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Annual Report and Financial Statements

31 March 2007

Company Limited by Guarantee
Registration Number
2447107 (England and Wales)

Charity Registration Number
802576

Contents

Trustees' report

Who we are and what we do	1
Governance, structure and management	7
Financial review	13

Independent auditors' report	16
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Financial statements

Consolidated statement of financial activities	18
Consolidated and charity balance sheets	19
Principal accounting policies	20
Notes to the consolidated financial statements	23

Who we are and what we do

The trustees, who are the directors for the purposes of company law, present their statutory report together with the financial statements of Skillshare International for the year ended 31 March 2007. This report fulfils the requirements of Part VI of the Charities Act 1993 and of the Companies Act 1985.

The terms "the charity" and "the trustees" which are used in this report and financial statements refer to "the company" and "the directors" respectively for the purposes of company law.

The attached financial statements have been prepared in accordance with the accounting policies set out on pages 20 to 22 and comply with the charity's Memorandum and Articles of Association, applicable laws and the requirements of Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in March 2005.

Chair's introduction

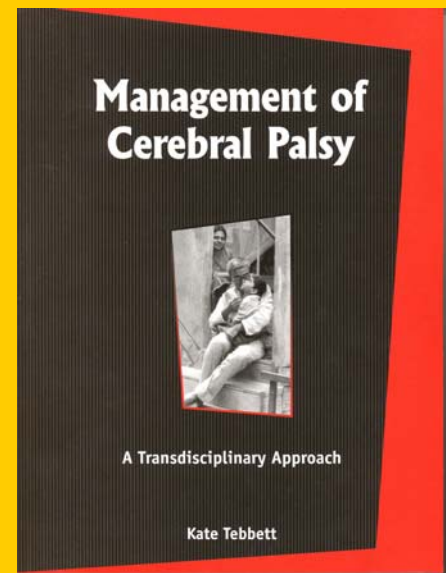
Skillshare International is an international volunteering and development organisation working to reduce poverty, injustice and inequality. Our vision is of a world where people, regardless of cultural, social and political divides, come together for mutual benefit, living in peaceful co-existence.

In 2006-07, we worked with 160 civil society (77%) and governmental (23%) partner organisations in Asia, East Africa, Southern Africa and Europe to build their capacity by sharing and developing skills and ideas, facilitating organisational and social change and building awareness of development issues.

The year saw Skillshare International grow, both in the range and breadth of our programmes, and in the approaches and perspectives that we adopt in pursuit of our development goals. We adopted a more flexible and responsive approach, reflected particularly in our development worker and leadership development programmes. We continued to ensure consistency and coherence with our core strategic purpose, and made significant progress in mainstreaming our themes - HIV and AIDS, gender, human rights and peace building.

In 2006-07 we substantially increased levels of funding to work with our partners on new projects across all sectors, and I would like to highlight in particular our success with regional donors in Southern Africa. We developed our strategic relationship with Irish Aid, gaining funding

In August 2006, Skillshare International and our partner Vidya Sagar launched "Management of Cerebral Palsy - a Transdisciplinary Approach", a book written by development worker Kate Tebbett. Our staff, trustees and partners met the President of the Republic of India to present him with a copy.



Chair's introduction (continued)

for a human rights project in Botswana and a regional project for people living with HIV and AIDS across Southern Africa. With funding from the EU, we worked with partners in Botswana to deliver a rural communities' livelihoods programme. Note 13 of this report details all the activities in Southern Africa, East Africa, Asia and Europe for which we gained specific funding in 2006-07.

Throughout the year we strengthened our own capacity and that of our partners to engage in policy debates and influence policy makers. We connected grass roots experiences to global policy, participating in events such as the World Social Forum and CIVICUS.

In 2006-07 we developed our innovative work with the Tribal Group Foundation and continued to manage the Australian Volunteers International's international volunteering programme in Southern Africa. Through the Integrating Development and Conflict Transformation programme, we developed our partnership with Responding to Conflict.

This trustees' report outlines our key achievements in 2006-07 against what we said we would do in last year's report, and states our organisational priorities for 2007-2008. On behalf of the Skillshare International board of trustees, I would like to acknowledge and celebrate the contributions and efforts of everyone connected to Skillshare International in 2006-07 including our staff, development workers, partner organisations, donors, trustees in India and Ireland, Programme Advisory Committees in Southern Africa and the many individuals who have supported us both financially and by sharing their time and skills.

Wendy Tabuteau

Chair of the board of trustees



Alice Mogwe, Director of Ditshwanelo

In 2006-7, Skillshare International Ireland gained funding from Irish Aid for a project with DITSHWANELO (the Botswana Centre for Human Rights) to raise awareness of human rights and ultimately achieve gender equality, children's rights, respect for people living with HIV and AIDS, and equality for minority groups.

Organisational change and development

We said we would increase our development worker programme to 74, with 60 of these financed through core funding in 2006-07.

86 long-term and 9 short-term Skillshare International development workers supported our partner organisations in 2006-07, with 63 on placements on 31 March 2007. 87% of placements in 2006-07 were in the priority sectors we identified in our 2005-10 Corporate Strategy: 40% in health; 26% in economic empowerment; 11% in education; 10% in environment; with the remainder working in other sectors including peace building.

Organisational change and development (continued)

We said we would implement models of international volunteering appropriate to social change in 2006-07.

We have been flexible and responded to the needs of our partner organisations by introducing new models of international volunteering. For example, development workers placed with more than one partner organisation to improve learning and networking between partners; and short-term consultancy-style placements focusing on specific projects. This year we also developed our innovative work with the Tribal Group Foundation on short-term secondments of their staff.

We said we would expand our programmes to Ethiopia and Nepal in 2006-07.

In 2006-07, we expanded our programmes to Nepal, where we placed four development workers. Working with Leicester University, we expanded our leadership development programme to Ethiopia, where we completed a needs assessment for Gondar University.

We said we would extend our leadership development programme to India in 2006-07.

In 2006-07, we expanded our leadership development programmes to East Africa and Asia. 96 leaders from East Africa, Southern Africa and Asia participated in our leadership training. In India, 17 participants attended the foundation programme. We also introduced an organisational diagnostic module which enables our partners to gain a deeper understanding of the challenges faced by their leadership and to design a responsive leadership development programme. In order to meet our partners' needs more effectively, we introduced bespoke leadership programmes for specific sectors and institutions. For example, in Lesotho, we developed a bespoke programme for partners working in the disability sector which brought in expertise from the disability sector in South Africa and the UK.

We said we would establish a framework for organisational learning between our partners at inter-regional level in 2006-07.

Partner networking at country, regional and inter-regional levels allows us to explore with our partners the connections between different sectors of work. Formal structures for this networking included country and regional stakeholder meetings in India, Namibia and East Africa, where partners, development workers and staff shared their experiences and identified how learning could inform mainstreaming of issues such as HIV and AIDS across programmes.

In 2006-7, we worked with Responding to Conflict to deliver the Integrating Development and Conflict Transformation programme, funded by DFID's Conflict, Humanitarian and Security Department. The project aims to develop the ability of individuals, NGOs and peace networks to understand conflict and manage it in a constructive way. This is achieved through a Masters degree and developing capacity for research & advocacy, financial management & fundraising, and leadership.

Supporting social change

We said we would review and assess the opportunities for development awareness and produce a revised strategy in 2006-07.

Through our development awareness programme, we are successfully contributing to global awareness and learning of development in the health and education sectors. In September 2006, building on the success of our work with Leicester University's medical school, we launched our Special Studies Module on Health and Development in partnership with Nottingham University's medical school. We also led workshops for medical students going on electives to the majority world.

We played a lead role in the Best Practice Network for Global Health Education, hosted the manager of the East Midlands Network for Global Perspectives in Schools and contributed to the establishment of the East Midlands Education for Sustainable Development Group (EMESDG).

Finally, to ensure that we have a sustainable and strategic approach to development awareness, we have worked on a development awareness strategy which will be completed in 2007-08.

We said we would conduct research (evidence based on practice) to inform policy intervention in 2006-07.

Our aim is to enhance the capacity of our partner organisations to engage with policy makers, leading to changes in local, national and international policies in key thematic areas. In 2006-07 we conducted a review and gathered data about our own capacity. This enabled us to develop our own skills, knowledge and tools to support our partner organisations to conduct policy analysis and to engage in policy debates and advocacy initiatives.

In 2006-07 we ran a training programme on influencing policy for programme staff from all regions. We worked with partner organisations in Southern Africa and global networks on policy issues and with our partners in India on the new Forest Rights Act. We also engaged in international and global policy dialogue forums, actively participating in events such as CIVICUS and the World Social Forum and facilitating the strategic engagement of civil society with COMESA in its negotiation of an Economic Partnership Agreement between the EU and Eastern and Southern Africa.

In 2006-7, we launched a disability project funded by several donors including the EU and the Tribal Foundation, working with 11 partners to improve the status and employability of disabled people in Lesotho. Over 4% of the population has a disability, making them particularly vulnerable to poverty.



Nteboheng Kele at the disability project

Supporting social change (continued)

In our 2005-10 Corporate Strategy, we said we would mainstream the themes of HIV and AIDS, gender, human rights and peace building across our work.

In 2006-07, internally we focused on raising awareness of our themes and drafting policies. As a result of integrating our themes into our systems and holding training events and workshops for staff, development workers and partner organisations, we also achieved developments at programme level.

We said that we would review our work with supporters in 2006-07.

In 2006 we reviewed our work with supporters in the UK and in the countries where we work, to share learning and identify external trends and opportunities for new developments.



©Skillshare/Lillian Kisanga

Pupils at Runoni Dispensary waiting for the services, UNCODET

In 2006-7, Skillshare International worked with UNCODET in Tanzania to improve mother and child health care for rural communities in Uru North by establishing child, pre-natal and ante-natal services and education. This project was funded by the Big Lottery Fund.

Improving our effectiveness

In our 2005-10 Corporate Strategy, we said we would establish alternative models of funding for key areas of our work.

In 2006-07 Skillshare International's overall income increased to over £4.6 million, with significant increases in the funding of restricted funded projects. In addition to the resources from the DFID through our Partnership Programme Agreement, we generated funding from a widening range of donors in Europe and Southern Africa. We would particularly like to highlight fresh funding from Irish Aid and the EU for new projects in Southern Africa.

We developed our strategic partnership with the Tribal Group Foundation, who supported new projects in Southern Africa through an employee giving campaign, as well as short-term secondments for their staff. We also launched a Workplace Partners Scheme to promote corporate partnerships. In India, we set up an employee contribution scheme for our supporters.

We said we would increase contingent partner resources in Asia in 2006-07.

We did not increase contingent resources for Asia this year, but we are developing a strategy to ensure we successfully raise funds for our Asia programme in 2007-08.

Improving our effectiveness (continued)

We said we would implement the governance review in 2006-07.

In 2006-07 we completed a review of our governance framework, which we will implement in 2007-08.

We said we would launch an Institute of Leadership Development and establish a consultancy company in 2006-07.

Our leadership development programmes have continued to grow and expand this year but we have deferred these specific processes and included them in our long-term business development strategy.

In our 2005-10 Corporate Strategy, we said we would invest in the development of all employees, trustees and others involved in the governance, management or delivery of our programmes.

In 2006-07 we used the opportunity of a full review of our UK Investors in People accreditation to consider standards across the organisation, with a key aim of enhancing our capacity to respond more effectively to our partners' needs. We have aligned our human resources strategies with our organisational priorities and objectives and have focused on performance management.

Looking forward

In 2007-08 we will:

- ◆ Expand our programmes to Ethiopia and Zimbabwe.
- ◆ Expand our development worker programme to 77 and develop new models of international volunteering.
- ◆ Expand our leadership development programmes.
- ◆ Develop policy statements on our sectors (health, education, environment, economic empowerment) and themes (HIV and AIDS, gender, human rights and peace building).
- ◆ Develop and implement a supporter strategy, resulting in supporter activities in all regions.

In order to improve our effectiveness, we will:

- ◆ Mainstream our understanding of social change.
- ◆ Drive forward our transformation strategy.
- ◆ Implement outcomes of our governance review.
- ◆ Introduce performance management systems across the organisation.
- ◆ Improve our monitoring and evaluation systems.
- ◆ Carry out a mid-term review of our 2005-10 Corporate Strategy, to identify in which areas we are succeeding and what we need to do differently.
- ◆ Achieve unrestricted income above £2.76 million and restricted income above £1.365 million.

Governance, structure and management

Reference and administrative information

Patrons	Richard E Grant Sir Trevor McDonald OBE
Vice Presidents	Bill Morris Richard Caborn MP
Trustees	Roger Blake John Hoffman Kumba Jallow (formerly Leigh Holland) Fred Mear Sarah Nancollas Nita Odedra Wendy Tabuteau Gill Taylor Diana Tottle Andrew Wynne
Chief Executive Officer and company secretary	Cliff Allum
Registered office	126 New Walk Leicester LE1 7JA
Website	www.skillshare.org

Governance, structure and management (continued)

Reference and administrative information (continued)

Company registration number 2447107

Charity registration number 802576

Auditors Buzzacott
12 New Fetter Lane
London
EC4A 1AG

Bankers Lloyds TSB Bank plc
7 High Street
Leicester
LE1 9FS

Financial advisers Lloyds TSB Private Banking Limited
Butt Dyke House
33 Park Row
Nottingham
NG1 6GY

Solicitors Harvey Ingram Owston
20 New Walk
Leicester
LE1 6TX

Governance, structure and management (continued)

Skillshare International is a company limited by guarantee, incorporated under the Companies Act 1985. It is also a registered charity. It is incorporated under the terms of a Memorandum and Articles of Association.

The business of the charity is managed by a board of trustees who are the directors of the company. The charity does not have share capital and is limited by guarantee. Each trustee is a member of the charity and in the event of the charity being wound up, is liable to contribute a maximum of £1.

The Memorandum of Association states that the charity is established to relieve poverty, distress and sickness and to advance education in all parts of the world (and particularly in Southern Africa).

The principal activity of Skillshare International is to reduce poverty, injustice and inequality and to further economic and social development in partnership with people and communities throughout the world. Skillshare International does this by sharing and developing skills and ideas, facilitating organisational and social change and building awareness of development issues.

Skillshare International has three subsidiary companies:

- ◆ Skillshare South Africa, registered in South Africa as a Section 21 Company, number 2000/005113/08. The principal activity of this company is to carry out the activities of Skillshare International within South Africa.
- ◆ Skillshare International (Ireland) registered in Ireland as a company limited by guarantee, number 366991. The principal activity of this company is to relieve poverty, distress and sickness and to advance education in all parts of the world through international development.
- ◆ Action Health, registered in Great Britain as a company limited by guarantee, number 3444392. Action Health was dormant during the year.

Skillshare International has registered a trust in Kenya, the Skillshare International Trust. The principal objects of this trust are to work for sustainable development with the people and communities of East Africa.

Skillshare International has an associated trust, Skillshare International (India) Trust, the principal objects of which are to fight against social inequality, relieve poverty distress and sickness and fight against disease. This trust is not consolidated within the results of Skillshare International.

Skillshare International (Ireland) and Skillshare International (India) Trust are each signatories to a trade mark licence, which specifies the conditions under which they may use the name and logo of Skillshare International.

The South Africa and Ireland operations are constituted as subsidiary companies limited by guarantee; the other offices are branches of the main charity.

In 2006-7, Skillshare International development worker Sarojakshan worked with the Institute for the Development of Small Scale Fisheries (IDPPE) in Mozambique to provide equipment and training to mangrove crab fishermen in the small village of Mithuco, enabling them to more than double their daily income.



Governance, structure and management (continued)

The board of trustees is responsible for the governance of the charity. Four members of the board are elected by the members of the charity. The board is empowered to co-opt up to eight other trustees. Trustees may be removed by ordinary resolution of the charity. In addition, the board is empowered to remove a co-opted trustee at any time.

Vacancies on the board are advertised externally. Applicants undergo a selection process to evaluate the contribution they could make against the needs of the board at the time. New trustees participate in an induction programme covering their responsibilities as trustees and an introduction to the organisation and activities of Skillshare International. There is also a programme of familiarisation, which enables one or two trustees each year to view programmes in countries in which the charity operates. Constant regard is had to the skills mix of the trustees to develop training initiatives to ensure that the board of trustees has all the necessary skills required to contribute fully to the charity's development. There is also an annual training programme for trustees.

The following trustees were in office at 31 March 2007 and served throughout the year, except where shown.

Trustee	Appointed / Resigned	
Roger Blake		
John Hoffman		H
Kumba Jallow (formerly Leigh Holland)		F
Fred Mear		F
Sarah Nancollas		H
Nita Odedra		F
Shilpa Patel	Resigned 3 October 2006	
Sarah Spall	Resigned 1 July 2006	
Wendy Tabuteau		
Gill Taylor	Appointed 14 October 2006	H
Diana Tottle		H
Andrew Wynne		F

F = members of the Finance Committee
H = members of the Human Resources and Organisational Development Committee

The board operates two sub-committees in order to facilitate its business:

- ◆ Finance; and
- ◆ Human Resources and Organisational Development.

Each trustee participates in one or both of the board sub-committees or in working groups, which are established from time to time.

The board delegates day to day management of the charity to the Chief Executive, who is supported by a management team responsible for four principal activities:

- ◆ International programmes;
- ◆ External relations;
- ◆ Organisational effectiveness; and
- ◆ Corporate development.

Governance, structure and management (continued)

During the year, Skillshare International employed staff in offices in Botswana, India, Ireland, Kenya, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Tanzania and the UK to manage this work, a significant part of which is the engagement and support of development workers who share skills with people in Africa and Asia. There is also a UK supporters' association.

Senior executives (at 31 March 2007)

Name	Position
Cliff Allum	Chief Executive Officer
Tiny Healy	Regional Director (Southern Africa)
Julie George	Regional Director (India)
Oliver Kantai	Regional Director (East Africa)
Fran Flood	Director Skillshare International Ireland
Amanda Khozi Mukwashi	Head of External Relations
Luis Silva	Head of International Programmes
Rachel Haynes	Head of Resources and Systems
Angus Walker	Head of Finance and Support Services
David Harries	Leadership Development Consultant
Jake Bharier	Senior Adviser, Strategic Services

Statement of trustees' responsibilities

Company law requires the trustees to prepare financial statements which give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In preparing financial statements giving a true and fair view, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enables them to ensure that the financial statements comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report and financial statements are posted on the charity's website. Every reasonable measure is taken to ensure that the report and financial statements are unaltered. The trustees are responsible for the maintenance and integrity of the financial statements presented on the charity website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from that of the place in which these financial statements are viewed.

Governance, structure and management (continued)

Statement of trustees' responsibilities (continued)

Each of the trustees confirms that:

- ◆ so far as each of the trustees is aware, there is no relevant audit information of which the charity's auditors are unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

In 2006-7, Skillshare International development worker Tracy Irvine worked with the Lesotho Council of NGOs to change public attitudes towards environmental degradation. A key concern during her placement was the toxic waste from textile factories pouring in to the Blue River - a vital source of drinking water.



The polluted Blue River in Lesotho

Risk management

The trustees have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity, its investments and its finances. The trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

The principal external risks faced by Skillshare International are the unforeseen collapse of the income base, and political unrest or natural disaster in the countries of operation.

In respect of the first, Skillshare International has a Programme Partnership Agreement with its principal funder, the Department for International Development. An agreement was signed by both parties in February 2005 for six years from 1 April 2005. Funding was agreed for the first three years for a total of £7.05 million. Funding for the remainder of the agreement will be negotiated during the current year. A specific risk assessment process has been carried out in respect of this agreement. Skillshare International also carries out development work contingent on funding being agreed in advance by donors. The trustees therefore consider the risk of collapse of the income base to be low.

Governance, structure and management (continued)

In respect of political unrest or natural disaster, as indicated in the section of this report on reserves, the trustees aim to maintain reserves sufficient to enable the organisation to respond to political or natural emergencies.

The trustees believe that the established system of management, through governance, accounting and other internal controls, supported by financial regulations, minimises the risks identified to an acceptable degree.

Financial review

The financial objectives set in June 1998 by the Board have been reviewed, and remain current. The annual financial plan is developed in line with the five year plan, which in turn is within these financial objectives. The Board's overall objectives are:

- ◆ to increase total income;
- ◆ to increase the proportion of income from sources other than from DFID;
- ◆ to manage expenditure effectively and within budget;
- ◆ to maintain an adequate level of reserves.

We are pleased to report that this year, all four of these objectives have been met.

Our income in 2006 - 2007 was £4.65 million, compared with £3.96 million in 2005 - 2006: an increase of 17%.

Our grant from DFID under the PPA remained at the agreed level of £2.35 million. Our success in obtaining funds through other sources has meant that the PPA grant comprised 50.3% of total income compared with 59.3% in 2005-6. Other significant funders include the European Union, Big Lottery Fund, Comic Relief, the Elton John Foundation and the Tribal Group Foundation. Irish Aid is a major funder through Skillshare International Ireland.

Overall, Skillshare International has managed these financial resources effectively and within budget. We have ended the year with a surplus which has enabled us to bring our reserves close to the limit of what we consider to be acceptable at present. We will continue to rebuild the reserve under our five year business plan 2005 - 2010. We maintain sufficient reserve as cash or short-term deposits to meet immediate needs.

Our partnership approach and the direct involvement of our development workers frequently enables our partner organisations to gain their own access to resources. We recognise this to be a powerful form of financial leverage, although it cannot be reflected in the accompanying accounts.

In 2006-7, Skillshare International development worker Sam Hodgson worked with the Moya Centre in Swaziland to improve food security and nutrition for the most vulnerable people, many of whom are living with HIV and AIDS, by helping communities to establish and maintain shared vegetable gardens.



©Skillshare/Sam Hodgson

Financial review (continued)

Reserves policy

The trustees have agreed that Skillshare International should aim to maintain sufficient reserves primarily to:

- ◆ ensure adequate working capital;
- ◆ meet capital expenditure needs for the year ahead;
- ◆ be able to respond to political or natural emergencies in the countries in which we work; and
- ◆ provide underlying financial stability and resources for newer opportunities.

The agreed guideline for sufficiency of reserves is for the value of unrestricted funds to be in the range of 15% to 25% of annual expenditure from unrestricted funds. The unrestricted funds, as indicated in the accompanying financial statements (and including fixed assets), are currently 22.0% (2006 - 14.8%) of planned annual expenditure from unrestricted funds. Under the SORP guidelines, the free reserves of the charity are £277,000 (2006 - £83,000).

In 2006-7, Skillshare International development worker Emma Fuell, a trained midwife, worked on the Simanjiro project to train traditional birth attendants in Tanzania's semi-nomadic Maasai communities. Together, they developed new reporting systems to monitor birth rates and maternal mortality.



Naitopwaki and son Solomon

Investment policy

The trustees are empowered by the Memorandum of Association to invest the monies of the charity not immediately required for its objects in such investments, securities or property as may be thought fit.

Part of the reserve is invested. The charity's investment policy is to aim for medium term capital growth in funds at relatively low risk, and where possible, through the application of an ethical investment policy, although the modest scale of the portfolio gives very little scope for this. This is achieved at present, on the basis of professional advice, by investment in government securities and unit trusts. The market value of the invested funds has increased by 7% during the year (2006: 15%).

The charity also invests cash resources not immediately required on short-term deposits with its bankers.

Financial review (continued)

Auditors

Buzzacott will be proposed for re-appointment as auditors in accordance with Section 385 of the Companies Act 1985.

Supporters and contributors

The trustees would like to thank all the organisations and individuals who have provided financial resources for our work and without whom our activities would not be possible. A list of our major funders can be found in Skillshare International's Annual Review 2006-2007 available on our website www.skillshare.org or from the UK office.

The trustees would also like to acknowledge the great contribution made by everybody connected with Skillshare International, including staff, development workers, health trainers, programme partners, our Programme Advisory Committee members in Southern Africa and the many who support us individually, either financially or through the provision of their time and skills.

Approved by the trustees and signed on their behalf by:

Chair *Wendy Rabuteau*

Date *14th July 2007*



©Skillshare/Robyn Cox

The winning photograph from our 2006 photography competition.
Dr Rebecca examining Doreen and Julia on a Baylor Children's Clinical
Centre of Excellence outreach visit in Botswana

Report of the independent auditors to the members of Skillshare International

We have audited the financial statements on pages 18 to 35 which have been prepared under the historical cost convention, as modified by the revaluation of investments, and the accounting policies set out on pages 20 to 22.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described on pages 11 and 12 the trustees, who are also the directors of Skillshare International for the purposes of company law, are responsible for the preparation of the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We report to you whether in our opinion the information given in the trustees' report is consistent with the financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the independent auditors to the members of Skillshare International
(continued)

Opinion

In our opinion the financial statements:

- ◆ give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the group and the charitable company's state of affairs as at 31 March 2007 and of the group's incoming resources and application of resources, including its income and expenditure, in the year then ended;
- ◆ have been properly prepared in accordance with the Companies Act 1985; and
- ◆ the information in the trustees' report is consistent with the financial statements.

Buzzacott

Buzzacott
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
EC4A 1AG

20 September 2007



©Skillshare/Julie George

Women's artisan collectives in India generate an income by producing Christmas tree decorations

Consolidated statement of financial activities Year to 31 March 2007

Continuing activities					
	Notes	Unrestricted funds £000s	Restricted funds £000s	2007 Total funds £000s	2006 Total funds £000s
Income and expenditure					
Incoming resources from generated funds:					
. Voluntary income	1	2,395	1	2,396	2,397
. Investment income		22	—	22	12
Charitable activities					
. Development worker programme	2	9	82	91	119
. Other programmes		139	1,748	1,887	1,289
. Policy and advocacy		—	213	213	100
Other incoming resources		43	—	43	47
Total incoming resources		2,608	2,044	4,652	3,964
Resources expended					
Cost of generating funds					
. Fundraising costs		42	—	42	—
. Investment management costs	3	3	—	3	2
Charitable activities					
. Development worker programme	4	1,316	232	1,548	1,244
. Other programmes		585	1,497	2,082	1,804
. Policy and advocacy		391	186	577	370
Governance costs	5	75	—	75	94
Other resources expended		23	—	23	—
Total resources expended		2,435	1,915	4,350	3,514
Net incoming resources before transfers	6	173	129	302	450
Gross transfers between funds	13	3	(3)	—	—
Net incoming resources before revaluations and after investment asset disposals		176	126	302	450
Statement of total recognised gains and losses					
Unrealised gains on investments		8	—	8	20
Net movement in funds		184	126	310	470
Fund balances brought forward at 1 April 2006					
		352	598	950	480
Fund balances carried forward at 31 March 2007					
		536	724	1,260	950

Balance sheets 31 March 2007

		Consolidated		Charity	
	Notes	2007 £000s	2006 £000s	2007 £000s	2006 £000s
					Restated
Fixed assets					
Tangible assets	9	293	315	291	318
Investments	10	204	191	204	191
		497	506	495	509
Current assets					
Debtors	11	283	180	272	154
Cash held as deposits		302	-	302	-
Cash at bank and in hand		353	414	115	374
		938	594	689	528
Creditors: amounts falling due within one year	12	(175)	(150)	(171)	(133)
Net current assets		763	444	518	395
Total net assets		1,260	950	1,013	904
Represented by:					
Funds and reserves					
<i>Income funds:</i>					
Restricted funds	13	724	598	594	598
Unrestricted funds					
. General fund		536	352	419	306
		1,260	950	1,013	904

Approved by the trustees
and signed on their behalf by:

Trustee

Approved on:

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, and in accordance with the requirements of the Companies Act 1985. Applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in these financial statements.

Basis of consolidation

The consolidated statement of financial activities (SOFA) and consolidated balance sheet combine the financial statements of Skillshare International and its subsidiary companies Skillshare South Africa and Skillshare International (Ireland) at 31 March. Branches of Skillshare International not established as autonomous legal entities are included within the financial statements of the charity itself.

The charity has availed itself of Paragraph 3(3) of schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for Skillshare International alone as permitted by section 230 of the Companies Act 1985 and paragraph 397 of the SORP.

Incoming resources

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grants from government and other agencies have been included as income from charitable activities where these support specific activities, but as voluntary income where the money is provided with greater freedom of use, for example as general programme funding.

Legacies are included in the statement of financial activities when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

Where the charity makes payments to cover costs jointly incurred with partners, reimbursements by partners are offset against the relevant expenditure and not included as income.

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and includes applicable VAT which cannot be recovered.

The expenditure headings comprise direct expenditure including staff costs attributable to the activity. Where costs cannot be directly attributed they have been allocated on a basis consistent with the use of resources.

Resources expended and the basis of apportioning costs (continued)

Cost of generating funds comprises investment managers' fees and staff costs relating to fundraising initiatives. Cost of charitable activities comprises direct costs of the volunteer development worker programmes, other programmes in the South and policy and advocacy work in the UK; and support costs which consist of the costs of Skillshare offices around the world and the UK-based international programme department. Governance costs include costs relating to management of the charity's assets, organisational management and administration and compliance with constitutional and statutory requirements.

Gifts in kind

Gifts in kind are disclosed in note 1 and are not included in the financial statements.

Tangible fixed assets

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

a. Functional freehold property

Freehold properties used for the direct charitable work of the charity are included in these financial statements at cost at the date of acquisition together with the cost of additions and improvements to date.

Functional freehold properties are depreciated at a rate of 2% per annum on a straight line basis in order to write the buildings off over their estimated useful economic life to the charity.

b. Other tangible fixed assets

Other tangible fixed assets are capitalised and depreciated at the following annual rates in order to write them off over their estimated useful lives:

◆ Fixtures, fittings and equipment	10-25% per annum based on cost
◆ Computers	33.3% per annum based on cost
◆ Motor vehicles	25% per annum based on cost
◆ Improvements to leasehold property	10% per annum based on cost

Fixed asset investments

Fixed asset investments are included in the financial statements at their market value as at the balance sheet date. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

Fund accounting

Restricted funds comprise monies raised for, or which have their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

The general fund represents those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Cash flow

The financial statements do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash Flow Statements".

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 mid-month rate of exchange at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

Leased assets

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

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability. The interest element of rental obligations is charged to the statement of financial activities over the period of the lease at a constant proportion of the outstanding balance of capital repayments.

Pension costs

The charity contributes to employees' personal pension schemes. Contributions are accounted for when payable.

1 Voluntary income

	Unrestricted funds £000s	Restricted funds £000s	2007 Total funds £000s	2006 Total funds £000s
Donations	45	1	46	47
Government grants				
UK government grants				
. Department for International Development Programme Partnership Agreement (PPA)	2,350	—	2,350	2,350
Total	2,395	1	2,396	2,397

Gifts in kind

In addition to the monetary donations above, the charity has received the following gifts in kind during the year, the value of which is not included in these financial statements.

	Approximate annual value	
	2007 £000s	2006 £000s
Rent-free office premises from the government of Botswana	6	7
Rent-free office premises from the government of Lesotho	9	6
Consultant from Tribal Foundation	9	5

Our partner organisations in Africa and India also provide housing and other support for our development workers.

2 Incoming resources from charitable activities

	Unrestricted funds £000s	Restricted funds £000s	2007 Total funds £000s	2006 Total funds £000s
<u>UK government grants</u>				
Department for International Development				
. Regional Strategy for East Midlands	—	165	165	100
. Integrating Development to Conflict Transformation	—	500	500	188
<u>Non-UK government grants</u>				
European Union	—	240	240	32
Ireland				
. Irish Aid	18	271	289	130
. Website	—	—	—	4
Australia				
. Australian Volunteer International	123	—	123	37
Other institutional grants				
<u>UK institutional grants</u>				
Big Lottery Fund	—	131	131	100
Comic Relief	—	237	237	203
Elton John AIDS Foundation	—	70	70	70
Christian Aid	—	308	308	583
Tribal Group Foundation	—	33	33	10
<u>Other UK grants</u>				
East Midlands Network for Global Perspectives in Schools (EMNGPS) Development Education	—	17	17	—
	—	31	31	—
<u>Non-UK institutional grants</u>				
United States				
. McKnight Foundation	—	7	7	—
Botswana				
. US Ambassador Fund	—	16	16	30
Other grants under £10,000	7	17	24	21
	148	2,043	2,191	1,508
Income by charitable activities				
International programmes				
. Development worker programme	9	82	91	119
. Other programmes	139	1,748	1,887	1,289
Policy and advocacy	—	213	213	100
	148	2,043	2,191	1,508

3 Investment management costs

	Unrestricted funds £000s	Restricted funds £000s	2007 Total funds £000s	2006 Total funds £000s
Investment managers' fees	3	-	3	2

4 Charitable activities

	Unrestricted funds £000s	Restricted funds £000s	2007 Total funds £000s	2006 Total funds £000s
International programmes				
. Development worker programme	1,316	232	1,548	1,244
. Other programmes	585	1,497	2,082	1,804
Policy and advocacy	391	186	577	370
Total	2,292	1,915	4,207	3,418

Breakdown of costs	Partnership funding £000s	Volunteer allowances £000s	Direct staff costs £000s	Other direct costs £000s	Support costs £000s	Total 2007 £000s	Total 2006 £000s
International programmes							
. Development worker programme	—	568	261	—	719	1,548	1,244
. Other programmes	1,415	—	90	—	577	2,082	1,804
Policy and advocacy	—	—	132	199	246	577	370
Total	1,415	568	483	199	1,542	4,207	3,418

Breakdown of support costs	Office costs £000s	Premises costs £000s	Financial costs £000s	Indirect staff costs £000s	Other costs £000s	Total 2007 £000s	Total 2006 £000s
International programmes							
. Development worker programme	100	118	13	384	104	719	648
. Other programmes	79	93	12	302	91	577	671
Policy and advocacy	34	40	6	130	36	246	155
Total	213	251	31	816	231	1,542	1,474

Basis for support costs allocation

Support costs are allocated to the three main activities of the organisation. The allocation across activities is based on identifiable costs directly linked to the activities and the amount of time spent by non-direct staff as estimated by the managers of these staff. Premises costs are allocated based on non-direct staff usage.

5 Governance costs

	Unrestricted funds £000s	Restricted funds £000s	2007 Total funds £000s	2006 Total funds £000s
Meeting expenses	12	—	12	14
Legal and professional fees	7	—	7	36
Audit fees	56	—	56	44
	<u>75</u>	<u>—</u>	<u>75</u>	<u>94</u>

6 Net incoming resources before transfers

This is stated after charging:

	2007 Total funds £000s	2006 Total funds £000s
Staff costs (note 7)	1,278	1,168
UK auditors' remuneration		
· Statutory audit services – 2007 audit	13	—
· Statutory audit services – 2006 audit	6	9
· Statutory audit services – 2005 audit	—	9
Overseas auditors' remuneration	37	27
Depreciation	86	93
Operating lease rentals	56	43

7 Employees and staff costs

Staff costs during the year were as follows:

	Staff based in UK & Ireland £000s	Staff based in Africa & Asia £000s	2007 Total £000s	2006 Total £000s
Wages and salaries	728	368	1,096	1,007
Social security costs	78	34	112	82
Other pension costs	67	3	70	79
	<u>873</u>	<u>405</u>	<u>1,278</u>	<u>1,168</u>

7 Employees and staff costs (continued)

The average number of employees during the year, analysed by function, was as follows:

	Full time equivalent	
	2007	2006
International programmes		
. Development worker programme	45.5	43.5
. Other programmes	11.0	11.0
Policy and advocacy	4.0	7.0
Governance	0.5	0.5
	61.0	62.0

One employee earned more than £60,000 per annum during the year, including taxable benefits but excluding employer pension contributions (2006 - nil). Employer contributions to a money purchase scheme in respect of the relevant employee during the year amounted to £6,190 (2006 - £5,908).

None of the trustees received any remuneration in respect of their services during the year (2006 - £nil).

During the year, out of pocket travelling expenses amounting to £884 (2006 - £1,124) were reimbursed to 6 (2006 - 10) trustees.

8 Taxation

Skillshare International is a registered charity and therefore is not liable to corporation tax on income, as it falls within the various exemptions available to registered charities.

9 Tangible fixed assets

Group	Freehold land and buildings £000s	Leasehold improvements £000s	Fixtures, fittings and equipment £000s	Motor vehicles £000s	Computers £000s	Total £000s
Cost						
At 1 April 2006	101	100	80	278	282	841
Additions	—	1	1	58	34	94
Disposals	—	(18)	(7)	(108)	(24)	(157)
At 31 March 2007	101	83	74	228	292	778
Depreciation						
At 1 April 2006	19	30	77	165	235	526
On disposals	—	(4)	(15)	(91)	(17)	(127)
Charge for year	2	8	4	47	25	86
At 31 March 2007	21	34	66	121	243	485
Net book values						
At 31 March 2007	80	49	8	107	49	293
At 31 March 2006	82	70	3	113	47	315

9 Tangible fixed assets (continued)

Charity	Freehold land and buildings £000s	Leasehold improvements £000s	Fixtures, fittings and equipment £000s	Motor vehicles £000s	Computers £000s	Total (As restated) £000s
Cost						
At 1 April 2006	101	100	81	277	280	839
Additions	—	1	1	57	34	93
Disposals	—	(18)	(10)	(107)	(24)	(159)
At 31 March 2007	<u>101</u>	<u>83</u>	<u>72</u>	<u>227</u>	<u>290</u>	<u>773</u>
Depreciation						
At 1 April 2006	19	30	73	165	234	521
On disposals	—	(4)	(13)	(91)	(16)	(124)
Charge for year	2	8	4	47	24	85
At 31 March 2007	<u>21</u>	<u>34</u>	<u>64</u>	<u>121</u>	<u>242</u>	<u>482</u>
Net book values						
At 31 March 2007	<u>80</u>	<u>49</u>	<u>8</u>	<u>106</u>	<u>48</u>	<u>291</u>
At 31 March 2006	<u>82</u>	<u>70</u>	<u>8</u>	<u>112</u>	<u>46</u>	<u>318</u>

10 Fixed asset investments

Group and charity	2007 £000s	2006 £000s
Listed investments		
Cost at 1 April 2006	183	158
Additions at cost	39	45
Disposals at market value (proceeds: £30,350; gain: £100)	(30)	(40)
Net unrealised investment gains	8	20
Market value at 31 March 2007	<u>200</u>	183
Cash held by investment managers for re-investment	<u>4</u>	8
	<u>204</u>	191
Historic cost of listed investments at 31 March 2007	<u>174</u>	163

All listed investments were dealt with on a recognised stock exchange.

Listed investments held at 31 March 2007 comprised the following:

Group and charity	2007 £000s	2006 £000s
Fixed interest government stock	76	62
UK listed unit trusts	115	121
International unit trusts	9	—
	<u>200</u>	183

10 Fixed asset investments (continued)

The following investments constituted a material part of the portfolio at 31 March 2007.

Holding	Market value of holding £000s	% of total portfolio
Fixed interest		
Treasury 5% 2008	23	11%
Treasury 2.5% 2011	20	10%
Treasury 2.5% 2009	20	10%
Treasury 5% 2012	8	4%
Treasury 4.75% 2015	5	2%
	76	37%
UK unit trusts/OEICS		
Jupiter UT Managers Income Trust	12	6%
Merrill Lynch Fund Managers UK Income Fund	28	15%
Newton Fund Managers Higher Income	31	16%
Schroder UT Managers UK Enterprise Fund Income	13	6%
Liontrust Investment Funds First Income	13	6%
Artemis Fund Managers Income Fund	12	6%
M&G Securities Recovery Sterling A Inc	6	3%
	115	58%
International Unit Trusts		
SWIP MM Multimanager International Equity	9	5%

11 Debtors

	Group		Charity	
	2007 £000s	2006 £000s	2007 £000s	2006 £000s
Due within one year				
Grants receivable	206	132	197	106
Other debtors	26	21	24	21
Prepayments	51	27	51	27
	283	180	272	154

12 Creditors: amounts falling due within one year

	Group		Charity	
	2007 £000s	2006 £000s	2007 £000s	2006 £000s
Bank overdraft	4	3	4	3
Other creditors	51	17	51	17
Accruals	120	130	116	113
	175	150	171	133

13 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trusts to be applied for specific purposes:

Funder	At 1 April 2006 £000s	Incoming resources £000s	Expenditure £000s	Transfers £000s	At 31 March 2007 £000s
Irish Aid					
DWs – general	-	82	(82)	-	-
Maruje – Construction of hostel	8	-	(8)	-	-
Volunteer challenge fund BCC	8	-	(8)	-	-
People Living with HIV/AIDS	-	129	(57)	-	72
Ditshwanelo	-	60	(2)	-	58
Big Lottery Fund					
MCH – Simanjiro	23	33	(55)	(1)	-
UNCODET	50	98	(59)	-	89
ACT	1	-	-	-	1
TVE	16	-	-	-	16
Comic Relief					
COPA	34	154	(171)	-	17
LSMHP	9	17	(12)	-	14
As You Sew	10	-	(6)	-	4
TXY	-	38	(28)	-	10
CLASH	4	28	(29)	-	3
DFID					
Regional strategy - East Midlands	-	165	(148)	-	17
IDCT	62	500	(430)	-	132
European Union					
BRICLip	-	144	(2)	-	142
ENABLE	24	-	(24)	5	5
Lesotho Disability Project	-	96	(67)	-	29
Christian Aid					
CECT	286	308	(584)	-	10
McKnight Foundation					
UNCODET	11	7	(15)	-	3
Balance carried forward	546	1,859	(1,787)	4	622

13 Restricted funds (continued)

Funder	At 1 April 2006 £000s	Incoming resources £000s	Expenditure £000s	Transfers £000s	At 31 March 2007 £000s
Balance brought forward	546	1,859	(1,787)	4	622
Elton John Foundation					
Samraksha	(2)	57	(56)	-	(1)
Karabong Support Network	10	13	(14)	-	9
Tribal Group Foundation					
Lesotho Disability Project	-	20	(6)	-	14
Railway Children India	-	3	(2)	-	1
People Living with HIV/AIDS	-	10	-	-	10
American Ambassador's girls Scholarship Programme					
African Education Initiative	11	16	(13)	-	14
Edith Murphy Foundation					
Lesotho Disability Project	15	-	(6)	-	9
Development Education					
EMNGPS-others	1	17	(1)	-	17
Development Education	-	31	(20)	-	11
Other Funders					
Under £10,000	17	18	(10)	(7)	18
	<u>598</u>	<u>2,044</u>	<u>(1,915)</u>	<u>(3)</u>	<u>724</u>

The specific purposes for which the funds are to be applied are as follows:

Botswana

- ◆ **Construction of hostel** - To enable girls to access secondary education in north east Botswana at the Maruje Community School.
- ◆ **TXY** - To create an enabling environment for Basarwan San living in and around Kang to improve their living condition through sustainable use of natural resources, food production, education and skills training as well as residential and farming land ownership.
- ◆ **American Ambassador's Girls Scholarship Programme (African Education Initiative)** - To cover school fees, school uniforms and casual clothes as well as mentoring for girls for both pre-school and primary education level between the ages of 5 to 14 years.

13 Restricted funds (continued)

- ◆ **BRICLip - Botswana Rural Communities Livelihoods Programme** - The project is to support the capacity building of partner organisations that deliver service directly to the marginalised communities and build the sectoral capacity so that the most marginalised are able to develop skills for sustainable livelihoods in a changed and changing environment. The delivery of the service is to the poorest and marginalised people of West and North West Botswana.

Lesotho

- ◆ **TVE (Technical and Vocational Education)** - Strengthening Capacity of TVE: a project to increase the capacity of the National Technical and Vocational Training Programme.
- ◆ **LSMHP (Lesotho Society of Mentally Handicapped Persons)** - A project tackling discrimination of people with disabilities in remote areas of Lesotho.
- ◆ **As You Sew** - A "make poverty history" grant assessing the extent that employment generation through the new textile industry in Lesotho benefits poverty reduction and the children of those employed.
- ◆ **Karabong Support Network** - To support and strengthen Karabong Clinic to develop a comprehensive system of treatment care and support for people infected and affected by HIV and AIDS.
- ◆ **Lesotho disability project** - To contribute towards poverty reduction in Lesotho by improving the socio-economic status and livelihood of persons with disabilities. This will be done by building the capacity of the Ministry of Health to co-ordinate civil society agencies working with disability as service providers with the strategic intent of spreading services across Lesotho.

Namibia

- ◆ **ACT (AIDS Care Trust)** - Developing the capacity of the ACT: a project to provide appropriate services for people with HIV and AIDS, and to raise awareness on the issues around HIV and AIDS.
- ◆ **CLASH (The Association for Children with Language, Speech or Hearing Impairments of Namibia)** - Empowering families of deaf children in Namibia.

Kenya, East Africa

- ◆ **COPA (Coalition for Peace in Africa)** - Building the capacity of COPA to support its Conflict Transformation Programme to build peace in Africa.

South Africa

- ◆ **ENABLE (Adult Basic Education for Disabled Learners)** - A programme working to empower people with disabilities and their carers by providing adult basic education (ABE), training and development opportunities, in urban, peri-urban and rural areas of KwaZulu Natal.

13 Restricted funds (continued)

Southern Africa (regional)

- ◆ **Volunteer Challenge Fund BCC** - A project places two volunteer specialists to support and strengthen youth - focused and gender - sensitive Behaviour Change Communication (BCC) as part of a strategic intervention to reduce HIV/AIDS infections in South Africa and Botswana.
- ◆ **People Living with HIV and AIDS (PLWHAs)** - The project aims to create an enabling environment for greater involvement of people living with HIV and AIDS in programmes and activities in order to encourage positive living through strengthening selected community support groups (CSGs) and national networks as pilot models in four countries. The project will work with four national networks of PLWHAs in Mozambique, Swaziland, Botswana and Lesotho.
- ◆ **Ditshwanelo (Botswana Human Rights Public Education and Capacity Building Project)** - The project seeks to educate, counsel and mediate on issues of human rights, with specific reference to the marginalised and disempowered.

Tanzania

- ◆ **MCH (Mother and Child Health)** - Capacity and Knowledge for MCH: a project working with nomadic groups in Simanjiro to deliver primary health care, in particular to mothers and children.
- ◆ **UNCODET (Uru North Community Development Trust)** - Increasing access to quality health care in Uru North.
- ◆ **Women's Micro-enterprise Initiatives (UNCODET)** - Supporting women's development through the acquisition and transfer of crafts and entrepreneurial skills to members of two women's groups in Uru North.

India

- ◆ **Samraksha** - Supporting a HIV/AIDS Care Continuum programme in Karnataka and Bangalore.
- ◆ **Coastal Educational and Cultural Trust (CECT)** - To support the rehabilitation of Tsunami affected villages in Tamil Nadu, India. The project involves replacing fishing boats and equipment, rebuilding houses, improving infrastructure, community economic empowerment initiatives and disaster preparedness initiatives.
- ◆ **Railway Children** - The funding allows MSS, a voluntary organisation in Gorakhpur, northern India, to provide continued support to a group of 40 street children, including children trafficked through the railway station. The project provides food, clothing, psycho-social counselling and a safe environment to stay as well as basic education and vocational training, enabling them to improve their lives and futures.

13 Restricted funds (continued)

UK

- ◆ **East Midlands Network for Global Perspectives in Schools (EMNGPS)** - Skillshare International is hosting the project to develop global perspectives as a core element of the school curriculum.
- ◆ **Integrating Development and Conflict Transformation (IDCT)** - Building the capacity of civil society to understand and manage conflict constructively.
- ◆ **Development Education** - Evaluating the special study modules run by two medical universities in the East Midlands, researching development education in the countries where Skillshare International works and promoting development awareness in Europe.

General

- ◆ **Development Workers (DWs)** - Is the personnel co-financing grant which contributes towards the costs of the Skillshare International long-term volunteering programme.

Sufficient resources are held as cash to enable each fund to be applied for the specified purpose.

Transfers out of the restricted funds totalling £8,000 relate to the correction of restricted fund balances at the year end.

14 Analysis of net assets between funds – group

	General fund £000s	Restricted funds £000s	Total 2007 £000s
Fund balances at 31 March 2007			
Are represented by:			
Tangible fixed assets	259	34	293
Investments	204	—	204
Current assets	245	695	938
Creditors: amounts falling due within one year	(172)	(5)	(175)
Total net assets	536	724	1,260

15 Leasing commitments

Operating leases

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

	Land and buildings	
	2007 £000s	2006 £000s
Operating leases which expire:		
Within one year	—	2
Within two to five years	44	40
	44	42

16 Contingent liability

As at 31 March 2007, Skillshare International had an obligation under contracts with its overseas volunteers to meet the costs of travel back to their home countries at the end of their placements. This is subject to satisfactory completion of their placements.

If all 63 development workers and health trainers in post at 31 March 2007 fulfil this condition, the estimated total costs of their return travel would be £37,800.

17 Subsidiary undertakings

Company	Country of incorporation	Nature of activity
Action Health	Great Britain	Dormant
Skillshare South Africa	South Africa	Furtherance of activities of Skillshare International in South Africa
Skillshare International (Ireland)	Ireland	Furtherance of activities of Skillshare International in Ireland

	Income £000s	Expenditure £000s	(Deficit)/ surplus for the year £000s	Total funds £000s
Action Health	—	—	—	—
Skillshare South Africa	274	286	(12)	18
Skillshare International (Ireland)	361	194	167	177

All of the above companies are limited by guarantee, and are 100% subsidiaries. The results of the subsidiary companies have been consolidated within these financial statements. As permitted by FRS8, details of transactions and balances with these entities have not been separately disclosed in these financial statements.

18 Prior year adjustment

The charity balance sheet comparative figures have been restated to reflect that certain fixed assets with a net book value of £33k were treated as assets of a subsidiary entity and incorrectly excluded from the charity figures in 2006. This has necessitated a prior year adjustment to the charity fund balances brought forward at 1 April 2006 as shown below. The prior year adjustment does not affect the group comparative figures.

Charity	Unrestricted fund £000s	Restricted funds £000s	2006 Total funds £000s
Fund balances at 1 April 2006			
. As previously reported	273	598	871
. Prior year adjustment relating to fixed assets	33	—	33
As restated	306	598	904