

# The British Quality Foundation

Annual Report and Financial Statements

For the year ended 31 December 2018

Company Registration No. 02770257 (England and Wales)

# The British Quality Foundation

## Company Information

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<b>Directors</b>	M Johnson K Leftley P Nolan I Swain A Williams L Iftikhar-Ali G Kildare D Vaishampayan	(Appointed 2 September 2019) (Appointed 23 August 2018) (Appointed 4 July 2018)
<b>Company number</b>	02770257	
<b>Registered office</b>	Devonshire House 60 Goswell Road London EC1M 7AD	
<b>Auditors</b>	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD	
<b>Bankers</b>	HSBC The Peak 333 Vauxhall Bridge Road Victoria London SW1V 1EJ	

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# The British Quality Foundation

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# The British Quality Foundation

## Directors' Report

For the year ended 31 December 2018

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The directors present their annual report and financial statements for the year ended 31 December 2018.

### Principal activities

The principal activity of the company continued 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 improves business results.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Callaghan	(Resigned 31 December 2019)
M Johnson	
K Leftley	
R Longmuir	(Resigned 8 January 2019)
P Nolan	
I Swain	
A Valk CBE	(Resigned 1 March 2019)
A Williams	
L Iftikhar-Ali	(Appointed 2 September 2019)
G Kildare	(Appointed 23 August 2018)
D Vaishampayan	(Appointed 4 July 2018)

### Auditor

In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be reappointed as auditor of the company will be put at a General Meeting.

### 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 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 British Quality Foundation

## Directors' Report (Continued)

For the year ended 31 December 2018

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### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



K Leftley

Director

Date: 7/2/20



I Swain

Director

Date: 7/2/20

# The British Quality Foundation

## Independent Auditor's Report

### To the Members of The British Quality Foundation

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#### **Opinion**

We have audited the financial statements of The British Quality Foundation (the 'company') for the year ended 31 December 2018 which comprise the Income and Expenditure Account, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material uncertainty relating to going concern**

We draw attention to note 1.2 in the financial statements, which notes that the company has net liabilities of £220,195 as at 31 December 2018 (2017: £38,545) after making a loss for the year ended 31 December 2018 of £181,650 (2017: loss of £96,259). These factors indicate that a material uncertainty exists which may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# The British Quality Foundation

## Independent Auditor's Report (Continued)

### To the Members of The British Quality Foundation

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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 our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# The British Quality Foundation

## Independent Auditor's Report (Continued)

### To the Members of The British Quality Foundation

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As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Use of our report

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.



**John Staniforth (Senior Statutory Auditor)**  
for and on behalf of Moore Kingston Smith LLP

*7 February 2020*

**Chartered Accountants**  
**Statutory Auditor**

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD



# The British Quality Foundation

## Income and Expenditure Account

For the year ended 31 December 2018

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	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Turnover	1,036,002	1,195,839
Cost of sales	(283,824)	(121,110)
<b>Gross surplus</b>	<u>752,178</u>	<u>1,074,729</u>
Administrative expenses	(933,821)	(1,171,045)
<b>Operating deficit</b>	<u>(181,643)</u>	<u>(96,316)</u>
Interest receivable and similar income	4	57
<b>Deficit before taxation</b>	<u>(181,639)</u>	<u>(96,259)</u>
Taxation	(11)	-
<b>Deficit for the financial year</b>	<u>(181,650)</u>	<u>(96,259)</u>
<b>Total comprehensive loss for the year</b>	<u><u>(181,650)</u></u>	<u><u>(96,259)</u></u>

# The British Quality Foundation

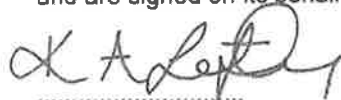
## Balance Sheet

As at 31 December 2018

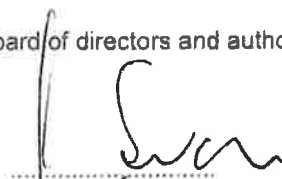
	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	4		8,321		9,534
Tangible assets	5		52,663		90,536
			<u>60,984</u>		<u>100,070</u>
<b>Current assets</b>					
Stock		397		347	
Debtors	6	320,776		414,677	
Cash at bank and in hand		85,098		89,325	
		<u>406,271</u>		<u>504,349</u>	
<b>Creditors: amounts falling due within one year</b>	7	(687,450)		(642,964)	
<b>Net current liabilities</b>			<u>(281,179)</u>		<u>(138,615)</u>
<b>Total assets less current liabilities</b>			<u>(220,195)</u>		<u>(38,545)</u>
<b>Reserves</b>					
Profit and loss reserves			<u>(220,195)</u>		<u>(38,545)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on ..... and are signed on its behalf by:



K Leftley  
Director



I Swain  
Director

07/02/20

Company Registration No. 02770257

# The British Quality Foundation

## Notes to the Financial Statements

For the year ended 31 December 2018

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### 1 Accounting policies

#### Company information

The British Quality Foundation is a private company limited by guarantee, domiciled and incorporated in England and Wales. The registered office is Devonshire House, 60 Goswell Road, London, EC1M 7AD.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

The company has net liabilities of £220,195 as at 31 December 2018 (2017: £38,545) after making a loss for the year ended 31 December 2018 of £181,650 (2017: loss of £96,259). However, the net liabilities position is stated after accounting for deferred income totalling £325,834 (2017: £366,222). The directors have prepared detailed cash flow forecasts for the period covering the twelve months from the date of approval of these financial statements which show that the company will have sufficient cash resources to continue trading throughout that period and as such the directors continue to adopt the going concern basis of accounting in preparing these financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	4 years straight line
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# The British Quality Foundation

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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### **1 Accounting policies** **(Continued)**

#### **1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the term of the lease
Computers	4 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### **1.6 Stock**

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell.

#### **1.7 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks.

#### **1.8 Financial instruments**

This company only has basic financial instruments measured at amortised cost, with no financial instruments classified as other, or basic financial instruments at fair value.

#### **1.9 Taxation**

The tax expense represents the sum of the tax currently payable. The company is a mutual trading company for taxation purposes and is only liable to tax on its investment income and surpluses earned from non-member trading.

#### **1.10 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.11 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.12 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# The British Quality Foundation

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 1 Accounting policies

(Continued)

#### 1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 11 (2017 - 13).

### 3 Directors' remuneration

	2018 £	2017 £
Remuneration paid to executive directors	86,400	163,167

### 4 Intangible fixed assets

	Other £
<b>Cost</b>	
At 1 January 2018	16,046
Additions	1,800
At 31 December 2018	17,846
<b>Amortisation and impairment</b>	
At 1 January 2018	6,512
Amortisation charged for the year	3,013
At 31 December 2018	9,525
<b>Carrying amount</b>	
At 31 December 2018	8,321
At 31 December 2017	9,534

# The British Quality Foundation

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

### 5 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
<b>Cost</b>			
At 1 January 2018 and 31 December 2018	120,513	65,690	186,203
<b>Depreciation and impairment</b>			
At 1 January 2018	52,522	43,145	95,667
Depreciation charged in the year	24,723	13,150	37,873
At 31 December 2018	77,245	56,295	133,540
<b>Carrying amount</b>			
At 31 December 2018	43,268	9,395	52,663
At 31 December 2017	67,991	22,545	90,536

### 6 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	85,784	191,660
Other debtors	234,992	223,017
	320,776	414,677

### 7 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	252,953	163,129
Other taxation and social security	21,328	23,978
Other creditors	413,169	455,857
	687,450	642,964

# The British Quality Foundation

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2018

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### 8 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Within one year	194,870	194,870
Between two and five years	162,392	357,262
	<u>357,262</u>	<u>552,132</u>

### 9 Controlling party

The BQF is a company limited by guarantee, therefore there is no single controlling party.

# **The British Quality Foundation**

**Management Information**

**For the year ended 31 December 2018**



# The British Quality Foundation

## Detailed Trading and Profit and Loss Account

For the year ended 31 December 2018

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	£	2018 £	£	2017 £
<b>Turnover</b>				
Turnover		1,036,002		1,195,839
<b>Cost of sales</b>				
Awards	147,136		4,302	
Catering	10,054		18,034	
Events cost	1,603		-	
EFQM Licence Fees	3,092		7,385	
Travelling expenses	44,176		8,612	
Training costs (external)	45,396		51,227	
Consultancy fees	16,501		25,165	
Publications cost	15,866		6,385	
		<u>(283,824)</u>		<u>(121,110)</u>
<b>Gross surplus</b>		752,178		1,074,729
<b>Administrative expenses</b>		(933,821)		(1,171,045)
<b>Operating deficit</b>		(181,643)		(96,316)
<b>Investment revenues</b>				
Bank interest received	4		57	
		<u>4</u>		<u>57</u>
<b>Deficit before taxation</b>		<u>(181,639)</u>		<u>(96,259)</u>

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# The British Quality Foundation

## Schedule of Administrative Expenses

For the year ended 31 December 2018

	2018 £	2017 £
<b>Administrative expenses</b>		
Wages and salaries	353,761	455,562
Social security costs	35,051	46,428
Staff welfare	1,319	1,480
Staff pension costs defined contribution	28,928	47,960
Other staff costs	1,329	2,380
Directors' remuneration	81,000	163,167
Directors' social security costs	9,924	19,578
Directors' pension costs - defined contribution scheme	5,400	-
Rent re operating leases	188,308	184,543
Rates	44,980	53,211
Cleaning	5,470	4,876
Power, light and heat	5,147	2,244
Property repairs and maintenance	6,287	4,666
Premises insurance	4,929	4,611
Computer running costs	11,559	10,871
Travelling expenses	29,293	37,489
Postage, courier and delivery charges	760	651
Legal and professional fees	4,278	14,330
Consultancy fees	36,100	46,968
Audit fees	13,472	9,556
Bank charges	2,267	2,496
Bad and doubtful debts	(5,443)	2,804
Printing and stationery	4,541	5,109
Advertising	12,315	3,007
Telecommunications	11,271	8,934
Sundry expenses	-	(2,347)
Amortisation	3,013	958
Depreciation	37,873	38,526
Profit or loss on foreign exchange	689	987
	<u>933,821</u>	<u>1,171,045</u>