

# SummitSkills

The Sector Skills Council for Building Services Engineering

Annual report and financial statements

For the year ended 31 March 2011

SummitSkills Limited

a company registered in England and limited by guarantee - **company no. 4575759**  
registered in England as a charity - **no.1116777**

## Company information

<b>Company registration number</b>	4575759
<b>Charity registration number</b>	1116777
<b>Registered office</b>	Vega House Opal Drive Fox Milne Milton Keynes Buckinghamshire MK15 0DF
<b>Chairman</b>	Ian Livsey
<b>Trustees</b>	Patrick G Allen Richard J Clarke Roy A Colman David W Frise Steven A Hunt William G Grant Barry G Lea Graham P Manly A John Miller Christopher J Northey Ian J Pattle David W H Smith
<b>Company Secretary</b>	Anthony J Smith
<b>Executive team</b>	Keith M Marshall, OBE    Chief Executive Officer Lindsay C Gillespie    Development Director Cathryn E Hickey    Operations Director Anthony J Smith    Finance Director
<b>Bankers</b>	Barclays Bank Plc, Kendal
<b>Auditors</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW
<b>Solicitors</b>	Silverman and Sherliker LLP 7 Bath Place, London, EC2A 3DR

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## Trustees' report

The trustees present their report and the financial statements of the company for year ended 31 March 2011.

### SummitSkills' purpose

SummitSkills is both a charity and a private company limited by guarantee. It is governed by its Memorandum and Articles of Association. Its objects are as follows:

*To promote commerce and industry, in particular the electrotechnical, heating, ventilating, air conditioning, refrigeration, plumbing, gas services and other related industries ("the sector") for the public benefit by:*

- a. promoting and advancing the training and education of persons employed or intending to be employed in the sector, including identifying training needs, developing apprenticeships, qualifications, educational programmes and related occupational standards and competency frameworks;*
- b. taking steps to alleviate any skills gaps and anticipate future training needs within the sector;*
- c. taking steps to improve productivity and the efficiency and effectiveness of the sector in providing services to the public;*
- d. promoting research into skill levels and skills requirements within the sector and the publication of the useful results of that research for the public benefit.*

### Principal aims and objectives

SummitSkills short and medium term aims and objectives are those outlined in the documents indicated below. In producing these documents we referred to the Charity Commission's general guidance on public benefit and were keen to ensure that our strategic objectives and planned activities were both consistent with our objects as stated above and would meet the public benefit criteria.

#### ◦ **5 year Strategic Plan 2008-13**

Recognising the challenges posed by a global economy and picking up the themes of the Leitch Review of Skills 2006 and those identified by our own SSA (Sector Skills Agreement) the 5 year Strategic Plan outlines our vision and mission and identifies 6 strategic objectives (see page 8 below). It also outlines the values which we aim to demonstrate in our work.

The plan is intended as an external document and has been widely distributed to stakeholders and other partners. It is also available on the SummitSkills' website [www.summitskills.org.uk](http://www.summitskills.org.uk).

In line with best practice and taking into account changes in the economic environment in which we operate SummitSkills has already begun a full review of its Strategic Plan and it is expected that a revised plan will be issued in the autumn of 2011.

#### ◦ **Annual Operating Plan**

The Annual Operating Plan for each year lists the activities that staff will be involved in during the year in question and provides estimated staff time and a budget for each activity. It is in effect an outline programme of work for the whole organisation.

## Background

SummitSkills is the Sector Skills Council (SSC) for Building Services Engineering and is UK wide in its operation. Originally licensed by UK Government in December 2003, and then relicensed in October 2009, it is one of 21 SSCs making up the Alliance of Sector Skills Councils.

The SSCs were set up for the public benefit to ensure that for each sector of the economy the UK has an appropriately skilled and internationally competitive workforce.

The building services engineering sector covers the following industries:

- the electrotechnical industry
- the heating, ventilating, air conditioning and refrigeration (HVACR) industry
- the plumbing industry

and represents over 68,000 companies as shown below:

Industry	Number of companies
Electrotechnical	28,155
HVACR	12,697
Plumbing	26,454
Consultants	circa 4,000
<b>Total</b>	<b>71,306</b>

Source: Office of National Statistics (2010); SummitSkills' SSA for the BSE sector (2010); SummitSkills' SSA for BSE Professionals (2008)

There are 787,000 employees across the above industries (Annual Population Survey 2009) and the sector accounts for approximately 3% of GNP (Gross National Product) with £20bn of work being carried out each year.

The sector currently has approximately 30,000 apprentices in training at any one time.

SummitSkills is an employer led organisation supported by five main Trade Associations in the sector:

- the Electrical Contractors' Association (ECA)
- the Heating and Ventilating Contractors' Association (HVCA)
- the Association of Plumbing and Heating Contractors (APHC)
- the Scottish & Northern Ireland Plumbing Employers' Federation (SNIPEF)
- the Electrical Contractors' Association of Scotland (SELECT).

It also has the support of the Amicus section of Unite the Union (the principal trade union covering the sector) and the professional bodies active in the sector.

## Governance

The company has a Board of directors who for charitable purposes are the trustees and are also the members. The Board is chaired by a non executive part-time Chair who is not a director/trustee and also has a Company Secretary who is not a director/trustee.

Six directors are put forward by the industry Trade Associations (two from each industry: *electrotechnical* (ECA & SELECT), *heating, ventilating, air conditioning & refrigeration* (HVCA) and *plumbing* (APHC & SNIPEF)). One director is put forward by Unite the Union, one director by the professional bodies in the sector and up to four directors are appointed as independent directors following a skills gap analysis and advertising campaign. In all cases the CVs of prospective Board members are reviewed first by the Nominations and Governance sub-committee so that a recommendation can be put to the Board. A minimum of two-thirds of the Board are employers and over 50% of those represent SMEs (Small and Medium Enterprises).

## **Directors/Trustees**

The directors/trustees who served the company during the year were as follows. The table also indicates of which Board committees the director/trustee was a member.

Patrick G Allen	FAC	Rem	
Richard J Clarke	Green		
Roy A Colman	FAC		
David W Frise	Green		(appointed 3 June 2010)
Steven A Hunt	Green		(appointed 1 January 2011)
Andrew C P Gooding	Mgt	FAC	(resigned 31 August 2010 )
Mary Gowing	FAC		(resigned 31 December 2010)
William G Grant	FAC		(appointed 1 January 2011 )
Barry G Lea	FAC		(appointed 1 January 2011)
Graham P Manly	N&G	Green	
A John Miller	FAC	Rem	
Christopher J Northey	QSAG		(appointed 1 January 2011)
Ian J Pattle	Mgt	Rem	
David W H Smith	N&G	Rem	
George N Thomson	FAC		(resigned 25 May 2011)
William H Wright	N&G	Green	(resigned 31 December 2010 )

N&G	Nominations and Governance sub-committee	Mgt	Management Committee
FAC	Finance and Audit sub-committee	QSAG	Qualifications and Standards Advisory Group
Rem	Remunerations committee	Green	Green Agenda sub-committee

## **Board development**

New trustees are inducted by the Company Secretary and are issued with a Trustee Information Pack giving guidance on the role and duties of a company director/ charity trustee as well as information on SummitSkills and the sector. The Chair carries out annual performance reviews with each member of the Board and identifies training needs.

## **Chair**

The Chair of SummitSkills is a non-executive position and has been held since 1<sup>st</sup> January 2009 by Ian Livsey, chief executive of the Gangmasters Licensing Authority (GLA). The Chair is ex-officio a member of all the Board committees mentioned above.

## **Committee structure**

The Board of SummitSkills has two standing sub-committees:

- Nominations and Governance sub-committee  
which meets as required and reviews nominations to the Board and deals with other matters of a governance nature.
- Finance and Audit sub-committee  
which meets quarterly in advance of Board meetings and reports to the Board on the financial state of the company and also acts as an audit committee including in its remit risk management and internal control.

It has also established the

- Green Agenda sub-committee  
which meets to identify and coordinate strategic initiatives in respect of the green agenda.

In addition to the above, the Board also convenes, usually annually, as required, the

- Remunerations committee  
which meets to determine matters in relation to salary and bonuses.

By using its sub-committees appropriately and by delegating the day to day running of the company to the CEO (Keith Marshall, OBE) and executive team ( Anthony Smith, Finance Director; Lindsay Gillespie, Development Director; and Cathryn Hickey, Operations Director) the board is able to concentrate on matters of a strategic nature.

SummitSkills also uses the following committees and interest groups to facilitate effective running of the company:

- Management Committee  
which receives reports from the all the groups mentioned below and on the basis of these makes recommendations to the Board. The Management Committee also reviews the Operating Plan on an annual basis before this is presented to the Board.
- Qualifications and Standards Advisory Group  
which deals with all aspects relating to the introduction and revision of qualifications and standards within building services engineering.
- Industry Advisory Groups (2)  
namely the *Electrotechnical Strategic Advisory Group* and the *Mechanical Strategic Advisory Group* covering the plumbing, H&V (heating and ventilating), and RAC (refrigeration and air-conditioning) industries.  
These groups give employers and other interested parties the opportunity to keep abreast with and feed into the work that SummitSkills is doing across the relevant industries.
- Sector Advisory Groups (2)  
namely the *Careers and Diversity Strategic Advisory Group* and the *Manufacturers and Sustainability Strategic Advisory Group*.  
These groups give employers and other interested parties the opportunity to help SummitSkills address relevant cross sector issues.

In addition to the above groups, SummitSkills operates an employer forum in each of the 9 English regions and one each in Scotland, Wales and Northern Ireland. Originally set up to oversee the implementation of the Sector Skills Agreement across the UK, these groups consisting of employers and stakeholder partners, continue to meet and address regionally the skills and training issues of the day.

Each of the above named committees and groups are scheduled to meet quarterly.

### **Volunteer contribution**

SummitSkills has calculated that the total number of volunteer days given to the company by:

- those attending the Board, its sub-committees and the various committees and groups outlined above
  - those participating in QCF workshops
  - those involved in the steering group and selection panel for skills competitions and those who helped in developing, testing and judging the competitions during the year
- amounted to approximately 1,453 days (2010: 1,124 days) with a value in the region of £800,000 (2010: £618,000)

## Risk management

The trustees have an obligation to consider the risks that the charity runs and to ensure that appropriate measures are in place to mitigate and manage those risks. A strategic risk register has therefore been prepared and is reviewed regularly by the Finance and Audit Committee and updated with the agreement of the Board. The principal risks currently identified by the trustees are as follows:

Risk	Mitigating measures
Change of government policy results in changes to the present structure of SSCs.	The coalition government has said that it has no view on the right number of SSCs and that the market should decide this. Also there is support for the SSC structure in Scotland, Wales and Northern Ireland. Employers in the sector also wish to retain a separate SSC for BSE.
SummitSkills has insufficient funding to achieve the outputs and outcomes of its 2011/12 Operating Plan.	Although the level of core funding for 2011/12 is 10% lower than the previous year this will not prevent SummitSkills from achieving its targets for the following reasons: <ul style="list-style-type: none"> <li>◦ SummitSkills is not reliant wholly on core income</li> <li>◦ has the ongoing support of the stakeholder trade associations with guaranteed income until March 2014</li> <li>◦ has reserves which have built up to a level higher than that required by the Board</li> <li>◦ has been successful in past years in raising grant income from institutional donors and expects this to continue.</li> </ul>
SummitSkills long term income declines for one of the following reasons: <ul style="list-style-type: none"> <li>• Apprenticeship certification for England is handed over to another body.</li> <li>• The move to contestable funding, as an alternative to core funding, results in SummitSkills receiving less than in previous periods.</li> </ul>	Although it is likely that SummitSkills income from certification of English apprentices is likely to decline, the Alliance (of SSCs) is bidding for this work and the income is unlikely to disappear altogether. <p>At present there is still a lack of certainty about what will be available under contestable funding and how these funds will be accessed. SummitSkills has in depth experience in applying for government grants however and believes itself to be in a strong position to access funds to continue its work for the sector.</p> <p>SummitSkills Finance and Audit sub-committee (FAC) review the financial position and projections on a quarterly basis including the need to restructure the company should this be required.</p>

The trustees are satisfied that where residual risk exists there are appropriate systems and procedures in place to manage those risks.

## Internal audit

The Finance and Audit sub-committee (FAC) reviews the need for internal audit on an annual basis. At its meeting in November 2010 the committee decided to trial a rolling programme of internal audit which will begin in the summer of 2011. The value of this will be carefully considered by the committee in determining whether to continue this long term.

## Internal control

The company has a documented system of internal control which is reviewed and updated regularly. Proposed changes to the system are a standing agenda item at all Finance and Audit committee meetings.

## Vision, mission and strategic objectives

### SummitSkills' vision for the sector is to have

"World class skills that drive performance in a profitable and competitive sector."

### Our mission is

"To influence and promote investment in skills at all levels".

### Strategic objectives

In order to fulfil its mission SummitSkills has identified six key objective areas:

- **Employer engagement**  
To engage with employers and individuals to promote the benefits of skills development
- **Offering expertise, safeguarding standards**  
To be the authoritative voice of the sector in defining future skill needs
- **Enhancing quality and delivery**  
To ensure the supply of people, skills and qualifications is employer-led
- **Raising ambition**  
To raise employer ambition and investment in skills and to champion the sector's skills agenda
- **Effectiveness and evolution**  
To continuously develop the capacity and capability of our organisation, using our resources efficiently and effectively.
- **Partnership approach**  
To forge effective partnerships to deliver these objectives

Note 3 to the accounts shows how much was spent under each of the above headings during the year.

## Staff

Members of staff are our greatest asset in achieving our aims. At 31 March 2011 SummitSkills had a staff team of 38 (2010: 37) No members of staff (2010: 1) were seconded from other organisations. Staff turnover during the year was 16% (2010: 21%).

- **CEO and three executive directors** (4) (2010: 4): Largely outward facing as well as giving direction to the company and managing the various teams.
- **Development team** (8) (2010: 7): Working on standards, qualifications and apprenticeships with particular regard to revised regulations and new technologies. Also leading the work on diplomas for the 14-19 age range.
- **Research team** (2) (2010: 2): Engaged in ongoing research to provide sectoral LMI (labour market information) and other information of use to the sector and the government.
- **Communications team** (2) (2010: 3): Ensuring that the work of SummitSkills is well publicised both within our own publications and in the press. Also responsible for SummitSkills' websites.
- **Operations team** (14) (2010: 13): Based in the English regions and in each of the devolved administrations in order to effectively engage with employers, manufacturers, training providers, colleges, schools and other interested parties.
- **Business Services Team** (8) (2010: 8): Including finance and admin support across the company.

SummitSkills is an **Investor in People** and was awarded **Gold** status in 2009.

## Review of the year

### **National Skills Academy for Environmental Technologies**

After extensive planning, SummitSkills achieved a major milestone in the year securing approval and substantial government funding for the establishment of the National Skills Academy for Environmental Technologies- a new nationwide network of accredited training provision specifically for low carbon and renewable energy skills.

Announcing approval of the Academy in February 2011, Skills Minister John Hayes said “the Prime Minister has set an ambition for this to be the greenest government ever. To achieve this the government, employers and training providers must work together to deliver the skills that will enable our economy to achieve truly sustainable growth, By giving the industries that design, install and maintain green solutions for homes and by building access to world class training the Academy will help ensure that the UK not only meets its emissions targets but leads the world in innovation.

More than 80 colleges and training providers in England are now accredited under the National Skills Academy for Environmental Technologies banner to deliver a range of SummitSkills approved courses to upskill existing workers in environmental technologies. Systems covered include solar hot-water, photovoltaics, heat pumps and water harvesting and re-use. Others will follow in the coming year including biofuels, micro-wind and micro-combined heat and power. The Academy will also offer training in these systems to new entrants as part of their apprenticeship.

In order to account separately for the work carried out by the Academy it will be set up as a company limited by guarantee but its results will also be consolidated each year into the results of SummitSkills.

A full report on this and other activities is included in the SummitSkills' 2010-11 Annual Review (available on request or to download from the website [www.summitskills.org.uk](http://www.summitskills.org.uk)). Some key achievements against each of our strategic objectives are highlighted below:

### **Employer engagement**

SummitSkills' first strategic objective is to engage with employers and promote the benefits of skills.

To help us in achieving this objective one of our aims for the year was to further develop our CRM (customer relationship management) system. This enabled us during the year to write to over 70,000 employers to give them a sector update and to inform them of the establishment of the National Skills Academy for Environmental Technologies. It has also meant that we are able to target selective groups of employers to provide information specific to them or to contact when carrying out research.

Another of our aims for the year was to continue to promote training and this has been done in a number of ways including

- The publication of a further booklet (for the South West) in our series of employer case studies. These booklets highlight how employers have used skills development and training to grow and develop their businesses.
- An Fgas awareness campaign in conjunction with ACRIB (Air conditioning and Refrigeration Industry Board) and others to inform employers of their mandatory obligations under the new regulations governing fluorinated gases.
- Attendance at major events including NEMEX (national Energy Management Exhibition), Green build Expo and EcoBuild. Trade shows are a powerful tool for engaging directly with employers and we have already committed to six renewables events in 2011-12.

### **Offering expertise, safeguarding standards**

The aim of this objective is to provide authoritative research and information relevant to the sector.

In this respect two key reports were published during the year looking at potential training needs in the area of environmental technologies. The first report, based on employers' reported level of interest in the technologies, revealed that much needs to be done to upskill the sector in order to meet potential demand and avoid a proliferation of rogue traders. The second estimated the number of training places required to fulfil future demand and was used in creating the business plan for the National Skills Academy for Environmental Technologies.

Once again this year SummitSkills commissioned a telephone survey of over 2,000 BSE sector employers across the UK to gain insight on a series of issues in relation to skills and training. We also worked with Experian to refine our cyclic LMI (labour market intelligence) forecasting model for the sector in order to update projections of labour requirements up to 2014. Together the results of these activities formed the basis of our Sector Skills Assessment submitted to government in December 2010.

### **Enhancing quality and delivery**

This objective covers SummitSkills work on NOS (National Occupational Standards), apprenticeships and qualifications.

During the year, as planned, SummitSkills worked closely with employers, awarding organisations and certification and registration bodies to develop new qualifications in accordance with the regulatory requirements of the:

- Credit and Qualification Framework for Wales
- Qualifications and Credit Framework (England and Northern Ireland), and
- Scottish Credit and Qualification Framework.

Reflecting industry working practices, technologies and legislation, these qualifications will provide the sector with the competent and skilled workforce it needs to meet fast changing demands, as well as more choice and flexibility.

Qualifications structures developed included those to cover the installation and maintenance of environmental technologies namely, heat pumps, water-harvesting and reuse systems, solar photovoltaic systems and solar hot water systems.

As planned, SummitSkills coordinated the review and enhancement of apprenticeship frameworks in England, Wales and Northern Ireland during the year and new frameworks will shortly be published for electrotechnical, plumbing, domestic heating, heating and ventilating and refrigeration and air conditioning. A similar exercise was also conducted in Scotland and frameworks there will be amended in due course.

### **Raising ambition**

One of our key aims is to raise ambition among employers, employees and prospective employees with regard to skills.

A major success over the last three years has been the 2012 London Electrical Project. This project was a SummitSkills-led response to the anticipated demand for electrotechnical expertise as the capital delivers large-scale infrastructure projects, such as the Olympic Park, Thameslink and the London Gateway. The project aimed to help adults undertaking, or having attained, a Level 3 Technical Certificate to become fully qualified to NVQ Level 3, enabling them to enter the workplace. The programme saw 180 individuals completing a four-day employability skills training course and over 45 of these progress to full time employment within the sector.

Once again our series of skills competitions was a great success. Competitions were held across the UK for each of the four industries in the sector with the UK finals of SkilleLECTRIC and SkillPLUMB held in front of thousands of visitors at the annual M&E Show at London's Olympia. Skills competitions raise the profile of training and skills development sending a clear message to the sector of the importance of ensuring workforces are equipped with the right skills by the best training providers.

### **Effectiveness and evolution**

SummitSkills is a people and knowledge organisation. Our effectiveness in these two areas is essential if we are to effectively deliver for the sector. We therefore strive to continuously to develop our existing staff capability and ensure that we get maximum value from our resources, people, money and time. We encourage all staff to take their own personal development seriously and many are enrolled on specific training programmes. We also encourage those who have undergone training to share this with others and one of our aims for the coming year is to conduct a skills audit to update our register of internal skills. We will also conduct the 4<sup>th</sup> annual staff survey to gain feedback on a range of issues. SummitSkills is an Investor in People at the GOLD level.

One of our key successes in the past year was to continue to draw together, as required, cross team working groups to lead on specific items. Areas covered in this way were qualifications review, apprenticeship certification, Investors in People, skills competitions and the green agenda. Many staff were also involved in the year in the successful bid to establish the National Skills Academy for Environmental Technologies and some of these have been formally seconded since January in order to get the academy off to a flying start.

### **Partnership approach**

SummitSkills cannot operate effectively unless it engages with partners. Employers, stakeholders, providers and other partners have an interest in what we do and how we do it.

One of our key aims in the year was to work with key employers and stakeholders in the sector to develop the National Skills Academy for Environmental Technologies. This joint approach proved to be a great success. Coming in the middle of a recession, however, we have not as yet been able to secure as much direct investment from employers and manufacturers as we had hoped. Nonetheless the Academy began with 12 investors and we would expect to build on this in the coming year.

We also said that we would work in collaboration with other SSCs on areas of common concern. One example of this has been the formation of the Green Deal Alliance, a partnership between Asset Skills, Construction Skills and SummitSkills, to work together on skills and training issues relating to low carbon.

### **Measuring success**

SummitSkills performance is monitored by the Board using the following reports:

- Quarterly report to the Management Committee on progress against the annual Operating Plan.
- Quarterly financial update to the Finance and Audit sub-committee including a report on all grant funded activities.
- Quarterly report to the Board from the CEO detailing activities, achievements and issues in the previous three months.

SummitSkills is also required under contract to report quarterly to the UKCES (UK Commission for Employment and Skills) whose role includes the monitoring and evaluation of SSCs.

In addition to the above SummitSkills has established KPIs (Key Performance Indicators) for each section of its Strategic Plan which are measured and reviewed by the Executive team on a quarterly basis. A number of these KPIs are also embedded in the contract with UKCES.

The above measures (and the review of the year on the preceding pages) show that it has been a very successful year for SummitSkills with annual targets being achieved across the organisation.

### **Looking forward**

#### **The UK economy**

Companies in the BSE sector continue to face difficulties as the effects of the recession mean that investment in construction is still below what it has been in previous years.

As activity increases however the BSE sector is well placed to respond to this. In addition the sector has begun to position itself to take a leading part in helping the country meet its low carbon targets and much of the work carried out in the area of environmental technologies will be done by BSE companies.

### Future funding of SSCs

Towards the end of 2010 the UKCES announced that there would be a major change in the way that SSCs are funded in the future. Although the full picture is still emerging it has been made clear that 2011-12 will be the last year that SSCs receive Core funding. Instead, SSCs will be able to bid for contestable funding from a number of streams.

Universal Services  
EIF (Employer Investment Fund)  
GIF (Growth and Innovation Fund)

SummitSkills believes it is well placed to successfully bid into these streams and has already established cross team working groups to put together the relevant bids as the prospectuses are released. More information on the above funds is available on the UKCES website.

### Planned activities

A major activity for SummitSkills in 2011-12 is to review and update our Strategic Plan. It is expected that a new plan will be agreed by the Board before the end of 2011 and this will set the direction of the organisation for the coming years. In the meantime we continue to work to our current plan and to engage with partners to meet our priorities nationally and locally.

Some of the key activities planned under each current strategic heading are shown below:

#### • Employer engagement

- Promotion of the benefits of apprenticeships and other training.
- Identification of management and leadership needs and solutions.

#### • Offering expertise, safeguarding standards

- Ongoing production of key sector LMI (labour market intelligence) for the UK.
- Further analysis of labour market requirements and training needs in the area of environmental technologies.

#### • Enhancing quality and delivery

- Carrying out our duty as the Issuing Authority for the BSE sector, ensuring that apprenticeship frameworks are compliant with SASE, the Specification of Apprenticeship Standards for England.
- Development of appropriate QCF (Qualifications and Curriculum Framework) units for the next tranche of environmental technologies.

#### • Raising ambition

- Promotion of progression routes within the sector including foundation degrees
- Further enhancement of Skill M&E, our suite of skills competitions, in the lead up to WorldSkills 2011

#### • Effectiveness and evolution

- Development of processes and training of staff to ensure that SummitSkills is well placed to maximise income from new funding streams.
- Secondment of staff to the National Skills Academy for Environmental Technologies to help drive it forward in its first year.

#### • Partnership approach

- Work with training providers to ensure that employers can make maximum use of funding available through JIP, the government's Joint Investment Programme.
- Collaboration with other SSCs, in particular those covering the built environment, to ensure we have a suitably skilled workforce for the sector.

## Financial report

### Income

Incoming resources for SummitSkills during the year totalled £3,575,512 (2010: £2,958,667).

- The principal source of income was the UK Commission for Employment and Skills 53% (2010: 68%).
- SummitSkills also received employer contributions by way of subscriptions from the principal trade associations within the sector 11% (2010: nil)
- Grants (excluding those from the UKCES) were raised from institutional donors to fund specific projects 26% (2010: 20%).
- Certification and training activities accounted for 10% (2010: 12%) of total income.

There were two main reasons for the increase in income compared with the previous year. The first was the agreement with the Stakeholder Trade Associations in 2009-10 that they should be given a one year break from paying subscriptions. This reduced our 2009-10 income by £390,000. The second was the grant received from the SFA (Skills Funding Agency) in connection with the establishment of the National Skills Academy for Environmental Technologies. This increased our 2010-11 income by £450,000.

Income from grants, £1,078,308 (2010: £717,676), was higher than the previous year but included the grant from the SFA referred to above.

Income from certification and training activities held up well in the year and amounted to £354,518 (2010: £338,332). This included income from the production of 10,859 apprenticeship completion certificates (2010: 10,370) a very encouraging result given the economic pressures on the sector in the period.

### Expenditure

Overall expenditure in the year, £3,636,653 (2010: £3,419,965), was higher than the previous year largely because of the work done to establish the National Skills Academy for Environmental Technologies. The split under each heading remained comparable:

- 91.6% was spent on charitable activities (2010: 90.9%)
- 1.9% on generating funds (2010: 2.1%)
- 6.5% on the governance of the company (2010: 7.0%)

Spending on charitable activities increased to £3,330,483 (2009: £3,109,296). This is the amount spent on the 6 objectives of the Strategic Plan and includes spending on the Academy.

Spending on fundraising was slightly down at £68,899 (2010: £72,311). This represents the time spent by staff and senior management in negotiating grants, subscriptions and core funding.

Spending on governance decreased slightly to £237,271 (2010: £238,358).

An explanation of how costs are allocated to the headings above is given in the 'principal accounting policies' section below and further detail is given in Notes 3 & 4 to the accounts.

### **Going concern**

As explained on pages 7 and 12 the government is changing the way that Sector Skills Councils (SSCs) are funded from April 2012. Until this point SummitSkills will continue to receive core funding and to operate as in the past. Beyond April 2012 the size and activities of the SSC will depend in part on its success in bidding for grants either from the new funds to be administered by the UKCES or from other sources. The Trustees, taking note of SummitSkills' past success in raising government grants, are confident that there is every reason to expect future success in securing funds. Irrespective of this, given the level of cash, the Trustees have concluded that SummitSkills can continue to operate as a going concern for the next 12 months.

### **Reserves**

SummitSkills' policy is to retain free reserves at a level which provides adequate working capital and allows it to meet its anticipated commitments in the short and medium term. For this purpose free reserves are defined as total reserves less restricted reserves. It is considered that free reserves to cover a 6 month period are sufficient and this equates to approximately £1million.

At 31 March 2011 total reserves stood at £1,515,677 (2010: £1,576,818) of which £1,465,677 (2010: £1,466,812) represented free reserves.

Restricted reserves at the year end stood at £50,000 (2010: £110,006) and consisted of project grants received in advance (see Note 12). The money in this reserve will be fully used, in accordance with the grant requirements, during the course of the year to 31 March 2012.

Three designated reserves were in existence at the start of the year. One of these, the Skills reserve was used up during the year. Another, the Recruitment reserve, was deemed no longer necessary and so was closed and the monies transferred to general reserves. At the year end the following designated reserve remained:

- The IT reserve was set up in March 2007 to cover the cost of replacing and renewing IT equipment. The work has been completed and the reserve is being depleted over time as depreciation is charged on the relevant assets (see Note 13). The amount in the reserve at 31 March 2011 was £6,935 (2010: £19,435).

### **Trustees' indemnity insurance**

SummitSkills has in place 'Executive Liability' cover in respect of the Chair, the trustees and the principal officers of the company. The premium paid during the year was £1,302 (2010: £1,961).

### **Auditors**

SummitSkills has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 March 2011. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and was approved by the trustees on 3 September 2010.

A resolution to re-appoint Grant Thornton UK LLP as auditors for the ensuing year will be proposed at the annual general meeting.

### Statement of trustees' responsibilities

The trustees (who are also directors of SummitSkills Limited for the purposes of company law) are responsible for preparing the Trustee's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare 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 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 SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

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

### Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

ON BEHALF OF THE BOARD



John Miller  
Director/Trustee

Date: 2 September 2011

# Report of the independent auditor to the members of SummitSkills Limited

We have audited the financial statements of SummitSkills Limited for the year ended 31 March 2011 which comprise the principal accounting policies, the statement of financial activities, the balance sheet and 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 its 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 Trustees' Responsibilities Statement set out on page 15, 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**

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

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 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.

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

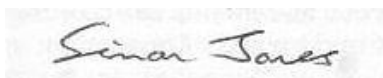
In our opinion the information given in the Trustee's Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Report of the independent auditor to the members of SummitSkills Limited

## **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 disclosure of trustees' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.



Simon Jones  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Central Milton Keynes

Date *6 September* 2011

## Principal accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and follow the recommendations in the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) and the Companies Act 2006, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

There have been no changes to the principal accounting policies since the previous year.

### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

### **Incoming resources**

Income is accounted for on a receivable basis when it becomes an entitlement, is capable of measurement and there is reasonable certainty of receipt.

Grants receivable: Revenue grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

### **Resources expended**

All costs incurred are allocated under one or more of eight headings, these being

- Cost of generating funds
- Governance costs
- Employer engagement
- Offering expertise, safeguarding standards
- Enhancing quality and delivery
- Raising ambition
- Effectiveness and evolution
- Partnership approach

The final six headings above, which are the strategic objectives of SummitSkills, represent charitable activities under SORP (2005).

Where costs incurred relate directly to one or more of the eight headings they are allocated directly (see Note 4). Other costs are apportioned as follows:

## Principal accounting policies

Staff costs (including the costs of seconded staff if any):  
according to the amount of time spent on each activity.  
Overheads: according to the combined staff time spent on each activity.

The costs allocated to *Governance* include:

- Staff costs in relation to strategic planning and public accountability.
- All costs in connection with the Board and its principal sub-committees.
- The honorarium paid to the Chairperson.
- Direct costs of audit, legal advice relating to charity registration and HR in connection with the Investors in People award.
- Costs related to producing the Annual Review and the Annual Report and Financial Statements.

### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the period of the lease.

### Pension costs

Defined benefit scheme: The company makes contributions to The Plumbing and Mechanical Services (UK) Industry Pension Scheme which is a multi-employer scheme made available to eligible employees. The pension costs charged to the statement of financial activities in the year represent the amount of the contributions payable in respect of the accounting period.

The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly, no provision can be made for any under or over provision of funding within the scheme as required under Financial Reporting Standard No. 17 "Retirement Benefits".

### Depreciation

Tangible fixed assets costing £500 or more are capitalised at cost. Depreciation is provided for on these assets and is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment	25% straight line
Office fixtures and fittings	20% straight line

Depreciation is charged from the date the asset is brought into use and a full 12 months depreciation is charged in the first year.

## Principal accounting policies

### **Irrecoverable Value Added Tax**

The company is unable to recover the majority of the Value Added Taxation charged on its purchases. The irrecoverable amount is charged to the statement of financial activities.

### **Reserves**

Restricted reserves are to be used for specified purposes laid down by the donor. Expenditure for these purposes is charged to the reserve, together with a fair allocation of overheads and support costs.

Unrestricted reserves arise from subscriptions and other incoming resources received or generated for expenditure on the general objectives of the company.

Designated reserves are amounts which have been put aside at the discretion of the Board.

The company's policy is to retain free reserves at a level which provides adequate working capital and allows it to meet its anticipated commitments in the short and medium term. For this purpose free reserves are defined as total reserves less restricted reserves.

## Statement of financial activities

Incorporating an income and expenditure account

for the year ended 31 March 2011

	Note	Restricted £	Unrestricted £	2011 £	2010 £
<b>Incoming resources</b>					
Incoming resources from generated funds					
Voluntary income					
Core income – UKCES/SSDA	1	-	1,738,698	<b>1,738,698</b>	1,891,004
Investment income					
Bank interest		-	13,288	<b>13,288</b>	11,414
Incoming resources from charitable activities					
Stakeholder subscriptions	2	-	390,000	<b>390,000</b>	-
Grants for specific activities	1	1,078,308	-	<b>1,078,308</b>	717,676
Certification and training income		-	354,518	<b>354,518</b>	338,332
Other incoming resources		-	700	<b>700</b>	241
<b>Total incoming resources</b>		<u>1,078,308</u>	<u>2,497,204</u>	<u><b>3,575,512</b></u>	<u>2,958,667</u>
<b>Resources expended</b>					
Cost of generating funds					
Charitable activities	3	1,138,314	2,192,116	<b>3,330,430</b>	3,109,296
Governance costs		-	237,271	<b>237,271</b>	238,358
<b>Total resources expended</b>		<u>1,138,314</u>	<u>2,498,339</u>	<u><b>3,636,653</b></u>	<u>3,419,965</u>
<b>Net outgoing resources for the year</b>	5	(60,006)	(1,135)	<b>(61,141)</b>	(461,298)
Reserves at 1 <sup>st</sup> April		110,006	1,466,812	<b>1,576,818</b>	2,038,116
<b>Reserves at 31<sup>st</sup> March</b>	14	<u>50,000</u>	<u>1,465,677</u>	<u><b>1,515,677</b></u>	<u>1,576,818</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The accompanying accounting policies and notes form part of these financial statements.

## Balance sheet

as at 31 March

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	9	<u>45,233</u>	<u>62,411</u>
<b>Current assets</b>			
Debtors	10	401,154	226,552
Cash at bank		<u>1,441,723</u>	<u>1,592,009</u>
		<u>1,842,877</u>	<u>1,818,561</u>
<b>Liabilities</b>			
Creditors: amounts falling due within one year	11	<u>372,433</u>	<u>304,154</u>
<b>Net current assets</b>		<u>1,470,444</u>	<u>1,514,407</u>
<b>Total assets less current liabilities</b>		<u>1,515,677</u>	<u>1,576,818</u>
<b>Capital and reserves</b>			
Share capital	17	—	—
Reserves - restricted	12	50,000	110,006
designated	13	6,935	163,652
general	14	<u>1,458,742</u>	<u>1,303,160</u>
		<u>1,515,677</u>	<u>1,576,818</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the directors on 2 September 2011 and are signed on their behalf by:

John Miller  
Director/Trustee  
SummitSkills, company registration number 4575759



## Notes to the financial statements

### 1 Grant income

Grant income is derived from the following sources:

	2011 £	2010 £
<b>Unrestricted</b>		
UKCES – core income	<b>1,738,698</b>	1,891,004
<b>Restricted</b>		
Skills Funding Agency	<b>450,000</b>	-
UKCES – non core income	<b>163,328</b>	118,375
London Development Agency	<b>102,400</b>	113,400
DEL Northern Ireland	<b>66,000</b>	46,811
Welsh Assembly Government	<b>63,550</b>	45,464
Skills Development Scotland	<b>33,200</b>	10,929
Skillset	<b>27,000</b>	33,300
HVCA	<b>20,500</b>	29,050
APHC	<b>20,000</b>	20,000
Construction Skills CITB	<b>17,888</b>	25,000
EAL	<b>13,000</b>	11,250
Unite the Union	<b>11,500</b>	1,500
National Skills Academy Founding Investors	<b>11,000</b>	-
BPEC	<b>10,000</b>	10,000
UK Copper Board	<b>10,000</b>	10,000
ECA	<b>10,000</b>	11,500
Electrical Safety Council	<b>7,500</b>	7,500
The Alliance of Sector Skills Councils	<b>6,000</b>	-
ESTTL	<b>5,417</b>	13,000
Joint Industry Board (Electrical)	<b>5,000</b>	5,000
Durapipe	<b>5,000</b>	3,500
UK Skills	<b>3,675</b>	161,772
SEMTA	<b>3,150</b>	15,750
Monument Tools	<b>3,125</b>	2,625
Alliance NI	<b>2,500</b>	-
ACRIB	<b>2,000</b>	2,000
Skillsmart Retail	<b>1,125</b>	-
Institute of Refrigeration	<b>1,000</b>	1,000
BRA	<b>1,000</b>	1,000
Ryobi Technologies	<b>1,000</b>	-
Learning and Skills Council	-	10,000
Star Refrigeration	-	2,000
CIPHE	-	2,000
CIBSE	-	1,500
Other	<b>1,450</b>	2,450
Total restricted	<b>1,078,308</b>	717,676
Total unrestricted and restricted	<b>2,817,006</b>	2,608,680

## 2 Stakeholder subscriptions

SummitSkills receives subscriptions from employer bodies representing specific elements of the building services engineering sector. For the year ending 31 March 2010 a payment break was agreed. Subscriptions for the previous year were as shown below:

	2011 £	2010 £
Electro-technical (ECA and SELECT)	130,000	-
Heating, Ventilating, Air Conditioning and Refrigeration (HVCA)	130,000	-
Plumbing (APHC and SNIPEF)	130,000	-
	<u>390,000</u>	<u>-</u>

## 3 Charitable activities

	Restricted	Unrestricted	2011	2010
	£	£	£	£
Resources expended				
Charitable activities				
Employer engagement	121,050	404,504	525,554	477,157
Offering expertise, safeguarding standards	121,014	299,046	420,060	341,276
Enhancing quality and delivery	387,078	410,689	797,767	668,271
Raising ambition	320,547	394,647	715,194	708,823
Effectiveness and evolution	85,725	295,804	381,529	423,609
Partnership approach	102,900	387,426	490,326	490,160
Total charitable activities	<u>1,138,314</u>	<u>2,192,116</u>	<u>3,330,430</u>	<u>3,109,296</u>

## 4 Allocation of support costs

	Direct costs	Support costs		Total 2011	Total 2010
		Staff costs	Overheads		
	£	£	£	£	£
Resources expended					
Generating funds	-	57,509	11,443	68,952	72,311
Charitable activities					
Employer engagement	189,614	255,443	80,497	525,554	477,157
Offering expertise, safeguarding standards	205,939	171,293	42,828	420,060	341,276
Enhancing quality and delivery	321,753	388,926	87,088	797,767	668,271
Raising ambition	347,832	299,245	68,117	715,194	708,823
Effectiveness and evolution	47,286	230,480	103,763	381,529	423,609
Partnership approach	144,139	280,677	65,510	490,326	490,160
Governance	-	131,009	106,262	237,271	238,358
	<u>1,256,563</u>	<u>1,814,582</u>	<u>565,508</u>	<u>3,636,653</u>	<u>3,419,965</u>

5 **Net outgoing resources**

	2011	2010
<b>This is stated after charging:</b>	<b>£</b>	<b>£</b>
Depreciation of owned assets	<b>31,219</b>	40,832
Operating lease costs - land and buildings	<b>36,896</b>	34,190
- vehicles	-	-
Auditors' remuneration –		
fees payable to the charity's auditor for the audit of the financial statements.	<b>8,475</b>	7,755
fees payable to the charity's auditor for the audit of LDA grant.	<b>675</b>	650
	<u><b>8,475</b></u>	<u>7,755</u>

6 **Staff costs**

The number of employees at the end of the year was 38 (2010:36). The average number of employees during the year was 39 (2010:37) and the full time equivalent (FTE) number of employees during the year was 38 (2010:37). These figures exclude seconded staff.

Aggregate staff costs were as follows:	2011	2010
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,540,711</b>	1,509,287
Social security	<b>147,360</b>	149,954
Pension	<b>108,357</b>	110,328
Private medical insurance	<b>18,154</b>	17,839
	<u><b>1,814,582</b></u>	<u>1,787,408</u>

The company makes contributions to The Plumbing and Mechanical Services (UK) Industry Pension Scheme - a defined benefit revalued career average pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge shown above represents contributions payable by the company to this scheme.

During the year ended 31 March 2011, employees contributed between 3.75% and 8.25% to the scheme and employers contributed between 7.5% and 14.5%. It has not been possible to ascertain whether the scheme was in surplus or deficit at 31 March 2011 but the scheme received a positive Ongoing Funding Statement as at 31 March 2011.

The number of employees whose emoluments (including taxable benefits-in-kind but excluding employer's pension contributions) exceeded £60,000 were within the following bands:

	2011	2010
£110,000 - £120,000	<b>1</b>	0
£100,000 - £110,000	<b>0</b>	1
£80,001 - £90,000	<b>0</b>	2
£70,001 - £80,000	<b>3</b>	1

Pension costs payable to The Plumbing and Mechanical Services (UK) Industry Pension Scheme for three of the 4 staff included in the above bandings was £38,219 (2010: 4 staff £36,562).

In addition to the above, SummitSkills benefited in the year from the services of nil staff (2010: 2) seconded from other organisations. The cost of these was £nil (2010: £32,485).

7 **Trustees remuneration**

None of the trustees received any remuneration for their services during the year. Travel and accommodation expenses relating to Board, committees and other meetings attended by trustees on behalf of SummitSkills were reimbursed to or paid on behalf of 16 trustees (2010: 13) and amounted to £17,454 in total during the year (2010: £16,027).

8 **Related party transactions**

The Chairman, Ian Livsey, received an honorarium of £12,000 in the year (2010: £12,000). Expenses reimbursed to him directly amounted to £5,893 in total during the year (2010: £8,811). The balance outstanding at 31 March 2011 was £441.

9 **Tangible fixed assets**

<b>Cost</b>	<b>Computer equipment</b>	<b>Office fixtures and fittings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1st April 2010	115,954	62,506	178,460
Additions	5,570	8,471	14,041
At 31st March 2011	<u>121,524</u>	<u>70,977</u>	<u>192,501</u>
<b>Depreciation</b>			
At 1st April 2010	56,555	59,494	116,049
Charge for the year	28,629	2,590	31,219
At 31st March 2011	<u>85,184</u>	<u>62,084</u>	<u>147,268</u>
<b>Net book value</b>			
<b>At 31st March 2011</b>	<u><b>36,340</b></u>	<u><b>8,893</b></u>	<u><b>45,233</b></u>
At 31st March 2010	<u>59,399</u>	<u>3,012</u>	<u>62,411</u>

10 **Debtors**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Grants receivable	<b>313,070</b>	133,026
Other debtors and prepayments	<b>88,084</b>	93,526
	<u><b>401,154</b></u>	<u>226,552</u>

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

	2011 £	2010 £
Trade creditors	190,493	148,504
Social security and other taxes	43,735	41,609
Employers pension contributions	13,157	13,366
VAT Payable	26,211	-
Other creditors	98,837	100,675
	<u>372,433</u>	<u>304,154</u>

12 **Restricted reserves**

	Balance 1 April 10 £	Incoming resources £	Outgoing resources £	Balance 31 March 11 £
<b>Projects reserve</b>				
London Development Agency	4,756	102,400	(107,156)	-
UK Skills	105,250	-	(55,250)	50,000
Other	-	975,908	(975,908)	-
	<u>110,006</u>	<u>1,078,308</u>	<u>(1,138,314)</u>	<u>50,000</u>
<b>Total restricted reserves</b>				

The Projects reserve represents the value of project monies receivable prior to the year end which have not been spent on the specified activities of the grant as at the year end. Further details are given below:

Funding body	Reasons grant given
London Development Agency	To train local people as electrical operatives to work on 2012 Olympic construction.
UK Skills	To lead on encouraging skills competitions in each sector.
Other (as shown in Note 1)	Additional grants to those detailed above were received and spent in the year and the purpose of these grants has been met.

13 **Designated reserves**

	IT reserve £	Recruitment reserve £	Skills reserve £	Total £
Opening balance at 1 April 2010	19,435	44,217	100,000	163,652
Movements during the year	(12,500)	(44,217)	(100,000)	(156,717)
Balance at 31 March 2011	<u>6,935</u>	<u>-</u>	<u>-</u>	<u>6,935</u>

The IT reserve was set up to cover the cost of replacing and renewing IT equipment. This project is now complete and depreciation charges over the next year will reduce the reserve to zero.

The Finance and Audit Committee decided during the year to dispense with the recruitment reserve and the funds were returned to general reserves.

The Skills reserve was set up specifically to promote the attainment of skills within the sector. The reserve was fully utilised in the year to help fund skills competitions across the UK.

14 **Analysis of net assets between reserves**

	Tangible fixed assets £	Current assets £	Current liabilities £	£
<b>Restricted reserves</b>	-	50,000	-	50,000
<b>Designated reserves</b>				
IT fund	6,935	-	-	6,935
<b>General reserves</b>	38,298	1,792,877	(372,433)	1,458,742
<b>Total reserves</b>	<u>45,233</u>	<u>1,842,877</u>	<u>(372,433)</u>	<u>1,515,677</u>

15 **Taxation**

As a registered charity the company is exempt from taxation on its income and gains to the extent that they are applied for its charitable purposes.

16 **Operating leases**

Annual commitments totalling £31,663 (2010: £31,663) under non-cancellable operating leases at 31 March were as follows:

	<b>Land and buildings</b>	
	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Expiry date:		
within one year	-	-
between 2 and 5 years	<u>31,663</u>	<u>31,663</u>
<b>Total</b>	<u><b>31,663</b></u>	<u><b>31,663</b></u>

17 **Share capital**

The company is limited by guarantee and therefore has no share capital. The members liability is limited to £10 per member in the event that the company is wound up whilst that person is a member or within 12 months of them resigning as a member if the liabilities exceed the assets.

