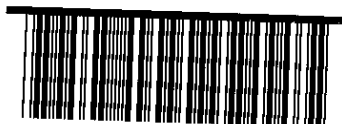


**QUALITY SCOTLAND FOUNDATION EDUCATIONAL TRUST LIMITED**

**(Registered Number: 139244)**

**DIRECTORS' REPORT AND ACCOUNTS**

**30 SEPTEMBER 2001**



SCT SZQ44BRR 0509  
COMPANIES HOUSE 18/06/02

**REPORT OF THE DIRECTORS  
30 SEPTEMBER 2001**

The directors have pleasure in submitting their report and accounts for the year ended 30 September 2001.

**PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The company was incorporated on 9 July 1992 and this is its ninth 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.

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 current members of the Quality Scotland Foundation Educational Trust are as follows:-

BAE Systems Avionics Ltd  
Bank of Scotland  
The Boots Company plc  
Brand Rex Ltd  
British Telecom Scotland  
Clydesdale Bank plc  
Consignia  
Fyfe Ireland  
The Gleneagles Hotel  
Highlands & Islands Enterprise  
IBM UK Ltd

Royal Bank of Scotland plc  
Scottish Enterprise  
Scottish Executive  
Scottish Power plc  
Solelectron Scotland Ltd  
Standard Life

**FUTURE DEVELOPMENTS**

The company anticipates the continued successful development of its activities.

**DIVIDENDS AND TRANSFERS TO RESERVES**

The company is limited by guarantee and is not therefore permitted to pay a dividend. In accordance with the Memorandum of Association the profit on ordinary activities of £499 (2000 - £2,055) has been transferred to reserves.

**FIXED ASSETS**

The company's fixed assets comprise computer equipment:

**REPORT OF THE DIRECTORS (continued)**  
**30 SEPTEMBER 2001**

**DIRECTORS AND THEIR INTERESTS**

The directors during the year ended 30 September 2001 were as follows:

Mr Andrew Cubie (Chairman)  
Mr David B Justice (Chief Executive) MBE  
Ms Oonagh Aitken (Resigned 30 September 2001)  
Mr Allan Burns (Resigned 17 January 2001)  
Mr William David Brown (Appointed 16 May 2001)  
Mr John Chapman (Appointed 29 November 2000)  
Mr David Crichton  
Mrs Deborah Anne Crosbie (Appointed 15 November 2000)  
Miss Hilary Crowe (Resigned 9 October 2000)  
Mr Alan Devereux CBE DL  
Mr William Dickson  
Mr Richard Francis Kerr (Appointed 21 June 2001)  
Mr George Kirk  
Mr David Lockwood (Resigned 19 February 2001)  
Mr John Douglas MacDiarmid (Appointed 1 November 2000)  
Mrs Valerie M MacNiven (Appointed 17 May 2001)  
Mr William Millikin  
Mr Graham Moore  
Mr Iain Robertson (Resigned 20 November 2000)  
Ms Jane Scott  
Mr Lloyd Toles (Resigned 16 May 2001)  
Professor John Ward CBE  
Dr John Walker

All of the directors are members of the company.

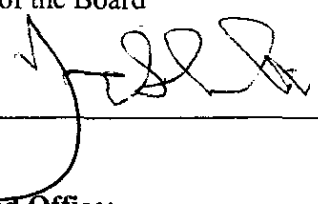
The President, who is not a director, is Lord MacFarlane of Bearsden.

After the year ended 30 September 2001, Graham Russell was appointed as a director on 5 November 2001.

**AUDITORS**

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board

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Secretary

**Registered Office:**  
11 Abercromby Place  
EDINBURGH  
EH3 6LB

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**30 SEPTEMBER 2001**

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 2001**

We have audited the company's financial statements for the year ended 30 September 2001 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 7. 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 3), the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and Accounting Standards

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.

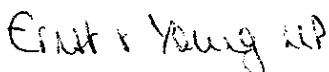
**BASIS OF AUDIT OPINION**

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.

**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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Ernst & Young LLP**  
**Registered Auditors**

**TEN George Street**  
**EDINBURGH**

29 January 2002

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2001**

	Notes	2001 £	2000 £
<b>TURNOVER</b>		24,700	38,241
Operating charges:			
Staff costs	2	(24,070)	(35,110)
Other external charges		<u>(200)</u>	<u>(1,117)</u>
<b>OPERATING PROFIT</b>		430	2,014
Interest receivable		<u>69</u>	<u>41</u>
<b>PROFIT ON ORDINARY ACTIVITIES</b>		499	2,055
<b>RETAINED PROFIT BROUGHT FORWARD</b>		<u>45,493</u>	<u>43,438</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u>45,992</u>	<u>45,493</u>

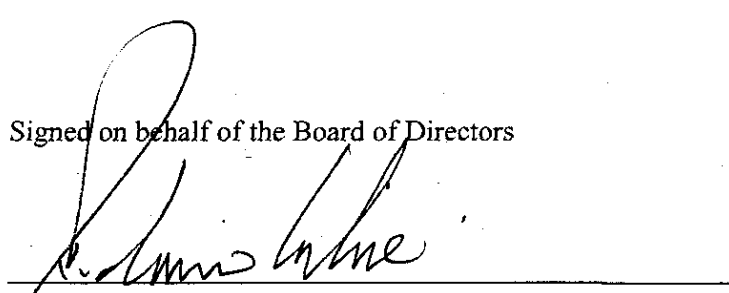
There were no recognised gains and losses for 2001 and 2000 other than those included in the profit and loss account.

The notes on pages 7 to 9 form part of these accounts.

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2001**

	Notes	2001 £	2000 £
<b>FIXED ASSETS</b>			
Tangible assets	3	—	—
<b>CURRENT ASSETS</b>			
Debtors	4	43,500	37,000
Cash at bank and in hand		<u>3,827</u>	<u>14,835</u>
		47,327	51,835
<b>CREDITORS - Amounts falling due within one year</b>	5	<u>1,335</u>	<u>6,342</u>
<b>NET CURRENT ASSETS</b>		<u>45,992</u>	<u>45,493</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>45,992</u>	<u>45,493</u>
<b>CAPITAL AND RESERVES</b>			
Profit and Loss Account		<u>45,992</u>	<u>45,493</u>
<b>TOTAL CAPITAL AND RESERVES</b>		<u>45,992</u>	<u>45,493</u>

Signed on behalf of the Board of Directors

  
 Andrew Cubie  
 CHAIRMAN

Approved by the Board on 24 January 2002

The note on pages 7 to 9 form part of these accounts.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2001**

**1. ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards and they include the results of the company's operations which are described in the Director's Report and all of which are continuing.

The company has not followed the format recommended by the Statement of Recommended Practice "Accounting by Charities" issued in October 1995 as the normal Companies Act format was deemed more appropriate.

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 TURNOVER**

Turnover represents the invoiced value of founders' and membership subscriptions, net of Value Added Tax.

**1.3 SUBSCRIPTIONS**

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

**1.4 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
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2001**

**2. STAFF COSTS**

	2001 £	2000 £
Wages and salaries	22,150	32,200
Social Security costs	<u>1,920</u>	<u>2,910</u>
	<u>24,070</u>	<u>35,110</u>

	No.	No.
Average number of employees	<u>1</u>	<u>2</u>

No directors recorded any emoluments in respect of services to the company.

**3. TANGIBLE ASSETS**

	Computer Equipment £
<b>COST</b>	
At 1 October 2000	2,182
Additions	<u>-</u>
At 30 September 2001	<u>2,182</u>
<b>DEPRECIATION</b>	
At 1 October 2000	2,182
Charge for year	<u>-</u>
At 30 September 2001	<u>2,182</u>
<b>NET BOOK VALUE</b>	
At 30 September 2001	<u>Nil</u>
At 30 September 2000	<u>Nil</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2001**

**4. DEBTORS**

	2001 £	2000 £
Sundry debtors	<u>43,500</u>	<u>37,000</u>

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

	2001 £	2000 £
Sundry creditors	877	5,549
Other taxation and social security	<u>458</u>	<u>793</u>
	<u>1,335</u>	<u>6,342</u>

**6. COMPANY STATUS**

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

**7. 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 Limited is deemed to be the ultimate parent undertaking.

During the course of the year the company provided consultancy services totalling £23,500 (2000 £37,000) to Quality Scotland Foundation Limited. At the end of the year, a total of £43,500 (2000 £37,000) was owed to the company in respect of this transaction and a similar transaction relating to the year ended 30 September 2000.

The company was due Quality Scotland Foundation Limited £877 (2000 £5,549) at the year end in respect of wages paid on behalf of the company and is included in sundry creditors (note 5).

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