



**QUALITY
SCOTLAND**

**QUALITY SCOTLAND FOUNDATION
EDUCATIONAL TRUST LIMITED**

(Registered Number: 139244)

DIRECTORS' REPORT AND ACCOUNTS

30 SEPTEMBER 2004



Supporting business excellence through people

QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST LIMITED

FOR THE YEAR ENDED 30 SEPTEMBER 2004

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FOR THE YEAR ENDED 30 SEPTEMBER 2004

COMPANY INFORMATION

DIRECTORS

As shown on page 3

SECRETARY

Judith Aitken

COMPANY NUMBER

SC139244

REGISTERED OFFICE

11 Abercromby Place
Edinburgh
EH3 6LB

AUDITORS

Ernst & Young LLP
Registered Auditor
TEN George Street
Edinburgh

BANKERS

Bank of Scotland

REPORT OF THE DIRECTORS
30 SEPTEMBER 2004

The directors have pleasure in submitting their report and accounts for the year ended 30 September 2004. The directors have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000 in preparing the annual report and financial statements of the Charity.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company was incorporated on 9th July 1992 and this is the twelfth annual report and accounts.

The principal activity of the company is to advance education and create a better educated public in Scotland. The company does so by disseminating the relevant information to the public by training programmes and other educational processes and by procuring the practical interest and involvement of organisations and individuals in such matters.

The company is a registered Charity and is constituted as a company limited by guarantee and is therefore governed by a Memorandum and Articles of Association.

The Charity is organised so that the directors meet regularly to manage its affairs. The Charity employs one full time administrator, who manages the day to day administration of the Charity.

Since the company was incorporated substantial progress has been made in achieving its objectives and its founder members include many leading organisations in Scotland. The members of the Quality Scotland Foundation Educational Trust at the 30th September 2004 are as follows:-

BAE Systems	Scottish Power plc
Communities Scotland	Scottish Prison Service
Highland & Islands Enterprise	Scottish Water
Royal Bank of Scotland plc	Standard Life
Scottish Enterprise	The Boots Company plc
Scottish Executive	The Gleneagles Hotel

Bank of Scotland and Solectron Scotland Ltd resigned from membership during the year.

FUTURE DEVELOPMENTS

The company anticipates the continued successful development of its activities.

DIVIDEND AND TRANSFER OF ASSETS

The company is limited by guarantee and is not therefore permitted to pay dividends. This year, there is a trading loss of £31.3K, this has resulted in the decrease of the reserves to £1.9K.

FIXED ASSETS

The company has no fixed assets.

INVESTMENT POLICY

Under the memorandum and Articles of association, the Charity has the power to make any investments which the directors see fit.

RISK MANAGEMENT

The directors have established an Audit and Risk Committee who meet regularly. A risk analysis was undertaken during last year and reviewed by two of the directors.

REPORT OF THE DIRECTORS (continued)
30 SEPTEMBER 2004

DIRECTORS AND THEIR INTERESTS

The directors during the year ended 30 September 2004 were as follows:

Dr. Andrew Cubie CBE FRCS	(Chairman)
Mr. Michael Peter Marron	(Chief Executive)
Mr. Mark Adderley	
Mr. Tony Cameron	
Mr. Michael Campbell	(Resigned 9/12/03)
Mrs Deborah Anne Crosbie	(Resigned 28/08/03)
Mr. William Dickson	
Mr. Steven Hobson	(Appointed 23/02/04)
Mr. Richard Francis Kerr	(Resigned 19/12/03)
Mr. George Kirk	
Mr. John Douglas MacDiarmid	(Resigned 27/02/04)
Mrs. Valerie M MacNiven	
Mr. Joseph Noble	
Mr. Graham Russell	
Ms. Jane Scott	
Ms. Karen Watt	
Dr. John Walker	
Ms. Jacqueline F Wright	(Appointed 10 March 2004)

All of the directors are members of the company.

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

AUDITORS

Ernst & Young LLP have indicated their willingness to continue in office and a resolution regarding their re-appointment will be proposed at the annual General Meeting.

By order of the Board


 Secretary

Registered Office:
 11 Abercromby Place
 Edinburgh
 EH3 6LB

20 JANUARY 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES
30 SEPTEMBER 2004

Company law requires the directors to prepare financial statements for each financial year which 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 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST LIMITED****30 SEPTEMBER 2004**

We have audited the company's financial statements for the year ended 30 September 2004 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

This report had been prepared for the members of the company pursuant to section 235 of the Companies Act 1985 (the "Act") and for no other purpose.

No person is entitled to rely on this report unless such person:

- i) is a person who is entitled to rely on this report by virtue of and for the purposes of the Act; or
- ii) has been expressly authorised to do so by our prior written consent.

Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 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 United Kingdom Auditing Standards 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)

30 SEPTEMBER 2004

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 September 2004 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor

TEN George Street
EDINBURGH

20/1/2005

**SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

	Notes	Unrestricted £	Total 2004 £	Total 2003 £
INCOMING RESOURCES				
Course income	2	-	-	800
Consultancy fees	2	-	-	18,000
Project income	3	8,829	8,289	25,000
Sponsorship	4	450	450	8,600
Investment income	5	379	379	218
Miscellaneous income		-	-	411
Total Income		<u>9,118</u>	<u>9,118</u>	<u>53,029</u>
RESOURCES EXPENDED				
Other expenditure				
Project expenditure	6	2,545	2,545	26,478
Management and administration	7	<u>37,940</u>	<u>37,940</u>	<u>19,351</u>
Total Expenditure		<u>40,485</u>	<u>40,485</u>	<u>45,829</u>
Net (Deficit)/Income before transfers		(31,367)	(31,367)	7,200
Transfers between funds		-	-	-
Net (Deficit)/Income for the year		(31,367)	(31,367)	7,200
Funds at 1 October 2003		<u>33,323</u>	<u>33,323</u>	<u>26,123</u>
Funds at 30 September 2004		<u>1,956</u>	<u>1,956</u>	<u>33,323</u>

The notes on pages 9 to 12 form part of these accounts.

BALANCE SHEET
AS AT 30 SEPTEMBER 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	9	-	-
CURRENT ASSETS			
Debtors	10	-	18,200
Cash at bank and in hand		<u>3,985</u>	<u>16,164</u>
		3,985	34,364
CREDITORS - Amounts falling due within one year	11	<u>2,029</u>	<u>1,041</u>
NET CURRENT ASSETS		<u>1,956</u>	<u>33,323</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,956</u>	<u>33,323</u>
FUNDS			
Unrestricted funds		<u>1,956</u>	<u>33,323</u>
TOTAL FUNDS		<u>1,956</u>	<u>33,323</u>

Signed on behalf of the Board of Directors


 Andrew Cubie
 CHAIRMAN

Approved by the Board on 20/01/2005

The notes on pages 9 to 12 form part of these accounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards and Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2000).

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 INCOMING RESOURCES

Income is included in incoming resources on the earlier date of when it is received or when it is receivable, unless it relates to a specified future period, in which case it is deferred.

1.3 RESOURCES EXPENDED

Resources expended are included in the Statement of Financial Activities on an accruals basis.

Expenditure which is directly attributable to specific activities have been included in these cost categories.

1.4 SUBSCRIPTIONS

Subscriptions are accounted for on an accruals basis. The subscription year runs from 1 October to 30 September.

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation.

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

Computer equipment 33 1/3% straight line

2. INCOMING RESOURCES

	2004 £	2003 £
Course income	-	800
Consultancy fees	<u>-</u>	<u>18,000</u>
	<u>-</u>	<u>18,800</u>

3. PROJECT INCOME

	2004 £	2003 £
Careers Scotland Centre	3,289	15,000
Scottish Executive	<u>5,000</u>	<u>10,000</u>
	<u>8,289</u>	<u>25,000</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2004

4. SPONSORSHIP INCOME	2004	2003
	£	£
Power Systems	-	8,000
Youth Link	-	200
Charleston Community	-	200
Charleston Academy	-	150
Renfrewshire Council	-	50
Glasgow City Council	200	-
Children & Young People Team	200	-
Menziehill Neighbourhood Centre	<u>50</u>	<u>-</u>
	<u>450</u>	<u>8,600</u>
5. INVESTMENT INCOME	2004	2003
	£	£
Interest receivable on cash deposits	<u>379</u>	<u>218</u>
6. PROJECT EXPENDITURE	2004	2003
	£	£
Project expenses	<u>2,545</u>	<u>26,478</u>
7. MANAGEMENT AND ADMINISTRATION	2004	2003
	£	£
Administration staff	19,480	18,298
Professional fees	943	1,014
Other administrative costs	17	39
Marketing and other administration costs	<u>17,500</u>	<u>-</u>
	<u>37,940</u>	<u>19,351</u>
8. STAFF COSTS	2004	2003
	£	£
Wages and salaries	17,801	16,800
Social Security costs	<u>1,679</u>	<u>1,498</u>
	<u>19,480</u>	<u>18,298</u>
	No.	No.
Average number of employees	<u>1</u>	<u>1</u>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2004

9. TANGIBLE ASSETS

	Computer Equipment £
COST	
At 1 October 2003	2,182
Additions	<u>-</u>
At 30 September 2004	<u>2,182</u>
DEPRECIATION	
At 1 October 2003	2,182
Charge for year	<u>-</u>
At 30 September 2004	<u>2,182</u>
NET BOOK VALUE	
At 30 September 2004	<u>Nil</u>
At 30 September 2003	<u>Nil</u>

10. DEBTORS

	2004 £	2003 £
Sundry debtors	<u>-</u>	<u>18,200</u>

**11. CREDITORS - Amounts falling due
within one year**

	2004 £	2003 £
Sundry creditors	1,491	500
Other taxation and social security	538	541
Deferred income	<u>-</u>	<u>-</u>
	<u>2,029</u>	<u>1,041</u>

12. COMPANY STATUS

The company is limited by guarantee of its members and accordingly has no share capital.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2004

13. ULTIMATE PARENT UNDERTAKING

The company 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 Foundation Limited is deemed to be the ultimate parent undertaking.

During the course of the year the company provided consultancy services totalling £Nil (2003 £18,000) to Quality Scotland Foundation Limited. At the end of the year, a total of £Nil (2003 £18,000) was owed to the company in respect of this transaction.

During the course of the year the company were charged £17,500 (2003 - £Nil) in respect of marketing and administration costs by Quality Scotland Foundation Ltd. At the end of the year no amount was due to Quality Scotland Foundation Ltd.

The company was due Quality Scotland Foundation Limited £991 (2003 £Nil) at the year end in respect of wages paid on behalf of the company and is included in sundry creditors (note 11).

A copy of the accounts of Quality Scotland Foundation Limited can be obtained from 11 Abercromby Place, Edinburgh.

14. ANALYSIS OF NET ASSETS BETWEEN THE FUNDS

	Restricted £	Unrestricted £	Total 2004 £	Total 2003 £
Tangible fixed assets	-	-	-	-
Net current assets	-	3,985	3,985	34,364
Current liabilities	-	(2,029)	(2,029)	(1,041)
	-	<u>1,956</u>	<u>1,956</u>	<u>33,323</u>

15. STATEMENT OF FUNDS

	At 1 October 2003 £	Incoming £	Outgoing £	Transfer £	At 30 September 2004- £
The movement of funds were :-					
Restricted funds	-	-	-	-	-
Unrestricted funds					
General funds	<u>33,323</u>	<u>9,118</u>	<u>40,485</u>	-	<u>1,956</u>
	<u>33,323</u>	<u>9,118</u>	<u>40,485</u>	-	<u>1,956</u>