net cash inflow from operations	1,205	64,512
Return on investments - other income	38,559	32,149
Proceeds on disposal of fixed assets	-	509
Taxation - paid during the year	(4,861)	(5,337)
Capital expenditure on tangible fixed assets	(7,319)	(1,670)
Increase in cash holding	27,584	90,163

Reconciliation of net cash flow to movement on cash at bank and in hand

Increase in cash in the year	27,584	90,163
Cash at bank and in hand at 1st January 2011	1,323,677	1,233,514
Cash at bank and in hand at 31 December 2011	1,351,261	1,323,677

The notes on pages 9 to 13 form an integral part of these financial statements

Notes to the financial statements for the year ended 31st December 2011

1 Accounting policies

Basis of preparation of financial statements

The financial statements are prepared under the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Turnover

Turnover represents the net amount invoiced to members and others, applicable to each accounting period, excluding value added tax. Turnover also includes income from other sources, such as sponsorship, grants and donations.

Pension costs

Contributions in respect of the company's contributory pension scheme are charged to the income and expenditure account for the year in which they are payable to the scheme.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income as incurred.

Taxation

The company has been classified by the H M Revenue & Customs as outside the scope of Schedule D Case I Corporation Tax. However, bank interest received and other investment income which may arise from time to time is subject to Corporation Tax under Schedule D Case III.

Tangible fixed assets and depreciation

Depreciation is provided, at the following rate per annum, on a straight line basis, in order to write off each asset over its estimated useful life.

Office equipment - 25%
Leasehold improvements - over the term of the lease

Consolidation

The company has claimed exemption under Section 383 of the Companies Act 2006 from the preparation of group accounts on the grounds that the group is small. The financial statements give information about the company as an individual undertaking and not as a group.

Stocks

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

**Notes to the financial statements
for the year ended 31st December 2011 - continued**

	2011 £	2010 £
2 (Deficit)/surplus on ordinary activities before interest		
The result on ordinary activities is stated after charging		
Director's emoluments - aggregate emoluments	158,457	149,120
Depreciation of tangible fixed assets	2,794	7,646
Staff pension costs	19,746	24,130
Auditor's remuneration	9,000	9,000
	<u>189,997</u>	<u>189,906</u>
3 Other income		
Interest receivable	27,059	23,149
Management charges – Perfex (Training) Limited	11,500	9,000
Recovery of loan previously written off - (note 6)	15,000	-
	<u>53,559</u>	<u>32,149</u>
4 Taxation		
UK Corporation tax on investment income	5,479	4,861
	<u>5,479</u>	<u>4,861</u>

**Notes to the financial statements
for the year ended 31st December 2011 - continued**

5 Tangible fixed assets

	Leasehold improvements £	Office equipment £	Total £
Cost			
At 1st January 2011	1,031	108,524	109,555
Additions	-	7,319	7,319
Disposals	-	-	-
At 31st December 2011	<u>1,031</u>	<u>115,843</u>	<u>116,874</u>
Depreciation			
At 1st January 2011	1,031	106,532	107,563
Charge for the year	-	2,794	2,794
Disposals	-	-	-
At 31st December 2011	<u>1,031</u>	<u>109,326</u>	<u>110,357</u>
Net book value			
At 31st December 2010	<u>-</u>	<u>1,992</u>	<u>1,992</u>
At 31st December 2011	<u>-</u>	<u>6,517</u>	<u>6,517</u>

6 Fixed asset investment

Investment in subsidiary undertakings

Cost	
At 1st January and 31st December 2011	<u>17,000</u>
Provisions	
At 1st January 2011	17,000
Transfer to profit and loss account	(15,000)
At 31st December 2011	<u>2,000</u>
Net book value	
At 31st December 2010	<u>-</u>
At 31st December 2011	<u>15,000</u>

During 2001 the Foundation entered into a joint venture with two other organisations to form Perfex (Training) Limited, an associated company, in order to promote its public training activities

Notes to the financial statements for the year ended 31st December 2011 - continued

6 Fixed asset investment - continued

The Foundation originally owned 1/3 of the company and this was increased to 50% on 22nd July 2003 with the purchase of the shares of the third participator by the remaining two organisations for a nominal value of £1

At 31st December 2011 the Foundation's investment remained unchanged consisting of 3,000 £1 ordinary shares at cost of £2,000 and a net loan of £15,000. The remaining two participants have representation on the board of directors, for the Foundation this is Mr J W Goasdoué and Mr I J Stokes

During the year the Foundation purchased £21,700 (2010: £Nil) from the company and sold £75,259 (2010: £33,281) to the company for services and publications at commercial rates. At 31st December 2011 the company owed the Foundation £12,813 (2010: £4,846)

Group accounts have not been prepared as the Foundation is entitled to exemption under Section 383 of the Companies Act 2006

The approved accounts of the subsidiary for the year ended 31st August 2011 show in total a loss for the year of £752 (2010: £422 profit), Share Capital £6,000 and a net deficit on reserves of £9,337 (2010: £8,585)

The loan of £15,000 was repaid in January 2012

	2011 £	2010 £
7 Debtors		
Trade debtors	195,010	137,545
Other debtors	47,444	50,265
	<u>242,454</u>	<u>187,810</u>
8 Creditors Amounts falling due within one year		
Trade creditors	76,849	118,561
Subscriptions and other income in advance	131,488	112,809
Corporation tax	5,479	4,861
Social security and other taxes	52,236	23,756
Other creditors	401,372	330,100
	<u>667,424</u>	<u>590,087</u>
9 Movement on income and expenditure account		
Surplus for the year	24,416	44,665
Retained income brought forward	923,392	878,727
Retained income carried forward	<u>947,808</u>	<u>923,392</u>

**Notes to the financial statements
for the year ended 31st December 2011 - continued****10 Capital commitments**

At 31st December 2011 capital expenditure authorised and contracted by the directors amounted to £ Nil (2010 £ Nil)

11 Other commitments

At 31st December 2011 the company had annual commitments under non-cancellable operating leases as follows

	2011	2010
	£	£
Land and buildings		
Expiry date		
Between two and five years	<u>59,365</u>	<u>-</u>