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Company registration number. 04661021

Charity number 1098336



Skills Active UK
(A company having no share capital, limited by guarantee)

Financial statements
30 September 2012

SKILLS ACTIVE UK

Financial statements for the year ended 30 September 2012

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SKILLS ACTIVE UK

Trustees' report (incorporating the Directors' report) for the year ended 30 September 2012

The trustees present their annual report and the audited consolidated financial statements for the year ended 30 September 2012

REFERENCE AND ADMINISTRATIVE DETAILS

Company number	04661021
Charity number	1098336
Principal office	3rd Floor, Castlewood House, 77-91 New Oxford Street, London WC1A 1DG
Registered office	3rd Floor, Castlewood House, 77-91 New Oxford Street, London WC1A 1DG
Auditor	Chantrey Vellacott DFK, Russell House, 10-12 Russell Square, London WC1B 5LF
Bankers	Barclays, London Medium Business Centre, 180 Oxford Street, London W1D 1EA

Directors and trustees

The directors of the charitable company are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees The trustees serving during the year and since the year end were as follows

Chair	
Elaine Clowes	Resigned 21 November 2012
Peter Rowley	Appointed 26 July 2012
Vice Chair	
Sue Fagg	Resigned 24 January 2013
Suki Kalirai	Appointed 25 January 2012
Other trustees	
Mark Allman	
Julie Ames	
Angela Brown	Appointed 21 November 2012
Adrian Chnsty	
Mark Lavington	Appointed 25 January 2012
Joyce Mckellar	Resigned 24 January 2013
Richard Millman	Resigned 20 September 2012
Jim Rose	
Mark Sesnan	
Di Standley	
Fred Turok	
Russell Ward	

Chief Executive

Ian Taylor	Appointed 21 May 2012

Secretary

Ross Holland	Resigned 17 August 2012
Richard Bruce	Appointed 22 November 2012

Trustees' report (incorporating the Directors' report) for the year ended 30 September 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Skills Active UK ('SkillsActive', 'the charity') is a company limited by guarantee governed by its Memorandum and Articles of Association as adopted by Special Resolution, dated February 1st 2013 It is registered as a charity with the Charity Commission and is the Government licensed Sector Skills Council for the active leisure, learning and well-being industry SkillsActive was founded by employers, trade associations and professional bodies across the industry footprint

In July 2012 the first Independent Chairman was appointed. He was tasked immediately to review all governing documents and overall governance practice and procedures Since this time a number of changes and amendments have been considered including a 'Schedule of Matters Reserved for the Board' and new Articles of Association These Articles of Association have been agreed by the Board and they will be registered with the Charity Commission and Companies House early in 2013

Appointment of trustees

Trustees, who also act as directors of the company apply from the industry and are elected by the Board at a general meeting A trustee is elected from each of the employer committees of SkillsActive UK Scotland, SkillsActive UK Cymru and SkillsActive UK Northern Ireland

Other members of the Board apply based on their skills, experience and knowledge Upon appointment a Board member will be required to sign a Code of Conduct Declaration
There will be a maximum of 12 Trustees

Trustee induction and training

New trustees are introduced to the work of SkillsActive through an induction meeting with the Chair and/or Chief Executive prior to their first board meeting On appointment, trustees are given an induction detailing the constitution, aims and work of the charity and terms of reference for the board Ongoing training and support will be provided as required during Trustees' terms of office

Organisation

The board meets in full session on at least four occasions during the year A number of governance functions are delegated for consideration by the Audit, Governance and Risk Committee, which meets at least four times a year (to mirror board meetings) Recommendations of the Audit, Governance and Risk Committee are ratified by the board

Employer Groups or committees in each sub-sector and in England, Scotland, Wales and Northern Ireland advise SkillsActive on skills priorities and these are combined in a sector skills strategy which drives the strategic direction of the work of the organisation The membership and remit of these committees has been refreshed and it is assumed that a wider forum of key industry figures will be convened during 2012/13 to increase the employer ownership of SkillsActive

A business plan is produced by the executive team, comprising the Chief Executive and the senior management team, and presented to the board for sign off on an annual basis The delivery of the business plan is the responsibility of the Chief Executive, who reports on progress against key performance indicators (KPIs) at each board meeting. Responsibilities for delivering individual areas of the business plan are delegated to the executive team

Trustees' report (incorporating the Directors' report) for the year ended 30 September 2012

Related parties (comprising the SkillsActive Group)

The executive team continued throughout the year with the board to establish a new governance and organisational structure for the organisation This was based on the decision to merge a group of companies into one organisation, working to a single board and a single business plan Special resolutions were passed at extraordinary general meetings of SkillsActive's subsidiaries[1] (29 September 2011) that allowed for this change in governance

Operationally, Skills Active Services Limited ('SAS') as the trading subsidiary of the charity has become the delivery mechanism for the SkillsActive business plan All members of staff apart from the CEO department support are employed by SAS This change has been implemented to allow the organisation to expand its range of activities and increase its level of commercial work All surpluses at the year-end will be gift aided to the charity All activity will therefore continue to be aligned with the charitable objectives of SkillsActive.

On December 7th 2011 the Members of Habia (Hair & Beauty Industry Authority) by way of Special Resolution and Amendment of the Articles of Association unanimously agreed to sign an agreement to become a subsidiary company of SkillsActive This agreement was signed by both parties on 8th December 2011

Risk management

The trustees have examined the major strategic, business and operational risks to which the charity is exposed and confirm that systems have been established to enable regular reports to be produced so that necessary steps can be taken to lessen these risks Internal risks are minimised through the use of established procedures to authorise all transactions and projects and to ensure consistent quality of delivery of all operational aspects of the charity. Through the Audit, Governance and Risk Committee, these procedures are regularly reviewed to ensure that they continue to meet the needs of the charity

Public benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities

OBJECTIVES AND ACTIVITIES

The company is a 'not for profit' Sector Skills Council ('SSC') licensed by government for Active Leisure, Learning and Well-Being, a registered charity and a company limited by guarantee

The board has defined the overall rationale for SkillsActive

Vision: *More People, Better Skilled, Better Qualified*

Mission. *Delivering the Workforce for the Nation's Well-being*

SkillsActive's unique contribution is to lead the development of a growing, skilled and qualified workforce of paid and voluntary industry professionals that will ensure the industry's on-going success and continued growth The SkillsActive sector is central to improving the health and well-being of the nation and a skilled and competent workforce is vital to ensuring a safe and stimulating environment.

[1] The National Skills Academy for Sport & Active Leisure, SkillsActive Services Ltd, CITO, Habia and all wholly owned subsidiaries of SkillsActive

Trustees' report (incorporating the Directors' report) for the year ended 30 September 2012

For SkillsActive the leadership from employers is central to its success Committee structure have been created to reflect and work with employers from the various sub-sectors and nations in the industry 'Home Country' committees are essential to consider specific employer issues and needs to be met, based on the needs of devolved administrations

The SkillsActive board oversees and engages in the work of this committee structure and assumes responsibility for ensuring resources are best used to meet the headline priorities, whilst aligning the work of the SSC to government and stakeholder demands

The following headline priorities have been agreed and signed off by the industry:

1 To improve recruitment and retention of the workforce

2 To upskill and professionalise the existing workforce

3. To match training supply to employer demand

4. To redirect and secure new funding for training to meet employment needs

5 To increase sector investment in our people

Moving forward, SkillsActive will work to the above priorities in the coming year by focusing its activities on

· Establishing a coherent Single Skills System

Ensuring effective employer engagement drives the business

Maximising all opportunities to broker funding for skills and training

Rolling out a single endorsement system to benchmark the quality of training provision

Ensure products and services are fit for purpose

· Deliver for those individuals looking to enter and progress in the sector through a clear offer in terms of Apprenticeships, Jobs and Careers

A fundamental aspect of the individual offer is to launch a number of Registers across the 7 areas of the business This expansion of a system of professional registration is seen as fundamental to the development of the industry in terms of up-skilling and professionalising the workforce and is therefore core business for the Sector Skills Council This is, by its very nature, aligned to the charitable objectives of SkillsActive in terms of education (for individuals) and public benefit (in terms of health and well-being and safety)

Monitoring Performance

The executive team is charged with ensuring a coordinated approach to meeting the SSC's objectives To ensure effective delivery, agreements are made for the allocation of staff time across the various divisions within the SSC directorates and the other companies within SkillsActive

The SkillsActive board has assessed both the sustainability and effectiveness of SkillsActive, taking an overview of how each component contributes to the SSC The Board will monitor all the activities carried out within SkillsActive and its trading subsidiaries (NSA, SAS, CITO and Habia) KPIs for the Group have been agreed and regularly reported on Additional KPIs are in place on a contract by contract basis with a range of industry partners

In summary, the effectiveness of the Group's work will be demonstrated by targets and outcomes being achieved as per the business plan This includes the Home Country and Sector Action Plans,

which are arranged to be as 'SMART' as possible, with target dates, quantified outcomes, and with lead and support roles identified so that progress can be measured and employers can play a direct role in monitoring progress Individual work programmes and objectives stem from these plans

ACHIEVEMENTS AND PERFORMANCE

SkillsActive has continued to perform over the year amidst a changing political and financial landscape Significant changes in government policy have seen a shift in the funding position for SSCs Where, as in previous years, SSCs have received a core contract, the Department for Business, through its agency, the UK Commission for Employment and Skills (UKCES), will now invest in SSCs only through individual projects SkillsActive is therefore in a position where it needs to bid into UKCES funding streams throughout the year

Success has already been achieved in this new environment. In the first round of the UKCES Growth and Innovation Fund (GIF), SkillsActive was successful in its bid to draw down funds to establish a Group Training Association for the sector This will allow for small businesses to accrue benefits of working together and specifically increase the number of apprentices working in these businesses Additionally, through GIF, SkillsActive has been successful in its bid to run a Joint Investment Programme for the sector that will see government match fund £500k of training for key roles in sport and fitness and play work

SkillsActive has also been successful through the third UKCES funding stream, the Employer Investment Fund (EIF) and will now work to extend its work in the sub-sectors and nations to establish skills protocols that will raise employer engagement and investment in skills The total investment from the Commission for this project was £898K over two years.

In early 2012 SkillsActive submitted a successful application to the UKCES Growth & Innovation Fund (Round 2) to support the development of registration in sub-sectors showing industry demand The value of this government investment was £1 1M over 2 years

Finally SkillsActive worked in partnership with a number of SSCs, led by Lantra, to apply into the Commission's Universal Services fund £99K was accessed to allow the development and review of National Occupational Standards

Significant work continues with National Governing Bodies of Sport and SkillsActive, through its contract with Sport England as a National Partner for Workforce

2012 also saw SkillsActive running the Mayor's Legacy Skills project, part of the Mayor of London's significant investment in the London sporting infrastructure This was a highly successful pan-London training and development programme to increase the capacity of the club and community sports centre Over 13,000 people were trained, participating in over 50 types of sport across all 33 London boroughs All beneficiaries pledged volunteer hours to the community The investment into people's skills to volunteer and support the club infrastructure of London has truly reached the grass roots of sport in the capital and the impact will be felt long after the 2012 Games

FINANCIAL REVIEW

SkillsActive receives its income from a number of sources,

1 Individual contract funding from the UK Commission for Employment and Skills (UKCES) BIS, DWP and various Government departments

2 Project specific funding from central government in England, and across the devolved administrations in Scotland, Wales and Northern Ireland

3 funding from Sport England, as the National Partner for Workforce

4 one off grants for specific pieces of work for a range of clients, including European funded projects,

5 one off projects done under commercial terms for a range of clients,

6 sales of various levels of partnerships, memberships and registers

7 fees for other services, such as accreditation, ,Apprenticeship certification and arranging conferences,

8 mail order, and the sale of training materials

9 other income, such as hiring out meeting rooms and bank interest earned

The deficit made by the group for the year amounted to £1,074,922 Skills Active and NSA made a deficit of £805,843 and £235,872 respectively for the year Most of NSA's deficit relates to projects and is unrestricted, while its restricted net deficit was £6,285 Skills Active Services Limited gift aided a profit of £28,520 to Skills Active

Investment powers and policy

Under the memorandum and articles of association, the board has the power to invest in such assets as it sees fit The board has considered Skills Active's income requirements, current reserve levels and risk profile and chosen when pertinent to keep funds in low-risk, short-term cash deposits which can be accessed readily

Reserves policy

The group needs free (unrestricted) reserves for three reasons.

1 protect its services and activities from adverse changes in conditions
2 manage short–term financial losses
3 plan and adapt to the changed circumstances

Given these factors the trustees have an ambition to maintain a level of free (unrestricted) reserves which is adequate to meet these needs The trustees believe that the required level will be met by the end of the current financial year

PLANS FOR THE FUTURE

Having made the necessary governance and staff structural changes to ensure that SkillsActive will deliver as one coherent organisation going forward, the emphasis is now on delivery of the single business plan

The new competitive funding landscape requires an SSC that is increasingly focussed on achieving specific objectives, Skills Active will only succeed if it is wholly backed and driven by employers and its role will move towards that of a 'skills innovation agency', working to meet the industry's skills needs Maintaining its position as an independent organisation, grounded in integrity and standards (i e a licensed Sector Skills Council) is seen as fundamental to allow the industry to meet its objective of establishing a professional, competent and accountable workforce

Trustees' report (incorporating the Directors' report) for the year ended 30 September 2012

BUSINESS PLAN 2012/13

The Business Plan 2012/13 defines the first full year of a self-sustaining business model covering all 7 sectors, Sport, Fitness, Play work, Outdoors, Caravanning, Hair and Beauty The plan is UK wide and gives much greater focus from the 14 areas previously covered down to 6

Those being

- Sector Recognition
- Skills Research and Innovation
- Standards and Qualifications
- Registration and Passport
- Quality Assured Skills Solutions
- Skills Funding

Across our Active Leisure, Learning and Well-Being sector, Skills Active have identified 5 common skills priorities for 2012/13 and beyond

'STATUS' – the recognition of the sector and a clarification of the skills landscape

'EMPLOYER AMBITION' – a common skills protocol

'SUPPLY SIDE' – fit for purpose qualifications, training providers and professionals

'DEMAND SIDE' – A digital solution with everyone on a passport

'FUNDING' – Tracking and evaluating better skills data to create greater investment

By focussing and communicating the needs of our 100,000 plus employers and working for and on behalf of the 3 million employees in our sector, Skills Active will be best placed to react effectively to Government policies

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of the National Skills Academy for Sport and Active Leisure for the purposes of company law) are responsible for preparing the Trustees' 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 Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements 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

Trustees' report (incorporating the Directors' report) for the year ended 30 September 2012

- 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 adequate accounting records which are sufficient to show and explain the charitable company's transactions and which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006 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

In so far as the trustees are aware

- There is no relevant audit information of which the charitable company's auditor is unaware, and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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

Approved by the trustees and signed on their behalf by,



Peter Rowley

Trustee

Date 21st March 2013

SKILLS ACTIVE UK

Independent auditor's report to the members of Skills Active UK

For the year ended 30 September 2012

We have audited the financial statements of Skills Active UK for the year ended 30 September 2012 which comprise of the consolidated statement of financial activities, the group and the charitable company's balance sheets, the consolidated cash flow statement and the related notes 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 solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of trustees and auditor

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group and the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group and the charitable company's affairs as at 30 September 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

SKILLS ACTIVE UK

Independent auditor's report to the members of Skills Active UK

For the year ended 30 September 2012

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 requires us to report to you if, in our opinion

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



HELENA WILKINSON BSC FCA DCHA (Senior Statutory Auditor)
for and on behalf of CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
LONDON

Date 21st March 2013

SKILLS ACTIVE UK

Consolidated statement of financial activities (incorporating income and expenditure accounts)

For the year ended 30 September 2012

	Note	Unrestricted funds £	Restricted funds £	Total funds 2012 £	Total funds 2011 £
Incoming resources					
Incoming resources from generating funds					
Voluntary income					
Grants and donations	4	**2,177,399**	**670,978**	**2,848,377**	3,484,562
Activities for generating funds					
Commercial trading operations	5	**4,442,519**	**-**	**4,442,519**	1,128,768
Investment income	7	**30,782**	**-**	**30,782**	24,928
		6,650,700	**670,978**	**7,321,678**	4,638,258
Incoming resources from charitable activities	8	**1,817,666**	**2,540,400**	**4,358,066**	26,478,170
Total incoming resources		**8,468,366**	**3,211,378**	**11,679,744**	31,116,428
Resources expended					
Cost of generating funds					
Fundraising costs of grants and donations	9	**78,286**	**-**	**78,286**	41,150
Commercial trading operations	5	**4,399,291**	**-**	**4,399,291**	1,626,950
		4,477,577	**-**	**4,477,577**	1,668,100
Charitable activities	10	**4,797,207**	**3,164,977**	**7,962,184**	29,418,874
Governance costs	9	**314,905**	**-**	**314,905**	277,490
Total resources expended		**9,589,689**	**3,164,977**	**12,754,666**	31,364,464
Net (outgoing) / incoming resources, being the net (expenditure) / income for the year before transfers		**(1,121,323)**	**46,401**	**(1,074,922)**	(248,036)
Transfers between funds	20	**282,512**	**(282,512)**	**-**	-
Net movement in funds for the year	14	**(838,811)**	**(236,111)**	**(1,074,922)**	(248,036)
Total funds brought forward		**1,096,971**	**661,146**	**1,758,117**	2,006,153
Transfer in from HABIA		**335,253**		**335,253**	-
Total funds carried forward	20	**593,413**	**425,035**	**1,018,448**	1,758,117

All recognised gains and losses are reflected in the Statement of Financial Activities and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 14 to 23 form part of these financial statements

SKILLS ACTIVE UK

Balance sheets as at 30 September 2012

	Note	Group 2012 £	Group 2011 £	Charity 2012 £	Charity 2011 £
Fixed assets					
Tangible fixed assets	15	**443,957**	485,338	**139,585**	136,748
Investment in subsidiaries	16	**-**	-	**100**	100
		443,957	485,338	**139,685**	136,848
Current assets					
Stock		**46,944**	-	**-**	-
Debtors	17	**1,767,574**	1,537,530	**1,392,065**	1,276,834
Cash at bank and in hand		**960,836**	3,352,287	**406,899**	1,052,928
		2,775,354	4,889,817	**1,798,964**	2,329,762
Creditors amounts falling due within one year	18	**(2,200,863)**	(3,617,038)	**(1,579,511)**	(1,301,629)
Net current assets		**574,491**	1,272,779	**219,453**	1,028,133
Net assets		**1,018,448**	1,758,117	**359,138**	1,164,981
Financed by					
Funds					
Restricted funds	20	**425,035**	661,146	**52,687**	322,945
Unrestricted funds	20	**593,413**	1,096,971	**306,451**	842,036
Total funds	21	**1,018,448**	1,758,117	**359,138**	1,164,981

These consolidated financial statements were approved and authorised for issue by the Board of Directors and signed on their behalf by

Peter Rowley

Trustee

Date 21st March 2013

Company Registration Number 04661021

The notes on pages 14 to 23 form part of these financial statements

SKILLS ACTIVE UK

Consolidated cash flow statement

For the year ended 30 September 2012

	Notes	2012 £	2011 £
Net cash (outflow) from operating activities	23	**(2,623,728)**	(4,684,188)
Cash from acquisition of subsidiary		**321,089**	-
Capital expenditure			
Payments to acquire tangible assets		**(89,688)**	(134,049)
Disposals of tangible fixed assets		**876**	
Net cash outflow for capital expenditure		**(88,812)**	(134,049)
(Decrease) in cash in the year		**(2,391,451)**	(4,818,237)
Reconciliation of net cash flow to movement in net funds			
Net cash (decrease) in year		**(2,391,451)**	(4,818,237)
Net funds at start of year		**3,352,287**	8,170,524
Net funds at end of year		**960,836**	3,352,287
Cash at bank and in hand		**960,836**	3,352,287

The notes on pages 14 to 23 form part of these financial statements

1 **Accounting policies**

(a) **Basis of preparation**
The consolidated financial statements have been prepared under the historical cost convention, and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005, applicable UK accounting standards and the Companies Act 2006 The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below.

(b) **Group consolidated financial statements**
These consolidated financial statements consolidate the results of the charitable company and its wholly owned subsidiaries Skills Active Services Limited, Habia (from 8 December 2011) and the National Skills Academy for Sports and Active Leisure A separate statement of financial activities and income and expenditure account are not presented for the charity itself following the exemptions afforded by the Companies Act 2006 and paragraph 397 of SORP 2005

(c) **Incoming resources**
Voluntary income including donations and grants that provide core funding or are of a general nature are recognised where there is an entitlement, certainty of receipt and the amount can be measured with sufficient reliability Such income can only be deferred when the donor specifies that the grant or donation must only be used in future accounting periods, or the donor has imposed conditions which must be met before the charity has unconditional entitlement

Income from trading activities is recognised as earned (as the related goods and services are provided)

Investment income is recognised on a receivable basis

Income from charitable activities that includes income received under contract, or where entitlement to grant funding is subject to specific performance conditions, is recognised as earned as the related goods or services are provided Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability

Income is deferred when performance related grants are received in advance of the performances or event to which they relate

(d) **Volunteers and donated services and facilities**
The value of services provided by volunteers is not incorporated into these consolidated financial statements Board members, sector council members and others serving on various committees and advisory groups are all volunteers

Where services are provided to the group as a donation that would normally be purchased from our suppliers, this contribution is included in the consolidated financial statements at an estimate based on the value of the contribution to the charity Donated services and facilities are referred to in note 6

(e) **Irrecoverable VAT**
Revenue and costs are stated excluding VAT Recoverable and irrecoverable VAT are calculated, and irrecoverable VAT is written off as a central cost and not allocated back to the original costs which gave rise to the VAT

(f) **Resources expended**
Expenditure is recognised when a liability is incurred Contractual arrangements and performance related grants are recognised as goods or services are supplied Other grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable

- Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds
- Charitable activities include expenditure associated with writing standards for use in the sport and active leisure industry, and work to encourage an increase in the qualifications obtained by people working in the sector and include both the direct costs and support costs relating to these activities
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e g allocating property costs by floor areas or per capita, staff costs by the time spent and other costs by their usage

(g) **Tangible fixed assets**
Tangible fixed assets, which are capitalised at cost, are depreciated at rates sufficient to reduce their cost to their estimated residual value at the end of their expected useful lives The following rates are currently used

Leasehold improvements	- over the period of the lease on a straight line basis
Fixtures & fittings	- over 5 years on a straight line basis
Computer equipment	- over 3 years on a straight line basis

(h) **Pension contributions**
The charitable company contributes to a stakeholder pension scheme Contributions are charged to the statement of financial activities as and when they fall due

(i) **Financial instruments**
Financial assets such as cash and debtors are measured at the present value of the amounts receivable, less an allowance for the expected level of doubtful receivables Financial liabilities such as trade creditors and finance leases are measured at the present value of the obligation

(j) **Foreign currencies**
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at the net outgoing resources

(k) **Operating leases**
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

2 **Legal status**

Skills Active is a company limited by guarantee and has no share capital The liability of each member in the event of a winding up is limited to £1. The company has 12 (2011 11) members.

3 **Related party transactions**

The Trustees believe that no disclosures are required under FRS 8 Related Parties in the year, as all contracts have been carried out as arms-length transactions

4 **Grants and donations**

	Unrestricted £	Restricted £	2012 £	2011 £
Skills Active UK	**2,177,399**	**646,364**	**2,823,763**	3,484,562
NSA	**-**	**24,614**	**24,614**	-
	2,177,399	**670,978**	**2,848,377**	3,484,562

5 **Incoming resources from activities for generating funds**

This represents the income from the charity's subsidiary undertakings, Skills Active Services Limited and Habia, companies incorporated and registered in England The principal activity of Skills Active Services Limited is the raising of funds for Skills Active UK through the provision of services and tools to employers and trainers in the sector The principal activity of Habia is that of development, maintenance and promotion, for the benefit of the public, of high standards of education, training and professional conduct amongst persons engaged in hairdressing, beauty therapy and other similar services

6 **Voluntary income**

There are no services provided to the group as a donation that would normally be purchased from suppliers We work with a wide range of volunteers who kindly contribute their specialist knowledge and experience in many areas

7 **Investment income**

The group's investment income arises from interest bearing deposit accounts with the group's bankers

8 **Incoming resources from charitable activities**

		Unrestricted £	Restricted £	2012 £	2011 £
Funded programs	Skills Active UK	**634,731**	**256,663**	**891,394**	1,353,205
	NSA	**14,637**	**2,283,737**	**2,298,374**	23,501,048
Other services	Skills Active UK	**978,290**	**-**	**978,290**	1,510,664
Other income	Skills Active UK	**190,008**	**-**	**190,008**	113,253
		1,817,666	**2,540,400**	**4,358,066**	26,478,170

9 **Allocation of support**

The charity allocates its support costs as shown in the table below Support costs are allocated on a basis consistent with the use of resources

	Charitable activities £	Costs of generating funds £	Governance £	Total £
Support costs and allocated staff time	**659,611**	**78,286**	**195,343**	**933,239**
External audit	**-**	**-**	**19,500**	**19,500**
Accountancy services	**-**	**-**	**4,744**	**4,744**
Legal and other professional fees				
Skills Active UK	**-**	**-**	**63,841**	**63,841**
NSA	**-**	**-**	**1,230**	**1,230**
Board costs	**-**	**-**	**30,247**	**30,247**
	659,611	**78,286**	**314,905**	**1,052,802**
Total 2011	575,631	41,150	277,490	894,271

10 **Charitable expenditure**	Unrestricted £	Restricted £	2012 £	2011 £
External suppliers				
Skills Active UK	**2,432,788**	**808,789**	**3,241,577**	593,177
NSA	**6,633**	**28**	**6,661**	540,079
Direct staff costs				
Skills Active UK	**811,448**	**33,531**	**844,979**	2,667,940
NSA	**-**	**321,982**	**321,982**	1,499,513
Direct staff expenses				
Skills Active UK	**20,978**	**7,919**	**28,897**	181,597
NSA	**4,218**	**-**	**4,218**	89,939
Other direct costs				
Skills Active UK	**68,050**	**102**	**68,152**	125,640
NSA	**128,919**	**1,992,626**	**2,121,545**	22,276,555
	3,473,034	**3,164,977**	**6,638,011**	27,974,440
Depreciation				
Skills Active UK	**84,277**	**-**	**84,277**	77,476
NSA	**57,500**	**-**	**57,500**	76,964
Premises costs				
Sills Active UK	**388,294**	**-**	**388,294**	528,715
NSA	**1,627**	**-**	**1,627**	31,096
Support costs (see note 9)	**659,611**	**-**	**659,611**	575,631
VAT not reclaimable				
Skills Active UK	**130,635**		**130,635**	155,029
NSA	**2,229**	**-**	**2,229**	(477)
	4,797,207	**3,164,977**	**7,962,184**	29,418,874

11 Employee costs

	2012 £	2011 £
Salaries and wages	**5,540,709**	4,472,088
Social security costs	**549,606**	533,787
Pension costs	**207,547**	195,394
	6,297,862	5,201,269

Five employees earned between £50,000 and £60,000 (2011 0)
Four employees earned between £60,000 and £70,000 (2011 4)
Two employees earned between £70,000 and £80,000 (2011 2)
One employee earned between £90,000 and £100,000 (2011 1)

No Trustees received any remuneration during the year (2011 £nil) Total expenses of £10,492 (2011 £4,210) were reimbursed (£466 was still outstanding at the year end)

12 Staff numbers

The average number of full time equivalent employees during the year was

	2012 Number	2011 Number
Direct services	**77**	120
Administration	**14**	15
	91	135

13 Pension scheme

The charitable Group contributes to a stakeholder pension scheme The charitable Group makes a contribution equal to 5% of salary to employees who elect to join the scheme Employees can then choose to make their own personal contributions The charitable Group contribution is 5% regardless of whether the employee makes any contribution of their own, or the size of the contribution made by the employee if they make their own contribution During the year pension contributions of £207,547 (2011 £195,394) were charged to the income and expenditure accounts As at the balance sheet date, unpaid pension contributions totalling £18,783 (2011 £46,596) were included in creditors.

14 Net movement in funds for the year

This is stated after charging / (crediting)

	2012 £	2011 £
Depreciation	**144,354**	154,440
Auditor's remuneration		
– external audit	**19,500**	17,964
– accountancy	**4,750**	3,018
– consultancy	**-**	44,500
Loss / (Gain) on foreign exchange movements	**19,797**	(6,494)

15 **Tangible fixed assets**

	Leasehold Improvements £	Fixtures & fittings £	Computer equipment £	Total £
GROUP				
Cost				
At 1 October 2011	346,364	201,456	340,770	888,590
Additions	1,030	88,659	-	89,689
Transfer in	284,805	-	-	284,805
Disposals	-	(3,451)	-	(3,451)
At 30 September 2012	**632,199**	**286,664**	**340,770**	**1,259,633**
Accumulated depreciation				
At 1 October 2011	46,856	178,387	178,009	403,252
Charge for the year	26,581	83,135	34,637	144,353
Transfer in	270,646	-	-	270,646
Disposals	-	(2,575)	-	(2,575)
At 30 September 2012	**344,083**	**258,947**	**212,646**	**815,676**
Net book value				
At 30 September 2012	**288,116**	**27,717**	**128,124**	**443,957**
At 30 September 2011	299,508	23,069	162,761	485,338

	Fixtures & fittings £	Computer equipment £	Total £
CHARITY			
Cost			
At 1 October 2011	159,799	225,378	385,177
Additions	1,030	88,659	89,689
At 30 September 2012	**160,829**	**314,037**	**474,866**
Accumulated depreciation			
At 1 October 2011	117,339	131,090	248,429
Charge for the year	26,581	60,271	86,852
At 30 September 2012	**143,920**	**191,361**	**335,281**
Net book value			
At 30 September 2012	**16,909**	**122,676**	**139,585**
At 30 September 2011	42,460	94,288	136,748

16 **Investment in subsidiaries**

	Charity's shares in subsidiaries £
Cost / valuation	
At beginning of year	**100**
At end of year	**100**

Name of subsidiary	Country of registration	
Skills Active Services Limited (SAS)	England	(100% owned by Skills Active UK)
National Skills Academy for Sport and Active Leisure (NSA) (Limited by Guarantee)	England	(Controlled by Skills Active UK)
HABIA (Limited by Guarantee)	England	(Controlled by Skills Active UK)

The profit and loss accounts/statement of financial activity (SOFA) and balance sheets of the subsidiaries are summarised below

	NSA	SAS	HABIA
	£	£	£
Trading activities	-	1,737,537	3,458,869
Management recharge		4,572,633	-
Grants and donations	24,614	-	
Income from charitable activities	2,298,374	-	
Investment income	21,569	-	
Cost of sales and administration costs	-	(6,281,650)	(3,499,773)
Cost of generating funds, charitable activities and governance costs	(2,580,429)	-	
Net (deficit)	(235,872)	28,520	(40,904)
Payments made under gift aid	-	(28,520)	-
Retained (deficit)	(235,872)	-	(40,904)
Aggregate share capital and reserves	357,264	100	302,045

On 8 December 2011, Skills Active UK became the sole member of Habia (Company Limited by Guarantee) for consideration of £1.

17 **Debtors**

	Group		Charity	
	2012	2011	**2012**	2011
	£	£	**£**	£
Trade debtors	**887,381**	704,620	**238,054**	232,212
Accrued income	**515,903**	411,198	**515,903**	136,349
Amount due from group undertakings	**-**	-	**519,543**	577,612
Prepayments	**58,843**	207,099	**58,843**	173,280
Other debtors	**305,447**	214,613	**59,722**	157,381
	1,767,574	1,537,530	**1,392,065**	1,276,834

18 **Creditors:** amounts falling due within one year

	Group		Charity	
	2012	2011	**2012**	2011
	£	£	**£**	£
Trade creditors	**664,887**	525,483	**97,767**	192,937
Other taxation	**34,070**	210,808	**15,451**	142,059
Other creditors	**290,743**	1,291,507	**20,729**	63,686
Accruals	**379,374**	525,222	**200,134**	194,006
Amount due to group undertakings	**-**	-	**936,988**	-
Deferred income (see note 19)	**831,789**	1,064,018	**308,442**	708,941
	2,200,863	3,617,038	**1,579,511**	1,301,629

19 **Deferred income**

	Group	**Charity**
	£	**£**
Balance at 1 October 2011	**1,064,018**	**708,941**
Amount released to incoming resources	**(504,918)**	**(414,989)**
Amount deferred in the year	**272,689**	**14,490**
Balance as at 30 September 2012	**831,789**	**308,442**

Income is deferred when performance related grants are received in advance of the performance or event to which they relate

20 **Funds**

Analysis of unrestricted fund movements

	Balance at 1 October 2011	**Incoming resources**	**Resources expended**	**Transfers**	**Balance at 30 September 2012**
	£	**£**	**£**	**£**	**£**
Unrestricted funds – charity	842,036	4,037,554	(4,896,084)	322,945	**306,451**
Unrestricted funds - group	1,096,971	8,468,366	(9,589,689)	617,765	**593,413**

The above transfer of £617,765 includes a transfer in from Habia of £335,253 on 8 December 2011, when Skills Active UK became its sole member

20 **Funds (continued)**

Analysis of restricted fund movements

	Balance at 1 October 2011 £	Incoming resources £	Resources expended £	Transfers £	Balance at 30 September 2012 £
Project description:					
Engaging young people in the sport sector in England	-	47,898	(30,608)	-	**17,290**
Standards and qualification in the sport sector in Europe	-	151,487	(117,791)	-	**33,696**
Employer engagement in The Playwork sector in England	-	98,100	(98,100)	-	-
Bursaries to fund training for sports coaches, within the English regions	-	224,673	(222,973)	-	**1,700**
Habia integration fund	-	380,869	(380,869)	-	-
Register of exercise professionals fund	322,945	-	-	(322,945)	-
Total charity restricted funds	322,945	903,027	(850,341)	(322,945)	**52,686**
NSA restricted funds	338,201	2,308,351	(2,314,636)	40,433	**372,349**
Restricted funds - group	661,146	3,211,378	(3,164,977)	(282,512)	**425,035**

The above restricted funds are subject to specific conditions imposed by the donor or the contract The funds are to be used for the following purposes,

Engaging young people in the sport sector in England - These funds are for the provision of services to encourage the development of skills in young people in the sport sector

Standards and qualification in the sport sector in Europe- This fund is for projects which review and establish standards, course content, and qualifications in the Sports sector in Europe, and align them to UK standards

Employer engagement in the Playwork sector in England These funds are to encourage employer engagement in the Playwork sector in England

Bursaries to fund training for sports coaches, within the English regions - These funds are for the provision of bursaries for the training of coaches for various sports in England

Habia integration fund – These funds facilitated the integration of the Habia operations, including premises costs and staff restructuring

20 **Funds (continued)**

Register of exercise professionals fund – This fund was fully utilised in the year and therefore released to unrestricted funds

NSA restricted funds - These funds are for the provision of bursaries, work placement and training programmes, development of the NSA and set up of centres of excellence

21 **Analysis of group net assets between funds**

	Unrestricted Fund £	Restricted funds £	Total £
Tangible fixed assets	**155,841**	**288,116**	**443,957**
Net current assets	**437,572**	**136,919**	**574,491**
	593,413	**425,035**	**1,018,448**

22 **Operating lease commitments**

The group and charity had the following annual lease rental commitments as at 30 September 2012

Group	Land and buildings	
	2012 £	2011 £
Leases expiring within 1 year	**-**	60,118
Leases expiring in 2 to 5 years	**180,311**	242,846

	Other	
	2012 £	2011 £
Leases expiring within 1 year	**208**	-

Charity	Land and buildings	
	2012 £	2011 £
Leases expiring within 1 year	**-**	27,100
Leases expiring in 2 to 5 years	**129,319**	226,591
Leases expiring after 5 years	**-**	-

23 **Notes to cash flow statement - Reconciliation of net movement in funds to net cash inflow from operating activities**

	2012 £	2011 £
Net (outgoing) resources	**(1,074,922)**	(248,036)
Depreciation	**144,354**	154,440
(Increase) / Decrease in debtors	**(276,988)**	195,264
(Decrease) in creditors	**(1,416,172)**	(4,785,856)
Net cash (outflow) from operating activities	**(2,623,728)**	(4,684,188)