

*Client Copy*

**creative  
skillset**

**Developing world class talent**

# **Creative Skillset - Sector Skills Council**

## **FINANCIAL STATEMENTS**

**For the year ended  
31 March 2012**

**Company Registration No. 2576828  
Charity Registration No. 1015324  
Scottish Charity Registration No. SC039556**

**Creative Skillset Sector Skills Council  
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# Creative Skillset Sector Skills Council TRUSTEES' REPORT

## 1. Introduction

This Trustees' Report covers activity between 1<sup>st</sup> April 2011 and 31<sup>st</sup> March 2012 and covers our work across the UK and the Creative sectors. Further in-depth reporting about Creative Skillset activities can be found on the Creative Skillset website at [www.creativeskillset.org](http://www.creativeskillset.org)

## 2. What is Creative Skillset?

Creative Skillset is an independent UK wide organisation, owned and managed by its industries and working jointly with government to identify and tackle skills and productivity needs throughout the UK. It is also the Sector Skills Council (SSC) for the Creative Industries.

Creative Skillset's aim is to support the improvements to the **productivity** of our industry to ensure that it remains globally **competitive**. We do this by **influencing and leading**; **developing skills**, training and education **policy**; and through **opening up** the industries to the UK's pool of **diverse** talent.

We conduct **consultation** work with industry, publish **research** and **strategic** documents, run **funding** schemes and project work, and provide information about the challenges that face the industry and what we need to do to overcome them.

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging.

### Vision & Mission



In order to provide clarity of purpose for us as an organisation we have developed a vision which gives us the focus we require to achieve our mission.

## Creative Skillset Sector Skills Council TRUSTEES' REPORT

- **Betty Jackson, CBE**, Founder, Betty Jackson Limited
- **Christine Payne**, General Secretary, Equity (on behalf of the Federation of Entertainment Unions)
- **Professor Stephen Heppell**, Founder, Heppell.net
- **Dame Gail Rebuck, CBE**, Chairman and CEO, The Random House Group [resigned:18/10/11]
- **Peter Salmon**, Director, BBC North; Chief Creative Officer, BBC Vision
- **Stephen Woodford**, Chairman & CEO, DDB
- **Tim Richards**, Founder, VVE Entertainment [appointed: 13/10/11]
- **Stephen Page**, CEO, Faber and Faber [appointed: 13/10/11]

### National Boards

The National Boards are responsible for guiding Creative Skillset's work in the nations, as authorised and delegated powers of the Creative Skillset Board of Directors and Trustees. These Boards are also responsive to the changing needs of the industry within their respective nation. The three National Boards are:

- Creative Skillset Scotland National Board
- Creative Skillset Cymru National Board
- Creative Skillset Northern Ireland National Board

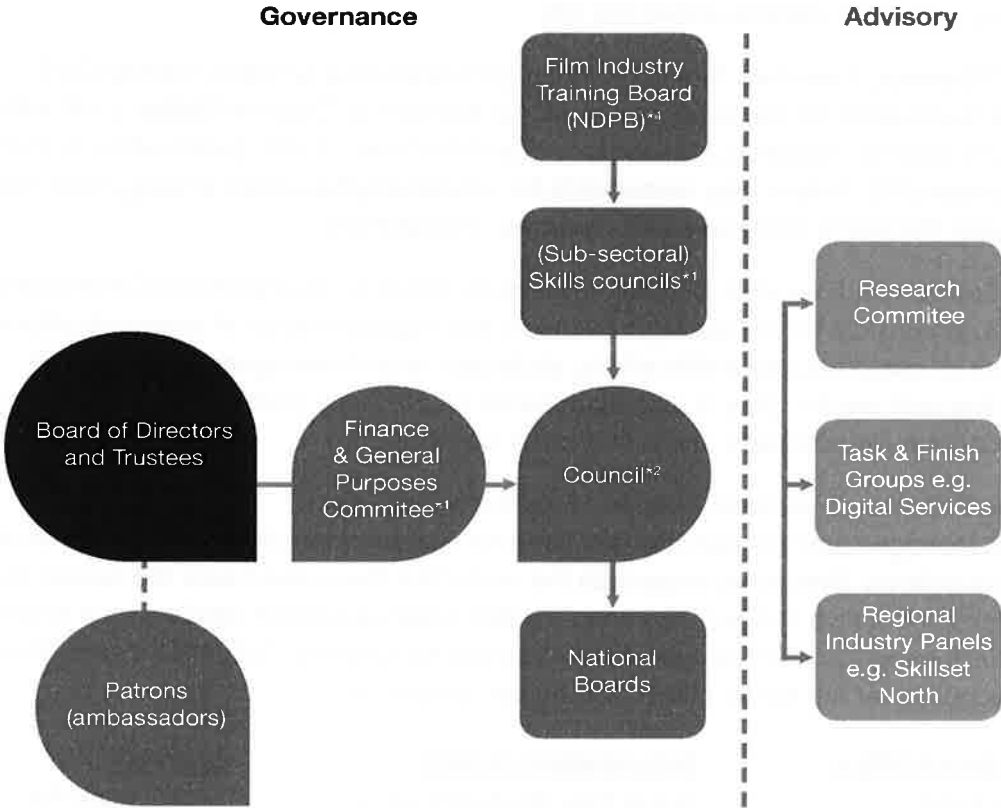
### (Sub-Sectoral) Skills Councils

The (Sub-Sectoral) Skills Councils are responsible for delivering on the aims of Creative Skillset in relation to the specific sectors, across the UK, as authorised by the delegated powers of the Creative Skillset Board of Directors and Trustees, and are responsive to the changing needs of their respective sectors.

### Creative Skillset Finance & General Purposes Committee

This Committee provides guidance and assistance to the Chief Executive and Directors/ Trustees of Creative Skillset to ensure compliance with its responsibilities as an SSC, Charity and Company Limited by Guarantee. It is responsible for advising on the day-to-day financial operations and controls and ensuring that our budget plan is in line with our Strategic Plan, and advising on human resources systems. It is also responsible for ensuring that internal procedures, governance systems and processes are in line with best practice and are reviewed regularly.

Creative Skillset Sector Skills Council  
TRUSTEES' REPORT



# Creative Skillset Sector Skills Council TRUSTEES' REPORT

## Creative Skillset Operational Structure

### Creative Skillset's Executive Team

Creative Skillset is led and managed by the CEO supported by its Executive Team who attends the Board. As we are a charity, the CEO is accountable to the Board but does not have voting rights. The Executive Team consists of:

**Dinah Caine OBE**, Chief Executive Officer

Dinah is responsible for the strategic direction and overall leadership of Creative Skillset's work. She is the organisation's principal spokesperson and takes the overall lead on lobbying and policy matters across the UK.

**Kate O'Connor**, Executive Director – Industry Partnerships & Policy, Deputy CEO

Kate is responsible for the policy and strategic direction of Creative Skillset's UK-wide functions such as: research, standards and qualifications, FE/HE partnerships and policy, and careers IAG. Kate is also responsible for overseeing the sector strategy work and managing the teams responsible for employer engagement.

**Gary Townsend**, Executive Director – Business Affairs & Organisational Development

Gary is responsible for the strategic overview and implementation of communications. This includes all corporate and public affairs, strategies, brand management, press, PR, marketing and events. Gary is also responsible for business planning, governance issues, organisational development and is Company Secretary.

**Natalie F Carsey**, Executive Director - Finance & Operations

Natalie manages the financial affairs of Creative Skillset, formulating and implementing its financial policies. Natalie develops with the rest of the Executive Team the overall strategic direction for Creative Skillset, also ensuring that Creative Skillset remains on a sound financial footing. Natalie has overall responsibility for Creative Skillset's Finance Team and is responsible for the funds, offices and human resources.

**Registered Office**

Focus Point  
21 Caledonian Road  
London  
N1 9GB

**Independent Auditor**

Baker Tilly UK Audit LLP  
25 Farringdon Street  
London  
EC4A 4AB

**Bankers**

HSBC Bank Plc  
PO Box 260  
46 The Broadway  
Ealing, London  
W5 5JR

## 5. Key Achievements and Performance

### CREATIVE DIRECTION

2011-12 saw the first contestable funds opened by the UK Commission of Employment and Skills (UKCES) to replace reliance on grant funding from the commission

#### **Growth and Innovation Fund:**

Secretary of State for Business, Vince Cable, and Minister for Skills, John Hayes, launched a £50 million a year fund to help businesses develop the skills they need to drive growth.

The Growth and Innovation Fund (GIF) will deliver targeted help for employer groups to overcome barriers to growth within their sectors and industries. The funding could deliver new training to boost innovation and productivity, enable industries to set new professional standards, or support new or extended National Skills Academies.

The Growth and Innovation fund covers England only and in 2011-12 we were successful with one of our three Best Market Solution Strands 'On Course', from which Creative Skillset was awarded £0.5m running from August 2011 to September 2012.

With the Relicensing of Media Academies underway, February 2012 saw the briefing and training of 25 Industry Evaluators to carry our pilot universal course accreditation process. We are assessing and moderating 162 pilot degree course accreditation applications. The majority of these courses relate to TV and content development. In our pilot regarding Extending the Tick to Apprenticeship providers we are processing 9 Apprenticeship provider accreditation applications (Stage 1: paper based), are arranging Stage 2 visits and interviewing employers and apprentices. In Extending the Tick to CPD we are processing 60 Short Course approval applications via internal and external assessors.

#### **Employer Investment Fund:**

The Employer Investment Fund (EIF) has been established by the UK Commission for Employment and Skills to enable employers across the UK to be more ambitious about raising skills in their sectors

The EIF covers the UK and is open only to Sector Skills Councils. In 2011-12 we were successful in the Innovation strand.

This new proposal aims to extend our quality mark to Apprenticeships, Internships, commercial providers and vocational progression or 'feeder' courses and a new approach to delivering online careers and mentoring advice, all key areas where increased industry focus and investment is needed.

## Creative Skillset Sector Skills Council TRUSTEES' REPORT

In order to be awarded the Skillset Tick the supplier will undergo a rigorous assessment process conducted by Creative Industries and other appropriate specialists supported by efficient and effective processes and systems to ensure quality and responsiveness.

The Skillset Tick will therefore not only provide employers and individuals with a navigation tool to access good practice but will drive up standards of provision by basing the system of quality marking on industry need and best practice delivery.

### TELEVISION

A new TV and Content Strategy Group, chaired by Anne Morrison, was established by Eileen Gallagher on behalf of the Board. One outcome of this committee is the potential for the BBC Academy to explore options for expanding the number of Apprentices hired by the BBC and options for the BBC and BBC Academy to collaborate with the wider industry on Apprenticeships.

In terms of funding, a number of training programmes were approved for support through the TV Skills Fund including:

- United Kingdom Register of Counselors (UKRC) Women Entrepreneurs programme in Salford and Bristol.
- Inspirational Leadership programme.
- Funding approved for an Indie company development programme in Northern Ireland, to up-skill indigenous talent to compete for national and international commissions.
- Agreement to work with Content Delivery Network (CDN) to jointly fund and develop a training support programme for diverse talent in TV in the North struggling to progress their careers.

We have developed the Creative Skillset offer for local TV bidders and a Creative Skillset Media Academy working group has been established to devise best practice guides for models of engaging with local TV and student work experience guidelines. We now have almost 3,000 individual Production Safety Passport holders registered on our database.

### FILM

We are delighted that skills and talent featured prominently in the DCMS-commissioned independent Film Policy Review report that was released in January 2012. The review panel praised Creative Skillset's work and endorsed future commitment to and support for Creative Skillset to deliver the next phase of the UK film skills strategy.

During 2011-12 we surpassed our in-year targets and have supported over:

- 70 trainees
- 850 people in responding to new technologies
- 120 creative talent
- 300 students at our Film Academies



## Creative Skillset Sector Skills Council TRUSTEES' REPORT

- 200 people in business skills
- 30 people in health and safety skills

### **INDUSTRY PARTNERSHIPS**

During the restructure the sector teams, regional teams and the Nations were merged together into the partnership division responsible for employer engagement. This year we continued to measure our performance against the key priority sectors.

#### **Fashion & Textiles**

We are currently exploring the extension of the Creative Skillset Tick to Fashion Design Courses guided by our Board member Betty Jackson, CBE. As a founding partner of the European SSC for Textiles, Clothing and Leather in Brussels, supported by the European Commission, Creative Skillset is contributing to three European-level research reports that will inform a series of recommendations on skills needs to the European Commission. These will be launched and published at a major European conference in Brussels, December 2012.

The other major focus for Creative Skillset's work in England in Fashion and Textiles has been the Higher Level Apprenticeships project which we have secured investment to support. We are convening Industry Advisory Groups in key sub-sectors: textiles and technical textiles (working with NWTexnet and Huddersfield Textiles Centre of Excellence) and high-end designer manufacturing (working with Designer-Manufacturer Innovation Support Centre (DISC), Centre for Fashion Enterprise, the British Fashion Council and United Kingdom Fashion and Textiles (UKFT)).

#### **Publishing**

Book and Journal Publishing National Occupational Standards (NOS) were approved by the UKCES. With over 600 registrations on the online consultation site, this is Creative Skillset's most successful NOS project to date. A NOS campaign and roll out plan are in development for implementation in the spring.

#### **Radio**

Radio Fast Train at White City in February 2012 was a great success, attracting 335 attendees to 38 taster training sessions and masterclasses. There was a good mix of participants from community, commercial and BBC and a diverse range of activities and panelists discussing the present and future of radio and audio online, locally, nationally and internationally. Communication and collaboration was extremely positive with our partner the BBC Academy and external stakeholders including RadioCentre, Sound Women, Bectu, Community Media Association Radio Independents Group and the Radio Academy.

## Creative Skillset Sector Skills Council TRUSTEES' REPORT

### **Computer Games**

Work with the computer games sector continues to align against the recommendations of 'Next Generation' (NEXT GEN). Achievements by NEXT GEN include effective lobbying around computer science and the curriculum. Creative Skillset is concentrating on developing careers resources, promoting and continuing with course accreditation and setting up a new joint forum with the main trade associations, United Kingdom Interactive Entertainment (UKIE) and e-skills.

### **Advertising**

In advertising, our work has centered on Higher Level Apprenticeships (HLA) development. Following our successful bid, an HLA Industry Advisory Group for advertising has been convened and focus groups around the UK have taken place to develop National Occupational Standards (NOS). The initiative resulted in a joint statement on the shape and content of HLAs. An on-line consultation for NOS was live until the end of March 2012. As part of the HLA development, Creative Skillset is forging close relationships with all key trade bodies and key agencies and will be presenting to 70 MDs at the MAA AGM.

## **ENGLAND**

### **Creative Breakthrough, National Apprenticeship Service**

Following the endorsement of the Creative Industries Council (CIC) Skillset Skills Group Report, the National Apprenticeship Service (NAS) invited Creative Skillset to submit a proposal to address some of the report's recommendations on Apprenticeships. Creative Breakthrough is a capacity-building and R&D project. It will extend quality assurance of Apprenticeship provision through the Creative Skillset Tick and research, develop and establish collective group training models for priority sub-sectors (including film, TV, textiles and technical textiles, and designer fashion manufacture).

### **National Apprenticeships Week**

National Apprenticeship Week was launched by Vince Cable, David Abraham and NAS Executive Chair Simon Waugh at Channel 4 in February, organised with Creative Skillset's and Channel 4's support. Employers and apprentices from across the Creative Industries attended the launch, including fashion, textiles, TV and advertising. The major announcement of the launch was that Creative Skillset had secured £1,500 wage incentives for 500 small creative businesses to take on their first apprentices.

## Creative Skillset Sector Skills Council TRUSTEES' REPORT

### SCOTLAND

#### MA in Creative and Digital Media

The 10 BBC Scotland MAs in Creative and Digital Media are now around the mid-way point of their training. BBC Scotland continues to provide very positive feedback on the progress these young people are making in their roles and are delighted that there has been no drop out. All 10 are anticipated to complete the programme.

#### MA in Fashion and Textiles Heritage Awards

Uptake of the textiles frameworks has developed significantly over the past few months.

- 100 on level 2 Manufacturing Textiles with 13 leading knitwear manufacturers
- 20 on level 2 Leather Production frameworks, with a further 15 in 2012-13, with high end leather production companies
- 120 on level 2 Laundry Operations and Dry Cleaning Operations, with a further 120 in 2012-13, with Scotland's leading commercial cleaners

### WALES

Our Skills for the Digital Economy Programme which funds research and the delivery of training in Wales has enabled a total of 169 individuals to benefit from various courses during this financial year. These courses have been in the areas of Business skills; Monetising multi-platform content; Multi Camera Directing; Multiplatform production and management; Leadership skills; Final Cut Pro; Shoot and Edit; Copyright and IP; Cameras and Digital workflow. Further courses in the areas of Lighting; Hair and make-up and large sensory cameras are to be delivered in partnership with Broadcasting, Entertainment, Cinematograph and Theatre Union (BECTU) over the next few months. A total of 78 bursaries have been awarded this year. Approximately 50 individuals participated in new Creative Skillset Cymru Training Framework financed courses which were delivered in the areas of: Final Cut Pro; Shoot, Edit & Upload; Developing Apps; Making use of Digital Archive; Appropriate Welsh for Media; and NSPCC Child Protection.

The Creative Skillset Cymru Apprenticeship in Creative and Digital Media pilot programme completed with an astounding 10 out of the 12 Apprentices securing jobs with independent production companies and broadcasters based across the UK. The 2012 cohort started in January 2012 with a total of 18 Apprentices placed at the BBC Wales Roath Lock Studios and with various independent production companies.

### BUSINESS DEVELOPMENT

During the restructure, the qualifications and development teams (including research) were brought together under the business development division to exploit business opportunities.

## Creative Skillset Sector Skills Council TRUSTEES' REPORT

### **Standards work**

In December 2011 the final Publishing NOS (National Occupational Standards) were submitted to UKCES and approved by the four Nations. The full suite is now available to access on the NOS Database and there are on-going discussions regarding launching the NOS to the publishing industry. Our Bespoke Cutting & Tailoring NOS and Sustainability in Manufacturing NOS were also submitted to UKCES and approved by 4 nations. These are now uploaded on the Creative Skillset website.

We currently have 4 large film and TV NOS suites under review to bring them up to date with legislation, working practices and technology. These are now in review to enable work on the Craft and Technical Apprenticeship next year. The suites are Camera (new units for Camera Operators and DITs), Props, Costume and Hair and Makeup.

### **Media Academies**

Two new programmes started in January 2012: Birmingham City University School of Media's Foundation Degree in Radio Production course has been designed by Creative Skillset and leading UK broadcasting organisations (Bauer, Global, BBC, and Absolute Radio) and tutors include industry professionals from Radio 1 and Global Radio. The MA programme in Production Management, developed by Bournemouth Creative Skillset Media Academy in collaboration with the BBC, will soon open to BBC staff, external applicants working for other organisations and the freelance professionals.

In addition we have developed new courses in conjunction with Birmingham City University:

- Social Media, Mobile Media and Gamification
- Making and Saving Money with Open Data
- You're Hired! Professional Practice for Broadcast Media Freelancers
- Management Skills and Techniques for Producers and Series Producers.

There are also two new CPDs from Goldsmiths University - Creating Audio Visual Apps for iPads and iPhones, and Discourses in Innovation.

## **6. Finance Review**

### **Unrestricted Funds**

Our unrestricted income in 2011-12 amounted to £4,872k and was predominantly generated from a combination of sources; the UK Commission for Education and Skills

## Creative Skillset Sector Skills Council TRUSTEES' REPORT

(UKCES), voluntary contributions by the Broadcasting industry and income received in respect of work undertaken on various projects.

Unrestricted expenditure in 2011-12 was £5,246k, and was expended on staff, direct project costs and support costs required to support the charity's activities.

A transfer of £314k was moved from restricted funds (Creative Direction) to unrestricted funds to contribute to staff and overhead costs. The deficit for the year of £59k was deducted from the brought forward reserves of £686k and consequently the charity finished the year with unrestricted funds carried forward of £628k.

### **Further Analysis of unrestricted income by source**

#### **TV Broadcasters**

Creative Skillset received £724k contributions this year directly from Broadcasters to support our core activities, this in turn levers public funds to invest in skills. The main contributors this year were BBC, Channel 4, five, ITV and the TV Skills Fund. 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.

#### **Projects**

Creative Skillset receives specific project funding from different sources such as UKCES, HEFCE, the Scottish Funding Council, The Welsh Assembly Government and European Social Fund, amongst others, which helps support activities around specific charitable activities such as, research, standards and qualifications, approvals and action in the nations and regions as well as sector specific activity.

#### **Governance**

The £35k costs of governance included the expenses associated with external audit.

#### **Restricted Funds**

##### **The TV Skills Fund (TVSF)**

The TVSF 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 and other professionals in the TV sector, these funds form part of our restricted funds and specifically support the TV sector. Throughout this year we received £757k from Broadcasters.

Our expenditure was £464k and this was mainly used to fund bursaries to individuals and grants to training providers, who put on courses for a range of TV industry professionals.

## Creative Skillset Sector Skills Council TRUSTEES' REPORT

The TV skills fund made a surplus of £293k and consequently the reserves were increased from £459k to £752k and will be used for activities in 2012-13.

### **Creative Skillset Film Skills Fund**

This fund has two income streams:

#### **BFI Lottery Delegation Fund (BFI)**

The British Film Institute (BFI) has delegated lottery funds to Creative Skillset over the period 2004 to 2012. In 2011-12 Creative Skillset received £3,432k. Additional miscellaneous income include interest amount £3k.

Restricted expenditure for this fund was on direct grants, activity and staff support of 'A Bigger Future 2', the strategic objectives agreed with the BFI. A Bigger Future 2 comprises five strands; Supporting New Industry Trainees, Training in New Technologies, Developing Creative Talent, Improving Business Skills and Enhancing Health and Safety. Expenditure in 2011-12 including administration cost, was £3,574k leaving a deficit of £139k in 2011-12 reducing the reserves fund from £552k to £413k.

#### **The Skills Investment Fund (SIF)**

This fund is 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 investment is used to fund grants and cost of supporting the development of the Film Skills strategy 'A Bigger Future 2'. In 2011-12 the voluntary levy produced £608k of income and with expenditure costs of £760k there was a deficit for the year of £152k. This reduced the reserves of this fund from £790k to £638k.

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

### **Creative Direction**

2011-12 saw the first contestable funds opened by the UK Commission of Employment and Skills to replace reliance on grant funding from the Commission. The Growth and Innovation Fund and the Employer Investment Fund enabled us to work on quality and accreditation. Funding received for the year was £591k with direct costs of £277k and the remaining £314k transferred across to unrestricted funds to contribute to staff and overheads of running the projects.

### **Investments**

Most of Creative Skillset's funds are invested in deposit accounts held at HSBC. All other

## Creative Skillset Sector Skills Council TRUSTEES' REPORT

funds are held in Adam & Co Plc current and deposit accounts. Interest received for the year was £4k.

### **Movement on Reserves**

The net outgoing resources for the year were £57k (2010-11: £28k)

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

Unrestricted Funds	(£59k)
TV Skills Fund	£293k
BFI Delegation Fund	(£139k)
Skills Investment Fund	(£152k)

### **Grant-Making Policy**

The TV Skills 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 Creative industries. Bids are received and the relevant Committee meets and assesses those bids against those priority areas.

### **Reserves Policy**

The finance and general purpose committee members reviewed our current reserves policy and believe that the minimum level of reserves should be the equivalent of three months' operating costs calculated and reviewed annually.

Unrestricted funds as at the end of March 2012 were £628k which equates to two months' core running costs. However, actual free reserves are £505k as defined as unrestricted funds less amounts invested in fixed assets. This represents less than 2 months' operating costs. It is intended that these reserves should be built up over time consistent with Creative Skillset's overall financial position and its need to maintain and develop its charitable activities.

### **Risk Management**

Risk management is a structured approach to identify those opportunities that will produce the greatest benefit in return for our investment and, through a focused and effective management response, will have the greatest chance of success. It is also about making sure that as an organisation we manage ourselves well in meeting our legal, financial and ethical responsibilities.

Ensuring our success and the confidence that industry and other stakeholders have in us to deliver, and therefore how we manage risk, is the responsibility of all employees of Creative Skillset. Our risk strategy sets out our policies and main processes for ensuring that together we manage and respond to risk effectively.

## Creative Skillset Sector Skills Council TRUSTEES' REPORT

The Finance and General Purpose Committee reviews proposed changes to the risk register and refers these to the Board for agreement as necessary, as well as formally reviewing the Risk Management Strategy each year. Accordingly the trustees have been able to identify the major risks facing Creative Skillset and have implemented responses to mitigate those risks where appropriate. Such responses can only provide reasonable but not absolute assurance that risks have been mitigated.

The Senior Management Team will maintain the risk register. This describes the risks, considers the likelihood of these and their financial impact. It also clearly defines the owner of the risk, the mitigating action to be taken and a time scale for each action. The risk register is reviewed at the quarterly Finance and General Purpose committee.

The key risk facing the organisation is the financial and cultural shift from grant funding to bidding for contestable funding. There is a risk that the contracts won through this process will not provide as much income as has been received in previous years and may therefore impact on our capacity to achieve strategic aims.

### 7. Plans for the future

Over the next year, the way we work will change significantly. Firstly, the way we are funded by government has changed. This was our last year of being in receipt of an equal share of core funding from UKCES as a core grant. From 2012-13 we will be in competition with other SSCs and skills bodies to attract any public investment. This means that we will have to become more competitive and commercially minded in our approach.

In the face of changing and challenging circumstances we will be realigning our business model to adapt ourselves and the way we work in order to create added value. We will become more responsive to the market and establish broader industry networks and partnerships enabling sharing of knowledge and practice - focusing on what industry actually wants and not on just delivering against government priorities.

We will become more commercial by evolving existing products and services and developing new ones that our industries want and need. We will seek to sell these into new sectors and to new markets. We will explore opportunities for selling our expertise and thought leadership to overseas markets and through developing an international strategy. Through exploiting new technologies and platforms we will promote services and increase penetration and engagement.

What we want to achieve as a company is summarised in **our seven strategic priorities**, four of which are focused on the external environment and 3 of which relate to internal operation as a company.

#### Creative Ambition – Strategic Priority 1

We will galvanise individual and employer ambition, ownership and investment in skills and talent, and work together to professionalise and make the industry more



diverse.

#### **Creative Prospects – Strategic Priority 2**

We will deliver game-changing, entry level training, education, and professional development opportunities that meet industry needs, helping individuals and companies succeed.

#### **Creative Direction – Strategic Priority 3**

We will create quality assured pathways of progression for new talent and aspirant employees and freelancers, and help employers to identify where best to make their skills investments by benchmarking and signposting quality provision. Underpinning this will be definitive careers resources and online mentoring.

#### **Creative Intelligence – Strategic Priority 4**

We will produce bespoke Creative Intelligence that will enable employers to better plan for, invest in, and measure the impact of skills and talent interventions. International bench-marking and comparison will help us evaluate the extent to which our interventions work.

#### **Creative Enterprise – Strategic Priority 5**

We will develop our commercial ambitions and capabilities to develop and take to market a suite of bespoke products and services that have a commercial value in both the UK and internationally. We will optimise our competitiveness by maximising new income streams.

#### **Finance & Operations – Strategic Priority 6**

We will assist the organisation to meet its strategic and business plan objectives by providing excellent – and continually improving - support services.

#### **Creative People – Strategic Priority 7**

We will ensure that we have the right people and skills to secure effective operational delivery of our plans through the optimum deployment and development of our human resources.

*For further information about our plans for the future, please refer to our Strategic Plan and Business Plan [www.creativeskillset.org/creativeskillset/publications/](http://www.creativeskillset.org/creativeskillset/publications/)*

## **8. Funds held as Custodian**

The following funds are held as custodian as at 31 March 2012:

David Fraser Fund	£35,838
Film Industry Training Board	£14,778

### **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. Creative Skillset's contribution to the Fund has been to manage its finances and

## Creative Skillset Sector Skills Council

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREATIVE SKILLSET

We have audited the financial statements of Creative Skillset for the year ended 31 March 2012 on pages 24 to 45. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees 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 charity, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' responsibilities set out on page 21, the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Creative Skillset Sector Skills Council  
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREATIVE  
SKILLSET

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Signature.....

Date.....19 October 2012.....

SUDHIR SINGH (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

Baker Tilly UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**Creative Skillset Sector Skills Council**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**  
**For the Year Ended 31 March 2012**

	NOTES	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £ (* as restated)
<b>Incoming resources</b>					
Incoming resources from generated funds					
Voluntary income	2	2,809,264	-	2,809,264	3,000,924
Investment income		971	3,363	4,334	6,356
Incoming resources from charitable activities					
Creative Direction		-	591,025	591,025	-
Television		-	756,480	756,480	704,980
Film		-	4,040,432	4,040,432	5,071,573
Industry Partnerships		1,207,433	-	1,207,433	1,661,848
Business Development		835,165	-	835,165	2,163,290
Other income		19,581	-	19,581	-
<b>Total incoming resources</b>		<b>4,872,414</b>	<b>5,391,300</b>	<b>10,263,714</b>	<b>12,608,971</b>
<b>Resources expended</b>					
Costs of generating funds					
Charitable activities					
Creative Direction		-	276,625	276,625	-
Television		-	463,952	463,952	1,083,549
Film		-	4,145,164	4,145,164	4,888,145
Industry Partnerships		3,366,179	-	3,366,179	3,595,056
Business Development		1,844,231	189,367	2,033,598	3,029,978
Governance costs		35,106	-	35,106	40,300
<b>Total resources expended</b>	<b>1</b>	<b>5,245,516</b>	<b>5,075,108</b>	<b>10,320,624</b>	<b>12,637,028</b>
<b>Net incoming/(outgoing) resources</b>	<b>2</b>	<b>(373,102)</b>	<b>316,192</b>	<b>(56,910)</b>	<b>(28,057)</b>
<b>Transfer</b>		<b>314,399</b>	<b>(314,399)</b>	<b>0</b>	
<b>Net movement in funds</b>		<b>(58,703)</b>	<b>1,793</b>	<b>(56,910)</b>	<b>(28,057)</b>
Total funds brought forward 1 April 2011		686,366	1,801,960	2,488,326	2,516,379
<b>Total funds carried forward 31 March 2012</b>		<b>627,663</b>	<b>1,803,753</b>	<b>2,431,416</b>	<b>2,488,322</b>

*The statement of financial activities includes all gains and losses recognised in the year. All activities are classified as continuing. The 'Notes to the Financial Statements' on pages 27 to 45 forms part of these accounts. During the year, the Trustees reviewed the analysis of Creative Skillset's charitable activities and proposed an amended analysis which has been applied to the 2011-12 financial statements. Accordingly, the 2010-11 comparative balances have been restated to take account of the necessary reallocation of income and expenditure to the revised activity analysis.*

Creative Skillset Sector Skills Council  
BALANCE SHEET  
As at 31 March 2012

	Notes	2012 £	2011 £
<b>Fixed Assets</b>			
Tangible Assets	4	123,098	241,708
<b>Current Assets</b>			
Debtors	5	1,047,714	987,228
Cash at bank and in hand		8,782,938	7,488,427
		9,830,652	8,475,655
<b>Creditors : Amounts falling due within one year</b>	6	7,291,984	6,076,002
<b>Net Current Assets</b>		2,538,668	2,399,653
<b>Total Assets less Current Liabilities</b>		2,661,766	2,641,361
<b>Creditors: Amounts falling due after more than one year</b>	7	230,350	153,039
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,431,416</b>	<b>2,488,322</b>
<b>CAPITAL AND RESERVES</b>			
Unrestricted funds		627,663	686,362
Restricted funds	12	1,803,753	1,801,960
		<b>2,431,416</b>	<b>2,488,322</b>

Approved by the Board and authorised for issue on *27 September* 2012

Signed on behalf of the Board by:

Director .....

Stewart Till

The 'Notes to the Financial Statements' on pages 27 to 45 forms part of these accounts.

Creative Skillset Sector Skills Council  
 CASH FLOW STATEMENT  
 For the year ended 31 March 2012

	<b>Notes</b>	<b>2012</b> £	<b>2011</b> £
Net cash inflow/(outflow) from operating activities	<b>11a</b>	1,328,630	(1,254,030)
Returns on investments and serving of finance	<b>11b</b>	4,334	6,356
Capital expenditure	<b>11b</b>	(38,453)	(63,810)
<b>Cash inflow/(outflow) in the period</b>		<b>1,294,511</b>	<b>(1,311,484)</b>
		<b>2012</b> £	<b>2011</b> £ (as restated)
Increase/(decrease) in cash in the period		1,294,511	(1,311,484)
<b>MOVEMENT IN NET FUNDS IN PERIOD</b>		<b>1,294,511</b>	<b>(1,311,484)</b>
NET FUNDS AT 1 APRIL 2011		7,488,427	8,799,909
NET FUNDS AT 31 MARCH 2012	<b>11c</b>	<b>8,782,938</b>	<b>7,488,425</b>

*The 'notes to the financial statements', on pages 27 to 45 forms part of these accounts.*

# Creative Skillset Sector Skills Council

## ACCOUNTING POLICIES

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### **Basis of Accounting**

The financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) and with applicable United Kingdom accounting standards and under the historical cost accounting rules.

The financial statements comply with the requirements of the "Statement of Recommended Practice Accounting and Reporting by Charities" (SORP 2005) published in March 2005.

The Trustees have considered cash flow forecasts for a period of at least twelve months from the date of signing this report. The cash flow forecasts contain assumptions about the outcome of bids for funding contracts which have not yet been decided. The Trustees believe these assumptions are reasonably prudent and consequently, in their opinion, the charity is a going concern.

### **Income**

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

Charitable and voluntary 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
Leasehold Improvements	over 5 years

All assets over a value of £1,000 are capitalised. Assets of a lower value are also capitalised if they are expected to have a useful life of three years or more. A policy review on fixed assets and Depreciation will take place in 2012-13.

### **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,

## Creative Skillset Sector Skills Council

### ACCOUNTING POLICIES

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together with a fair allocation of support 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 defined contribution personal pension plans of all employees of the company providing that the employees make the relevant contribution.

#### **Grants Payable**

The TV Skills Fund, Skills Investment Fund and the BFI Delegation Funds commit grants to be paid once the conditions of the grant have been successfully completed. For the TV Skills Fund and Skills Investment Fund, grants are made available for a period of 12 months after which time the offer of the grant is withdrawn. Grants offered from the BFI Delegated Fund are reviewed after 6 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 accruals 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.

#### **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 are not allocated as most governance is provided free of charge by external industry leaders.

#### **Support Costs**

Support costs comprise all costs relating to accommodation and overheads, communications and indirect staff costs for finance and operations and business affairs and organisational development divisions and are allocated per headcount.

#### **Leased Assets and Obligations**

All leases are “operating leases” and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.



Creative Skillset Sector Skills Council  
 CASH FLOW STATEMENT  
 For the year ended 31 March 2012

**1 Total Resources Expended**

**(a) Breakdown of Total Resources Expended**

	<b>Direct Costs</b>	<b>Grants</b>	<b>Support</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>Costs</b>	<b>Total</b>	<b>Total</b>
			<b>£</b>	<b>£</b>	<b>£</b>
					<b>(as restated)</b>
<b>Creative Direction</b>	276,625	-	-	276,625	-
<b>Television</b>	197,511	266,441	186,748	650,700	1,083,549
<b>Film</b>	1,263,866	2,881,298	-	4,145,164	4,888,145
<b>Industry Partnerships</b>	874,866	33,815	2,270,750	3,366,179	3,595,056
<b>Business Development</b>	693,763	-	1,339,835	2,033,598	3,029,978
<b>Governance Costs</b>	-	-	35,106	35,106	40,300
<b>Total 2012</b>	<b>3,306,631</b>	<b>3,181,554</b>	<b>3,832,439</b>	<b>10,320,624</b>	<b>-</b>
<b>Total 2011</b>	<b>4,479,133</b>	<b>4,599,683</b>	<b>3,558,212</b>	<b>-</b>	<b>12,637,028</b>

Creative Skillset Sector Skills Council  
ACCOUNTING POLICIES

Support Cost Breakdown by Activity

(b) Analysis of support costs

	Activity £	Staff Support £	Other £	Accom £	Other £	Comms £	Total 2012 £	Total 2011 £ (as restated)
<b>Industry Partnerships</b>	814,297	665,817	56,744	259,370	439,498	35,024	2,270,750	2,238,879
<b>Business Development</b>	485,540	390,381	33,270	152,074	257,686	20,883	1,339,835	905,224
<b>Television</b>	80,400	48,195	4,107	18,775	31,813	3,458	186,748	373,809
<b>Governance Costs</b>	-	-	-	-	35,106	-	35,106	40,300
<b>Total</b>	<b>1,380,237</b>	<b>1,104,394</b>	<b>94,121</b>	<b>430,219</b>	<b>764,103</b>	<b>59,365</b>	<b>3,832,439</b>	<b>3,558,212</b>

Support costs are all allocated on the basis of the number of full-time equivalent people employed within an activity

Prior Year Information

1 Total resources expended

(a) Breakdown of Total Resources Expended

	Direct Costs £	Grants £	Support Costs £	2011 Total £ (as restated)
<b>Industry Partnerships</b>	1,315,604	40,573	2,238,879	3,595,056
<b>Business Development</b>	2,124,754	-	905,224	3,029,978

Creative Skillset Sector Skills Council  
ACCOUNTING POLICIES

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<b>Television</b>	97,675	612,065	373,809	1,083,549
<b>Film</b>	941,100	3,947,045	-	4,888,145
<b>Governance Costs</b>	-	-	40,300	40,300
<b>Total charitable activity costs 2011</b>	<b>4,479,133</b>	<b>4,599,683</b>	<b>3,558,212</b>	<b>12,637,028</b>

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Creative Skillset Sector Skills Council  
ACCOUNTING POLICIES

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Prior Year Information

Support Cost Breakdown by Activity

(b) Analysis of support costs

	Activity £	Staff Support £	Other £	Accom £	Other £	Comms £	Total 2011 £ (as restated)
<b>Industry Partnerships</b>	1,004,936	773,873	46,520	141,718	221,748	50,084	2,238,879
<b>Business</b>							
<b>Development</b>	244,868	324,528	19,509	115,145	180,171	21,003	905,224
<b>Television</b>	127,904	124,821	7,503	44,287	69,294	-	373,809
<b>Governance</b>	-	-	-	-	40,300	-	40,300
<b>Total</b>	<b>1,377,708</b>	<b>1,223,222</b>	<b>73,532</b>	<b>301,150</b>	<b>511,513</b>	<b>71,087</b>	<b>3,558,212</b>

*Support costs are all allocated on the basis of the number of full-time equivalent people employed within an activity.*

Creative Skillset Sector Skills Council  
ACCOUNTING POLICIES

**(c) Analysis of governance costs**

	2012 £	2011 £ (as restated)
Directors & Non-Executive Directors reimbursed expenses	1,547	44
Legal and professional fees	2,157	4,113
Fees paid to auditors - Financial statements	30,000	29,795
- Accountant's reports	-	6,348
- Other services	-	-
- Relating to prior year	1,402	-
<b>Total governance costs</b>	<b>35,106</b>	<b>40,300</b>

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

	2012 £	2011 £ (as restated)
<b>Net incoming/(outgoing) resources is stated after including:</b>		
Voluntary Income:-		
Industry Contributions	724,000	665,000
UK Commission for Employment & Skills (UKCES)	2,085,264	2,335,924
Depreciation and amounts written off tangible fixed assets:-		
other assets	42,052	44,708
leasehold improvements	115,011	115,013
Auditor's remuneration:		
- for external audit	30,000	29,795
- prior year external audit	1,402	-
- Other services – Baker Tilly Tax & Accounting Ltd	2,157	-
- Grant audit	3,000	-
- Accountant's Reports	-	6,348
Operating leases:		
- Land and Buildings	336,837	328,337
- Office Equipment	8,238	8,530

**Creative Skillset Sector Skills Council**  
**ACCOUNTING POLICIES**

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**3 Employees**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Staff costs:		
Wages and salaries	2,928,375	3,151,784
Social security costs	339,440	340,397
Other pension costs	171,435	176,543
Exceptional item- restructuring costs	110,988	103,746
<b>Total</b>	<b>3,550,238</b>	<b>3,772,470</b>

The above figure includes £221,371, paid to project contract staff (2010-11: £429,178)

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
The average number of employees (excluding directors) calculated on a full time equivalent basis, analysed by function was:		
Support Staff	25	23
Activity Staff	41	49
Project Staff	7	11
<b>Total</b>	<b>73</b>	<b>83</b>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 including redundancy payments and employer pension contributions in the period was as follows:

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
£ 60,001 - £ 70,000	2	3
£ 70,001 - £ 80,000	-	1
£ 80,001 - £ 90,000	-	1
£ 90,001 - £100,000	1	1
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-

All employees earning over £60,000 were members of the group personal pension scheme with Scottish Widows. They benefit from employer contributions at rates varying between 7% and 17%

The aggregate total of employer's pension contributions made on behalf of the employees earning over £60,000 was £55,291 (2010-11: £53,395).

Trustee's Liability insurance premiums charged to the accounts was £2,115 (2010-11: £2,094).

Creative Skillset Sector Skills Council  
ACCOUNTING POLICIES

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**3 Employees (continued)**

**DIRECTORS' REMUNERATION**

No remuneration was paid to any director in the year (2010-11: £Nil) and £987 was paid to Stewart Till in respect of expenses for travel (2010-11: £44)

**4 Tangible Fixed Assets**

	Office Equipment £	IT Equipment £	Leasehold Improvements £	Total £
<b>Cost:</b>				
<b>1 April 2011</b>	283,297	193,120	575,055	1,051,472
<b>Additions</b>	6,838	31,615	-	38,453
<b>31 March 2012</b>	<u>290,135</u>	<u>224,735</u>	<u>575,055</u>	<u>1,089,925</u>
<b>Depreciation 1 April 2011</b>	270,993	133,893	404,878	809,764
<b>Charged in the year</b>	10,627	31,425	115,011	157,063
<b>31 March 2012</b>	<u>281,620</u>	<u>165,318</u>	<u>519,889</u>	<u>966,827</u>
<b>Net book value</b>				
<b>31 March 2012</b>	<u>8,515</u>	<u>59,417</u>	<u>55,166</u>	<u>123,098</u>
<b>31 March 2011</b>	<u>12,300</u>	<u>59,228</u>	<u>170,180</u>	<u>241,708</u>

**5 Debtors**

	2012 £	2011 £
Due within one year:		
Trade debtors	578,157	299,553
Other debtors	31,565	16,034
Prepayments and accrued income	437,992	671,641
<b>Total</b>	<u>1,047,714</u>	<u>987,228</u>

Creative Skillset Sector Skills Council  
ACCOUNTING POLICIES

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**6 Creditors: Amounts falling due within one year**

	2012 £	2011 £
Trade creditors	639,910	997,925
Other creditors (*)	58,621	62,417
Other taxation and social security costs	92,679	93,730
Funds held in trust for third parties (see note 16)	50,616	50,616
Accruals	440,665	534,031
Deferred income (see note 17)	1,941,374	502,514
BFI Lottery grants payable	4,068,119	3,834,769
Total	<u>7,291,984</u>	<u>6,076,002</u>

*\*Other creditors include pension contribution liability at year end; £52,170 for 2011-12 (2010-11: £44,106)*

**7 Creditors : Amounts falling due in more than one year**

	2012 £	2011 £
BFI Lottery grants payable		
Amounts payable by installments falling due: In more than one but not more than two years	<u>230,350</u>	<u>153,039</u>
Total	<u>230,350</u>	<u>153,039</u>



## Creative Skillset Sector Skills Council

### ACCOUNTING POLICIES

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#### 8 Share Capital

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

#### 9 Financial commitments

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

With the BFI 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 in the Balance Sheet as BFI Lottery Grants payable. Soft commitments arise at the point the award is approved by Creative Skillset. Soft commitments are not treated as financial liabilities but as financial commitments and are disclosed in the accounts, as set out below:

	2012 £	2011 £
Skills Investment Fund:		
Grants committed but not yet taken up	-	3,717
BFI Lottery Delegation Fund:		
Commitments	24,258	158,024

#### 10 Operating lease commitments

At 31 March 2012 the charitable company had annual commitments under non-cancellable operating leases as follows:

	2012 £	2011 £
Land and buildings		
Expiring in less than one year	96,000	-
Expiring between one and two years	-	386,400
Expiring in more than two but less than five years	-	-
Expiring in more than 5 years	241,500	-
Office Equipment		
Expiring in less than one year		
Expiring between one and two years	1,548	-
Expiring more than two but less than five years	6,660	-

Creative Skillset Sector Skills Council  
ACCOUNTING POLICIES

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**11 Cash flow**

a	Reconciliations of net incoming resources to net cash flow from operating activities	<b>2012</b> £	<b>2011</b> £
	Net outgoing resources	(56,910)	(28,057)
	Net interest received	(4,334)	(6,356)
	Depreciation charges	157,063	159,721
	(Increase)/Decrease in debtors	(60,486)	387,224
	Increase/(Decrease) in creditors	1,293,297	(1,766,560)
	<b>Net cash: inflow/(outflow) from operating activities</b>	<b>1,328,630</b>	<b>(1,254,028)</b>
b	Analysis of cash flows for headings netted in the cash flow	<b>2012</b> £	<b>2011</b> £
	<b>Returns on investments and servicing of finance</b>		
	Bank interest received	4,334	6,356
	<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>4,334</b>	<b>6,356</b>
	<b>Capital expenditure</b>		
	Purchase of tangible assets	38,453	63,810
	<b>Net cash outflow from capital expenditure</b>	<b>38,453</b>	<b>63,810</b>
c	<b>Analysis of changes in net funds</b>		
		<b>At</b>	<b>At</b>
		<b>1 April</b>	<b>31 March</b>
		<b>2011</b>	<b>2012</b>
		£	£
		<u>7,488,427</u>	<u>8,782,938</u>
	<b>Cash flow</b>	<b>£</b>	<b>£</b>
		<u>1,294,511</u>	

## Creative Skillset Sector Skills Council

### ACCOUNTING POLICIES

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#### 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				Balance c/f
	1 April 2011	Incoming resources	Outgoing resources	Transfer unrestricted	March 2012
	£	£	£	£	£
TV Skills Fund (TVSF)	459,519	756,480	(463,952)	-	752,047
Skills Investment Fund (SIF)	790,260	608,462	(760,037)	-	638,685
British Film Institute	552,181	3,435,333	(3,574,494)	-	413,020
Creative Direction	-	591,025	(276,625)	(314,399)	-
<b>Total</b>	<b>1,801,960</b>	<b>5,391,300</b>	<b>(5,075,108)</b>	<b>(314,399)</b>	<b>1,803,753</b>

#### TV Skills Fund (TVSF)

The TV Skills Fund, which is funded by a small number of contributors from the TV industry, is a restricted fund used specifically to support the TV sector. The overall consolidated reserves of £752,047 will be carried forward to next year.

#### The Skills Investment Fund (SIF)

The Skills Investment Fund is part of the Creative Skillset Film Skills Fund. Its purpose is to give out grants and to support the development of the Film Skills Strategy. It collects contributions from productions which are partially or wholly shot in the UK and which are due for theatrical release. £638,685 was unspent at the end of March 2012 and will be used in furtherance of the objectives of the Film Skills Strategy next year.

#### British Film Institute Fund

## Creative Skillset Sector Skills Council

### ACCOUNTING POLICIES

The British Film Institute Fund is part of the Creative Skillset Film Skills Fund. The BFI delegates the authority for the investment of the Fund to Creative Skillset and thus supports the Film Skills Strategy. The funds received are disbursed as lottery grants and pay for the management and administration of the fund. The funds generated a deficit of £139,157 giving a closing reserves position for the year of £413,020.

#### Creative Direction

2011-12 saw the first contestable funds opened by the UK Commission of Employment and Skills to replace reliance on grant funding from the commission. The Growth and Innovation Fund and the Employer Investment Fund enabled us to work on quality and accreditation. Funding received for the year was £591,025 with direct costs of £276,625 and the remaining £314,399 transferred across to unrestricted to contribute to staff and overheads of running the projects.

#### 13 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total £
Fixed assets	123,098	-	123,098
Cash at bank and in hand	2,114,114	6,668,824	8,782,938
Other net liabilities	(1,609,549)	(4,865,071)	(6,474,620)
<b>Total</b>	<b>627,663</b>	<b>1,803,753</b>	<b>2,431,416</b>

#### 14 British Film Institute (BFI)

Details of the lottery grants from the British Film Institute to Creative Skillset for the period from 1 April 2011 to 31 March 2012 are as follows:

	£	£
Grants received in the year 2011-12		3,432,038
Bank interest receivable		3,295
<b>Restricted Fund - incoming resources</b>		<b>3,435,333</b>
Hard commitments made in the year 2011-12	2,571,448	
Overheads released by Creative Skillset	1,003,046	
<b>Restricted Fund - outgoing resources</b>		<b>3,574,494</b>
<b>Restricted Fund movement for year</b>		<b>(139,161)</b>
<b>Restricted Fund balance b/fwd</b>		<b>552,181</b>

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<b>Restricted Fund balance c/fwd</b>	<b>413,020</b>
Soft commitments at year end 2011-12	24,258

In addition to the Award payments released and grants payable, as noted above, Creative Skillset have also made soft commitments of £24,258, as set out in note 9 to the financial statements.

Combining these items means that Creative Skillset has made total commitments of £2,729,472 in the year 2011-12 this can be broken down into £158,024 soft commitments and new commitments of £2,571,448.

These grants fell within the legitimate scope of Creative Skillset's activities, and have been offered in accordance with plans put forward by Creative 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 2012 was £313,197 (2010-11: £305,854).
- (b) The aggregate value of grants payable to organisations for the year ended 31 March 2012 was £2,868,357 (2011: £4,293,829).

The grants listed below are an aggregate of the grants payable to the organisation and may represent funding for more than one project.

	£
London Film School	293,814
Production Guild	147,522
Film London	109,965
Guild of British Camera Technicians	95,000
Independent Cinema Office	66,963
Four Corners	49,000
Screen South	45,870
Power To The Pixel Ltd	40,000
The Tasman Theory Pty Limited	40,000
Lighthouse Arts and Training	35,500
Diversity in Visual Arts (DiVA)	33,684
B3 Media	32,168
Ravensbourne College of Design and Communication	30,000
SCATSA-Guild of British Cinematographers & Technicians	15,000
BFI Southbank	25,000
Health & Safety Passport	12,500
Adsum Consulting	20,000
Imagine Associates	20,000
Directors Guild	19,907

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Soho Editors Training	18,540
Northern Alliance	16,900
Scenario Films Limited/BABYLON	15,850
The Bridge Media Training	12,886
M V Studio Ltd	10,000
Women in Film Television	10,000
Framestore CFC	9,960
Webra Multimedia Ltd	8,000
The Script Factory	7,000
Costume & Wardrobe Training School	6,000
Independent Film Business	4,800
Bournemouth University	4,000
Atlantic Film Group	3,000
Clore Fellowship	2,755
Indie Training Fund	1,900
	<b>1,263,484</b>

### Other Regions

NFTS	922,942
Creative England	163,370
Screen Yorkshire	59,950
The Digital Film Company	49,500
Sheffield Doc/Fest	49,453
Teesside University	38,853
First Light Movies	36,928
104 Films Ltd	29,611
Northern Film & Media	24,500
The UKRC Ltd	20,000
Crossover Labs Limited	19,657
Sheffield Media & Exhibition Centre Limited	19,195
Encounters Festivals Ltd	12,000
University College Falmouth	7,040
University of Hertfordshire	6,080
University of Bradford	4,560
BSC (Entertainment) Ltd	4,000
Lifesize Pictures	1
	<b>1,467,640</b>

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### Grants to Organisations in Devolved Administrations

Napier University	212,266
Northern Ireland Screen	134,232
Sphere VFX Ltd	83,000
University of Glamorgan	10,080
Swansea Metropolitan University	8,560
It's My Shout Productions Ltd	7,000
Northern Ireland Creative Skillset Media Academy	6,080
	<u>461,218</u>

### Grants to International Organisations

Media Business School	63,243
Berlin Talent Campus	3,775
High Definition and Digital Cinema Ltd	1,757
European Producers' Club	200
	<u>68,975</u>

**Grants to All Organisations** **3,261,317**

### Rescinded Grants (Grants not utilised)

Ealing Institution Media (EIM)	(100,000)
NFTS	(71,059)
Escape Studios	(21,851)
Production Guild	(20,826)
Shaun Moore Design	(18,873)
Film Design International	(16,500)
Skillset S&Q	(11,304)
Northern Alliance	(11,000)
Annmarie Consulting	(10,000)
Ravensbourne College of Design and Communication	(8,719)
Lighthouse Arts and Training	(8,257)
London Film School	(8,002)
Leeds Metropolitan University	(7,907)
Soho Editors Training	(7,478)

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Royal Holloway	(7,222)
VET	(6,179)
BRITDOC Events Ltd	(5,600)
Huge	(5,362)
Blirt Ltd	(5,000)
The Salt Company International Ltd	(4,539)
Independent Cinema Office	(4,243)
International Film School Wales	(4,206)
Sequence Training Ltd	(3,070)
Revolver Entertainment	(2,942)
Scottish Screen	(2,698)
University of Hertfordshire	(2,185)
Arts Alliance Media	(2,000)
Scion Films LLP	(2,000)
High Definition and Digital Cinema Ltd	(1,757)
Independent	(1,386)
Sheffield Doc/Fest	(1,083)
DMC Goldsmiths College	(1,000)
Satellite Productions	(1,000)
The National Film Theatre	(1,000)
Film Distributors' Association	(1,000)
Society Of Archivists	(906)
London Borough of Tower Hamlets Films Office	(900)
Revolution Films	(839)
Huntley Film Archives Ltd.	(698)
Bournemouth University	(683)
01zero-one	(656)
Ahead Training	(467)
Institute of Broadcast Sound	(305)
The Bridge Media Training	(127)
Scottish Documentary Institute at Screen Academy E	(74)
The UKRC Ltd	(54)
Diversity in Visual Arts (DiVA)	(2)
Napier University	(1)
<b>Total Rescinded Grants</b>	<b>(392,960)</b>
<b>Total Grants to Organisations</b>	<b>2,868,357</b>
<b>Total Grants to Individuals</b>	<b>313,197</b>
<b>Total Grants Awarded</b>	<b>3,181,554</b>



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#### 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:

	<b>David Fraser Fund</b>	<b>Film Industry Training Board</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Brought forward	35,838	14,778	50,616
Funds received	-	-	-
Funds expended	-	-	-
<b>Carried forward</b>	<b>35,838</b>	<b>14,778</b>	<b>50,616</b>

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

#### 17 Incoming resources deferred

The following reflects the movement in the deferral of incoming resources. Income deferred is from projects that span more than one financial year

	<b>£</b>
Brought forward	<b>502,514</b>
Released to income	(6,630,483)
Income deferred	<u>8,069,343</u>
<b>Carried forward</b>	<b><u>1,941,374</u></b>

#### 18 Related Party Transactions

None of our trustees receive remuneration or other benefit for their work with Creative Skillset. Included in the Board of Trustees and members of the steering committees are several individuals who are also directors or employees of organisations that fund Creative Skillset's activities.

Further details about these relationships can be found on the Creative Skillset website at [www.creativeskillset.org](http://www.creativeskillset.org).

There were no related party transactions in the current year (2011: Nil).

