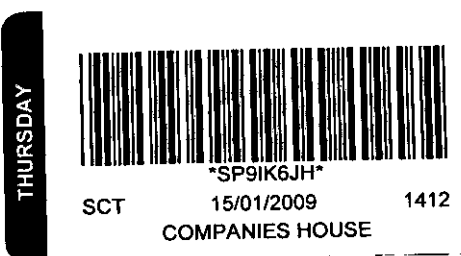


QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

**Company Number: 139244
Charity Number: SC020394**



QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST LIMITED

FOR THE YEAR ENDED 31 MARCH 2008

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FOR THE YEAR ENDED 31 MARCH 2008

COMPANY INFORMATION

REGISTERED CHARITY NUMBER

SC020394

PRESIDENT

Lord Macfarlane of Bearsden

DIRECTORS

The directors during the year ended 31 March 2008 were as follows:

Dr. Andrew Cubie CBE	(Chairman)
Mr Craig Milne	(Resigned 10/09/07)
Mr Nigel Ayton	
Mr. Tony Cameron	(Resigned 26/04/07)
Mr. William Dickson	(Resigned 14/12/07)
Mr. Steven Hobson	
Mr. James Hynd	
Mr. George Kirk	
Mrs. Valerie M MacNiven	(Resigned 26/11/07)
Mr. Joseph Noble	
Ms. Jacqueline F Wright	(Resigned 15/03/08)
Dr. Edmund Ewart	(Appointed 26/04/07)
Mr Matthew Ferguson	(Appointed 28/11/07)
Mr Mark Hastings	(Appointed 15/03/08)
Mr Andrew Armbrister	(Appointed 01/12/07)

SECRETARY

David Bradley

COMPANY NUMBER

SC139244

REGISTERED OFFICE

11 Abercromby Place
Edinburgh
EH3 6LB

AUDITORS

McDonald Gordon & Co Ltd
Chartered Certified Accountants and Registered Auditors
29 York Place
Edinburgh
EH1 3HP

BANKERS

Bank of Scotland
38 St Andrew Square
Edinburgh
EH2 2YR

**DIRECTORS ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2008**

The directors are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2008.

REFERENCE AND ADMINISTRATIVE DETAILS

Details are set out on page 1.

STUCTURE, GOVERNANCE AND MANAGEMENT**Governing Document**

Quality Scotland Foundation Educational Trust Limited 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 Limited, which is limited by guarantee. The relationship falls within the definition of "common control" contained in Financial Reporting Standard 2 "Subsidiary Undertakings" and Quality Scotland Limited is deemed to be the ultimate parent undertaking (See note 11 to the accounts). Other persons may be co-opted as directors by the board of directors but this requires the approval of the Educational Trust at the next succeeding annual general meeting of the Trust. The directors of the company are also charity trustees for the purposes of charity law and under the companies Articles are known as directors of the Board. Under the requirements of the Memorandum and Articles of Association the members of the Board are elected to serve for a period of three years after which they must be re-elected at the next Annual General meeting.

The objects of the Educational 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 providing a better educated public in Scotland and to do so by disseminating the relevant information to the public by training programs and other educational processes.

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

Director's induction and training

New directors are invited to attend familiarisation meetings with both the Chairman of the Board and the Chief Executive. 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:

- The obligations of 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 are set out in the latest published accounts.
- Future plans and objectives

**DIRECTORS ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2008****Organisation**

The business of the trust is managed by its Directors, who are also Trustees. The Audit and Risk committee which comprises the Chairman, Chief Executive and two other directors meets on a regular (normally three monthly) basis to review both the financial and other business risks facing the Charity.

Related parties

Since the charity was incorporated substantial progress has been made in achieving its objectives and its founder members include many leading organisations in Scotland. The Trustees of the Quality Scotland Foundation Educational Trust at the 31 March 2008 came from the following organisations:-

Communities Scotland	Scottish Power plc	Standard Life
Highland & Islands Enterprise	Scottish Prison Service	Voluntary Sector Network
Royal Bank of Scotland plc	Scottish Water	
Scottish Enterprise	Scottish Executive	

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.

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 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: /-

**DIRECTORS ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2008**

The 15th Young Quality Scot Award ceremony was held in the West Lothian Council area on the 6th and 7th March 2008. 11 Local Authorities are partners in this programme, which provides training to over 100 young people and recognises their achievement and positive contribution to their local communities. Planning has already started for the 2009 event, which will be held in Aberdeenshire on the 5th and 6th March 2009. The success of this programme relies on suitable feedback each year from the local authorities and the participation and approval of the Government appointed national body with responsibility for youth work in Scotland.

The Junior Quality Scot Award was again run in conjunction with the Young Enterprise Awards programme. There were a larger number of schools involved in the quality element of the enterprise companies, which portrays an increase in the awareness of quality.

The Voluntary Sector Network (VSN) events programme, established in 2006, was again run in partnership with the Scottish Council for Voluntary Organisations (SCVO). We also publicised the work of the Network to other organisations by delivering a workshop session at the national "gathering and CIVICUS" held in Glasgow during June 2007. In October we held the 3rd Annual VSN Conference, aimed at individuals within the sector, with benchmarking and support mechanisms for individuals from voluntary sector organisations. Formal feedback is sought from delegates and this is used to develop and formulate the future programme.

In addition to the above activities we have continued to meet and offer advice to organisations in the field of Education to encourage growth in the educational benefits of continuous improvement and excellence. An example of this is the continued engagement with Her Majesty's Inspectorate of Education in developing programmes.

FINANCIAL REVIEW

The 2007-8 business year for Quality Scotland Foundation was financially uncertain. The Trust however continued to be funded from the Quality Scotland Foundation and we were able to continue to support the ongoing initiatives.

PLANS FOR FUTURE PERIODS

The charity plans to continue the activities outlined above in the forthcoming year subject to satisfactory funding arrangements. A strong base was established for possible growth in funding in 2008-9. Conscious effort is being made to increase numbers within voluntary sector networks and funding is being pursued to further develop educational materials based on e-learning.

**DIRECTORS ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2007****DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

In so far as the directors are aware:

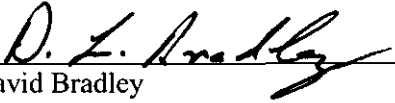
- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that McDonald Gordon & Co Ltd be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board


David Bradley
Company Secretary

15 December 2008

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST LIMITED**

We have audited the company's financial statements for the year ended 31 March 2008 which comprises Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities (page 4), the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST LIMITED (Cont'd)**

OPINION

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and group as at 31 March 2008 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The information given in the Directors' Report is consistent with the financial statements.



**McDonald Gordon & Co Ltd
Chartered Certified Accountants
and Registered Auditor**

**29 York Place
EDINBURGH
EH1 3HP**

17 December 2008

**SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	Unrestricted £	Total 31.3.08 £	Total 31.3.07 £
INCOMING RESOURCES				
Incoming resources from generated funds:				
Voluntary income	2	-	-	15,974
Investment income	3	26	26	12
Income resources from charitable activities				
Project income	4	12,170	12,170	5,370
Sponsorship		-	-	-
Total incoming resources		<u>12,196</u>	<u>12,196</u>	<u>21,356</u>
RESOURCES EXPENDED				
Cost of generating funds				
Cost of generating voluntary income:				
Fundraising costs of grants and donations	5	-	-	1,400
Charitable activities	5	10,102	10,102	16,015
Governance costs	5	-	-	580
Total resources expended		<u>10,102</u>	<u>10,102</u>	<u>17,995</u>
Net incoming/(outgoing) for the year		2,094	2,094	3,361
Total Funds brought forward		<u>1,460</u>	<u>1,460</u>	<u>(1,901)</u>
Total Funds carried forward		<u>3,554</u>	<u>3,554</u>	<u>1,460</u>

The statement of financial activities includes all gains and losses in the year.

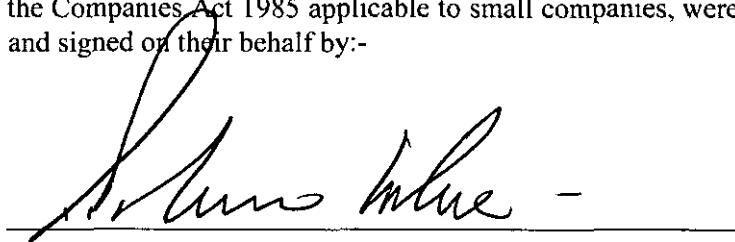
All income resources and resources expended derive from continuing activities.

The notes on pages 10 to 14 form an integral part of these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2008

	Notes	2008 £	2007 £
CURRENT ASSETS			
Debtors	8	2,040	1,288
Cash at bank and in hand		<u>1,514</u>	<u>810</u>
		3,554	2,098
CREDITORS - Amounts falling due within one year	9	<u>-</u>	<u>638</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>3,554</u>	<u>1,460</u>
NET (LIABILITIES)/ASSETS	11	<u>3,554</u>	<u>1,460</u>
FUNDS			
Unrestricted funds	12	<u>3,554</u>	<u>1,460</u>
TOTAL FUNDS		<u>3,554</u>	<u>1,460</u>

The financial statements which have been prepared in accordance with the special provision of part VII of the Companies Act 1985 applicable to small companies, were approved by the Board on 15 December 2008 and signed on their behalf by:-



Andrew Cubie
 CHAIRMAN

The notes on pages 10 to 14 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008****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) issued in March 2005, applicable UK Accounting Standards and the Companies Act 1985. Where appropriate comparative figures have been restated in accordance with the principles of SORP 2005. The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to prepare a cashflow 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

Voluntary income comprises: all incoming resources from grants that provide core funding or are of a general nature, donations, legacies and sponsorships. Grants which do not have particular service requirements are included within this category of incoming resources. Income is recognised at such time as there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is only deferred where: The donor specifies that the grant or donation may only be expended in future accounting periods or conditions imposed by the donor which must be met before the charity has unconditional entitlement to the grant or donation have not been attained. In such circumstances income is credited to deferred income and accounted for as a liability.

Investment income comprises interest receivable on cash balances held in interest bearing deposits plus the interest on occasional Money Market deposits.

Income from charitable activities comprises income received under contract or where entitlement to grant funding is subject to particular service requirements. Such income is recognised as earned (as the related services are provided). Income in this category principally relates to fees for the provision of training courses. Income is deferred when hire income is received in respect of a future period or charges are made in advance of the event or services to which they relate.

SPONSORSHIP IN KIND AND DONATED SERVICES AND FACILITIES

Where services are provided to the charity as a donation or sponsorship in kind that would normally be purchased from our suppliers, this contribution is included in the financial statements at an estimate based on the value of the contribution to the charity.

RESOURCES EXPENDED

Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods or services are supplied.

- Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in activities that raise funds.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2008

- Charitable activities include expenditure associated with the various programmes and other activities in furtherance of the charities objectives and include both the direct costs and support costs relating to these activities.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs relating to a specific activity are allocated directly to that activity. Where support costs relate to several activities they have been apportioned as set out in note 8.

FUNDS STRUCTURE

The Charity has various types of funds which require to be separately disclosed as follows:-

Unrestricted funds are funds which are expendable at the discretion of the Board in furtherance of the objects of the charity.

Designated funds are unrestricted funds earmarked by the directors to be used for a particular purpose in the future.

Restricted funds are funds to account for situations where a donor requires that a donation can only be spent on a particular purpose or where funds have been raised for a specific purpose. Related expenditure is identified to the fund, together with a fair reflection of support costs.

Restricted funds are further sub-divided into **Capital restricted funds** and **Income restricted funds**. The former represents restricted funds provided for capital projects, with the latter category representing all other unrestricted funds of the charity.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2008

2. VOLUNTARY INCOME	31.3.08	31.3.07				
	£	£				
Sponsorship in kind	-	12,500				
Donations	<u>-</u>	<u>3,475</u>				
	<u>-</u>	<u>15,975</u>				
3. INVESTMENT INCOME	31.3.08	31.3.07				
	£	£				
Interest receivable on cash deposits	<u>26</u>	<u>12</u>				
4. PROJECT INCOME	31.3.08	31.3.07				
	£	£				
Centre for regeneration	5,000	-				
Developing Excellence Approaches in the Housing Sector	5,000	-				
Voluntary Sector Network conference	2,140	-				
Create a Culture of Excellence	30	150				
Innovation and Learning	-	660				
Improvement Journey	<u>-</u>	<u>4,560</u>				
	<u>12,170</u>	<u>5,370</u>				
5. TOTAL RESOURCES EXPENDED						
	Basis of Allocation	Voluntary Income	Charitable Activities	Governance	31.3.08 Total	31.3.07 Total
	£	£	£	£	£	£
Cost directly allocated to activities						
Project expenses	Direct	-	-	-	-	9,497
Support Cost						
Administration staff	Staff time	-	-	-	-	-
Staff secondment	Staff time	-	10,100	-	10,100	5,600
Bank charges	Usage	-	2	-	2	3
Marketing and other administration costs	Direct	-	-	-	-	2,315
Professional fees	Usage	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>580</u>
Total resources expended		<u>-</u>	<u>10,102</u>	<u>-</u>	<u>10,102</u>	<u>17,995</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2008

6. STAFF COSTS	31.3.08	31.3.07
	£	£
Wages and salaries	-	-
Social Security costs	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	No.	No.
Average number of employees	<u>0</u>	<u>0</u>

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

7. 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

8. DEBTORS – Due within one year

	31.3.08	31.3.07
	£	£
Loan to Quality Scotland Foundation Ltd	2,040	1,138
Trade debtors	<u>-</u>	<u>150</u>
	<u>2,040</u>	<u>1,288</u>

9. CREDITORS - Amounts falling due within one year

	31.3.08	31.3.07
	£	£
Other creditors	-	88
Accruals	-	550
Loan from Quality Scotland Foundation Ltd	<u>-</u>	<u>-</u>
	<u>-</u>	<u>638</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2008

10. ULTIMATE PARENT UNDERTAKING

The company shares a common Board of directors and management with Quality Scotland Foundation Limited (the Parent), which is limited by guarantee. The relationship falls within the definition of "common control" contained in Financial Reporting Standard 2 "Subsidiary Undertakings" and Quality Scotland Limited is deemed to be the ultimate parent undertaking.

The company was owed £2,040 from Quality Scotland Foundation Ltd (2007 £1,138) at the year end relating to inter-company transactions and is included in debtors (note 8).

A copy of the accounts of the Parent can be obtained from 11 Abercromby Place, Edinburgh.

11. ANALYSIS OF NET ASSETS BETWEEN THE FUNDS

	Restricted £	Unrestricted £	Total 2008 £	Total 2007 £
Net current assets	-	3,554	3,554	2,098
Current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(638)</u>
	<u>-</u>	<u>3,554</u>	<u>3,554</u>	<u>1,460</u>

12 STATEMENT OF FUNDS

	At 1 April 2007 £	Incoming £	Outgoing £	Transfer £	At 31 March 2008 £
The movement of funds were :-					
Restricted funds	-	-	-	-	-
Unrestricted funds					
General funds	<u>1,460</u>	<u>12,196</u>	<u>(10,102)</u>	<u>-</u>	<u>3,554</u>
	<u>1,460</u>	<u>12,196</u>	<u>(10,102)</u>	<u>-</u>	<u>3,554</u>