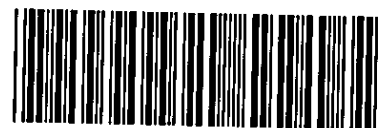


QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

**Company Number: SC139244
Charity Number: SC020394**

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QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST
FOR THE YEAR ENDED 31 MARCH 2009

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COMPANY INFORMATION

REGISTERED CHARITY NUMBER

SC020394

DIRECTORS

The directors who served during the year ended 31 March 2009 and since the year end are as follows:-

Sir Andrew Cubie CBE FRCS (Chairman)

Mr Nigel Ayton

Mr Steven Hobson (Resigned 01/08/08)

Mr James Hynd (Resigned 01/07/08)

Mr George Kirk

Mr Joseph Noble (Resigned 01/05/08)

Dr Michael Ewart

Mr Matthew John Ferguson

Mr Mark Hastings

Mr Andrew Armbrister (Resigned 01/09/08)

Ms Taroub Zahran (Appointed 01/08/08, Resigned 19/08/09)

Mr George Hunter (Appointed 01/09/08)

Mr Craig Russell (Appointed 09/09/08)

Mr Martin Armstrong (Appointed 13/10/09)

Mrs Nicola Bishop (Appointed 15/10/09)

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

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 2009**

The directors are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2009.

REFERENCE AND ADMINISTRATIVE DETAILS

Details are set out on page 1.

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. 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.

Director's 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:

- 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

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, 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.

**DIRECTORS ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009****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 2009 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	Glasgow Housing Association
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.

As noted above, 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 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.

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.

**DIRECTORS ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009****ACHIEVEMENTS AND PERFORMANCE**

Key activities and development areas are as follows:

The 16th Young Quality Scot Award ceremony was held in Huntly in the Aberdeenshire Council area on the 5th and 6th March 2009. 10 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 2010 event, which will be held in East Ayrshire on the 11th and 12th March 2010. 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.

We are now working with Fife Council on a Fife Young Quality Scot Award. The programme was successfully introduced during the year and plans are in hand to continue to operate the scheme on an annual basis.

The Junior Quality Scot Award was again run in conjunction with the Young Enterprise Awards programme.

The Voluntary Sector Network (VSN) was publicised at the national "Gathering", run by the Scottish Council for Voluntary Organisations in Glasgow in June 2008. In November the 4th Annual VSN Conference was held in Edinburgh, attracting both members and non-members from the voluntary sector. The event featured a key note speech from the European Award winners The Cedar Foundation from Northern Ireland. The conference enabled delegates to share best practice in organisational excellence and the feedback from the event helped shape the future plans for the network.

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 2008/09 business year for company was considerably improved financially by a significant donation received from the Quality Scotland Foundation. This sizeable funding in March 2009 from the Foundation will help ensure the longevity of the Educational Trust and help to improve our support to our ongoing initiatives, consistent with the purpose of the Education Trust.

PLANS FOR FUTURE PERIODS

With the more financially secure financial position 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.

**DIRECTORS ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009****STATEMENT OF 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. 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 profit or loss of the company for that period. In preparing those 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 statement;
- 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 accounts 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.

This report is prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies. It was approved by the board on 21st January 2010 and signed on its behalf by


David Bradley
Company Secretary

Registered Office:
11 Abercromby Place
Edinburgh
EH3 6LB

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

We have audited the financial statements of Quality Scotland Foundation Educational Trust for the year ended 31 March 2009, which comprise the Income and Expenditure Account, the Statement of Financial Activities, the Balance Sheet and the related notes 1 – 11. The 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 and to the charity's trustees as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the company's members and the charity's trustees those matters we are required to state to them in an auditors' 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, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The trustees' (who are the directors of the charity for the purposes of company law) responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on pages 4-5.

We have been appointed auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 1985 and report to you in accordance with those Acts.

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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and whether the information given in the Directors' Report is consistent with those financial statements.

We also report to you if, in our opinion, the company has not kept proper accounting records, if the company's financial statements are not in agreement with these 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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/-

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


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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard – Provision Available for Small Entities, in the circumstances set out in note 11 to the financial statements.

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 as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- 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

21 JANUARY 2010

**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2009**

	Notes	Unrestricted Funds £	2009 Total Funds £	2008 Total Funds £
Incoming Resources				
Incoming resources from generated funds:				
Voluntary income	2	101,367	101,367	-
Investment income	3	86	86	26
Incoming resources from charitable activities	4	<u>3,670</u>	<u>3,670</u>	<u>12,170</u>
Total incoming resources		<u>105,123</u>	<u>105,123</u>	<u>12,196</u>
Resources Expended				
Charitable activities	5	20,979	20,979	10,102
Governance costs	5	<u>2,066</u>	<u>2,066</u>	<u>-</u>
Total resources expended		<u>23,045</u>	<u>23,045</u>	<u>10,102</u>
Net income/(expenditure) for the year		82,078	82,078	2,094
Reconciliation of funds				
Total Funds brought forward		<u>3,554</u>	<u>3,554</u>	<u>1,460</u>
Total Funds carried forward		<u>85,632</u>	<u>85,632</u>	<u>3,554</u>

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

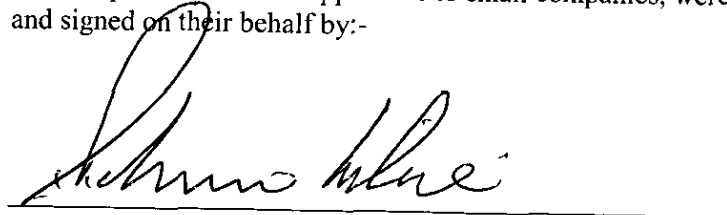
All income resources and resources expended derive from continuing activities.

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

BALANCE SHEET
AS AT 31 MARCH 2009

	Notes	2009 £	2008 £
Current assets			
Debtors	8	-	2,040
Cash at bank and in hand		<u>102,967</u>	<u>1,514</u>
		102,967	3,554
Liabilities			
Creditors falling due within one year	9	<u>(17,335)</u>	<u>-</u>
Net current assets		<u>85,632</u>	<u>3,554</u>
Net assets		<u>85,632</u>	<u>3,554</u>
The funds of the charity			
Unrestricted funds		<u>85,632</u>	<u>3,554</u>
Total charity funds		<u>85,632</u>	<u>3,554</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 21st January 2010 and signed on their behalf by:-



Andrew Cubie
CHAIRMAN

Company Number: SC139244

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009****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. 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, and sponsorships. 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.

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.

RESOURCES EXPENDED

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

- Expenditure on charitable activities include expenditure associated with the provision of training courses and other activities in furtherance of the charity's 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 5.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

2. VOLUNTARY INCOME

	2009 £	2008 £
Donations	<u>101,367</u>	<u>-</u>
	<u>101,367</u>	<u>-</u>

3. INVESTMENT INCOME

	2009 £	2008 £
Interest receivable on cash deposits	<u>86</u>	<u>26</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	2009 £	2008 £
Centre for regeneration	-	5,000
Developing Excellence Approaches in the Housing Sector	-	5,000
Voluntary Sector Network conference	3,670	2,140
Create a Culture of Excellence	<u>-</u>	<u>30</u>
	<u>3,670</u>	<u>12,170</u>

5. TOTAL RESOURCES EXPENDED

	Basis of Allocation £	Generating Voluntary Income £	Charitable Activities £	Govern- ance £	2009 Total £	2008 Total £
Cost directly allocated to activities						
Conference expenses etc	Direct	-	4,219	-	4,219	-
Audit fees	Direct	-	-	2,066	2,066	-
Support Cost						
Staff secondment	Staff time	-	16,760	-	16,760	10,100
Bank charges	Usage	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total resources expended		<u>-</u>	<u>20,979</u>	<u>2,066</u>	<u>23,045</u>	<u>10,102</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2009

6. STAFF COSTS/STAFF NUMBERS

	2009 £	2008 £
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>

Staff costs as recorded in note 5 relate to the secondment of staff from Quality Scotland Foundation as disclosed in note 10.

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

	2009 £	2008 £
Loan to Quality Scotland Foundation	<u>-</u>	<u>2,040</u>
	<u>-</u>	<u>2,040</u>

9. CREDITORS - Amounts falling due within one year

	2009 £	2008 £
Accruals	1,116	-
Loan from Quality Scotland Foundation	<u>16,219</u>	<u>-</u>
	<u>17,335</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2009

10. RELATED PARTY TRANSACTIONS

The company shares a common Board of directors and management with Quality Scotland Foundation which is limited by guarantee.

As at 31 March 2009 the company owed the sum of £16,219 to Quality Scotland Foundation by way of inter-company loan (2008 – the company was owed £2,040 by Quality Scotland Foundation).

During the year: £16,760 (2008 - £10,100) was payable by the company to Quality Scotland Foundation in respect of the secondment of staff; Quality Scotland Foundation made a donation of £100,000 (2008 - £0) to the company.

11. AUDITOR'S REMUNERATION

The auditor's remuneration of £2,066 (2008 - £0) related solely to the audit with additional accountancy work undertaken of £0 (2008 - £0). In common with many other businesses of our size and nature we use our auditor to assist with the preparation of the financial statements.