



**skillset**

## **Skillset Sector Skills Council**

### **FINANCIAL STATEMENTS**

**For the year ended  
31 March 2011**

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

# Skillset Sector Skills Council

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## 1. Introduction

This Trustees' Report covers activity between April 2010 and March 2011 and is reported on by sector, nation or region, and also by cross-sector. Further in-depth reporting about Skillset activities can be found on the Skillset website at [www.skillset.org](http://www.skillset.org)

## 2. What is Skillset?

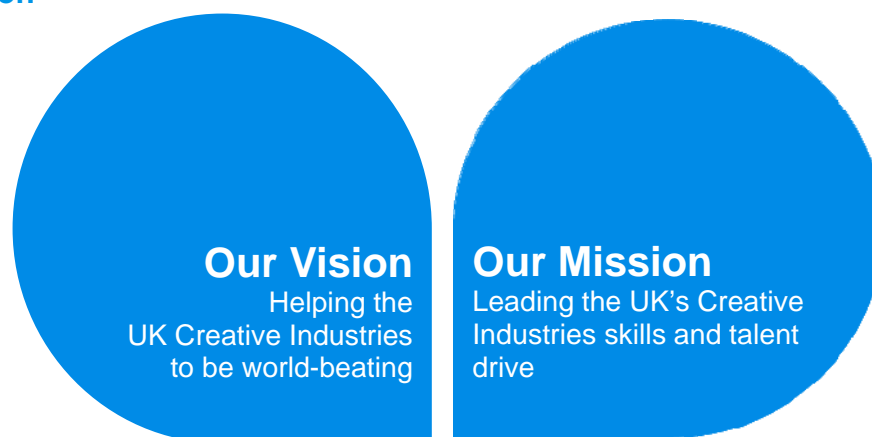
Skillset is the Sector Skills Council (SSC) for the Creative Industries. It is an independent UK-wide organisation, owned and managed by its industries and works with both them and government to identify and tackle their skills and productivity needs throughout the UK.

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.

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 new technologies

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and exploiting the opportunities they provide, requiring continued learning, training and development for all. In order to achieve progress we need to provide effective leadership. This is made all the more complex by the continued fragmentation of the market place and the high levels of freelancing and small companies.

### 3. A Well Run Organisation:

#### Reference & Administrative Information

Skillset is a company limited by guarantee (company no. 2576828) and also a registered charity in England and Wales (Charity No: 1015324) and is a charity Registered in Scotland (Charity No: SC039556). The company is governed by Articles of Association and Memorandum of Association dated 15<sup>th</sup> January 1991. These can be found on the website [www.skillset.org/skillset/governance](http://www.skillset.org/skillset/governance).

#### Staffing & Restructuring

Organisationally, we began the year knowing that the financial outlook ahead was uncertain due a large amount of ambiguity around the future of SSC's finances, remit and role which, as a result of the general election, would take some time to become clear.

In close consultation with our Finance and General Purpose Committee and Board we developed a number of scenarios but agreed that our best option was for Skillset to try and sustain its effective organisational structure until clarity was received by utilising different funding streams and minimising expenditure where possible.

Following the removal of Skillfast-UK's SSC licence, we welcomed 10 new members of staff to form the fashion & textiles team to Skillset who undertook contractual commitments to the fashion and textiles sector, supported by UKCES.

Additionally, the beginning of the year saw significant changes to the structure of the film team as a result of the reduction in funding from UK Film Council (UKFC). As the implementation of ***A Bigger Future 2***, the 3 year film skills strategy began in earnest, the restructured team best reflects the required staffing to effectively undertake new working priorities.

Towards the end of the financial year 10-11, Skillset's budget for 11-12 was set considering sources of funding available and expenditure required underpinning the activity against the business plan 11-12. To this end following a review undertaken prior to the year end, Skillset restructured the organisation to ensure it had the right balance of skills and expertise.

## 4. Structure & Governance

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 overleaf shows Skillset's structure and functions and how these groups relate to each other.

### Skillset Board of Directors and Trustees

Skillset's Board of Director's and Trustees operate under agreed terms of reference which includes fixed terms of office. Board members have job descriptions as do the Chair and Vice Chair.

The Board membership reflects the 'shape' of the industry and is drawn from the most senior and influential figures possible, with individuals having credibility and profile within and beyond the industry. Members ideally have interests or expertise across a number of sub-sectors of our footprint. They are not appointed to represent any individual company or organisation but to speak with authority and expertise on a wide range of issues.

The process for recruitment of Board members is led by a sub-group of the Finance and General Purposes Committee. The current process is that the Board makes suggestions of potential suitable new Board members for nomination. In the case of multiple memberships, the services of headhunters have been secured in the past. This leads to the creation of a long list. The sub-group revises this into a shortlist and identified individuals are approached. The sub-group is responsible for proposing new members to the Board for appointment and the endorsement of the Board is sought and minuted. One Board member must be nominated representing the Federation of Entertainment Unions at General Secretary level.

The Chair is selected by an open recruitment process led by the sub-group. The Vice Chair is elected from within its board membership. Each new Trustee receives a one-to-one induction with the Chief Executive Officer and is provided with a detailed Induction Pack which includes comprehensive information including guidance on their duties as Trustees.

Due to our current selection process, the majority of our current trustees are selected and active in the industries they operate within. As professionals within these industries they are involved in continuous professional development and a lot of the required training they need for the role of board member/trustee of Skillset is already sourced from their main occupational involvements. However if any trustee specific training needs were to be identified regarding the operating of their role as trustee more effectively, this would be provided.

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The current Board membership and positions held during the year:

- **Clive Jones, CBE**, Chair of Skillset; (until Dec 2010)
- **Stewart Till, CBE**, Deputy Chair (until Dec 2010) and Chair (from Dec 2010), Skillset; CEO of Icon Entertainment UK
- **Mary Teresa Rainey**, Vice Chair, Skillset (from Dec 2010); Founder, Rainey Kelly Campbell Roalfe and latterly Founder, The Horseshmouth
- **David Abraham**, Chief Executive, Channel 4
- **Eileen Gallagher, OBE**, Chief Executive, Shed Productions
- **Andrew Harrison**, Chief Executive Officer, RadioCentre and Chairman, MGGB
- **Betty Jackson**, Founder, Betty Jackson Limited (from March 2011)
- **Iona Jones**, Prif Weithredwr/Chief Executive, S4C (until March 2011)
- **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
- **Peter Salmon**, Director, BBC North; Chief Creative Officer, BBC Vision
- **Stephen Woodford**, Chairman & CEO, DDB (from Dec 2010)

### National Boards

The National Boards are responsible for guiding Skillset's work in the nations, as authorised and delegated powers of the 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:

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

### (Sub-Sectoral) Skills Councils

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

- Animation Skills Council
- Computer Games Skills Council
- Facilities Skills Council
- Fashion & Textiles Skills Council
- Film Skills Council
- Interactive Media Skills Council
- Photo Imaging Skills Council
- Publishing Skills Council
- Radio Skills Council
- Television Skills Council

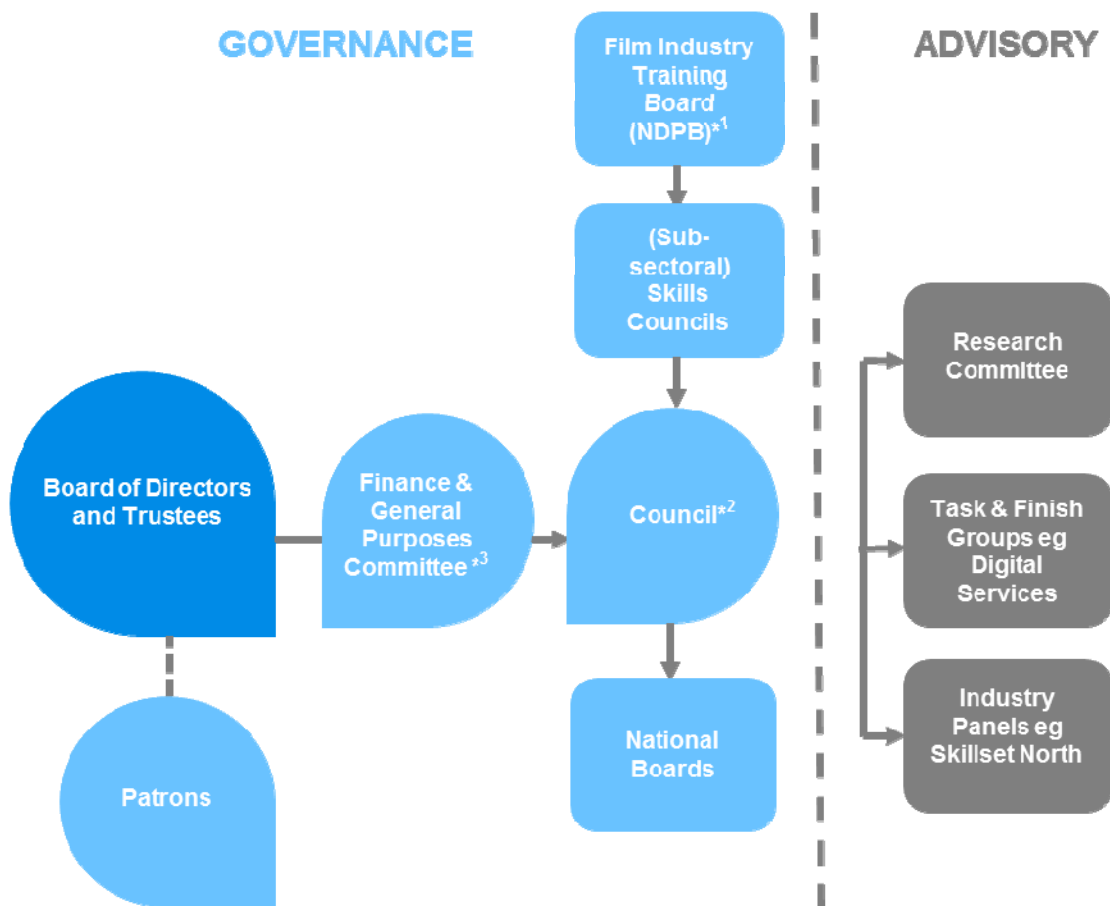
### Skillset Finance & General Purposes Committee

This Committee provides guidance and assistance to the Chief Executive and Directors/ Trustees of Skillset to ensure compliance with its responsibilities as an SSC, Charity and

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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.



\*1 The TV Skills Council has delegated responsibility for the management of the TV Skills Fund. The Film Industry Training Board plus additional members also operate as the Film Skills Council

\*2 The Board of Directors and the Chair and Deputy Chair of the National Boards and Skills Councils make up the Council.

\*3 Finance & General Purposes Committee has delegated responsibility from the Board. The Chair of the Committee attends Board meetings in an ex-officio capacity. The Chair and Vice Chair of the Board are also members of the Finance & General Purposes Committee and one or other attends all meetings.

## Skillset Sector Skills Council TRUSTEES' REPORT

### 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**
- **Michael Kuhn**
- **Roger Laughton, CBE**
- **John McCormick**
- **Denise O'Donoghue, OBE**
- **Trevor Phillips, OBE**
- **Lord (Chris) Smith of Finsbury**
- **Joyce Taylor**
- **Mark Thompson**
- **Parminder Vir, OBE**

### Skillset Operational Structure

#### Skillset's Executive Team

Skillset is led and managed by the CEO supported by its Executive Team who attend 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 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 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,



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organisational development and is Company Secretary.

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

Natalie manages the financial affairs of Skillset, formulating and implementing its financial policies. Natalie develops with the rest of the Executive Team the overall strategic direction for Skillset, also ensuring that Skillset remains on a sound financial footing. Natalie has overall responsibility for 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  
1<sup>st</sup> Floor  
46 Clarendon Road  
Watford, Hertfordshire  
WD17 1JJ

#### **Bankers**

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

## 5. Key Achievements and Performance

### ***Across Our Industry***

Skillset's fundamental role as an SSC is to act as the voice of industry on skills issues and to be instrumental in encouraging better practice and opportunities for greater investment in skills and skills development.

Skillset aims to keep industry at the heart of everything we do, meaning that we must fully engage industry in driving change and articulating skills needs and solutions. We achieve this through partnership with a wide variety of stakeholders, both within industry and UK Government and its public agencies.

#### **Television**

Much of our activity in TV is to promote our work around the TV Freelance Fund (TVFF). The Fund comprises bursary schemes aimed at both company employees and freelancers. Additionally, we have worked with training providers and industry bodies to rapidly develop and deliver courses that directly respond to emergent industry requirement. All activity reflects industry priorities and training needs.

- Throughout the year, a total of 524 bursaries worth over £260K were distributed, focussing on the priority areas of multiplatform, management & leadership, health & safety and craft & technical.
- The TVFF also invested £300k in new entrant schemes across the UK, benefitting 196 participants.
- In response to research findings, a programme of women in TV focused training was supported, including a high level mentoring scheme, in conjunction with WFTV

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as well as masterclasses, a talent boutique and a virtual mentoring programme ran by AnnMarie Dixon Barrow OBE.

- In partnership with Pact and the Indie Training Fund we ran masterclasses to address the barriers faced by women returners and also removing the barriers to progression faced by BAME professionals.
- TV also takes a central role in our approvals and accreditation work (See section on Education Partnerships for further details)
- The Advanced Apprenticeship in Creative & Digital Media has been launched and our pilot schemes in the South West and Wales has seen take-up predominantly by TV companies.
- We supported and participated at key industry events including the Broadcasting, Entertainment, Cinematograph & Theatre Union (BECTU) Freelancers Fair, Broadcast Equality & Training Regulator's (BETR) Learning & Development Conference and the Production Show.

*For more information about Skillset's work in television, visit [www.skillset.org/tv](http://www.skillset.org/tv)*

### Radio

Within our work in radio, entry routes and careers provided a key focus for the year, in the Route into Radio Project, a partnership between Skillset, the Radio Academy, the RadioCentre and the BBC. Highlights included:

- **Route Into Radio** online video wall, with final editing underway ready for a formal launch. A beta-version was trailed at the Radio Festival in Salford, with very positive feedback on the user experience.
- Development of the Foundation Degree Internship programme continued, with broad agreement around levels of student support across the commercial and community radio sector.
- The development of guidelines for work experience placement for 15 year olds at radio stations was also undertaken, with a view to develop an online resource.

*For more information about Skillset's work in radio, visit [www.skillset.org/radio](http://www.skillset.org/radio)  
For more information on Route into Radio, visit [www.routeintoradio.org/](http://www.routeintoradio.org/)*

### Interactive Media

With convergence blurring the lines between our industries, there has been much debate whether interactive media is a sector within its own right, in the context of digital skills issues. As such, our Interactive Media Skills Council has been discussing their role going forward – and the potential for Skillset to set up an overarching Digital Advisory Council has been explored and draft proposals prepared. Within this context, a key highlight for the year has been:

- The Skillset Build Your Own MA programme has been created with convergence in mind and over the past 6 months, a wide range of multiplatform and converged media modules have been developed in partnership with leading interactive media companies such as Numiko, Illumina Digital and the Mobile Marketing Association.

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The MA learning pathway is at its core, a MA in Convergent Media with specialisms in sectors such as film or computer games, creating more opportunities for the workforce to develop their skills, as they need them, in line with industry developments.

*For more information about Skillset's work in interactive media, visit [www.skillset.org/interactive](http://www.skillset.org/interactive)*

### Animation

HE and Accreditation continues to be a major focus for Skillset's work in the animation sector. With uncertain times within the sector, this work has taken the form of consolidation and vigilance- inspecting and supporting our spread of accredited courses. Highlights include:

- The Animation accreditation guidelines were re-written, to streamline processes and reflect new technologies.
- Pilot 'Course MOT' sessions were undertaken with two universities and also actively advised 11 institutions on the accreditation process.
- The Skillset Animation Showcase was held in July 2010, with over 200 students, tutors and industry contacts in attendance.
- We extended the accreditation licence for Ravensbourne's BA (Hons) Animation.

*For more information about Skillset's work in animation, visit [www.skillset.org/animation](http://www.skillset.org/animation)*

### Computer Games

Higher education has also been a priority for our work in the computer games sector, which has faced similar issues to that of the animation sector. The year has also been dominated by our work on the production and recommendations of the Next Gen report – the Livingstone/Hope review of the skills needs of the VFX and Computer games industries. Highlights include:

- The development of a new Games Design postgraduate accreditation system.
- We actively advised 10 additional institutions on the accreditation process for specific courses.
- We organised ProtoTeach, an event in Edinburgh for academic exchange and debate.
- We extended the accreditation licences for Teesside's BSc Computer Games Programming and re-accredited Abertay's BSc (Hons) Computer Games Technology and BA (Hons) Computer Arts.
- We reached the landmark of ten accredited courses- with Abertays MProf (Professional Practice) gaining accreditation.

*For more information about Skillset's work in computer games, visit [www.skillset.org/games](http://www.skillset.org/games)*

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### Facilities

Much of our work within the facilities sector has focused on VFX, in light of the Next Gen Report. As such, education partnerships has been central to our work within the facilities sector, in setting out and acting on the skills challenges facing the VFX sector. Highlights include:

- Working in partnership with the National Endowment for Science, Technology & the Arts (NESTA) on the Livingstone/Hope Review Next Gen
- The development of a VFX Core Skills Handbook, to guide universities in industry needs when putting together degree courses.
- A VFX Education programme allowing Skillset Media and Film Academies and Skillset Accredited courses to visit and learn from best VFX practice in Europe, gain access to professional software licences, train their tutors, gain industry online coaching, and bring that learning back into the UK's Universities.

*For more information about Skillset's work in facilities, visit [www.skillset.org/facilities](http://www.skillset.org/facilities)*

### Film

The implementation of A Bigger Future 2, began this year. It is the 3 year film skills strategy that guides our work in film and focuses on five key priority areas:

- Training in New Technologies
- Developing Creative Talent
- Improving Business Skills
- Supporting new industry trainees
- Enhancing Health & Safety Skills

This work was funded by lottery funding distributed via the UK Film Council (until April 2011, when this moves over to the British Film Institute) and contributions from the industry via the Skills Investment Fund. Key highlights for the year include:

- The Ealing Institute of Media was awarded the tender to run the Skillset Craft and Technical Academy and the Academy was launched by Iain Smith at the BFI Southbank.
- VFX bursaries were given for training in specialist software packages including Avid, Autodesk and Quantel.
- The Hard Drive Print New Entrants scheme tackled the severe lack of technicians in a rapidly growing sector.
- An action plan to increase the number of available work-ready VFX graduates from the UK was put in place. An interim report was produced to outline the criteria of a vocational VFX course and the first accreditations began.
- The Skillset Screen Academies were relicensed. The three selected were rebranded as Film Academies.
- Around 2,500 training places were provided in areas including 3D, HD, health and safety and mentoring.
- £614,000 was raised by the Skills Investment Fund, the training levy on film production in the UK.
- 3,000 places were provided on continuing professional development courses for film professionals.

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- Over 400 bursaries were given to freelancers and employees to go on a training course of their choice.

*For more information on Skillset's work in film, visit [www.skillset.org/film](http://www.skillset.org/film)*

### Photo Imaging

Qualifications have been central to our work in photo imaging over the last year. Work has been undertaken to signpost courses for those working in the industry as well as develop new qualifications aimed at new entrants. Highlights include:

- The redevelopment of the competence-based qualifications in Photo Imaging was completed and accredited by Ofqual.
- Developing an industry led Foundation Degree Internship programme with the University of Westminster and 12 industry employers from the photo library sub-sector (including Corbis, Getty, Magnum, Reuters and Imperial War Museum). We plan the first cohort to begin in September 2011.
- Our course database was extended to signpost short courses for photographers looking to gain multimedia skills.
- The Advanced Apprenticeship in Photo Imaging for Staff Photographers achieved compliance with the new Specification of Apprenticeship Standards for England and Wales.

*For more information about Skillset's work in photo imaging, visit [www.skillset.org/photo](http://www.skillset.org/photo)*

### Publishing

The publishing sector joined Skillset's remit in 2008, and we continue to build partnerships in the sector and develop priority projects. This year, in addition to raising awareness of the Skillset offer to the industry, there has been a focus on careers work and research into the skills needs of the sector, as well as ongoing development and scoping around qualifications and Apprenticeships. Highlights include:

- Publishing's inclusion in our cross industry research programme for the first time. Nearly 500 companies took part in the Employer Survey and over 500 individuals took part in the Workforce Survey.
- Participation in careers events such as several Guardian online careers Q&A session and joint careers talks with the Society of Young Publishers.
- We secured a grant of £5k from NESTA to fund the Publishing Digital Futures Round Table event in spring 2011 examining cross-sector issues impacting on the skills of the workforce.

*For more information on Skillset's work in publishing, visit [www.skillset.org/publishing](http://www.skillset.org/publishing)*

### Fashion & Textiles

In April 2010, Skillset took over specific responsibilities from Skillfast-UK in relation to the Fashion & Textiles industry, therefore recruiting a new team was a priority. Our work

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throughout the year focused on building strategic partnerships with key trade associations and stakeholders such as the UK Fashion & Textile Association (UKFT) and the British Fashion Council (BFC) and raising awareness of Skillset within the industry. Highlights include:

- The formation of Fashion & Textiles Council and F&T representation on our Board of Directors, with Betty Jackson's acceptance as a Board member.
- The Advanced Apprenticeship in Fashion & Textiles achieved compliance with the new Specification of Apprenticeship Standards for England and Wales. Additionally, a London based pilot scheme was undertaken, focusing on the Apparel pathway.
- Funded training and mentoring for women working in the industry via the Women at Work programme.
- We organised the Laundry and Dry-Cleaning Achiever of the Year 2010 competition.
- Contributing to the British Fashion Council major review of the wider economic value of the fashion industry.

*For more information on Skillset's work in fashion & textiles, visit [www.skillset.org/fashion\\_and\\_textiles](http://www.skillset.org/fashion_and_textiles)*

### Advertising

In March 2010, advertising moved into our footprint. Within advertising we are working closely with the Institute of Practitioners in Advertising (IPA) to explore a number of joint activities, and again, higher education has featured as a potential area for collaboration. Throughout the year we mapped and scoped the sector and made sure we got the views of digital advertising agencies.

*For more information on Skillset's work in advertising, visit [www.skillset.org/advertising](http://www.skillset.org/advertising)*

## Across the UK

Skillset's sector work is UK wide but we also deliver across all sectors within the context of the regions and nations. Our priorities are tailored to ensure they are appropriate to the specific and sometimes differing needs of the four UK nations and English regions.

Skillset has offices based in Glasgow, Belfast and Cardiff as well as teams covering the nine English regions with regional offices in Leeds, Nottingham, and Bristol.

### Wales

*Key highlights include:*

- £2.7m was secured from the European Social Fund to establish the *Skills in the Digital Economy* programme. This was matched by an additional £1,826,000 from S4C, TAC, Skillset.

## Skillset Sector Skills Council TRUSTEES' REPORT

- The Apprenticeship in Creative and Digital Media is now running in Wales with 14 employers and 11 Apprentices. The programme was launched at the Welsh Government's Senedd by Lesley Griffiths AM, Minister for Skills.
- Skillset hosted a reception in partnership with the Welsh Government, with a keynote speech from Leighton Andrews AM, promoting Skillset's work.
- Skillset financed a total of 55 bursaries for freelancers to attend training in skills priority areas from its Freelance and Editors Fund.
- The careers service received 174 emails and calls and provided 30 events, face to face sessions and workshops.
- The Principal Learning in Creative and Media element of the Welsh Baccalaureate Qualification was developed with help from Skillset's work with employers and education institutions.
- Skillset contributed to the BBC Strategic Review, the Welsh Assembly Government's Enterprise and Learning Committee inquiry into Science, Technology, Engineering and Mathematics (STEM) skills and the Welsh Assembly Government's consultation on implementing the new higher education funding and student finance model for Wales from 12-13 onwards.

For more information about Skillset's work in Wales, visit [www.skillset.org/uk/cymru/](http://www.skillset.org/uk/cymru/)

### Scotland

*Key highlights include:*

- The University of the West of Scotland achieved Skillset Media Academy status.
- New CPD courses were created across the Skillset Academy Network including digital project management and building creative media business.
- The Skillset Scotland National Board established a management and leadership sub-committee. Work began on improving mentoring and networking opportunities in the independent production sector.
- The Skills Utilisation report, Working With Attitude, carried out in conjunction with Stevenson College and People 1st, was published. This vital research will inform future curriculum and training course development in Scotland.
- Anne Morrison, Director of the BBC Academy presented to the Skillset Scotland National Board. This was used as the basis for a Memorandum of Understanding with the BBC.
- Fashion and textiles was integrated fully in to the Scotland office, where the Fashion and Textiles Nations Manager is based. A fashion and textiles forum was established and a joint action plan based on the Scottish Textiles Skills Strategy was completed.
- A Scottish Parliamentary Reception was held at Holyrood promoting our work to MSPs and industry and welcoming fashion and textiles to our remit. Speakers included Fiona Hyslop MSP, Minister for Culture and External Affairs and Ken McQuarrie, Director of BBC Scotland.
- The Skillset TV Drama Training Programme was established with investment from the BBC, Skills Development Scotland and BECTU and the Scottish Trades Union Congress (STUC).

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- Skillset Scotland worked with Skills Development Scotland, Creative and Cultural Skills and the Scottish Funding Council, to deliver a Scottish Creative Industries Partnership Skills Action Plan.

For more information about Skillset's work in Scotland, visit [www.skillset.org/uk/scotland/](http://www.skillset.org/uk/scotland/)

### Northern Ireland

*Key highlights include:*

- Skillset and Creative and Cultural Skills ran a series of seminars to promote collaboration between independent television producers and digital content providers and designers. Speakers included experts in TV design and visual effects.
- A new entrants programme financed by Skillset and Northern Ireland Screen saw 13 trainees working on the HBO production Game of Thrones which was filmed at various locations around Northern Ireland.
- Skillset advised the Community Media Association on the development of a training programme in basic broadcasting skills for volunteers in the community radio sector.
- Skillset played a central role in the funding, planning and delivery of the inaugural Belfast Media Festival. Key speakers included Sir Bob Geldof and Janice Hadlow, Controller of BBC 2 and sessions included intellectual property, journalism, broadcast technology and commissioning. Almost 300 delegates attended.
- A joint conference was run with the BBC to discuss the future of broadcasting in Northern Ireland and the need for a skills and talent base.
- A Parliamentary Reception was held at Stormont to promote the work of Skillset to MLAs and industry. Speakers included Peter Johnston, Head of BBC NI and Danny Kennedy MLA, Minister for Employment and Learning.

For more information about Skillset's work in Northern Ireland, visit [www.skillset.org/uk/ni](http://www.skillset.org/uk/ni)

### England

Skillset contributed to the consultation on the Regional Growth Fund, focusing on how investment in a skilled workforce, particularly in growth sectors such as creative media, is an essential part of the mix in stimulating private sector growth in those regions.

Employer engagement through Sector Compact continued with employers making contact with regional brokerage services via Skillset. There were 158 engagements in 2010-11.

*South East and London highlights include:*

- Short courses on the *Build Your Own MA* programme were delivered by Goldsmiths, University of London Skillset Media Academy, Middlesex Skillset Media Academy and Ravensbourne Skillset Media Academy. Skillset worked with London Higher to promote these courses to businesses across London.
- Apprentices began placements on the Advanced Apprenticeship in Creative and Digital Media with a number of employers, including Channel 4, RDF Media and Vodafone. Another vital pilot scheme delivered throughout the year involved the



## Skillset Sector Skills Council TRUSTEES' REPORT

launch of the first Fashion and Textiles Advanced Apprenticeships in London. The project covered the Apparel pathway and was the first of its kind in London.

- Skillset contributed to the Regional Skills Priorities Statements for London and for the south east, drawing on our research findings and labour market information provided by employers.
- Skillset contributed to the Mayor's Cultural Strategy which recognised the importance of our work on skills issues.

### *South West highlights include:*

- The Creative & Digital Media Apprenticeships Pilot rolled out with apprentices starting at Two Four, BBC, post production houses and digital firms.
- Management and leadership was promoted through Train to Gain at events in Plymouth, Bath and Bournemouth. Management and leadership funding was also promoted at the Vision conference.
- Skillset research informed the South West Regional Skills Priorities Statement in which the creative industries were highlighted as a priority sector. Skillset research also influenced regional strategy through Skillset's representation on the Creative Industries Strategic Leadership Group.
- Skillset attracted funding from the South West Regional Development Agency for a new entrants scheme focused on media workforce diversity.
- The BBC-Bristol Anchor partnership marked its first anniversary. Skillset has been central to several strands of activity, including new entrants schemes focused on diversity; a digital features initiative and multiplatform and management & leadership skills.

### *North highlights include:*

- The Northern Strategic Skills Assessment was completed and used to agree a joint skills action plan with BBC North and BBC Academy.
- The Advanced Creative and Digital Media Apprenticeship attracted 36 apprentices, placed within key employers such as the BBC, ITV Granada and Lime Pictures. Skillset ran employer engagement workshops to raise demand for apprentices.
- Twelve Build Your Own MA courses were developed and delivered at the Skillset Media Academies in the region.
- Skillset partnered with Endemol to run *Due North*, a Skillset TVFF New Entrant Training programme.

For more information about Skillset's work in England, visit [www.skillset.org/uk/england](http://www.skillset.org/uk/england)

## **Across Our Organisation**

### **Research**

Research is at the heart of all Skillset's work and we are the leading specialists in providing research for the Creative Media Industries. Skillset operates a comprehensive, industry endorsed programme of research, measuring the size and shape of the industries,

## Skillset Sector Skills Council TRUSTEES' REPORT

understanding the needs of employers and the workforce, investigating existing training provision and scoping out what the future holds. Key highlights include:

- Two major surveys were undertaken during the year.
  - **The Creative Media Employer Survey (2010).** 2,634 companies participated; an increase of 48% from the last time the survey was conducted.
  - **The Creative Media Workforce Survey (2010)**  
In the course of implementing both surveys, Skillset worked closely with Scottish Government, Scottish Enterprise, Skills Development Scotland and NESTA to avoid overlapping research which has resulted in joint work.
- A suite of Sector Skills Assessments (SSA) were developed and published for 2010. UK wide, and nation specific SSAs were produced focussing on Creative Media (including advertising). A separate suite of SSAs was produced for fashion & textiles.
- We worked with Creative & Cultural Skills (CCS) to produce an SSA for the Creative Industries as a whole.
- Two regional specific Creative Media SSAs were produced for London and the North of England.
- Research was undertaken recently to map the provision of further and higher education and private sector training for the creative media and fashion and textiles industries.
- **The Participant Evaluation Questionnaire** tracking beneficiaries in film and TV.
- A pilot project was undertaken to track longer-term career destinations of graduates and other Skillset beneficiaries using an online survey with graduates.

For more information on Skillset's research programme, visit [www.skillset.org/research](http://www.skillset.org/research)

### Qualifications

Skillset's Sector Qualifications Strategy (SQS) and Action Plans which set out the priorities for the development and review of qualifications and other learning provision continue to be implemented across the UK.

#### *Qualifications highlights*

- Our contribution to the Vocational Qualifications Reform Programme was finalised.
- We have held the first combined Awarding Organisation Forum, including members of the previous Fashion and Textiles Awarding Organisation Forum.
- The new Creative and Digital Media Competence qualification and the Creative IMedia qualification have been accredited by Ofqual. The Scottish Qualification Authority (SQA) supported the final stage of development of the Level 3 Kilt Making qualification and it has been accredited.
- The redevelopment of the competence-based qualifications in Photo Imaging was completed and accredited by Ofqual.
- We reviewed existing qualifications for migration on to the new Qualification and Credit Framework, ensuring sector-priority qualifications remain up to date. New

## Skillset Sector Skills Council TRUSTEES' REPORT

sector-priority qualifications have been developed in Laundry and Dry Cleaning and Manufacturing Textiles.

- Significant progress has been made on the development of other priority competence-based qualifications, including Lighting, Sound, Advertising Sales, a Level 4 Diploma for Script Supervisors, Level 2 SVQ in Leather Production, and Level 2 and Level 3 Certificates in Saddlery. Some of these qualifications are now ready for delivery and the others are in final stages of development/accreditation.

*Standards highlights include:*

- The six new suites of Standards developed in 2009-10 were formally approved and published on our website and promoted, as well as being translated into Welsh.
- Work began on the monitoring and evaluation of our Standards, with initial activity focusing on the Standards developed in 2009-10 to assess how they are being used and their perceived impact.

*For more information on Skillset's work in qualifications, visit [www.skillset.org/qualifications](http://www.skillset.org/qualifications)*

### **Apprenticeships & other work based training**

The review and promotion of Apprenticeships has been a key priority for Skillset during this year. Highlights include:

- The DCMS funded Apprenticeship pilot projects in the South West (Creative and Digital Media) and in London (the Apparel pathway of the Advanced Apprenticeship in Fashion and Textiles). These pilots tested innovative approaches to delivery and evaluating the impact on and benefits to employers, in order to establish a sustainable model for Apprenticeship delivery.
- A Welsh pilot of the Apprenticeship in Creative & Digital Media, funded by WAG's Sector Priority Fund (*see Wales section*).
- 10 BBC/Westminster Kingsway College Apprentices have registered on the new Advanced Apprenticeship in Creative and Digital Media. Additionally, the third cohort of North West based Apprentices were recruited.
- We ensured all our Apprenticeship frameworks achieved compliance with the new Specification of Apprenticeship Standards for England and Wales, whilst still meeting industry needs.

*For more information on Skillset's work in apprenticeships, visit [www.skillset.org/qualifications/apprenticeships](http://www.skillset.org/qualifications/apprenticeships)*

### **Education & Training Partnerships (including Academies)**

Our network of Skillset Academies, as well as our Accredited courses lead our work in relation to education partnerships. Key highlights include:

- The Pick the Tick campaign was launched at the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) with a keynote speech from David Abraham, CEO of Channel 4. The objective of this integrated

## Skillset Sector Skills Council TRUSTEES' REPORT

online and offline campaign is to promote Skillset Media Academies and Skillset Accredited courses to industry and potential students.

- Three Skillset Film Academies were licensed, replacing the network of Skillset Screen Academies.
- A courses database was launched, to help those looking for courses make informed choices and see the funding available.
- The HEFCE funded Build your own MA scheme was launched. Over 90 CPD modules were developed and delivered by 10 Skillset Media Academies across England. Each module is credit bearing allowing individuals to build up credits to achieve a postgraduate qualification. We have also worked with large employers, such as the BBC, the Guardian, Pearson and Sony to have their in-house training validated under the scheme.
- The fourth annual Animation Showcase promoted Skillset Accredited animation courses to industry.
- Skillset input into the findings of the Council for Industry and Higher Education's (CIHE) report The Fuse, which highlights the importance of the Creative Media Industries to the future of the UK economy.
- Two new Foundation Degree Internships were launched allowing students to spend at least half their degree course working with a media company, achieving credits through their work-based activities.
- The Creative Media Leaders Certificate was launched. This postgraduate qualification will help with the difficult step from practitioner to leader, manager and business builder.
- Skillset Media Academy Wales' application to MEDIA Initial for €70,000 towards cross-platform postgraduate courses for students from across the EU was approved.
- Skillset Media Academy Wales delivered a Leadership for Creative Businesses course delivered to the heads of some of Wales's largest production companies as well as representatives from BBC Wales & S4C.
- The Scottish Media Academy Network offer CPD courses in multiplatform, lighting compositing and Avid skills.
- Continued Project funding from HEFCE funded part of a post at each English Skillset Media Academy to develop employer engagement activities with the Creative Media Industries.

*For more information on Skillset's work in education and training partnerships, visit [www.skillset.org/training/](http://www.skillset.org/training/)*

### Diversity

At the heart of our organisation and culture is our commitment to diversity. Promoting diversity runs through all our activities, both in our outward facing role, and throughout our own organisation. Highlights include:

- We continued to support, promote and contribute to the work of industry diversity organisations and networks, such as the Broadcasting and Creative Industries

## Skillset Sector Skills Council TRUSTEES' REPORT

Disability Network and Cultural Diversity Network (CDN), including financial support for CDN training for mentors, via the TVFF.

- We ensure that all of our bursaries, funding and training schemes meet specific diversity targets for access and participation. This year there has been a focus on Women & Work – initiatives in TV and fashion and textiles have been financially supported to help redress gender issues within these industries.
- We make sure that all our information on training and working in the creative media is accessible and open to all (eg. via website, events), and we promote diversity best practice and success stories to the industry, education and public partners.
- We supported BECTU's Move on Up event – a key BAME event in the film/TV industry calendar.
- As an organisation, we attained 76th rank on the Stonewall Top 100 Workplace Equality Index – up 16 places and points on last year's result.

*For more information on Skillset's commitment to diversity, visit [www.skillset.org/skillset/diversity](http://www.skillset.org/skillset/diversity)*

## 6. Finance Review

### Unrestricted Funds

Our unrestricted income in 10-11 amounted to £6,828k and was generated from a combination of sources; the United Kingdom commission for education and skills (UKCES), voluntary contributions by the Broadcasting industry and income received in respect of work undertaken on various projects.

Unrestricted expenditure in 10-11 was £6,780k, and was expended on staff, direct project costs, rent, rates and other overhead costs required to support the charities activities.

The surplus for the year of £48k was added to the brought forward reserves of £638k and consequently the charity finished the year with funds carried forward of £686k.

### Further Analysis of unrestricted income by source

#### TV Broadcasters

Skillset received £725k contributions this year directly from the TV 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, ITF and S4C. 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.

#### Core Funding

Skillset have a contract with the UKCES running from September 2009 – March 2012 with a total value of £6.7m. 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.

## Skillset Sector Skills Council TRUSTEES' REPORT

Following the Comprehensive Spending Review Skillset will receive a reduction in core grant for 11-12 of 6%. This will be a final year of transition funding and from April 2012 all funding we receive will be contestable.

### **Projects**

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

### **Governance**

The £40k 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 £705k from the TV Broadcasters.

Our expenditure was £710k 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. The TV skills fund made a deficit of £5k and consequently the reserves were reduced from £464k to £459k.

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

This fund has two income streams:

#### **UKFC Lottery Delegation Fund (UKFC)**

The United Kingdom Film Council (UKFC) have delegated lottery funds to Skillset over the period 2004 to 2011. In 2010-11 the organisation received £3,605k and in addition £803k in respect of amounts awarded but not claimed in respect of earlier years. Additional miscellaneous income including interest amounted to £53k

Restricted expenditure for this fund was on direct grants, activity and staff support of 'A Bigger Future 2', the strategic objectives agreed with the Council. A Bigger Future 2 comprises of five strands; Supporting New Industry Trainees, Training in New Technologies, Developing Creative Talent, Improving Business Skills and Enhancing Health and Safety. Expenditure in 2010-11 was £4,879k and consequently there was a deficit of £417k in 10-11, reducing the reserves from £969k to £552k.

It was announced at the end of November that the lottery distribution would move from the UK Film Council to the BFI and that current arrangements would be honoured until March 2012.

## Skillset Sector Skills Council TRUSTEES' REPORT

### **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 fund is applied to giving out grants and supporting the development of the Film Skills strategy A Bigger Future 2. In 10-11 the voluntary levy produced £614k of income and with expenditure costs of £268k there was a surplus for the year of £346k. This increased the reserves of this fund from £444k to £790k.

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

### **Investments**

Most of Skillset's funds are invested in deposit accounts held at Adam & Company Plc. All other funds are held in HSBC current bank accounts. Interest for the year was £6k.

### **Movement on Reserves**

The net outgoing resources for the year were (£28k) compared with net incoming resources of £422k in 2010.

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

Core Activities	£48k
TV Freelance Fund	(£5k)
Skills Investment Fund	£346k
UK Film Council Delegation Fund	(£417k)

### **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 a 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 2011 were £686k which equates to two months core running costs. However, actual free reserves are £445k as defined as unrestricted funds less amounts invested in fixed assets. This represents one month's operating costs which is less than the three months required. It is intended that these reserves should be built up over time consistent with Skillset's overall financial position and its need to maintain and develop its charitable activities.

## Skillset Sector Skills Council TRUSTEES' REPORT

The actual amount spent on fixed asset additions for the year is £64k, this has been taken into account in the reserves policy.

### 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 Skillset. This strategy sets out our policies and main processes for ensuring that together we manage and respond to risk effectively.

All staff are required to comply with the Risk Management Strategy. The Board provides all necessary support to Executive Directors and staff to manage risk effectively.

The Finance and General Purpose Committee reviews proposed changes 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 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 Executive Directors maintain a 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 renewed at the quarterly finance and general purposes committee.

The key risk at the date of the approval of the financial statements is as follows:

In 10-11 the organisation received a significant proportion of its unrestricted income from a block grant from the UKCES. 11-12 is a transitional year when a lower block grant has been paid and from 12-13 funds will be obtained by bids to funds which are contestable. There is a risk that the contracts won through this process will not provide as much income as has been received in previous years. However, we have well laid plans to mitigate this risk and these are set out in section 7.

## 7. Plans for the future

Over the next year, the way we work will change significantly. Firstly, the way we are funded by government is changing. The coming year is our last year of being in receipt of an equal share of core funding from UKCES as a core grant. Additionally, we will have the opportunity to bid for some additional contestable funding and from 12-13 we will be in



## Skillset Sector Skills Council TRUSTEES' REPORT

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 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. We will also implement the staff re-structure planned prior to year end, to ensure we are fit for purpose.

*For further information about our plans for the future, please refer to our Strategic Plan and Business Plan [www.skillset.org/skillset/publications/article\\_1830\\_1.asp](http://www.skillset.org/skillset/publications/article_1830_1.asp)*

## 8. Funds held as Custodian

The following funds are held as custodian as at 31 March 2011:

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. Skillset's contribution to the Fund has been to manage its finances and administer it on behalf of the Trustees.

### **Film Industry Training Board**

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

### **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

Skillset Sector Skills Council  
TRUSTEES' REPORT

- (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**

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

By order of the Board

Director

.....  
Stewart Till

Date

.....15<sup>th</sup> October.....2011

## Skillset Sector Skills Council TRUSTEES' REPORT

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of Skillset Sector Skills Council for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Skillset Sector Skills Council

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

We have audited the financial statements of Skillset for the year ended 31 March 2011 on pages 30 to 51. 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. 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 27, the trustees' (who are also the directors of the 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 charity's affairs as at 31 March 2011 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).

## Skillset Sector Skills Council

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

#### Opinion on other requirement of 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.

#### 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 requires us to report to you if, in our opinion:

- the charity 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.



SUDHIR SINGH (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

1st Floor

46 Clarendon Road

Watford

Herts WD17 1JJ

4 November 2011

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

Skillset Sector Skills Council  
 STATEMENT OF FINANCIAL ACTIVITIES  
 (INCLUDING INCOME AND EXPENDITURE ACCOUNT)  
 For the Year Ended 31 March 2011

	NOTES	Unrestricted Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
<b>Incoming resources</b>					
Incoming resources from generated funds					
Voluntary income		3,000,924	-	3,000,924	2,588,000
Investment income		2,152	4,204	6,356	50,419
Incoming resources from charitable activities					
Television		-	704,980	704,980	809,600
Film		-	5,071,573	5,071,573	7,337,575
Publishing		5,000	-	5,000	-
Fashion and Textiles		621,496	-	621,496	-
Nations		764,020	-	764,020	724,106
Regions		1,059,715	-	1,059,715	1,575,980
Research		20,000	-	20,000	0
Standards & Qualifications		554,967	-	554,967	969,751
Careers		799,940	-	799,940	1,051,064
<b>Total incoming resources</b>		<b>6,828,214</b>	<b>5,780,757</b>	<b>12,608,971</b>	<b>15,106,495</b>
<b>Resources expended</b>					
Costs of generating funds					
Charitable activities					
Television		373,808	709,741	1,083,549	900,391
Radio		71,934	-	71,934	112,938
Interactive Media / Animation		208,008	-	208,008	288,028
Film		-	4,888,145	4,888,145	6,918,443
Photo Imaging		190,111	-	190,111	179,172
Publishing		195,538	-	195,538	185,394
Fashion and Textiles		1,219,150	-	1,219,150	-
Nations		1,154,733	-	1,154,733	1,071,675
Regions		1,258,440	-	1,258,440	1,742,059
Research		461,010	40,313	501,323	498,524
Standards & Qualifications		686,030	40,828	726,858	1,232,372
Approvals		79,959	178,212	258,171	224,041
Careers		840,768	-	840,768	1,295,371
Governance costs		40,300	-	40,300	36,517
<b>Total resources expended</b>	<b>1</b>	<b>6,779,789</b>	<b>5,857,239</b>	<b>12,637,028</b>	<b>14,684,925</b>
<b>Net incoming/(outgoing) resources before transfers</b>	<b>2</b>	<b>48,425</b>	<b>(76,482)</b>	<b>(28,057)</b>	<b>421,570</b>
<b>Net movement in funds</b>		<b>48,425</b>	<b>(76,482)</b>	<b>(28,057)</b>	<b>421,570</b>
Total funds brought forward 1 April 2010		637,937	1,878,442	2,516,379	2,094,809
<b>Total funds carried forward 31 March 2011</b>		<b>686,362</b>	<b>1,801,960</b>	<b>2,488,322</b>	<b>2,516,379</b>

All activities are classified as continuing. The 'notes to the financial statements', on pages 33 to 51 form part of these accounts.

Skillset Sector Skills Council  
BALANCE SHEET  
As at 31 March 2011

	<b>Notes</b>	<b>2011</b> £	<b>2010</b> £
<b>Fixed Assets</b>			
Tangible Assets	4	<u>241,708</u>	<u>337,619</u>
<b>Current Assets</b>			
Debtors	5	987,228	1,374,452
Cash at bank and in hand		<u>7,488,427</u>	<u>8,799,909</u>
		8,475,655	10,174,361
<b>Creditors : Amounts falling due within one year</b>	6	6,076,002	7,995,601
<b>Net Current Assets</b>		<u>2,399,652</u>	<u>2,178,760</u>
<b>Total Assets less Current Liabilities</b>		2,641,361	2,516,379
<b>Creditors: Amounts falling due after more than one year</b>	7	153,039	-
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,488,322</u>	<u>2,516,379</u>
<b>CAPITAL AND RESERVES</b>			
Unrestricted funds		686,362	637,937
Restricted funds	12	<u>1,801,960</u>	<u>1,878,442</u>
		<u>2,488,322</u>	<u>2,516,379</u>

Approved by the Board and authorised for issue on 13/10/ 2011

Signed on behalf of the Board by:

Director   
Stewart Till

The notes to the financial statements on pages 33 to 51 form part of these accounts.

Skillset Sector Skills Council  
 CASH FLOW STATEMENT  
 For the year ended 31 March 2011

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	<b>Notes</b>	<b>2011</b> £	<b>2010</b> £
Net cash outflow from operating activities	<b>11a</b>	(1,254,030)	(1,205,586)
Returns on investments and serving of finance	<b>11b</b>	6,356	50,419
Capital expenditure	<b>11b</b>	(63,810)	(20,497)
<b>Cash outflow in the period</b>		<b><u>(1,311,484)</u></b>	<b><u>(1,175,664)</u></b>
		<b>2011</b> £	<b>2010</b> £
Decrease in cash in the period		(1,311,484)	(1,175,664)
<b>MOVEMENT IN NET FUNDS IN PERIOD</b>		<b><u>(1,311,484)</u></b>	<b><u>(1,175,664)</u></b>
NET FUNDS AT 1 APRIL 2010		8,799,909	9,975,573
NET FUNDS AT 31 MARCH 2011	<b>11c</b>	<b><u>7,488,425</u></b>	<b><u>8,799,909</u></b>

*The 'notes to the financial statements', on pages 33 to 51 form part of these accounts.*



## ACCOUNTING POLICIES

### 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.

### 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 support costs.

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

Skillset Sector Skills Council  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2011

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#### **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 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 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**

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.

#### **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.

Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2011

**1 Total Resources Expended**

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

	<b>Direct Costs</b>	<b>Grants</b>	<b>Support Costs</b>	<b>2011 Total</b>	<b>2010 Total</b>
<b>Research</b>	174,294	-	327,029	<b>501,323</b>	<b>498,524</b>
<b>Careers</b>	739,174	-	101,594	<b>840,768</b>	<b>1,295,372</b>
<b>Standards &amp; Qualifications</b>	311,850	-	415,008	<b>726,858</b>	<b>1,232,372</b>
<b>Approvals</b>	196,578	-	61,593	<b>258,171</b>	<b>224,041</b>
<b>Nations</b>	609,375	40,573	504,785	<b>1,154,733</b>	<b>1,071,675</b>
<b>Regions</b>	877,477	-	380,963	<b>1,258,440</b>	<b>1,742,059</b>
<b>Television</b>	97,675	612,065	373,809	<b>1,083,549</b>	<b>900,391</b>
<b>Film</b>	941,100	3,947,045	-	<b>4,888,145</b>	<b>6,918,442</b>
<b>Interactive Media</b>	15,212	-	192,796	<b>208,008</b>	<b>288,028</b>
<b>Photo Imaging</b>	11,067	-	179,044	<b>190,111</b>	<b>179,172</b>
<b>Publishing</b>	13,342	-	182,196	<b>195,538</b>	<b>185,394</b>
<b>Radio</b>	3,880	-	68,054	<b>71,934</b>	<b>112,938</b>
<b>Fashion &amp; Textiles</b>	488,104	-	731,046	<b>1,219,150</b>	<b>-</b>
<b>Governance Costs</b>	40,300	-	-	<b>40,300</b>	<b>36,517</b>
<b>Total 2011</b>	<b>4,519,428</b>	<b>4,599,683</b>	<b>3,517,917</b>	<b>12,637,028</b>	
<b>Total 2010</b>	<b>5,631,373</b>	<b>5,840,410</b>	<b>3,213,142</b>		<b>14,684,925</b>

Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2011

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Support Cost Breakdown by Activity

-

(b) Analysis of support costs

		Staff Costs Support	Other	Accom	Other	Comms	Total 2011	Total 2010
Activity								
Research	123,843	99,855	6,003	35,429	55,437	6,462	327,029	353,439
Careers	-	49,927	3,001	17,715	27,719	3,232	101,594	261,982
Standards & Qualifications	110,228	149,783	9,004	53,144	83,156	9,693	415,008	556,680
Approvals	10,797	24,963	1,501	8,857	13,859	1,616	61,593	71,138
Nations	252,066	224,673	13,506	-	-	14,540	504,785	432,771
Regions	212,483	149,783	9,004	-	-	9,693	380,963	492,754
Television	127,904	124,818	7,503	44,287	69,297	-	373,809	278,846
Interactive Media / Animation	91,202	49,928	3,001	17,715	27,719	3,231	192,796	288,028
Photo Imaging	77,449	49,928	3,001	17,715	27,719	3,232	179,044	179,172
Publishing	80,601	49,928	3,001	17,715	27,719	3,232	182,196	185,394
Radio	17,258	24,963	1,501	8,857	13,859	1,616	68,054	112,938
Fashion & Textiles	273,877	224,673	13,506	79,716	124,734	14,540	731,046	-
<b>Total</b>	<b>1,377,708</b>	<b>1,223,222</b>	<b>73,532</b>	<b>301,150</b>	<b>471,218</b>	<b>71,087</b>	<b>3,517,917</b>	<b>3,213,142</b>

Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2011

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Prior Year Information

**1 Total resources expended**

**1 Total resources expended**

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

	<b>Direct Costs</b>	<b>Grants</b>	<b>Support Costs</b>	<b>2010 Total</b>
Research	145,085	-	353,439	<b>498,524</b>
Careers	1,033,390	-	261,982	<b>1,295,372</b>
Standards & Qualifications	675,692	-	556,680	<b>1,232,372</b>
Approvals	152,903	-	71,138	<b>224,041</b>
Nations	566,217	72,686	432,771	<b>1,071,674</b>
Regions	1,249,305	-	492,754	<b>1,742,059</b>
Television	138,856	482,689	278,846	<b>900,391</b>
Film	1,633,408	5,285,035	-	<b>6,918,443</b>
Interactive Media	-	-	288,028	<b>288,028</b>
Photo Imaging	-	-	179,172	<b>179,172</b>
Publishing	-	-	185,394	<b>185,394</b>
Radio	-	-	112,938	<b>112,938</b>
Governance Costs	36,517	-	-	<b>36,517</b>
<b>Total charitable activity costs 2010</b>	<b>5,631,373</b>	<b>5,820,410</b>	<b>3,213,142</b>	<b>14,684,925</b>

Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2011

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**Prior Year Information**

**Support Cost Breakdown by Activity**

**(b) Analysis of support costs**

	Staff Costs			Accom	Other	Comms	Total 2010
	Activity	Support	Other				
<b>Research</b>	143,854	99,093	4,875	39,100	60,503	6,014	353,439
<b>Careers</b>	-	123,867	6,093	48,876	75,628	7,518	261,982
<b>Standards &amp; Qualifications</b>	137,511	198,187	9,749	78,200	121,005	12,028	556,680
<b>Approvals</b>	18,741	24,773	1,219	9,775	15,126	1,504	71,138
<b>Nations</b>	267,798	148,640	7,312	-	-	9,021	432,771
<b>Regions</b>	245,294	222,960	10,968	-	-	13,532	492,754
<b>Television</b>	126,168	74,320	3,656	29,325	45,377	-	278,846
<b>Interactive Media / Animation</b>	130,839	74,320	3,656	29,325	45,377	4,511	288,028
<b>Photo Imaging</b>	74,379	49,547	2,437	19,551	30,251	3,007	179,172
<b>Publishing</b>	80,601	49,547	2,437	19,551	30,251	3,007	185,394
<b>Radio</b>	60,541	24,773	1,219	9,775	15,126	1,504	112,938
<b>Total</b>	<b>1,285,726</b>	<b>1,090,027</b>	<b>53,621</b>	<b>283,478</b>	<b>438,644</b>	<b>61,646</b>	<b>3,213,142</b>

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

Skillset Sector Skills Council  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2011

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**(c) Analysis of governance costs**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Board of Director expenses	44	-
Legal and professional fees	4,113	-
Fees paid to auditors - Financial statements	29,795	29,795
- Accountant's reports	6,348	6,037
- Other services	-	1,222
- Relating to prior year	-	(537)
<b>Total governance costs</b>	<b>40,300</b>	<b>36,517</b>

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

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Net incoming / (outgoing) resources is stated after including:</b>		
Voluntary Income:-		
Industry Contributions	665,000	672,000
UK Commission for Employment & Skills (UKCES)	2,335,924	1,916,000
Depreciation and amounts written off tangible fixed assets:-		
other assets	44,708	54,107
leasehold improvements	115,013	115,008
Auditor's remuneration		
- for external audit	29,795	23,508
- prior year external audit	-	5,750
- other services	-	1,222
- Accountant's Reports	6,348	6,037
Operating leases		
- property	328,337	320,287
- other	8,530	14,862

Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2011

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**3 Employees**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Staff costs:		
Wages and salaries	3,151,784	3,089,324
Social security costs	340,397	329,872
Other pension costs	176,543	165,581
Exceptional item- restructuring costs	103,746	-
<b>Total</b>	<b>3,772,470</b>	<b>3,584,777</b>

The above figure includes £429,178, paid to project contract staff. (2010: £377,110)  
 A provision of £104k for redundancy costs has been made under FRS3 Reporting Financial Performance and FRS12 Provisions, Contingent Liabilities and Contingent Assets.

	<b>2011</b>	<b>2010</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	23	20
Activity Staff	49	49
Project Staff	11	10
<b>Total</b>	<b>83</b>	<b>79</b>

	<b>2011</b>	<b>2010</b>
	<b>No.</b>	<b>No.</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:		
£ 60,001 - £ 70,000	3	6
£ 70,001 - £ 80,000	1	1
£ 80,001 - £ 90,000	1	-
£ 90,001 - £100,000	1	1
£120,001 - £130,000	1	1
£140,001 - £150,000	1	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 £53,395 (2010: £56,550).

Trustee's Liability insurance premiums charged to the accounts was £2,094 (2010: £1,679).



Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2011

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**3 Employees (continued)**

**DIRECTORS' REMUNERATION**

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

**4 Tangible Fixed Assets**

	Office Equipment	IT Equipment	Leasehold Improvements	Total
	£	£	£	£
<b>Cost:</b>				
<b>1 April 2010</b>	276,750	135,857	575,055	987,662
<b>Additions</b>	6,547	57,263	-	63,810
<b>31 March 2011</b>	283,297	193,120	575,055	1,051,472
<b>Depreciation 1 April 2010</b>	257,920	102,258	289,865	650,043
<b>Charged in the year</b>	13,073	31,635	115,013	159,721
<b>31 March 2011</b>	270,993	133,893	404,878	809,764
<b>Net book value</b>				
<b>31 March 2011</b>	12,300	59,228	170,180	241,708
<b>31 March 2010</b>	18,830	33,599	285,190	337,619

**5 Debtors**

	2011 £	2010 £
Due within one year:		
Trade debtors	299,553	591,999
Other debtors	16,034	28,988
Prepayments and accrued income	671,641	753,465
<b>Total</b>	987,228	1,374,452

Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2011

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

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Trade creditors	997,925	1,235,899
Other creditors	62,417	52,425
Other taxation and social security costs	93,730	87,964
Funds held in trust for third parties (see note 16)	50,616	50,620
Accruals	534,031	674,459
Deferred income (see note 17)	502,514	693,294
UKFC Lottery grants payable	3,834,769	5,200,940
Total	6,076,002	7,995,601

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

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
UKFC Lottery grants payable		
Amounts payable by installments falling due:		
In more than one but not more than two years	153,039	-
Total	153,039	-

**8 Share 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 2011

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**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 in 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 as financial commitments and are disclosed in the accounts, as set out below:

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Skills Investment Fund:		
Grants committed but not yet taken up	3,717	44,468
UKFC Lottery Delegation Fund:		
Commitments	158,024	463,021

**10 Operating lease commitments**

At 31 March 2011 the charitable company had annual commitments under non-cancellable operating leases as follows:

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Land and buildings:		
Expiring between 1 and 2 years	386,400	370,300

Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2011

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**11 Cash flow**

a	Reconciliations of net incoming resources to net cash flow from operating activities	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	Net incoming resources	(28,057)	421,570
	Net interest received	(6,356)	(50,419)
	Depreciation charges	159,721	169,120
	(Increase)/ Decrease in debtors	387,224	(271,501)
	Decrease in creditors	(1,766,560)	(1,474,356)
	Net cash: inflow from operating activities	<b>(1,254,028)</b>	<b>(1,205,586)</b>
b	Analysis of cash flows for headings netted in the cash flow	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	<b>Returns on investments and servicing of finance</b>		
	Bank interest received	6,356	50,419
	<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>6,356</b>	<b>50,419</b>
	<b>Capital expenditure</b>		
	Purchase of tangible assets	63,810	20,497
	<b>Net cash outflow from capital expenditure</b>	<b>63,810</b>	<b>20,497</b>
c	<b>Analysis of changes in net funds</b>		
		<b>At</b>	<b>At</b>
		<b>1 April</b>	<b>1 April</b>
		<b>2010</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
		8,799,909	7,488,427
		<b>Cash flow</b>	
		<b>£</b>	
		(1,311,482)	

Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2011

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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:

	<b>Balance b/f</b>		<b>Balance c/f</b>	
	<b>1 April</b>	<b>Incoming</b>	<b>Outgoing</b>	<b>31 March</b>
	<b>2010</b>	<b>resources</b>	<b>resources</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
TV Freelance Fund (TVFF)	464,280	704,980	(709,741)	459,519
Film Skills Fund:				
Skills Investment Fund (SIF)	444,624	614,317	(268,681)	790,260
UKFC Lottery Delegation Fund	969,538	4,461,460	(4,878,817)	552,181
Total	<b>1,878,442</b>	<b>5,780,757</b>	<b>(5,857,239)</b>	<b>1,801,960</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 £459,519 will be carried forward to next year.

**The Skills Investment Fund (SIF)**

The Skills Investment Fund is part of the 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. £790,260 was unspent at the end of March 2011 and will be used in furtherance of the objectives of the Film Skills Strategy next year

Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2011

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

The UKFC Lottery Delegation Fund is part of the Skillset Film Skills Fund. UKFC delegates the authority for the investment of the Fund to 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 £417,357 giving a closing reserves position for the year of £552,181.

As of the 1<sup>st</sup> of April 2011 this delegation will be managed by the British Film Institute (BFI).

**13 Analysis of net assets between funds**

	<b>Unrestricted</b>	<b>Restricted</b>	
	<b>Funds</b>	<b>Funds</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets	241,708	-	241,708
Cash at bank and in hand	1,195,925	6,292,502	7,488,427
Other net liabilities	(751,271)	(4,490,542)	(5,241,813)
<b>Total</b>	<b>686,362</b>	<b>1,801,960</b>	<b>2,488,322</b>

Skillset Sector Skills Council  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the year ended 31 March 2011

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**14 UK Film Council**

**UK FILM COUNCIL (UKFC)**

Details of the lottery grants from the UK Film Council to Skillset for the period from 1 April 2010 to 31 March 2011 are as follows:

	£	£
Grants received in the year 2010/11		4,407,677
Bank interest receivable		3,783
Miscellaneous income		50,000
<b>Restricted Fund - incoming resources</b>		<b>4,461,460</b>
Hard commitments made in the year 2010/11	3,577,000	
Overheads released by Skillset	<u>1,301,817</u>	
<b>Restricted Fund - outgoing resources</b>		<b>4,878,817</b>
<b>Restricted Fund movement for year</b>		<b><u>(417,357)</u></b>
<b>Restricted Fund balance b/fwd</b>		<b>969,538</b>
<b>Restricted Fund balance c/fwd</b>		<b><u>552,181</u></b>
Soft commitments at year end 2010/11		158,024

In addition to the Award payments released and grants payable, as noted above, Skillset have also made soft commitments of £158,024, as set out in note 9 to the financial statements.

Combining these items means that Skillset has made total commitments of £4,040,021 in the year 2010/11 this can be broken down into £463,021 soft commitments 2009/10; new commitments of £3,577,000 2010/11.

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.

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**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 2011 was £305,854 (2010: 362,704).
- (b) The aggregate value of grants payable to organisations for the year ended 31 March 2011 was £4,293,829 (2010: £ 5,477,706).

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

**London & South East**

NFTS (National Film & Television School)	928,109
Ealing Institute of Media	580,000
London Film School	273,390
The Production Guild	155,871
Diversity in Visual Arts (DiVA)	150,000
Film London	98,452
The Bureau Film Company Limited	90,301
FT2 (Film & Television Freelance Training Ltd)	77,599
Four Corners	65,000
Independent Cinema Office	64,830
Lighthouse Arts and Training Ltd	62,000
Ravensbourne College of Design and Communication	60,080
Touchpaper Television	60,000
Film Distributors' Association	55,000
Middlesex Uni Higher Ed Corporation	50,000
Northern Alliance Ltd	50,000
Power to the Pixel	50,000
Screen South	49,756
B3 Media	47,399
Ian Murphy Visual Effects Ltd	34,000
BFI Southbank	27,000
4K London Ltd	20,200
Annmarie Consulting	20,000
The Directors Guild of Great Britain	20,000
The Bridge Media Training Limited ('The Bridge')	16,920
Profile Media Services	12,218
Initialize Films	10,000
Optimum Releasing Limited	10,000
Women in Film & Television	10,000
Escape Studios Ltd	8,660
Light House Media Centre	8,000
Indie Training Fund	7,750
Cinema Exhibitors' Association Ltd	4,900
VET Ltd	4,667
East End Film Festival	4,500
The London Lesbian and Gay Film Festival	3,850
IWC Media Ltd	1,933



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Aramid Capital Partners	1,800
Cass Business School, City University	1,730
Film Skills Training Limited	672

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**3,196,587**

**Other Regions**

Principal Large Format Ltd	140,000
Screen Yorkshire	134,800
South West Screen	99,950
Endemol UK plc	95,000
EM Media	89,912
High Definition and Digital Cinema Ltd	79,250
Sheffield Doc/Fest	45,394
104 Films Limited	25,000
Screen West Midlands	23,800
City Screen Limited	10,000
Warp X and Threshold Studios Ltd	9,600
Icon Entertainment International	9,600

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**762,306**

**Grants to Organisations in Devolved Administrations**

Napier University	151,650
Cyfle	41,857
Media Business School	38,500
International Film School Wales	34,200
Edinburgh International Film Festival	22,500
Media Guardian Edinburgh International TV Festival	20,000
Scottish Documentary Institute at Screen Academy Edinburgh	
College of Art	5,000

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**313,707**

**Grants to International Organisations**

ACE	21,098
European Producers' Club	130

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**21,228**

**Grants to All Organisations** **4,293,828**

**Rescinded Grants (Grants not utilised)**

NFTS	(124,512)
Cass Business School, City University	(53,719)
The Times BFI London Film Festival	(23,764)
International Film School Wales	(19,200)
Escape Studios Ltd	(17,190)
Independent Cinema Office	(16,984)
FOCAL International Ltd	(16,204)

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London Film School	(15,318)
Profile Media Services	(12,493)
VET Ltd	(11,256)
International Doc. Festival Sheffield	(10,054)
Qwerty Films Ltd	(5,632)
Cyfle	(5,603)
South West Screen	(5,432)
Institute of Broadcast Sound	(5,000)
Dogwoof Pictures	(4,867)
Scottish Screen	(4,565)
York St John University	(4,417)
Lighthouse Arts and Training Ltd	(4,219)
Metrodome Group Plc	(4,090)
National Council for Drama Training	(3,939)
Berlinale Talent Campus	(3,834)
FT2	(3,090)
CBMA: Christine Blundell Make Up Academy	(2,960)
Film Design International	(2,843)
Magic Light Pictures Limited	(2,805)
Middlesex Uni Higher Ed Corp	(2,775)
Creative Exchange	(2,631)
Bird's Eye View	(1,683)
onetiki New Media Company GmbH	(690)
BFI Southbank	(675)
Warp Film Services Ltd.	(500)
Arista Development	(475)
The Producers' Forum	(370)
The Script Factory	(366)
Greasepaint Ltd	(320)
Hannonmedia Ltd	(178)
Slingshot Productions Ltd	(51)
Power To The Pixel Ltd	(4)
Sheffield Doc/Fest	(1)
Diversity In Visual Arts	(1)
<b>Total Rescinded Grants</b>	<b>(394,710)</b>
<b>Total Grants to Organisations</b>	<b>3,899,118</b>
<b>Total Grants to Individuals</b>	<b>305,854</b>
<b>Total Grants</b>	<b>4,204,972</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:

	David Fraser Fund	Film Industry Training Board	Total
	£	£	£
Brought forward	35,837	14,783	50,620
Funds received	1	-	1
Funds expended	-	(5)	(5)
<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:

Brought forward	£ 693,294
Released to income	(11,032,529)
Income deferred	10,841,749
<b>Carried forward</b>	<b>502,514</b>

**18 Related Party Transactions**

None of our trustees receive remuneration or other benefit for their work with 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 Skillset's activities.

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

There were no related party transactions in the current year. (2010: £18,600 Payable to Mike Fegan - Chair, Finance and General Purpose Committee).