

Skillset Sector Skills Council

FINANCIAL STATEMENTS

For the year ended

31 March 2007

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Skillset Sector Skills Council

TRUSTEES REPORT

The trustees submit their report and the financial statements of Skillset Sector Skills Council for the year ended 31 March 2007.

REFERENCE AND ADMINISTRATIVE INFORMATION

Skillset is a company limited by guarantee and also a registered charity. The charity is governed by its Memorandum and Articles of Association adopted by special resolution on 9 November 1992. A special resolution was passed on the 29th March 2007 to clarify that the term 'charitable' is to be interpreted in accordance both with the law of England and Wales and the law of Scotland. Our Board guides our strategy and its membership is drawn from senior employment and stakeholder interests from across the industry. The Board meets three times a year and has a number of Standing Committees which report directly to it. These include an Organisation Performance and Review Committee and Finance and Audit Committee. Our Film Skills Strategy Committee guides investment through the Film Skills Fund and contributing members of the TV Skills Strategy Committee oversee investment through our TV Freelance Fund.

Skillset Board of Patrons

Our Board of Patrons is made up of the industry's most senior and influential figures and is chaired by Baroness Morris of Yardley. The role of Skillset Patrons is to influence and champion the organisation and encourage and vocalise support for its work.

Estelle Morris (Baroness Morris of Yardley)

President of Skillset Patrons

Lord (David) Puttnam of Queensgate, CBE

Dawn Airey

Charles Allen, CBE

Lord (Waheed) Alli of Norbury

Peter Bazalgette

Lord (Melvyn) Bragg of Wigton

Greg Dyke

Huw Edwards

Michael Grade, CBE

Huw Jones

Michael Kuhn

John McCormick

Denise O'Donoghue, OBE

Trevor Phillips

Lord (Chris) Smith of Finsbury

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Joyce Taylor

Mark Thompson

Parminder Vir, OBE

Skillset Board of Directors

The Skillset Board of Directors (who are also the Trustees for Charities Act purposes) is made up of leading industry figures who guide every aspect of Skillset's work. The board is chaired by Clive Jones, CBE, with Stewart Till, CBE, as Deputy Chair.

All trustees receive a one-to-one induction with the Chief Executive prior to attending their first Board meeting. This induction covers the history of the organisation, its structure, remit, strategic priorities and three year strategic plan. The trustees role and responsibilities and the governance structure is also explained. A board induction pack is also supplied to all new trustees. Should any skill need be identified for the board appropriate training will be provided.

The Board is made up of representatives from:

- all the sectors we represent;
- large, medium and small employers;
- Trade Associations;
- Unions; and
- all the nations of the UK.

Clive Jones, CBE (Chair) *[Chair of Organisation and Performance Review Committee] [Member of the Remuneration Committee]*

Stewart Till, CBE (Deputy Chair) Chairman of UK Film Council *[Member of Organisation and Performance Review Committee] [Member of the Remuneration Committee]*

David Blaikley Vice President Legal & Business Affairs Europe, Warner Bros Entertainment UK Ltd, representing the Motion Picture Association *(Member of Film Skills Strategy Committee)*

Roger Bolton BECTU Representing the Federation of Entertainment Unions (FEU) *[Member of Organisation and Performance Review Committee]* [Resigned: 18/11/06] Roger Bolton 1947–2006; Sadly Roger Bolton died in November having been an active and supportive Board member for 6 years. His contribution to Skillset over this period had been enormous.

Paul Brown Chairman, The Radio Centre

Andrew Chitty Chairman & Managing Director, Illumina Digital *[Member of Organisation and Performance Review Committee] (Chair of Interactive Media Skills Forum)*

Beryl Cook Group Director for People and Organisation Development, BSkyB *[Member of Organisation and Performance Review Committee]* [Resigned: 14/3/07]

Gaynor Davenport CEO, UK Screen Association (formerly UK Post & Services Ltd)

Jeremy Dear General Secretary, National Union of Journalists (NUJ) representing the Federation of Entertainment Unions

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Julia Dell Head of HR & Facilities, Five

Wayne Drew CEO, International Visual Communications Association (IVCA) *(Member of Interactive Media Skills Forum)*

Marion Edwards Managing Director, Red and Blue Productions *[Member of Organisation and Performance Review Committee] (Chair of Animation Forum)*

Donald Emslie *[Chair of Scottish Industry Skills Panel]*

Michael Fegan Commercial Director, ITV Consumer Ltd *[Chair of Finance and Audit Committee] [Member of Organisation and Performance Review Committee]*

Diane Herbert Director of Human Resources, Channel 4 *[Member of Finance and Audit Committee] [Member of Organisation and Performance Review Committee]*

Philippa Hird Group HR Director, ITV Plc *[Member of Board Appointments Committee]*

Marina Huey HR & Development Manager, BBC Audio & Music *[Member of Organisation and Performance Review Committee] (Chair of Radio Skills Development Forum)*

Iona Jones Chief Executive, S4C *(Chair of Skillset Cymru Industry Skills Panel)*

Ian Livingstone Product Acquisition Director, Eidos Plc *[Member of Organisation and Performance Review Committee] (Chair of Computer Games Skills Forum)*

Nigel McNaught Director of UK Operations, Photo Marketing Association International *[Member of Organisation and Performance Review Committee] (Chair of Photo-Imaging Forum)*

John McVay Chief Executive, the Producers Alliance for Cinema and Television (PACT) *[Member of Finance and Audit Committee] [Member of Organisation and Performance Review Committee] (Member of Film Skills Strategy Committee) (Chair of TV Skills Strategy Committee)*

Ian Morrison Chairman, Carlyle Media

Niamh O'Connor HR Director Content Division, Virgin Media *[Resigned: 22/3/07]*

Nigel Paine Head of Training & Development, BBC *[Member of Organisation and Performance Review Committee] [Member of Board Appointments Committee] [Resigned: 25/9/06]*

Christine Payne General Secretary, Equity, representing the Federation of Entertainment Unions

Darren Poynton Finance Director, National Geographic Channel *[Member of Finance and Audit Committee]*

Caroline Prendergast Head of BBC Training and Development, BBC *(Appointed: 27/3/07)*

Mairéad Regan Group Human Resources Director, UTV Plc *[Chair of Northern Ireland Skills Panel] (Member of TV Skills Strategy Committee)*

Petra Wikstrom Executive Director, Satellite and Cable Broadcasters Group *[Appointed: 13/12/06]*

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John Woodward Chief Executive Officer, UK Film Council *[Member of Organisation and Performance Review Committee] [Member of Board Appointments Committee] (Member of Film Skills Strategy Committee)*

Charlotte Wright Executive Director, Satellite and Cable Broadcasters Group [Resigned: 21/06/06]

Appointments to the Board are overseen by the **Board Appointments Committee**

Executive Team

Dinah Caine, OBE - Chief Executive Officer *[Member of Finance and Audit Committee] [Member of Organisation and Performance Review Committee] [Member of Board Appointments Committee] [Member of the Remuneration Committee]*

Kate O'Connor - Executive Director - Policy & Development, Deputy CEO *[Member of Finance and Audit Committee] [Member of Organisation and Performance Review Committee]*

Gary Townsend - Executive Director - Corporate Affairs & Organisational Development *[Member of Finance and Audit Committee] [Member of Organisation and Performance Review Committee] [Member of Board Appointments Committee]*

Natalie Furnell - Executive Director – Finance & Contracts *[Member of Finance and Audit Committee] [Member of Organisation and Performance Review Committee] [Company Secretary]*

Company Secretary

Gary Townsend - Executive Director - Corporate Affairs & Organisational Development [Resigned: 13/12/06]

Natalie Furnell – Executive Director – Finance & Contracts [Appointed: 13/12/06]

Registered Office

Skillset Sector Skills Council Ltd
Focus Point
21 Caledonian Road
London
N1 9GB

Bankers

Adam & Company Plc
22 Charlotte Square
Edinburgh EH2 4DF

Auditors

Baker Tilly UK Audit LLP
Registered Auditor & Chartered Accountants
1st Floor
46 Clarendon Road
Watford
Hertfordshire WD17 1JJ

SKILLSET GOVERNANCE STRUCTURE

Skillset works with key industry partners as well as experts in particular fields to progress its work. We believe in listening to, and working with a wide range of partners in order to build and develop a consensus on what is best for the future of the industry.

To ensure the close involvement of industry in our work, we use a number of distinct formal groups. The diagram below shows Skillset's structure and functions and how these groups relate to each other: These groups include:

Committees and Fora

The Sector Committees for film and television have a delegated authority from the Board to oversee and manage investment funds. In addition, for most sectors, we have set up a Skillset Forum, bringing together groups of employers and industry representatives. These groups represent the UK wide interests of the particular sector and meet on a regular and on-going basis. A member of the Skillset Board normally chairs all the committees and fora.

National & Regional Panels

In the Nations and Regions, Skillset's work is guided by national/regional panels, drawing their membership from leading employers as well as representatives from the unions, trade associations, further and higher education and public agencies. These are:

- Scottish Industry Skills Panel
- Northern Ireland Audio Visual Industries Skills Panel
- Skillset Cymru Skills Panel

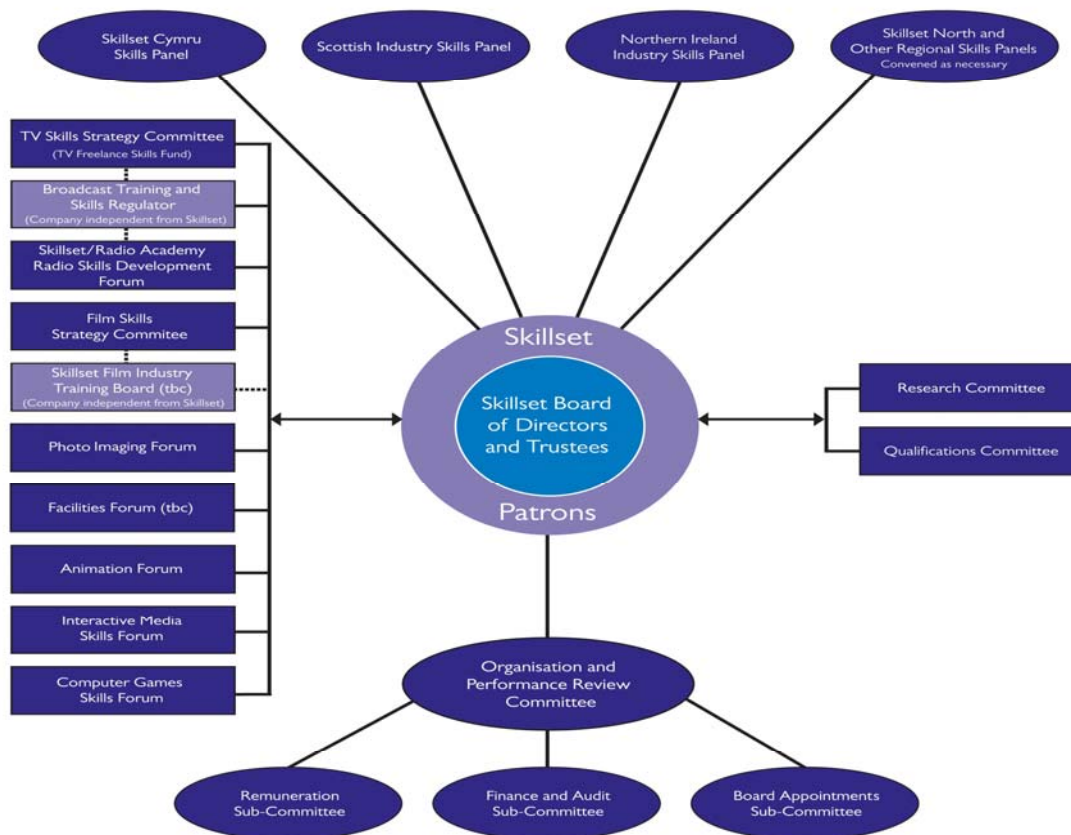
Skills Panels meet in the English regions on an as needed basis.

Steering, Task and Action Groups

These are project specific groups that lead thinking and development on the implementation of new initiatives. They may meet on an ad hoc basis to help guide our work, sometimes on a time-limited basis.

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Skillset Governance Structure



Organisation and Performance Review Committee has delegated powers to monitor and review the efficient management and development of the organisation. The objective of this Committee is to oversee the day-to-day management and direction of the organisation, review its performance against the objectives provided by the Board of directors and report back to the Board.

Remuneration Sub-Committee meets annually to determine the remuneration of the Executive Team.

Finance and Audit Sub-Committee is responsible for advising on the day-to-day financial operations and controls including recommending the annual budget, monitoring the production of management accounts, the approval of operational financial systems, treasury Management controls and policy, considering the adequacy of risk management, internal control and corporate governance.

Board Appointments Sub-Committee must make recommendations to the Board of Directors as to the appointment of new Board Members and ensure that the members of the Board are appointed in accordance Articles 33-35 of Skillset's Articles of Association.

Skillset Sector Skills Council

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OBJECTIVES AND ACTIVITIES

Skillset reviewed and refreshed its Vision, Mission, Aims, Goals and Objectives with its senior management team in February 2007.

Our Vision

Skillset is owned and managed by our industry and is currently licensed as a Sector Skills Council (SSC) by Government across the UK through the regulator of the SSCs, the Sector Skills Development Agency. In order to provide clarity of purpose for us as an organisation we have developed a vision which will provide the focus we require to achieve our mission.



Our Mission



Our mission reflects our SSC role as a strategic organisation that works across the nations and regions of the UK with employers, trade associations, unions, learning and training providers, government and its public agencies and other key organisations to ensure that the UK's Creative Media Industries have continued access now and in the future to the skills and talent they require.

In striving to achieve our mission, we recognise that our industries present particular challenges. We are a fast moving sector which is constantly adjusting to and exploiting the opportunities that new technologies provide, requiring continued learning, training and development for all. In order to achieve progress we need to provide effective leadership. This leadership must come first of all from the Creative Media Industries themselves, underpinned by effective management of the day to day operation of the organisation.

Our Aims

There is currently a network of 25 Sector Skills Councils (the skills for business network). Sector Skills Councils are seen as the authoritative 'voice of employers' on sector skills and are formally licensed and recognised by government across the UK to deliver the following core mission:

- To raise employer demand and investment in skills to increase the performance of business and the public services;
- To maximise the supply of skills to the sector to meet employer demand;
- To promote the maximum use of skills by employers to increase their performance to levels comparable with the best performers in the sector (both nationally and internationally).

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Skillset chooses to express this responsibility for our industries in the form of two corporate aims:

- ***To stimulate demand and improve the quality of skills across our industries (demand);***
- ***To increase the effectiveness and efficiency of education and training (supply).***

Skillset's Diversity Statement

Skillset recognises that the Audio Visual Industry both serves, and draws, on the talents and skills of a diverse population. The diversity consists of visible and non-visible differences. It is the harnessing of these differences, which results in a globally successful, creative and productive industry. As the Sector Skills Council, Skillset is pro-active in setting and sustaining quality standards of training and development in such a way as to value these differences in the attainment of personal and corporate goals.

We recognise that discrimination is unacceptable. Although equality of opportunity and diversity has been long-standing features of our employment practices and procedures we have now made the decision to update our formal equal opportunity and diversity policy.

The aim of the policy is to ensure no board member, stakeholder, job applicant, employee or advisor is discriminated against either directly or indirectly on the grounds of race, colour, nationality, ethnic or national origin, sex, marital status, gender reassignment, sexual orientation, social status, religious belief, political opinion, language (only in relation to the Welsh language and the legal requirements of the Welsh Language Act), disability, long-standing or debilitating disease or age.

Our **Diversity Policy, Strategy and Action Plans** set out our overall approach to diversity within Skillset and in the wider industries.

ACHIEVEMENTS & PERFORMANCE

Research

The 2005 Workforce Survey was published early in 2006, attracting a response from nearly 7,000 employees and freelancers, and is available in full on Skillset's website. The survey covers issues such as demographics and lifestyle; working patterns; qualifications; training needs and training received.

The 2006 Census took place in July; Considerable work has been undertaken since the 2004 Census to refine and modify the sector and occupational classifications used, enhance the company database (now containing over 14,000 records), and to engage more effectively with employers in sectors where the response has previously been low. Over 2,500 responses were achieved.

During the summer, we conducted the 2006 Employer Survey, covering skills gaps and shortages, views on external provision and employer based provision. The survey achieved a response from around 1,800 companies, enabling provision of robust data for each nation, region and sector within Skillset's footprint.

Careers

During 2006, Skillset undertook a formal role in contributing to the government's review of careers for adults through membership of the Skills Strategy's Information Advice Guidance (IAG) Review Working Group. Skillset project managed the Department for Education and Skills funded project to lead 11 other SSCs to develop their industry careers strategies, the outcomes of which will strengthen the Skills for Business

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Network in the careers arena.

Skillset developed and delivered IAG products and services, based on up to date labour market information and intelligence, such as a careers helpline, an e-mail advice service, the careers website and face-to-face guidance. The service has been reaccruited with Matrix Standard in IAG. Four areas of strength have been identified, including the role in promoting diversity in the sector. The recommendations from the Matrix assessment include improved advisor support and appraisal, peer review for advisors and client focus groups to improve service delivery.

Skillset developed a workshop template for joint workshops for careers advisors with other Pathfinder SSCs as part of the project to put industry-produced Labour Market Intelligence at the heart of publicly-funded careers advice and guidance for adults in England. Eight regional workshops were piloted and attracted over 450 advisors.

Standards & Qualifications

The key delivery in this period has been the development of content for the 14-19 Diplomas in Creative and Media. The development has involved using workshops, consultative events, surveys, online consultation, individual meetings and employer surgeries. We have consulted employers, individuals, schools, colleges and Higher Education Institutes.

Skillset has worked with the Sector Skills Development Agency in the Sector Qualifications Reform pilot. The critical aims of the pilot are to embed the Sector Qualification Strategy as the driver for qualifications and other learning, setting development and delivery in the context of employer demand, identified learner need and enable a qualifications market to meet skill needs across the UK.

A new area of development has been that of Qualifications Blueprints for Preparatory Vocational Qualifications, which detail information about the sector and what employers are looking for from new entrants in terms of skills, knowledge and how industry can be involved in delivery and assessment.

New qualifications have been, and continue to be, developed to fill gaps in accredited provision and in particular to address the need for vocational preparatory provision to better prepare students and young people to enter the industry.

Skillset worked with Foundation Degree Forward to develop a new format for Foundation Degree Sector Frameworks.

Approvals

Skillset is now into its second year of implementing a range of initiatives aimed at cementing relationships between Further Education (FE) and Higher Education (HE) and the industry. This activity is part of a coherent strategy which includes approving industry based training schemes, approving specific courses in FE/HE (screenwriting, animation and computer games) and establishing a network of Screen Academies and Skillset Academies.

Our Approvals process always involves an expert review of the application and a visit by a team of industry professionals. The application process has been reviewed by the Learning and Skills Council /Higher Education Funding Council for England, Quality Assurance Agency and Higher Education Regulation and Review Group. The work we have undertaken over the last two years has been funded by Department for Education and Skills as a 'Demonstration' project and this year we commissioned a Higher Education Institute (Bournemouth University) to undertake an external review of the systems and impact. It is important to note that the Skillset Approval process provides more than a 'kitemark' for industry relevant courses, Institutes and Academies; Industry funding has contributed direct funding (£7.5 million), expertise, work-related projects and work experience.

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A consultation process has been undertaken with the TV and Interactive Media sector, both within industry and education on the implementation of Skillset Academies. The first stage of the assessment process was carried out during the summer and on 30th September 2006, 54 applications were received from 104 institutions (FE and HE) spread across the UK. We invited 33 applicants to prepare a full bid for review and assessment in 2007.

Diversity

Skillset is the lead partner in a major programme of activity to develop new skills and businesses in the sector, drawing on talent from under-represented groups. The Audio Visual Entrepreneurship's (AVE) Partnership consists of 22 partners across the whole of the UK; 15 of those partners are delivering 21 projects between July 05 and June 07 with an ESF contribution of nearly £2.5 million.

The Audio Visual Entrepreneurship's (AVE) Partnership and Project's overall aim is to explore innovative approaches to supporting individuals from groups currently under-represented in the audio visual industries (women, people with disabilities, ethnic minorities, older people and young people from economically disadvantaged areas) to develop the skills, knowledge and experience they need to develop successful businesses, including self-employment, in the sector.

In addition to the above schemes, Skillset has managed a specific diversity programme aimed at offering bursaries and support to new talent and producing new media content called the Open Door Awards. Skillset had secured a contract with the London Development Agency's Employment and Skills Department and has delivered a two year industry skills training programme for 40 new entrant beneficiaries from London's minority ethnic and disabled groups.

Nations

Scotland

Skillset Scotland's Sector Skills Agreement (SSA) for the television, film, interactive media and radio sectors in Scotland was published in September 2005, with widespread support from industry and all key stakeholders in Scotland including Scottish Screen, the Scottish Executive and Scottish Enterprise. Since its publication the SSA has been widely praised as a model exercise in industry and stakeholder engagement: at the Sector Skills Alliance Scotland (SSAScot) conference in October 2006 Skillset received the award for the *organisation that had the most significant impact on its sector*. This is welcome recognition of the achievements of the SSA.

Skillset reached agreement with Scottish Screen that it should take the strategic lead on skills and for £800k of investment to be made available for training in the screen industries to 31 March 2008. This will help to significantly expand capacity for delivery in Scotland and provides an unprecedented level of direct investment in developing skills in the industry.

We continued to work with the Scottish Executive's Determined to Succeed team to deliver Determined to Broadcast. The project helped Skillset win its SSAScot "Partnership" award and it continues to deliver radio skills to young people across Scotland.

Northern Ireland

Skillset's work in Northern Ireland has focused on making progress with the Sector Skills Agreement (SSA), and in particular using this as a means of building an ever stronger relationship with the industry through the Northern Ireland Film and Television Commission (now called the Northern Ireland Screen Commission) and our Northern Ireland Industry Skills Panel (NISIP). Throughout the year there has been a strengthening

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of industry representation on the NISP with additional membership drawn from the BBC, the independent production sector, and from Further Education and Higher Education to better reflect the diversity of partners in Northern Ireland.

Skillset were the first of the pathfinders to complete its SSA in Northern Ireland and therefore the first to have full coverage across the UK. We officially launched the SSA with the other pathfinders in February of 2007.

Funding was secured from the Department of Employment and Learning to engage in a range of brokerage activities and to undertake a detailed study into the Photo-imaging sector in Northern Ireland.

Wales

Skillset Cymru's Sector Skills Agreement for the television, film, interactive media, business communications and radio sectors was agreed in July 2005 with the firm support of both industry and five of Wales' key public agencies including the Welsh Assembly Government's Department for Education, Lifelong Learning and Skills (DELLS) and Department for Enterprise, Innovation and Networks (DEIN), Careers Wales and the Higher Education Funding Council for Wales. Partnerships with these key partners have been actively developed over the past twelve months.

In partnership with the Welsh Assembly Government's Department for Education and Lifelong Learning and Skills (DELLS) and Creative Business Wales a Workforce Development Programme has been established which is tailored for the audio visual industries. For the first time ever, this has secured direct sector specific support for the industry including production companies and freelancers.

Partnership agreement and funding has been agreed from Creative Business Wales to deliver the skills and training agenda of the Creative Industries Strategy. This support has secured DEIN's commitment to Skillset and will ensure that we collaborate effectively in every aspect of our work.

Skillset's Careers Service in Wales was launched in August; the service has proven to be extremely popular with both professionals and new entrants actively engaging in the face-to-face, e-mail and telephone advice sessions. The service has also been linked to the Skillset Screen Academy Wales and the Welsh Assembly Government's Go Wales scheme.

We have continued to implement the Welsh Language Policy, ensuring that all of Skillset's services are available through the medium of Welsh. We have also ensured that Skillset's staff is fully aware of the scheme and its implications on their work.

English Regions

In the English regions we have a small team of managers based in the South West, South East, Yorkshire, North West and the Midlands. We work with a range of public sector partners and consult within Industry through Regional Skill Panels.

In each region we have developed Regional Collaborative Action Plans; Implementing our nine Regional Collaborative Action Plans (RCAP's) has been dependent on the readiness of individual regional partners to engage with SSCs, the effectiveness of structures for doing so, the importance of the sector to the region, and the level of resource that Skillset can commit to the region under tight financial restrictions.

In the North West the proposed relocation of several departments of the BBC to Salford has provided a catalyst that has galvanised the partner's interest in the sector. North West Development Agency has provided two years of joint funding with Skillset to sustain a Skillset Regional Manager post.

In the South East Skillset has had a joint funded post in the region, co funded by South East of England Development Agency (SEEDA) for the last three years. This has facilitated a close working relationship with

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the key regional agencies and the supply side. South East LSC has recently agreed to invest in a tri-partite agreement with Skillset and SEEDA to facilitate greater partnership working and delivery.

Skillset's regional skills strategy for London has resulted in some key projects gaining public investment of £2.5 million (a mixture of European Social Funds, London Development Agency and the Learning and Skills Council) and industry investment of nearly £0.5 million.

Company Development

Developing skills in business development and management is a key issue facing all companies in the Creative Media industries, across all sub sectors. Our strategy has to date focused on industry specific solutions, including the Film Business School; the Business Development Scheme for Interactive and Games companies in the South East, the Indie Business Development Scheme and the work with Cardiff Business School in Wales.

Television

In January we set up a new TV Skills Strategy Group including representatives from all the sub-sectors. We also started the year with a new Freelance TV Skills Fund, a £1.3 million investment package from broadcasters, independent and cable and satellite providers. Against identified skill gaps and shortages we have allocated the new fund to new entrants and CPD training.

Throughout the year we delivered an Indie Business Development scheme supporting 37 independent television production companies to grow their businesses through a mix of expert adviser support, training and networking opportunities.

Specific needs and solutions for the TV sector in the nations have been developed as part of the Sector Skills Agreement process. The plans will provide the ongoing blueprint for activity and all of the TV development work will now be supported by an enhanced sector team at Skillset led by a new Director level appointment.

In addition to this direct engagement, Skillset has been an active partner in the establishment of the new regulatory arrangements for training and has supported the newly established Broadcast Training Skills Regulator.

This year has seen the publication of the BBC White Paper, the Charter and Framework Agreement. The BBC is now formally charged with investing in and working with the rest of the industry through Skillset. As a result, we have agreed to develop and sign a Memorandum of Understanding between the BBC and Skillset.

Film

The delivery of the film skills strategy entered its third year, laying the foundations of a comprehensive solution to the skills, talent and company development needs of the UK film industry; working with employers to pilot new approaches to skills development; introducing training where there has been nothing in the past; developing the infrastructure of providers to meet the identified needs.

The Screen Academy Network has the potential to deliver highly talented, creative individuals to form the future of the film industry. In this first full year of operation the Screen Academy Network has become central to the development and delivery of courses, and standards are starting to rise. Each centre has been made accessible to students with talent through Skillset's financial support, and new programmes have been developed where there were major gaps in provision.

Skillset and Cass Business School have developed the first ever centre of excellence for film business education and training. We have met the tight target of getting the new MSc and MBA developed and

marketed.

Skillset continues to manage the industry levy on feature film production which in summer 2006 reached the £4m mark in contributions. The work on the introduction of a mandatory levy has continued, although the timeframe for its introduction has been affected by negotiations on the geographical scope of the levy and the requirement for primary legislation to be laid before Parliament.

Interactive Media/ Animation

Interactive Media

Funding has been provided by the DTI to support work to develop clear industry guidance on business skills courses provided throughout the UK. The intention is that providers will have access to vital information about how to make these courses relevant and attractive to the interactive media industry.

A scheme funded by South East of England Development Agency (SEEDA), Department of Trade and Industry (DTI) and South East Media Network (SEMN) and industry has been run on behalf of Skillset by Wired Sussex. 18 companies have taken part in the scheme – they have been assigned a mentor according to their needs and attended a series of workshops and seminars throughout the year as well as networking events and activities utilising online resources.

Computer Games

A scheme to support the Accredited Courses was launched in October 2006, and is intended to build even stronger links between the courses and industry through master classes, mentoring and valuable online resources.

A support programme will include the staging of a show case for all accredited courses to be held at BAFTA in London in June 2007 and will be run in partnership with the new accredited degrees relevant to the Animation Industry.

Work was started in November 2006 to develop Industry Frameworks that state the principles needed to shape and deliver new Foundation Degree courses relevant to the interactive media industry.

Animation

A scheme to support the six Accredited Animation Courses has proved to be an effective way to engage the accredited courses further with industry and is funded to continue until June 2007.

This year also saw the successful staging of a joint show case held at BAFTA in London on 26th June 2006 which is expected to be re-run in partnership with the new accredited degrees relevant to the Computer Games Industry in June 2007.

Work has started to pull together an Animation Industry Skills Strategy. This is intended to work with the whole industry across the different industrial sectors within Skillset's footprint. It will also identify all the work that is already happening involving this sector and highlight what needs to happen next.

Photo Imaging

The key achievement for the beginning of 2006 was the completion of a skills strategy for the sector, delivering a coherent, structured, industry informed plan, with clear indicators and timescales for progressive action. There was extensive industry input into this document, through Focus Groups, independent and secondary research and a widespread online industry consultation, via a dedicated webpage with feedback facility.

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Skillset successfully bid for funds to develop a Foundation Degree Framework for Photo Imaging and following intensive targeted employer research and a widespread online industry consultation, a guidance framework has been produced. This provides sector specific information and direction, with particular emphasis on employer engagement issues and industry-led course content requirements.

Following an interim review and gap analysis of the National Occupational Standards for Photo Imaging, Skillset successfully bid for funds to carry out a full review, including redevelopment of the qualification structure supported by the standards. Work commenced in February 2006, with the formation of a Steering Group, comprising six industry representatives, plus Qualifications and Curriculum Authority and Scottish Qualifications Authority.

In response to intelligence gained during the development of the strategy, Skillset has developed a pilot Approvals scheme to accredit a small bank of private providers who are able to offer a range of sub-sector specific digital management courses. The aim is to give individuals and companies clear signposting towards courses aimed at meeting immediate skills gaps, that are industry relevant, well taught and managed and offer value for money.

Other Sectors

Radio

Skillset's main priority for this sector in 2006/2007 was to produce a Radio Skills Strategy. As part of this work we held Industry Focus Groups in London, Birmingham, Manchester and Glasgow over the summer of 2006. These groups included participants from the commercial, community and public sectors of the radio industry, providing us with an excellent opportunity to make new contacts across the industry and to gain a better understanding of the range of issues faced by the different sub-sectors.

The findings from these Focus Groups, together with up-to-date Skillset Research findings from the Census and Employer Survey, and Broadcast Training and Skills Regulator (BTSR) self-evaluation reports will inform development of the strategy. A draft strategy is now available for consultation till end of September on Skillset's website.

Skillset facilitated links between Broadcasting, Entertainment, Cinematograph and Theatre Union (BECTU) and the commercial and community radio sector to assist BECTU in organising 'Move on Up in Radio'. The event was held in October 06.

Facilities

Skillset took the decision in 2006 that there was a need to strengthen and deepen the existing and emerging sector strategies with detailed input from the Facilities Sector. To ensure this Skillset has appointed a Sector Manager for Facilities.

Skillset successfully brought together different aspects of the post production industry to create the curriculum for an up to date new entrant's scheme – "First Post". Skillset successfully bid for London Development Funding to deliver this in the capital and have continued to evaluate and amend the scheme to better suit the needs of the industry.

Skillset Sector Skills Council

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FINANCIAL REVIEW

Skillset is the Sector Skills Council for the Audio Visual Industries (Broadcast, Film, Video, Interactive Media and Photo Imaging). Jointly funded by industry and government, our job is to make sure that the UK audio visual industries have the right people, with the right skills, in the right place, at the right time, so that our industries remain competitive.

Industry

Around £1m contributions are currently received each year directly from the Industry, contributors include BBC, ITV, Channel 4, Channel 5 and PACT. We conduct consultation work with industry, publish research and strategic documents and provide information about the challenges that face the industry and what we need to do to overcome them. We also provide impartial media careers advice for aspiring new entrants and established industry professionals, online, face to face and over the phone. These funds are unrestricted and support our core activities.

SSDA Core Funding

This is a 3 year contract running from January 2007 to March 2010 with a total value of £5.3m. Skillset is licensed by government to deliver four key goals:

- Reducing skills gaps and shortages;
- Improving productivity and business performance;
- Increasing opportunities to boost the skills and productivity of everyone in the sector's workforce, including action on equal opportunities;
- Improving learning supply, including apprenticeships, higher education and national occupational standards.

Targets are set for delivering the work related to this contract and all targets have been met to date, these funds are unrestricted and support our core activities.

Projects

We receive specific project funding from different sources such as the European Social Fund (ESF) and the Sector Skills Development Agency (SSDA), which helps support activities around areas such as diversity, research, careers, standards and qualifications, approvals and nations and regions as well as sector specific activity. The ESF projects form part of our restricted funds.

The TV Freelance Fund (TVFF)

This new fund became operational in April 2006 and replaced the Freelance Training Fund (FTF). Funded by a small number of contributors and issued to fund the training of Freelancers in the TV sector, these funds form part of our restricted funds and specifically support the TV sector.

Skillset Film Skills Fund

This fund has two income streams:

UKFC Lottery Delegation Fund (UKFC)

Activities are funded by a 3 year contract which commenced in April 2004 and has since been extended by 2 years. The UK Film Council provides Skillset with around £6.5 million of lottery funding a year and delegates to us the responsibility of investing it to help deliver the Film Skills strategy.

The Skills Investment Fund (SIF)

Made up of contributions from productions partially or wholly shot in the UK and which are due for theatrical release. Collected through a voluntary levy, the SIF receives 0.5% of the production budget (up to a maximum amount of £39,500). The fund is applied to giving out grants and supporting the development of the Film Skills strategy.

Skillset Sector Skills Council

TRUSTEES REPORT

Both of these funds also form part of our restricted funds and specifically support the film sector.

Incoming Resources

Total incoming resources rose by 7% to £16 million; £7 million of which was unrestricted.

Restricted incoming resources were made up £1.3 million from the TV Freelance Fund, £0.8 million from the Skills Investment Fund, and £6 million from the UK Film Council Delegation Fund and £0.8 million from ESF match funded projects.

Investments

Most of Skillset's funds are invested in deposit accounts held at Adam & Company Plc with an interest rate of 4%. All other funds are held in current bank accounts. Interest for the year was £338k.

Expenditure

Expenditure increased from £11.1 million to £17.8 million this increase was predominantly due to increases in awards made from restricted funds. Unrestricted expenditure increased to £7 million in line with the increase in unrestricted income.

Restricted expenditure was made up £1 million from the TV Freelance Fund, £0.7 million from the Skills Investment Fund, £8.4 million from the UK Film Council Delegation Fund and £0.8 million from ESF match funded projects.

Governance

The £39k costs of governance include the expenses associated with external audit and governance related legal fees.

Deficit

The net outgoing resources for the year were £1.9 million, compared with net incoming resources of £3.8 million in 2006. The main reason for this deficit was to reduce the large restricted reserves held for the UK Film Council delegated funds in relation to soft commitments.

The surplus/ (deficit) for the year before transfers is analysed between funds as follows:

Core Activities	£76k
TV Freelance Fund	£334k
Skills Investment Fund	£68k
UK Film Council Delegation Fund	(£2,418k)

Reserves policy

The directors of Skillset have agreed a target whereby unrestricted funds not committed or invested in tangible fixed assets held by the charity should be at least £250k in general funds to cover general running costs for a period of one month.

Skillset Sector Skills Council

TRUSTEES REPORT

Actual unrestricted funds excluding tangible fixed assets as at the end of March 2007 were £556k.

The Board has agreed to fund a deficit Core budget of £303k for 2007/2008 from these unrestricted funds.

Due to the Comprehensive Spending Review being delayed until the Autumn of 2007 it has been decided that the review of the reserves policy should also be delayed until later on this year.

Restricted Funds

ESF Equal Project

The overall aim of the project is to explore innovative approaches to supporting individuals from groups currently under-represented in the audio visual industries (women, people with disabilities, ethnic minorities, older people and young people from economically disadvantaged areas) to develop the skills, knowledge and experience they need to develop successful businesses, including self-employment, in the sector. The project is delivered by a partnership led by Skillset and UK Film Council.

ESF National Project

The ESF National project covers three different, but related, programme strands. The first is research; ESF funding is used to supplement and extend our research, identifying training and skill issues for particular groups within the workforce. The second strand of work picks up on this identification of need, as we use funding to target our one-to-one careers advisory sessions at undergraduate groups, complementing other forms of funding from DfES. The third strand of work provides additional funding for freelancers in the form of bursaries, so that those individuals who have been through the careers and training needs sessions are assisted with funding to support their needs and ensure they are being met.

TV Freelance Fund (TVFF)

The Freelance Training Fund closed down with effect from the end of December 2005 and the new TV Freelance Fund started in April 2006. Funded by a small number of contributors and issued to fund the training of Freelancers in the TV sector. The £16k that remained in the Freelance Training Funded as at March 31 2007 is to be consolidated with the new TV Freelance Fund. The overall consolidated reserves of £600k will be carried forward to next year of which £500k has already been soft committed.

The Skills Investment Fund (SIF)

Made up of contributions from all productions partially or wholly shot in the UK and which are due for theatrical release. The fund is applied to giving out grants and supporting the development of the Film Skills strategy. £1.5 million was unspent at the end of March 2007 and will be used in furtherance of the objectives of the Film Skills Strategy.

The UKFC Lottery Delegation Fund (including bank interest and other miscellaneous income)

Activities are funded by a 3 year contract which commenced in April 2004. The UK Film Council paid funds to Skillset to disburse as lottery grants and pay for the management and administration of the fund. £2.1 million of the amount received was unspent, most of which has been released to schemes at the end of March 2007. The balance will be applied to activities within a budget agreed with the Film Council in 2007/2008.

Skillset Sector Skills Council

TRUSTEES REPORT

Risk management

The Board is responsible for the management of the risks faced by Skillset. Detailed considerations of risk are delegated to the Finance and Audit Committee, which is assisted by senior Skillset staff. Risks are identified, assessed and controls established throughout the year. The key controls used by Skillset include:

- Formal agenda for Board activity
- Detailed terms of reference for all sub-committees
- Comprehensive strategic planning, budgeting and management accounting
- Established organisational and governance structure and lines of reporting
- Formal written policies

Through the risk management processes established for Skillset, the trustees are satisfied that systems and controls are in place to adequately mitigate the effect of major risks. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

It ensures compliance with UK company charitable status requirements and the implementation of relevant internal financial controls for charities. One board nominee to the Finance and Audit committee must have experience in financial control. Any amendment to existing financial policy has to be approved by the Board of Directors.

During the strategic planning process for 2007/2008 senior Skillset staff produced a SWOT and PESTLE analysis and these will be regularly reviewed in the future. A formal risk management strategy has now been written and agreed by the Finance and Audit Committee and the next stage will be to produce a formal risk register later this year.

Skillset operates in a challenging and uncertain funding environment. Income is managed and received from a number of different sources, including government bodies, voluntary contributions, grants and projects. This complexity means that it is essential that Skillset successfully forward plans, projects and manages its funding and financing sources to ensure the best and most efficient use of resources.

The Leitch Review has recognised the centrality of the industry/ employer led approach and that funding needs to be demand led, but as yet, additional funding for the SSC's has not been quantified. We are confident additional funding is to be received but that it will not be until 2008/11 which therefore leaves Skillset with another challenging year for 2007/08.

Grant-making Policy

The TV Freelance Fund and the Film Skills Fund exist to support freelancers (both new entrants and those already in the workforce) and training providers to access substantial training in priority areas of need for the Audio Visual Industries. Bids are received and a Committee meets and assesses those bids against those priority areas.

PLANS FOR THE FUTURE

Our Goals

Skillset has redefined and refocused our strategic objectives into Goals in order to concentrate on our core responsibilities and customers. As a result we have reviewed our current activity to ensure that these more adequately meet our strategic responsibilities to the industry and our role as an SSC. We have developed a balanced scorecard approach to measuring our progress.

Under each of our goals we have identified a number of strategic and operational objectives which will help achieve our goals. These are supplemented by detailed activity plans at team, project and individual levels.



Ensure our industries are at the heart of everything we do.

- Ensure that Industry and Skillset are meaningfully engaged
- Stimulate and improve demand for Industry engagement with the Skills agenda
- Ensure skills policy is based on relevant industry research and intelligence

Inform and influence training and education to meet industry needs.

- Inform education and policy reform
- Provide information on skills and standards
- Recognise and support excellent education and training provision
- Innovate and pilot solutions in conjunction with industry and the supply-side

Lead and position our organisation externally.

- Identify and create new opportunities for partnerships and collaboration
- Consolidate and strengthen existing partnerships
- Ensure clarity and consistency of communications
- Maintain and improve political relationships

Lead and manage our organisation effectively.

- Ensure we have a sound business infrastructure
- Undertake rigorous strategic planning, business and performance management
- Practice sound financial and risk management
- Practice good corporate governance and internal control structures
- Build and maintain a skilled, effective and motivated workforce
- Ensure effective internal communications and knowledge management

Promote diversity and equality of opportunity.

- Support under-represented groups to enter and succeed in the industry
- Create and support routes into education and industry and career progression for under-represented groups
- Promote diversity best practice and success stories to the industry, education and public partners
- Review and support new and existing channels for our own staff representation and consultation

FUNDS HELD AS CUSTODIAN

The following funds are held as custodian:

LSSF	£4,849
David Fraser Fund	£25,967
ESF Equal Project	£139,912
Film Industry Training Board	£14,175

London Sector Skills Fund (LSSF)

The London Sector Skills Forum is the organisation which brings together the skills for business network in London. (The skills for business network is the collective name for the 25 SSCs and the SSDA) Its purpose is to provide the Network with the opportunity to meet, share good practice, agree policy positions and secure influence and engender partnership working. The CEO of Skillset chairs the Forum and Skillset therefore, on behalf of the Network, manage the finance and contracts that relate to it.

David Fraser Bursary Fund

David Fraser was a very well respected figure in the television industry who tragically died at a young age. He was very committed to skills and talent development in this industry and prior to that in the theatre. A Trust Fund has therefore been established in his memory, with contributions from organisations and individuals. Its purpose is to make bursaries available to support up and coming theatre directors in getting experience of working in television. Skillset's contribution to the Fund has been to manage its finances and administer it on behalf of the Trustees.

European Social Fund (ESF) Equal Project

Skillset, in partnership with the UK Film Council, is leading the Audio Visual Entrepreneurship Development Partnership under the second round of Equal; the European Social Fund ("ESF") initiatives designed to test and promote new means of combating all forms of discrimination and inequality in the labour market. The Audio Visual Entrepreneurship Development Partnership has been awarded £1.4m through the European Social Fund's Equal programme, a transnational programme which tests new ways to reduce inequality in the labour market. The overall aim of the project is to explore innovative approaches to supporting individuals from groups currently under-represented in the audio visual industries (women, people with disabilities, ethnic minorities, older people and young people from economically disadvantaged areas) to develop the skills, knowledge and experience they need to develop successful businesses, including self-employment, in the sector. The project will be delivered by a partnership led by Skillset and UK Film Council.

Film Industry Training Board

This fund has been set up in anticipation of the film levy becoming mandatory in the near future.

CONNECTED CHARITIES

The company has no connected charities.

As far as the each of the trustees are aware at the time the report is approved

- (a) there is no relevant information of which the auditors are unaware; and
- (b) they have taken all the steps they ought to have taken to make themselves aware of any relevant information and to establish that the auditors are aware of that information.

Auditor

The trustees, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the companies act 1989 s26/5>. Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

By order of the Board

Director.....
Date.....

Handwritten signature in blue ink over the dotted line for Director, and the date "Sept 13, 2007" written in blue ink over the dotted line for Date.

Skillset Sector Skills Council

TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The trustees are responsible for preparing the annual report and financial statements in accordance to applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees 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 surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable United Kingdom accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. 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 requirements of 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 AUDITOR'S REPORT TO THE MEMBERS OF SKILLSET SECTOR SKILLS COUNCIL

We have audited the financial statements on pages 25 to 45.

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of Skillset Sector Skills Council for the purposes of company law) for preparing the Annual 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 Trustees' Responsibilities.

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 whether in our opinion the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable 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 trustees' remuneration and other transactions is not disclosed. We read the Trustees' 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 judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.
- the information given in the Trustees' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
1st Floor, 46 Clarendon Road,
Watford, Herts, WD17 1JJ

25 SEPTEMBER
..... 2007

Skillset Sector Skills Council
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND
EXPENDITURE ACCOUNT)
For the year ended 31 March 2007

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income		2,815,004	7,845,321	10,660,325	12,274,517
Investment income		48,164	290,007	338,171	229,914
Incoming resources from charitable activities					
Research		-	80,643	80,643	54,210
Careers		788,571	63,666	852,237	462,547
Standards & Qualifications		938,402	-	938,402	444,074
Approvals		101,570	-	101,570	108,430
Diversity		233,385	348,975	582,360	271,735
Nations		241,276	-	241,276	158,164
English Regions		1,676,901	-	1,676,901	807,039
Company Development		-	280,128	280,128	138,807
Interactive Media & Animation		42,600	-	42,600	16,146
Other Sectors		93,613	-	93,613	-
Total incoming resources		6,979,486	8,908,740	15,888,226	14,965,583
Resources expended					
Charitable activities					
Research		367,078	81,956	449,034	508,902
Careers		1,101,477	117,684	1,219,161	785,426
Standards & Qualifications		1,241,584	(1,214)	1,240,370	780,925
Approvals		309,666	440,532	750,198	394,003
Diversity		374,815	331,988	706,803	386,083
Nations		589,751	-	589,751	448,716
English Regions		2,099,119	-	2,099,119	1,601,234
Company Development		-	290,380	290,380	246,575
Television		256,082	1,017,461	1,273,543	879,719
Film		-	8,645,684	8,645,684	4,618,662
Interactive Media & Animation		220,307	-	220,307	209,396
Photo imaging		187,887	-	187,887	197,779
Other Sectors		115,197	-	115,197	-
Governance costs		39,749	-	39,749	60,955
Total resources expended	1	6,902,712	10,924,471	17,827,183	11,118,375
Net incoming/ (outgoing) resources before transfers	2	76,774	(2,015,731)	(1,938,957)	3,847,208
Gross transfers between funds	12	-	-	-	-
Net movement in funds		76,774	(2,015,731)	(1,938,957)	3,847,208
Total funds b/fwd 1 April 2006		580,106	6,381,560	6,961,666	3,114,458
Total funds c/fwd 31 March 2007		656,880	4,365,829	5,022,709	6,961,666

The 'notes to the financial statements', on pages 28 to 45 form parts of these accounts.

All activities are classified as continuing.

Skillset Sector Skills Council
BALANCE SHEET
As at 31 March 2007

	Notes	2007 £	2006 £
Fixed Assets			
Tangible Assets	4	101,289	41,831
Current Assets			
Debtors	5	2,068,001	1,782,440
Cash at bank and in hand		10,085,431	10,792,479
Creditors: Amounts falling due within one year	6	(7,208,613)	(5,020,916)
Net Current Assets		4,944,819	7,554,003
Total Assets less Current Liabilities		5,046,108	7,595,834
Creditors: Amounts due after more than one year	7	(23,399)	(634,168)
TOTAL ASSETS		5,022,709	6,961,666
RESERVES			
Unrestricted funds		656,880	580,106
Restricted funds	12	4,365,829	6,381,560
		5,022,709	6,961,666

Approved by the Board and authorised for issue 24th August 2007

Director 

The 'notes to the financial statements', on pages 28 to 45 form parts of these accounts.

Skillset Sector Skills Council
CASH FLOW STATEMENT
For the year ended 31 March 2007

	Notes	2007	2006
		£	£
Net cash (outflow)/ inflow from operating activities	11a	(958,374)	4,774,948
Returns on investments and servicing of finance	11b	336,639	222,787
Capital expenditure	11b	(85,312)	(33,987)
Cash (outflow)/inflow in the year		(707,047)	4,963,748
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
		2007	2006
		£	£
(Decrease)/ Increase in cash in the year		(707,047)	4,963,748
MOVEMENT IN NET FUNDS IN THE PERIOD		(707,047)	4,963,748
NET FUNDS AT 1 APRIL 2006		10,792,478	5,828,730
NET FUNDS AT 31 MARCH 2007	11c	10,085,431	10,792,478

The 'notes to the financial statements', on pages 28 to 45 form parts of these account

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the Charities (Accounts & Reports) Regulations 2005, the Statement of Recommended Practice "Accounting and Reporting by Charities" published in 2005 and under the historical cost convention in accordance with applicable United Kingdom accounting standards.

INCOME

Income represents the value excluding value added tax of contributions received from organisations in the United Kingdom.

Charitable income is recognised when entitlement has been established and as soon as the amount and receipt can be adequately measured and is known with certainty. Performance related grants are recognised as services are performed. Contractual income is recognised based on the level of activity carried out. All other income is recognised on an accruals basis.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Office equipment	over 3 years
Fixtures and fittings	over 3 years
IT Equipment	over 3 years

All assets over a value of £1000 are capitalised.

RESTRICTED FUNDS

Restricted funds are used for specific purposes as laid down by the donor or grant making body. Expenditure which meets the necessary criteria is allocated against the funds, together with a fair allocation of management and administration costs.

The individual assets and liabilities of each fund are shown in the notes to the balance sheet.

PENSIONS

The company pays a fixed percentage of salary into personal pension plans of all employees of the company providing that the employees make the relevant contribution.

GRANTS PAYABLE

The TV Freelance, Skills Investment and UK Film Council Delegation Funds commit grants to be paid once the conditions of the grant have been successfully completed. For the TV Freelance and Skills Investment funds, grants are made available for a period of 12 months after which time the offer of the grant is withdrawn.

Grants offered from the Lottery fund are reviewed after six months. Amounts committed at the end of the period but not taken up are shown in “financial commitments” in note 9 to the financial statements.

EXPENDITURE

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accrual basis and has been classified under headings that aggregate all costs related to the category. Resources expended are allocated to the particular activity where the cost relates to that activity. The costs of governing the charity and supporting the charitable activities are based on specific costs and overheads apportioned on an estimated basis of the amount of the costs attributable to each activity. See note 1(b) for allocations and the apportionment basis used.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership (“finance leases”), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding. All other leases are “operating leases” and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

GOVERNANCE COSTS

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees.

SUPPORT COSTS

Support costs comprise all costs relating to accommodation and overheads, communications and indirect staff costs for the CEO office, sector development, policy development, office team, communications and finance.

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2007

1 Total resources expended

(a) Breakdown of costs of charitable activities	Direct Costs	Grants	Support Costs	Total 2007	Total 2006
	£	£	£	£	£
Charitable activities					
Research	181,663	-	267,371	449,034	508,902
Careers	745,681	-	473,480	1,219,161	785,426
Standards & Qualifications	670,182	-	570,188	1,240,370	780,925
Approvals	511,591	-	238,607	750,198	394,003
Diversity	553,258	-	153,545	706,803	386,083
Nations	252,707	-	337,044	589,751	448,716
Regions	1,291,008	-	808,111	2,099,119	1,601,234
Company Development	290,380	-	-	290,380	246,575
Television	165,990	851,471	256,082	1,273,543	879,719
Film	1,238,319	7,407,365	-	8,645,684	4,618,662
Interactive Media & Animation	42,600	-	177,707	220,307	209,396
Photo imaging	7,207	-	180,680	187,887	197,779
Other Sectors	89,606	-	25,591	115,197	-
Total charitable activity costs 2007	6,040,192	8,258,836	3,488,406	17,787,434	
Total charitable activity costs 2006	3,764,966	3,963,854	3,328,600		11,057,420

(b) Analysis of support costs	Staff costs			Accommodation	Other	Communication	Total 2007	Total 2006
	Activity Based salaries	Support salaries	Other staff costs					
	£	£	£	£	£		£	£
Charitable activities:								
Research	113,826	62,443	10,275	23,320	37,973	19,534	267,371	243,279
Careers	64,026	166,515	27,398	62,187	101,263	52,091	473,480	512,815
Standards & Quals	160,734	166,515	27,398	62,187	101,263	52,091	570,188	414,887
Approvals	85,061	62,443	10,276	23,320	37,973	19,534	238,607	229,587
Diversity	-	62,443	10,275	23,320	37,973	19,534	153,545	157,384
Nations	183,291	104,072	17,124	-	-	32,557	337,044	301,346
Regions	423,729	260,179	42,811	-	-	81,392	808,111	876,649
Television	122,071	62,443	10,275	23,320	37,973	-	256,082	218,729
IM & Animation	75,344	41,627	6,850	15,547	25,316	13,023	177,707	196,145
Photo imaging	78,316	41,629	6,849	15,547	25,316	13,023	180,680	177,779
Other Sectors	-	10,407	1,712	3,887	6,329	3,256	25,591	
Total support costs	1,306,398	1,040,716	171,243	252,635	411,379	306,035	3,488,406	3,328,600

Support costs are all allocated on the basis of the number of people employed within an activity.

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2007

1 **Total resources expended (continued)**

(c) Analysis of governance costs	2007	2006
	£	£
Board of Director Expenses	12	
Legal and professional fees	13,712	20,642
Accountancy	-	-
Audit fees – Current year	26,025	25,000
Audit fees – Prior year	-	15,313
Total governance costs	39,749	60,955

2 **Net incoming/ (outgoing) resources**

	2007	2006
	£	£
Net incoming/ (outgoing) resources is stated after charging:		
Depreciation and amounts written off tangible fixed assets:-		
owned assets	16,666	2,881
leased assets	9,189	29,850
Auditors' remuneration		
- for external audit	26,025	25,000
- prior year external audit	-	7,675
- prior year project specific audits	2,350	7,638
Operating leases - Land and buildings	-	275,083
- Other	15,715	11,459

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2007

3 Employees

	2007	2006
	£	£
Staff costs:		
Wages and salaries	3,121,416	2,631,108
Social security costs	333,829	289,711
Other pension costs	148,423	138,524
	<u>3,603,668</u>	<u>3,059,343</u>

The above figure includes £665,814 paid to project contract staff. (2006: £330,673)

	2007	2006
	No.	No.
The average number of employees (excluding directors) calculated on a full time equivalent basis, analysed by function was:		
Support Staff	17	20
Activity Staff	50	47
Project Staff	23	11
	<u>90</u>	<u>78</u>

	2007	2006
	No.	No.
The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the period was as follows:		
£ 60,001 - £ 70,000	-	1
£ 70,001 - £ 80,000	-	2
£ 80,001 - £ 90,000	2	-
£ 90,001 - £100,000	1	-
£100,001 - £110,000	-	1
£110,001 - £120,000	-	-
£120,001 - £130,000	-	1
£130,001 - £140,000	-	-
£140,001 - £150,000	1	-
£150,001 - £160,000	-	-
£160,001 - £170,000	1	-

All employees earning over £60,000 were members of the group personal pension scheme with Scottish Widows. They benefit from an employer contribution of 7% with the exception of the two highest paid employees for whom Skillset contributes 10% of salary.

The aggregate total of employer's pension contributions made on behalf of the employees earning over £60,000 was £33,943

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2007

3 Employees (continued)

DIRECTORS' REMUNERATION

No remuneration was paid to any director in the year (2006: £nil) and there were reimbursed expenses of £12.

4 Tangible Fixed Assets

	Office equipment £	Fixtures and fittings £	IT Equipment £	Total £
Cost:				
1 April 2006	219,736	105,017	22,437	347,190
Additions	14,225	16,245	54,843	85,313
31 March 2007	233,961	121,262	77,280	432,503
Depreciation				
1 April 2006	200,763	103,909	687	305,359
Charged in the year	16,161	3,061	6,633	25,855
31 March 2007	216,924	106,970	7,320	331,214
Net book value 31 March 2007	17,037	14,292	69,960	101,289
31 March 2006	18,973	1,108	21,750	41,831

Cost of assets held under finance lease totals £143,268 (2006: £143,268). Depreciation charged on those assets during the year was £9,189.

5 Debtors

	2007 £	2006 £
Due within one year:		
Trade debtors	1,061,511	1,392,398
Other debtors	9,829	6,989
Prepayments and accrued income	996,661	383,053
	2,068,001	1,782,440

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2007

6 Creditors: Amounts falling due within one year

	2007	2006
	£	£
Obligations under finance leases	3,890	11,187
Trade creditors	782,170	559,619
Other creditors	7,448	13,229
Other taxation and social security costs	109,202	88,443
Funds held in trust for third parties (see note 16)	184,903	178,271
Accruals	824,450	575,651
Deferred income (see note 17)	817,925	1,702,903
UKFC Lottery grants payable	4,478,625	1,891,613
	<hr/>	<hr/>
	7,208,613	5,020,916
	<hr/> <hr/>	<hr/> <hr/>

7 Creditors : Amounts falling due in more than one year

	2007	2006
	£	£
UKFC Lottery grants payable	23,399	634,168
	<hr/>	<hr/>
	23,399	634,168
	<hr/> <hr/>	<hr/> <hr/>
Amounts repayable by instalments falling due: In more than one but not more than two years	23,399	634,168
	<hr/>	<hr/>
	23,399	634,168
	<hr/> <hr/>	<hr/> <hr/>

8 Capital

The company is limited by guarantee and, as such, does not have any authorised share capital.

Skillset Sector Skills Council
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

9 Financial commitments

The TV Freelance Fund and Skills Investment Fund were ongoing funding programmes. Committed monies relate to projects which must be completed within 6-12 months.

With the Lottery Delegated Fund, committed monies relate to programmes with duration periods of up to 2 years. The commitment is treated as a hard commitment once the offer letter has been signed by the awardees and the conditions of the offer are met. Hard commitments are included on the Balance Sheet as UKFC Lottery Grants payable. Soft commitments arise at the point the award is approved by Skillset. Soft commitments are not treated as financial liabilities but disclosed in the accounts, as set out below.

	2007	2006
	£	£
TV Freelance Fund:		
Grants committed but not yet taken up	504,417	355,510
Skills Investment Fund:		
Grants committed but not yet taken up	287,574	-
UKFC Lottery Delegation Fund:		
Commitments	547,240	3,703,146

10 Operating lease commitments

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as follows:

	2007	2006
	£	£
Land and buildings:		
Less than 1 year	67,487	
Expiring between 1 and 2 years	-	269,948

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2007

11 Cash flow

(a) Reconciliation of net incoming resources to net cash inflow from operating activities	2007 £	2006 £
Net (outgoing) / incoming resources	(1,938,957)	3,847,208
Net interest received	(336,639)	(222,787)
Depreciation charges	25,855	32,732
(Increase) in debtors	(285,561)	(521,859)
Increase in creditors	1,576,928	1,639,654
Net cash flow from operating activities	(958,374)	4,774,948

(b) Analysis of cash flows for headings netted in the cash flow	2007 £	2006 £
Returns on investments and servicing of finance		
Bank interest received	338,171	229,914
Lease interest paid	(1,532)	(7,127)
Net cash inflow from returns on investments and servicing of finance	336,639	222,787
Capital expenditure		
Purchase of tangible fixed assets	85,312	33,987
Net cash outflow from capital expenditure	85,312	33,987

(c) Analysis of changes in net funds	At 1 April 2006 £	Cash flow £	At 31 March 2007 £
Cash in hand and at bank	10,792,478	(707,047)	10,085,431

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2007

12 Restricted funds

Funding is received from various bodies under strict terms, which determine how the monies can be used. Such funding is ring fenced as restricted funds and specific expenditure and a reasonable proportion of overheads are allocated against the income, as follows:

	Balance b/f 1 April 2006 £	Incoming resources £	Outgoing resources £	Transfers in/out	Balance c/f 31 March 2007 £
ESF	-	773,412	(773,412)	-	-
Freelance Training Fund (FTF)	276,673	-	(260,688)	-	15,985
TV Freelance Fund (TVFF)	-	1,352,000	(756,773)	-	595,227
Film Skills Fund:					
Skills Investment Fund (SIF)	1,511,386	818,410	(750,638)	-	1,579,158
UKFC Lottery Delegation Fund	4,593,501	5,964,918	(8,382,960)	-	2,175,459
	6,381,560	8,908,740	(10,924,471)	-	4,365,829

ESF Equal Project

The overall aim of the project is to explore innovative approaches to supporting individuals from groups currently under-represented in the audio visual industries (women, people with disabilities, ethnic minorities, older people and young people from economically disadvantaged areas) to develop the skills, knowledge and experience they need to develop successful businesses, including self-employment, in the sector. The project is delivered by a partnership led by Skillset and UK Film Council.

ESF National Project

The ESF National project covers three different, but related, programme strands. The first is research; ESF funding is used to supplement and extend our research, identifying training and skill issues for particular groups within the workforce. The second strand of work picks up on this identification of need, as we use funding to target our one-to-one careers advisory sessions at undergraduate groups, complementing other forms of funding from DfES. The third strand of work provides additional funding for freelancers in the form of bursaries, so that those individuals who have been through the careers and training needs sessions are assisted with funding to support their needs and ensure they are being met.

TV Freelance Fund (TVFF)

The Freelance Training Fund closed down with effect from the end of December 2005 and the new TV Freelance Fund started in April 2006. Funded by a small number of contributors and issued to fund the training of Freelancers in the TV sector. The £16k that remained in the Freelance Training Funded as at March 31 2007 is to be consolidated with the new TV Freelance

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2007

Fund. The overall consolidated reserves of £600k will be carried forward to next year of which £500k has already been committed.

The Skills Investment Fund (SIF)

Made up of contributions from all productions partially or wholly shot in the UK and which are due for theatrical release. The fund is applied to giving out grants and supporting the development of the Film Skills strategy. £1.5 million was unspent at the end of March 2007 and will be used in furtherance of the objectives of the Film Skills Strategy.

The UKFC Lottery Delegation Fund (including bank interest and other miscellaneous income)

Activities are funded by a 3 year contract which commenced in April 2004. The UK Film Council paid funds to Skillset to disburse as lottery grants and pay for the management and administration of the fund. £2.1 million of the amount received was unspent, most of which has been released to schemes at the end of March 2007. The balance will be applied to activities within a budget agreed with the Film Council in 2007/2008.

13 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total £
Fixed assets	101,289	-	101,289
Cash at bank and in hand	861,930	9,223,501	10,085,431
Other net liabilities	(306,339)	(4,834,273)	(5,140,612)
Long term liabilities	-	(23,399)	(23,399)
	656,880	4,365,829	5,022,709

14 UK Film Council

Details of the lottery grants from the UK Film Council to Skillset for the period; 1 April 2006 to 31 March 2007 are as follows:

	£	£
Grants received in the year 2006/07		5,753,965
Bank interest receivable		210,953
Restricted Fund - incoming resources		5,964,918
Hard commitments made in the year 2006/07	7,172,031	
Contribution from other parties	(35,000)	
Overheads released by Skillset	1,245,929	
Restricted Fund - outgoing resources		8,382,760
Restricted Fund balance for year		(2,418,042)
Restricted Fund balance b/fwd		4,593,501
Restricted Fund balance c/fwd		2,175,459

Skillset Sector Skills Council
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

In addition to the Award payments released and grants payable, as noted above, Skillset have also made soft commitments of £547,240, as set out in note 9 to the financial statements.

Combining these items means that Skillset has made a total of Lottery Award commitments of £7,719,271 in the year 2006/2007.

These grants fell within the legitimate scope of Skillset's activities, and have been offered in accordance with plans put forward by Skillset to its funding bodies.

15 Grants payable in furtherance of the charity's objects

(a) The aggregate value of bursaries payable to individuals for the year ended 31 March 2007 was £219,319 [2006: £56,327].

The total number of recipients was 387 [2006: 101].

(b) The aggregate value of Grants payable for the year ended 31 March 2007 was £8,039,517 [2006: £3,963,854].

<u>Organisation</u>	<u>Project</u>	
<u>Grants to organisations in London</u>		
2020 Productions Ltd	WHIP Card (Weapons Handling Industry Pass)	£33,847
Ahead Training	Final Cut Pro for Avid Editors	£2,335
Capitol Films Productions	CFP Training	£5,580
Cass Business School, City University	Skillset Film Business Academy Company Training and Development Programme 2006	£1,081,000
Cinesite (Europe) Ltd		£15,380
Documentary Filmmakers Group (DFG)	European Documentary Funding Workshop	£9,186
Dogwoof Pictures	Dogwoof Development Training Programme	£7,000
DV Talent	Shooting and Directing on (H)DV - Beg & Inter	£52,280
DV Talent	Final Cut Pro for Producers	£8,922
DV Talent	An Introduction to Production Management	£2,262
Escape Studios Ltd	Maya Core	£36,932
Film London	Microwave Training Programme	£88,509
Film London	Location Manager Training Course	£40,000
Framestore CFC	Developing Potential	£25,000
FT2 (Film & Television Freelance Training Ltd)	ICRTS	£116,420
FT2 (Film & Television Freelance Training Ltd)	New Entrants Technical Training Programme (NETTP)	£61,477
FT2 (Film & Television Freelance Training Ltd)	Set Crafts	£10,155
FT2 (Film & Television Freelance Training Ltd)	Health and Safety for Grips	£7,671
FT2 (Film & Television Freelance Training Ltd)	Health and Safety for Grips	£3,408

Skillset Sector Skills Council
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 For the year ended 31 March 2007

Greasepaint Ltd	Airbrushing, Period Hair and Make-Up and Prosthetics	£26,940
Hannonmedia Ltd	Health and Safety for Freelancers	£12,000
Hannonmedia Ltd	Health & Safety for Freelancers	£5,278
Independent Cinema Office	ICO Nationwide Exhibitor Training Programme 2007	£73,511
Independent Cinema Office	Cultural Cinema 2006	£26,322
Initialize Films	Online Marketing and Distribution Strategies	£15,242
IWC Media Ltd	Coming Up 2006	£45,264
IWC Media Ltd	Coming Up 2006	£41,761
LCC, University of the Arts, London	Bursaries for MA in Screenwriting	£28,415
LCC, University of the Arts, London	'MA Screenwriting' Course Development Bursary Application	£5,000
London Film School	LFS UK Bursary Scheme, Screenwriting Masters Degree, Craft Extension Year Programmes, Film Graduate Transition Network, European Film Education Exchange	£550,000
Pathe Distribution Ltd	Company Professional Development	£10,000
Praxis Films Ltd.	Becoming an AP: The Professional Skills and Knowledge You Need	£3,525
Revolution Films	Training for Company Development	£4,195
Samuelson Productions Ltd	The Skillset/Samuelson New Producer Network	£200,000
Slingshot Productions Ltd	Slingshot 'Training and Development into Greenlight' scheme	£100,000
The Actors Professional Centre Ltd.	The Actors Centre Film Lab	£29,978
The Bureau Film Company Limited	Cinema Extreme Training Scheme	£83,075
The Bureau Film Company Limited	The Bureau Company Development Training Program	£7,500
The Moving Picture Company	Animation Skills Development	£25,000
The National Film Theatre	Digital Projection and Multimedia Box Training for Projectionists	£147,245
The Pavement	Company Development for Film Post-Production	£10,000
The Screen Academy at the London College of Communication (LCC) and Ealing, Hammersmith & West London College	The London Film Academy - an FE/HE centre for comprehensive film training.	£677,416
The Script Factory	Skillset Writers' Circle	£50,000
VET	Avid Film Composer Training	£19,084
VET	DVD Authoring on Scenarist	£9,812
VET	High Definition Overview	£6,587
VET	DV Shoots	£5,280
VET	Final Cut Pro	£4,512
VET	Various Projects	£4,178
VET	Production Management	£2,364

Skillset Sector Skills Council
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

VET Ltd	Editing - Fundamental Concepts	£1,160
Videosonics	Training Programme 2005/06	£10,000
		£3,848,008

Grants to organisations outside of London

Avril Rowlands Television Training	TV & Film Continuity	£12,222
Avril Rowlands Television Training	PA Studio Gallery Skills	£2,329
BBC Training	HD Natural History	£11,436
BBC Training	HD Shooting	£3,430
Bill Curtis Associates	Developing Wider Skills - Practical Lighting Operations	£1,910
Bill Curtis Associates	Developing Wider Skills - Location Sound Recording	£1,831
Bill Curtis Associates	Developing Wider Skills - Directing and Shooting DV Camera	£1,711
Bournemouth University	Bursaries for BA in Scriptwriting for Film & Television	£64,208
Bournemouth University	Bursaries for MA / PGDip Screenwriting	£34,000
Bournemouth University	Bursaries for students on BA Hons Scriptwriting for Film and Television programme	£28,200
Bournemouth University	Bursaries for BA in Scriptwriting for Film & Television	£25,793
Bournemouth University	Bursaries for students on MA Screenwriting	£17,000
Bournemouth University	'BA Hons Scriptwriting for Film and Television' Course Development Bursary Application	£4,993
Breakout Training and Development	Breakout	£95,000
Film Skills Training Limited	Introduction to 2D VectorWorks	£29,640
Film Skills Training Limited	Advanced Course 3D VectorWorks Modeling Rendering with Cinema 4D/Artlantis/FormZ	£13,440
Helen Johnson	Innovation bursary to develop industry master classes with key Guilds	£5,000
La - Interactiva	Innovation Bursary	£3,500
Leeds Metropolitan University	Bursaries for MA in Screenwriting (Fiction)	£70,000
Leeds Metropolitan University	MA in Screenwriting (Fiction) Bursary Support	£20,000
Leeds Metropolitan University	'PgDip/MA in Screenwriting (Fiction)' Course Development	£5,000
Lighthouse Arts and Training Ltd	Guiding Lights	£105,881
Lighthouse Arts and Training Ltd	Skillset Screenwriting Entry Level 2	£70,000
Lighthouse Arts and Training Ltd	Animation Storyboarding: A practical course in traditional and digital storyboarding	£29,684
Media Training North West	Drama New Entrant Training Scheme	£103,461
Media Training North West	Bespoke Training for Freelancers	£20,720

Skillset Sector Skills Council
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 March 2007

NFTS	Bursaries for MA	£20,000
NFTS (National Film & Television School)	Digital Producing - The Elements	£89,150
NFTS (National Film & Television School)	Post-Graduate Diploma in Digital Post-Production	£83,922
NFTS (National Film & Television School)	Post-Graduate Diploma in Producing Visual and Special Effects	£66,078
NFTS (National Film & Television School)	Bursaries for MA in Film and Television Screenwriting	£20,000
NFTS Short Course Factory	UK Film Council New Cinema Fund Digital Shorts Scheme	£94,000
Northern Film & Media	Northern Film & Media's Structured Skills Placement Scheme (SPS)	£12,874
Ravensbourne College of Design and Communication	Multi Camera Studio Directing	£2,600
Ravensbourne College of Design and Communication	DV & HD Skills for Directors	£2,100
Ravensbourne College of Design and Communication	Location Sound	£1,309
Ravensbourne College of Design and Communication	Practical Location Lighting	£270
Royal Holloway - University Of London	Bursaries for MA in Feature Film Writing	£36,817
Royal Holloway - University Of London	Bursary support for Skillset accredited MA Screenwriting Course	£13,702
Royal Holloway - University Of London	'MA in Feature Film Screenwriting' Bursary Application	-£63
Screen West Midlands	Focus on Freelancers	£17,000
Screen Yorkshire	Fast Track II - Making It Happen	£47,087
Screen Yorkshire	Continuing Professional Development for Television Freelancers	£4,137
Shaun Moore Design	Design Skills for Art Department	£23,821
Short Courses@NFTS	Short Courses combination	£90,519
Short Courses@NFTS	Script Supervisors	£9,100
Short Courses@NFTS	Previsualisation 3D Modeling Camera Angles with Cinema 3D	£8,320
Short Courses@NFTS	Lighting Film and High Definition (GBCT Approved)	£7,945
Short Courses@NFTS	Pre-visualisation 3D Modeling with Sketch Up	£4,462
Short Courses@NFTS	Pre-visualisation 2D Concept Illustration Using Painter 7	£4,434
Short Courses@NFTS	Storyboarding for Animation Using Photoshop	£4,390
Short Courses@NFTS	Shooting on High Definition	£4,310
Short Courses@NFTS	Pre-visualisation 2D Concept Illustration Using Photoshop	£3,774
Short Courses@NFTS	Post Production Supervisors	£2,497
Short Courses@NFTS	Previsualisation Master Class	£1,945
Short Courses@NFTS	Introduction to Editing on Final Cut Pro	£1,650
Short Courses@NFTS	Shooting on High Definition for Directors and Producers	£1,580

Skillset Sector Skills Council
NOTES TO THE FINANCIAL STATEMENTS
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Short Courses@NFTS	Managing People in Film and Television	£1,280
Short Courses@NFTS	Forklift and Scissor Lift Training and Assessment for Stagehands in Film and Television	£900
Short Courses@NFTS	Introduction to Editing Avid Express Pro	£550
South West Screen	South West Attachment Scheme (SWATS)	£18,750
South West Screen	Storyboard for Features and Cross Platform Production Training Programme	£5,000
TAPS	Continuing Series Master class	£11,529
TAPS (Training and Performance Showcase)	TAPS Regions Writers Course	£45,937
TAPS (Training and Performance Showcase)	TAPS Nations Writers Course	£45,936
TAPS (Training and Performance Showcase)	TAPS Comedy Workshop/ Showcase 2006/7	£16,679
TAPS (Training and Performance Showcase)	TAPS Continuing Series Master class 2006/7	£11,529
TAPS (Training and Performance Showcase)	TAPS Script Editing Course 2006/7	£8,127
The Arts Institute at Bournemouth	Bournemouth Screen Academy	£250,000
The Arts Institute at Bournemouth	Bournemouth Screen Academy	£250,000
The Production Guild	The Production Guild Assistant Production Accountant Training Scheme	£108,000
The Production Guild	PROGRESS: The Production Guild Film Skills Continuing Development Programme	£40,000
The Production Guild	PROGRESS: The Production Guild Film Skills Continuing Development Programme	£5,000
The University of Bolton	'B.A. (Hons) Media, Writing and Production' Course Development Bursary Application	£4,176
The University of Bolton	Bursaries for BA in Media, Writing & Production	£18,000
The University of Bolton	Bursaries for BA (Hons) Media, Writing and Production	£12,000
University of East Anglia (UEA)	Bursary application for MA in Creative Writing: Scriptwriting	£9,553
University of East Anglia (UEA)	'MA in Creative Writing: Scriptwriting' Course Development Bursary Application	£2,560
Warp X and Threshold Studios Ltd	Dark Light - Women Direct Horror	£79,368
		£2,404,994

Grants to National organisations

Boda cyf	Boda - Company Development Project	£10,000
Cyfle	New Entrants 2006/2007	£33,829
Cyfle	Skills Wales Fund 2006/2007	£22,570
International Film School Wales	Skillset Screen Academy, Wales	£550,000
Napier University	The Screen Academy Scotland	£500,000
Profile Media Services	Applying Make-up using Airbrushing Techniques	£3,881

Skillset Sector Skills Council
NOTES TO THE FINANCIAL STATEMENTS
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Profile Media Services	Making and Applying small prosthetic pieces	£2,780
Profile Media Services	Application and aftercare of hair extensions	£2,587
Profile Media Services	Long Hair Setting and Dressing Techniques	£2,432
Profile Media Services	Cutting & Styling Mens Hair	£2,214
Scottish Documentary Institute at Screen Academy Edinburgh College of Art	Bridging the Gap	£60,000
Scottish Screen	Scottish Screen New Entrants Training Scheme (NETS)	£122,926
Scottish Screen	Animation New Entrants Programme	£67,345
Scottish Screen Enterprises Limited	Scottish Screen New Entrants Training	£54,050
		£1,434,613

Grants to International organisations

ACE	Producers' Training and Networking Programme	£23,000
	Berlinale Talent Campus - An international summit of the most talented up-and-coming filmmakers worldwide.	£75,000
Berlinale Talent Campus	Berlinale Talent Campus	£75,000
Equal	Graduate Fellowship	£80,000
Equal	Timeshift	£80,000
North by Northwest (NNW)	North by Northwest Classics, Wizard of Oz, and Seven Samurai.	£30,000
		£363,000
	Total Grants to Organisations	£8,050,617
	Rescinded grant (Leeds Metropolitan University)	-£11,100
	Total Grants to Individuals	£219,319
		£8,258,836

16 Resources held for a third party

The following reflects the movement in resources held for a third party which have not been included in the statement of financial activities:

	LSSF £	David Fraser Fund £	ESF Equal Project £	Film Industry Training Board £	Total £
Brought forward	13,653	28,369	136,249	-	178,271
Funds received	-	598	818,311	14,175	833,084
Funds expended	(8,804)	(3,000)	(814,648)	-	(826,452)
Carried forward	4,849	25,967	139,912	14,175	184,903

Amounts held at the year end are reflected in the creditors balance per note 6.

Skillset Sector Skills Council
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

17 Incoming resources deferred

The following reflects the movement in the deferral of incoming resources

	Other	TV Freelance	Total
	£	Fund	£
	£	£	£
Brought forward	387,903	1,315,000	1,702,903
Released to income	(387,903)	(1,315,000)	(1,702,903)
Income deferred	817,925	-	817,925
Carried forward	817,925	-	817,925

18 Post Balance Sheet Event

Since the year end Skillset has entered into a lease extension for 2 months to 27th August 2007 on their property in London, after this date Skillset will be moving offices and entered into a new 10 year lease with a 5 year break clause. Skillset will be incurring fit out costs during 2007/08.