



**Driving Ireland's
competitiveness**
through innovative
learning

Annual Report 2017



Expertise

Support

Collaboration

Future Skills





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Skillnet Ireland

a year in review

We collaborate with over 50 enterprise groups across a broad range of sectors and regions supporting 66 learning networks. Together with our member companies, we invested over €30.2m in enterprise-led upskilling and training programmes in 2017.

5,892

training courses

15,012

member companies

49,194

people trained

381,982

training days

About Skillnet Ireland

We are the national agency responsible for the promotion of workforce learning in Ireland. We believe that maintaining a highly skilled workforce is essential to our national competitiveness. Our business is to ensure that Irish businesses have the skills they need to thrive.

We currently support over 15,000 companies nationwide and provide a wide range of valuable learning experiences to over 49,000 trainees.

As set out in a mandate with the Department of Education and Skills (DES), our mission is:

1

To act as an enterprise-led support body dedicated to the promotion and facilitation of enterprise training and workforce learning, as a key element in sustaining national competitiveness.

2

To increase participation in enterprise training by companies to improve competitiveness and provide improved access for workers to skills development.

3

To foster and support an enterprise-led, networked and partnership approach to the provision of enterprise training; and expand and develop that approach by supporting innovation, enhanced workplace training and workforce retention/activation-related training.

4

Using our broadly-based approach to encompass support for higher growth as well as vulnerable sectors ensuring, insofar as possible, that training is available to employees at all levels in participating private enterprises.

5

To clearly focus on the value for money, efficiency and effectiveness in the delivery of training and upskilling.



Chairperson's Message

I am pleased to present the Annual Report for Skillnet Ireland for 2017, a year where continued economic growth and increased demand for upskilling through Skillnet Ireland saw 49,194 trainees participate across all our programmes.

Ireland's Workforce

We draw a great competitive strength from our workforce. A well-educated, highly-skilled and adaptable workforce has been a core tenet of Ireland's economic and industrial policy since the 1960s. We know that skills supply is met, in various parts, through outputs from Ireland's higher and further education system, from labour activation and from immigration. However, for the greatest part the skills that power Ireland's economy are derived from within employment.

Ireland's ability to produce high calibre talent is one of the central reasons behind our success in winning foreign direct investment. Nevertheless, in an ever more competitive and globalized investment context, we must now act prudently and strengthen all the pillars of our FDI proposition, particularly that of in-employment training.

An ever-widening productivity gap between indigenous SMEs and the multinationals based here is a growing concern. In 2017 both the OECD and the National Competitiveness Council identified the low uptake of lifelong learning and management development in indigenous SMEs as causal factors in the productivity gap. Skillnet Ireland supported over 15,000 firms in 2017, but to get a true sense of the scale of the challenge, there are an estimated 240,000 active small / micro enterprises in Ireland employing some 680,000 people.

These considerations put into sharp focus the critical role that Skillnet Ireland is playing in promoting and facilitating in-employment training in Ireland.

Skills Supply

Linked to these themes are the challenges of skills supply as we near full employment. 2017 saw a sharp tightening of the labour market with difficult to fill vacancies evident across several sectors. In this context I was pleased to see the OECD recognise Skillnet Ireland as a best practice model

for Government-sponsored, enterprise-led workforce development. Their 2017 report found that the Skillnet Ireland decentralised model generates highly specialised knowledge on employment and training related issues, resulting in better alignment between labour market needs and the supply of skills.

Performance Outputs

2017 was the second year of implementation of our Statement of Strategy 2016-2019 and I can report considerable progress on all the enabling plans committed to in the strategy. The strategy sets out an ambition to be a model of training excellence. We are continually maximising effectiveness across all Skillnet Ireland funded programmes and driving congruence between what is delivered by Skillnet learning networks, and the challenges facing employers and workers. A summary of the findings from the 2017 independent evaluation of Skillnet Ireland funded programmes can be seen on page 16. I would like to take this opportunity to commend our learning networks and our enterprise partners on their significant achievements in 2017.

Skillnet Ireland learning networks delivered 381,982 training days in 2017, exceeding targets by 28%.

Skillnet Ireland operates a co-investment model where State grants are combined with contributions from employers. Companies participating with Skillnet Ireland contributed an impressive €15.91m towards training in 2017, with Skillnet Ireland investing a further €14.30m, a total of €30.21m. As the current review of the National Training Fund (NTF) draws to conclusion I am particularly pleased to report such an efficient utilisation of NTF funding. I am also calling for the prioritisation of NTF support to demonstrably effective enterprise-led programmes, such as Skillnet Ireland, and for a greater voice for employers in how the NTF itself is directed.

Lifelong Learning

The need to increase in-employment engagement in lifelong learning is a national policy objective. There is a clear correlation between improved career mobility and those who engage in lifelong learning. However, the most recent report on Lifelong Learning Participation Among Adults, published by the Expert Group on Future Skills Needs, showed

that at 7%, Ireland is significantly behind many other EU Member States. In order to meet the targets set out in the National Skills Strategy, Ireland needs to double its lifelong learning participation rate to 15% by 2025. Of the 49,194 learners supported by Skillnet Ireland in 2017, each one met the definition of a lifelong learner, and we are committed to growing that number going forward and to championing the case with all stakeholders for workforce development in Ireland.

I would like to extend my thanks to the Minister for Education and Skills, Richard Bruton T.D., to the Minister of State for Training, Skills, Innovation and Research and Development, John Halligan T.D., and to our colleagues in the DES for their continued support to Skillnet Ireland. I would also like to thank my fellow board members for their commitment to the promotion of workforce learning in Ireland. I would finally like to congratulate our Chief Executive, the management and staff of Skillnet Ireland and all those involved in Skillnet Ireland learning networks for their hard work and dedication in 2017.



Chairperson
Skillnet Ireland





Chief Executive's Message

Skillnet Ireland experienced a positive year for growth during 2017. An increase in funding led to an expansion of our enterprise-led training model into both priority and emerging sectors. A response to our commitment to collaborate with enterprise in the area of future skills, saw the establishment of five new Skillnet learning networks. Each of the sectors (Medtech, Design, Hospitality, Retail and Freight & Logistics) represented by our new learning networks feature prominently in Government strategies.

During 2017 employer participation in Skillnet training grew by 5% with 15,012 businesses collaborating with our 66 Skillnet networks. The Skillnet offering has a specific appeal for SMEs, who make up over 69% of private sector employment in Ireland. In 2017, 94% of participating firms were SMEs, with over half employing nine staff or less. As the Chairperson has noted, 49,194 learners undertook training through Skillnet Ireland in 2017.

Although these outputs represent good value for public monies, embedding a culture of lifelong learning within SMEs in Ireland remains a considerable challenge that will require a deep and sustained effort.

Training Excellence

Skillnet Ireland remains firmly focused on the quality and effectiveness of our programmes. Each year Skillnet Ireland subjects all funded programmes to independent evaluation. The 2017 evaluation conducted by Indecon Consultants evidenced the wide range of benefits experienced by businesses participating in Skillnet networks. Some of the results from the independent evaluation can be seen on page 16.

Skillnet Ireland networks deliver programmes that are optimised to suit the needs of learners through both formal and informal learning that spans further education and higher education provision. Our networks continued to build on a strong track record of upskilling low, medium and high-skilled workers with activities available to trainees at all levels in the workforce. Training is highly integrated with work to meet the current and future skills needs of the employers and to also increase the employability and career development of the learner.

A focus on quality control is a priority for Skillnet Ireland, with rigorous monitoring of all Skillnet Ireland-funded programmes. This activity included the completion of 61

compliance audits, 63 quality assurance assessments of training courses and 351 payment reviews during the year. Our risk control framework was complemented by a series of themed audits throughout 2017. You will also see a report on pages 31-33 from our external auditors.

We welcomed the OECD report highlighting Skillnet Ireland as a best practice approach for Government sponsored, enterprise-led workforce development. In 2017 Skillnet Ireland was also selected by the ILO as one of four international best-practice case studies to help guide policymakers in designing and implementing funding schemes for SME training.

New and Future Skills

Advances in technology, market shifts, changing demographics and varied competitive forces are constantly driving new skilling requirements for industry. These trends, combined with disruptors such as automation, artificial intelligence, big data and Internet of Things are accelerating the need to develop even more innovative new programmes to meet the demands of industry.

Skillnet Ireland plays an important role in maintaining a supply of new and future skills by facilitating a collaboration between enterprise, higher education institutes, and industry training providers.

The Skillnet Ireland Future Skills Programme (FSP) is the vehicle through which this collaboration is achieved. FSP funding was awarded to develop programmes in collaboration with 23 enterprise groups, including networks in the ICT, life sciences, retail, aviation, green economy, agriculture and the food and beverage sectors. Programmes developed spanned areas such as sustainable finance, animation, software product management, fintech, cyber security and design engineering for medical technologies.

Advances in technology, market shifts, changing demographic and varied competitive forces are constantly driving new skilling requirements for industry. In order to meet those demands, there is a need to develop even more innovative new programmes.

Skillnet Ireland has also supported the implementation of a number of key Government strategies including the National Skills Strategy, the Action Plan for Education, FoodWise 2025, the ICT Action Plan, Hospitality Sector Ireland 2015– 2020, IFS 2020 and the Action Plan for Jobs. We are also proud of the vital role that Skillnet networks are playing in regional skills development, with Skillnet Ireland featuring in several regional strategies.

Management Development

Enhancing SME management capability is a key priority for Skillnet Ireland. Our bespoke management development programme continued to develop the leadership skills of Irish SME owner managers, with 776 learners participating in 2017. Indecon's independent evaluation of our ManagementWorks offering observed that 84% of businesses owners felt the programme was likely to enhance the long-term prosperity of their businesses.

I will conclude on a note of sincere thanks to our network managers, our industry representative bodies and the Skillnet Steering Groups for their commitment in driving the success of each Skillnet learning network and for enabling the delivery of relevant, high quality and cost-effective training for member companies.

Skillnet Ireland will continue to bring leadership to developing the skills needed to power Ireland's economy and to facilitate the direct connection between national policy and enterprise-led action on the ground.

I would also like to extend my appreciation to the Minister for Education and Skills, Richard Bruton T.D., to our colleagues within the Department of Education and Skills, to our Chairperson Brendan McGinty, our Board members, and all my colleagues in Skillnet Ireland for their support during 2017.

Skillnet Ireland will continue to bring leadership to developing the skills needed to power Ireland's economy and to facilitate the direct connection between national policy and enterprise-led action on the ground.



Chief Executive
Skillnet Ireland

Skillnet Ireland Strategy 2016 - 2019

Skillnet Ireland's Statement of Strategy 2016–2019 outlines our ambition to be a model for training excellence in an enterprise context. Skillnet Ireland remains firmly focused on the effectiveness of our programmes and to be a champion for innovation in enterprise learning and development. Skillnet Ireland actively encourages employers to prioritise staff development to ensure future growth and competitiveness.

2017 was the second year of implementation of our Statement of Strategy and excellent progress was made on all aspects of the strategy. A key project was the strategic brand review undertaken in 2017, which led to Skillnet Ireland being launched in early 2018. Skillnet Ireland now having a compelling, joined up brand in the market will make it easier for us to promote the importance of workforce talent development and to reach new employers and learners.

Model of
Training
Excellence

Supplying
Future
Skills

Increasing
Employer
Participation

A photograph of a white sign with the Skillnet Ireland logo. The logo consists of the word 'Skillnet,' in a dark blue font, with the 'net,' part enclosed in a green circle. Below it, the word 'IRELAND' is written in a smaller, dark blue font. The sign is slightly out of focus, and the background is a blurred blue wall with some text visible.

Skillnet,
IRELAND



" Skills are central to our competitiveness as a nation and government policy is targeted at both protecting and enhancing that. The promotion of lifelong learning and adapting to technological advances has always been at the core of workforce development.

Skillnet Ireland plays a key role in increasing the skills supply, and strategically looking at the needs of our workforce for business and economic growth through its learning networks. Fulfilling the skill needs of the economy and ensuring that we are 'future proofed' to meet new challenges, is an important part of delivering on our ambition to make Ireland's education and training service the best in Europe by 2026."

Richard Bruton T.D.,
Minister for Education and Skills

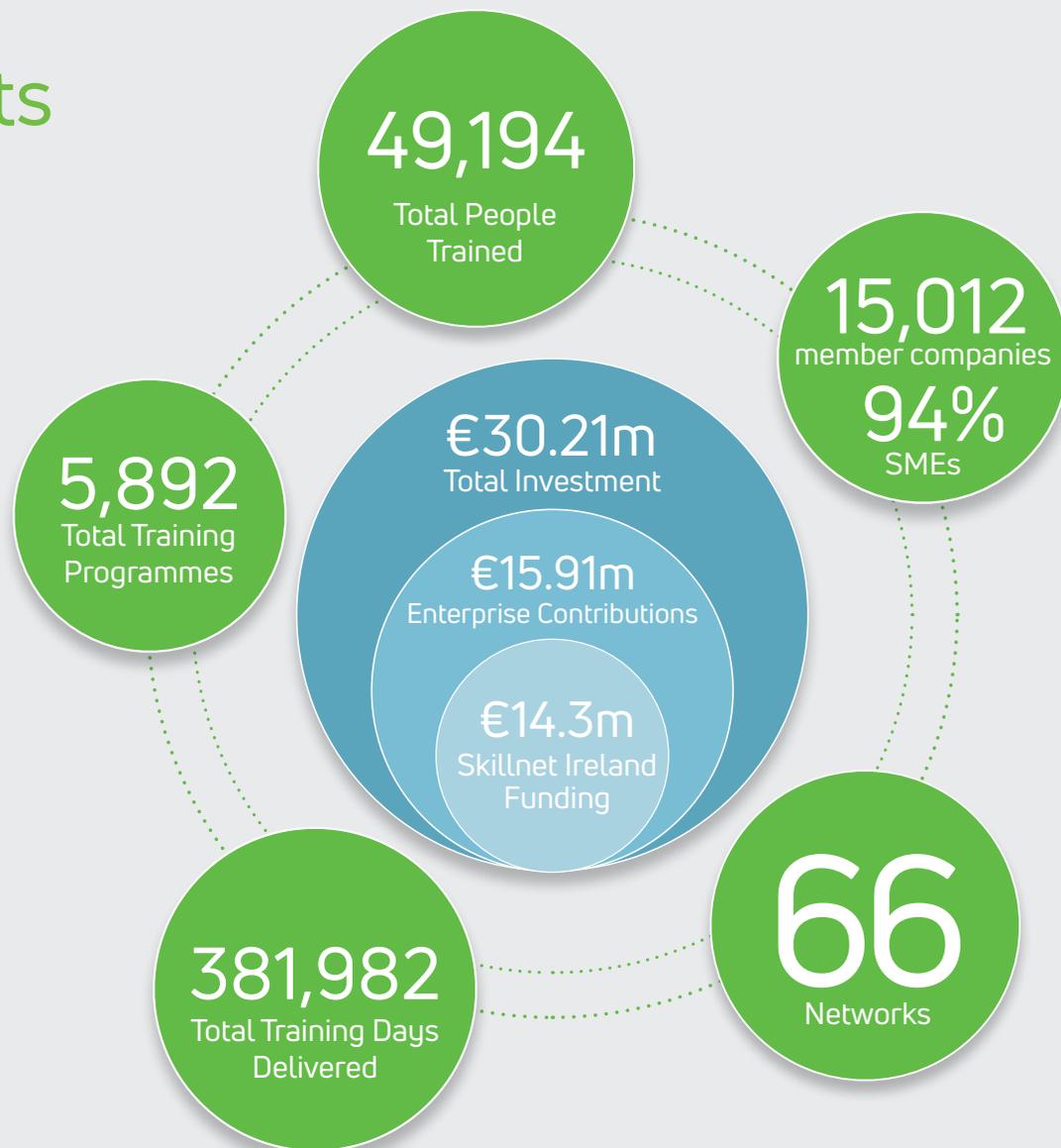
Skillnet Ireland High Level Outputs 2017

Skillnet Ireland Programmes contribute to the development of a skilled workforce, ensuring the growth and sustainability of Irish enterprise in an increasingly competitive environment.

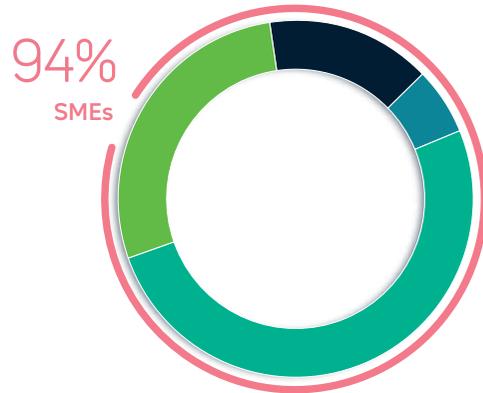
Training and upskilling in 2017 was delivered through four distinct Skillnet Ireland programmes:

- Training Networks Programme (TNP)
- Finuas Networks Programme (Finuas)
- ManagementWorks
- Job Seekers Support Programme (JSSP)

Note: These outputs are for both employed and unemployed trainees across all programmes.

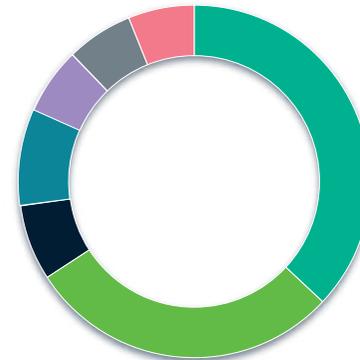


Member Company Profile



Members by Business Size

Micro 0-9	51%
Small 10-49	28%
Medium 50-249	15%
Large 250+	6%



Members by Sector

Services	41%
Agri Business	26%
Manufacturing & Construction	7%
Retail & Wholesale Trade	8%
Food & Drink	6%
ICT / Technology	6%
Medtech / Pharma	6%

Trainee Profile

In 2017

49,194

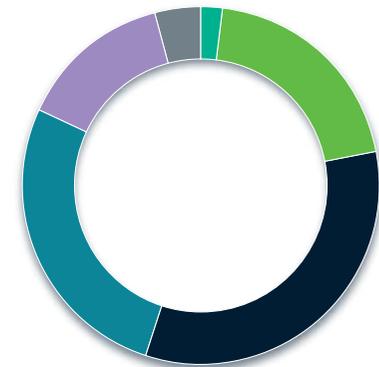
people undertook training 



Of these trainees, 58% were male and 42% were female.

Trainees by Age

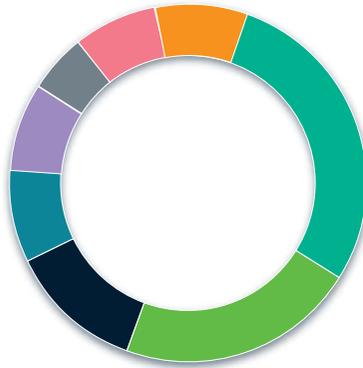
<20	2%
20-29	20%
30-39	33%
40-49	27%
50-59	14%
>60	4%



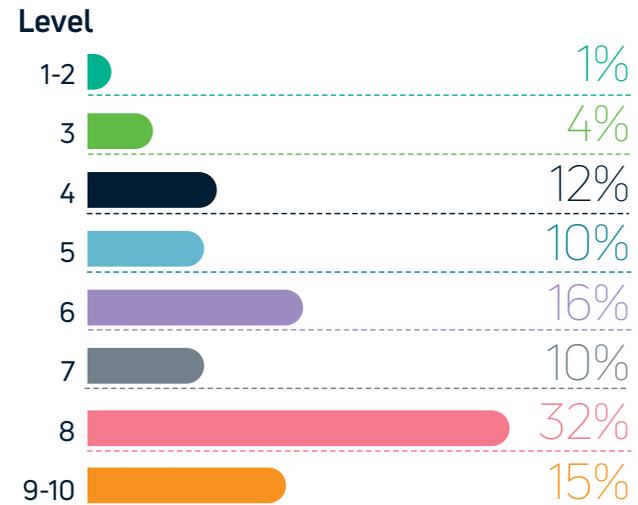
Trainee Profile

Trainees by Occupational Category

Professional	33%
Managerial / Supervisor	21%
Owner / Manager	13%
Semi-Skilled	8%
Technician	8%
Non Manual	2%
Skilled Manual	5%
Other	10%



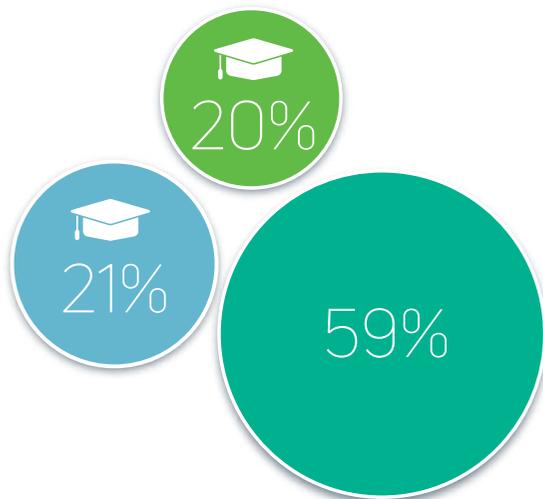
Trainee Educational NFQ Level Prior to Training



Training Profile

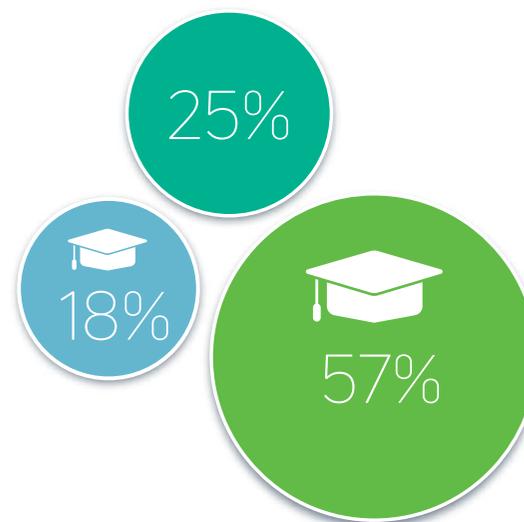
Courses by Certification

NFQ-certified	20%
Other certification	21%
Non-certified	59%



Training Days by Certification

NFQ-certified	57%
Other certification	18%
Non-certified	25%

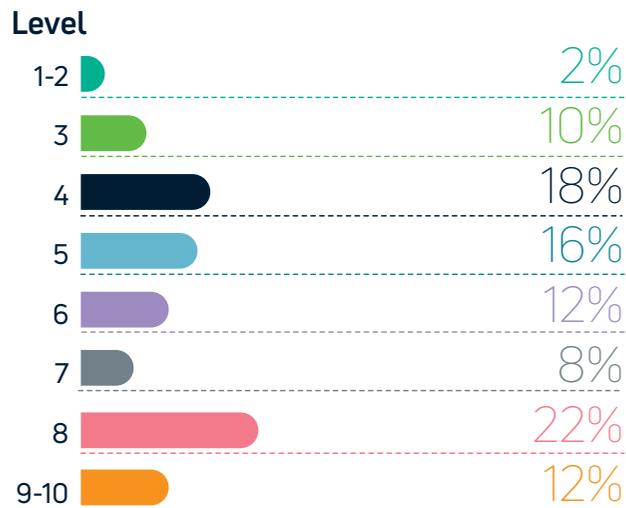


Unemployed Trainee and Training Profile

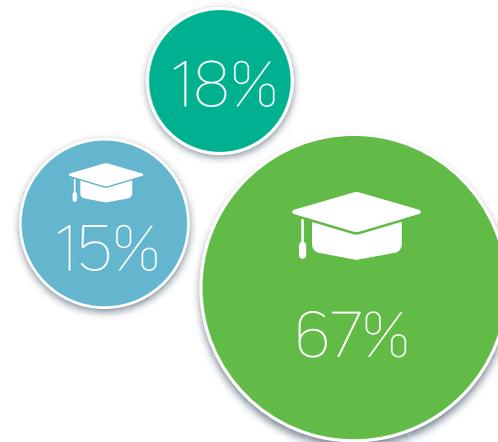
Unemployed Trainees

Of the 49,194 people who undertook training with Skillnet Ireland in 2017, 3,705 were unemployed and participated through Training Networks Programme (TNP) and Job Seekers Support Programme (JSSP). These trainees participated in over 1,126 training courses with 56,310 training days being delivered, 82% of which were accredited.

Trainee Educational NFQ Level Prior to Training



Training Days by Certification





Independent Evaluation Results

Each year Skillnet Ireland subjects all funded programmes to independent evaluation.

The following findings are preliminary results from the 2017 evaluation conducted by Indecon Consultants. The final report and findings will be available in Q3.



Benefits of being a member of a Skillnet Ireland learning network

87%

of businesses reported that training undertaken by their staff addressed skills gaps generally within their organisation/management team.

93%

were satisfied with the quality of training provided by the Skillnet.

87%

agreed that the Skillnet was responsive to the needs of their business.

76%

were satisfied that network activities focused on the delivery of vital skills for growth and competitiveness in their sector or region.

73%

found that membership helped them to meet and network with other like-minded businesses.

Impact of membership on business growth

77%

agreed that Skillnet training has enhanced the long-term performance of their business.

74%

reported that Skillnet training has enhanced their service or product quality.

43%

reported that Skillnet membership contributed to increased business turnover.

72%

saw an increase in staff engagement due to training.

73%

reported that training helped improve business processes and/or productivity and enhanced competitiveness.

Skillnet Ireland Board 2017

Business and Employer Representatives



1. Brendan McGinty
Chairperson
Ibec



2. David Delaney
Ibec



3. Mairéad Divilly
Small Firms
Association
(SFA)



4. George Hennessy
Construction
Industry Federation
(CIF)



5. Karl McDonagh
Ibec



6. Kara McGann
Ibec



7. Ian Talbot
Chambers
Ireland

Ministerial Representatives



8. Terry Hobdell*



9. Margaret McCarthy*



10. Henry Murdoch*



11. Thomas Cooney**



12. Yvonne McNulty**



13. Fiona Walsh**

Employee Representatives



14. Eamon Devoy
Irish Congress
of Trade Unions
(ICTU)



15. Nuala Keher
Irish Congress
of Trade Unions
(ICTU)



16. Peter Rigney
Irish Congress
of Trade Unions
(ICTU)

Secretary



17. Ian Quinn
Skillnet Ireland

Note: * Resigned on 7 September 2017
** Appointed on 7 September 2017

Corporate Governance and Financial Statements

Reports and Consolidated Financial Statements
for the financial year ended 31 December 2017

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Directors and Other Information

DIRECTORS

Brendan McGinty (Chairperson)
Thomas Cooney
David Delaney
Eamon Devoy
Mairéad Divilly
George Hennessy
Nuala Keher
Karl McDonagh
Kara McGann
Yvonne McNulty
Peter Rigney
Ian Talbot
Fiona Walsh

SECRETARY

Ian Quinn

CHIEF EXECUTIVE

Paul Healy

REGISTERED OFFICE

Fifth Floor
Q House
76 Furze Road
Sandyford
Dublin 18
D18 E268

REGISTERED NUMBER

298694

AUDITORS

Deloitte
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

SOLICITORS

Philip Lee Solicitors
7/8 Wilton Terrace
Dublin 2

BANKERS

Bank of Ireland
Lower Baggot Street
Dublin 2



Directors' Report

The directors submit their annual report, together with the audited consolidated financial statements, for the financial year ended 31 December 2017.

Principal Activities

Skillnets ("the Company") was formed to provide grants for the promotion, formation and successful operation of enterprise-led training networks under the *Training Networks Programme*. This is funded by the Department of Education and Skills ("the Department") from the National Training Fund. Skillnets hold a 100% subsidiary Skillnets Services Designated Activity Company ("Skillnets Services") which delivers the ManagementWorks Programme on a not-for-profit basis.

Skillnets currently trades as Skillnet Ireland having been issued with a Certificate of Business Name by the Companies Registration Office on 5 January 2018.

Going Concern

The Mandate and Funding Agreement with the Department was revised in February 2011 and will continue for the foreseeable future until such time as the Minister for Education and Skills shall deem otherwise. The Company has contracted with a number of promoter organisations to fund training

networks, including Skillnets Services for the ManagementWorks Programme. This commitment has been made contingent upon the necessary funds being made available to the Company by the Department.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Furthermore, the Company has been allocated an additional €3.5m in grant funding from the Department in 2018. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Principal Risks and Uncertainties

In the normal course of business, the Company is exposed to strategic, operational, funding and reputational risks all of which are managed in accordance with the policies approved by the Board. The Company maintains a comprehensive strategic and operational risk register which outlines principal risks and mitigating policies. The risk register is subject to review by the Board on an on-going basis and the Board is at all times conscious that maintaining the reputation of the organisation is critical. The principal risks and uncertainties that the Company faces are:

- The Company is dependent on the ongoing support of the Department. Ongoing funding at an appropriate level is fundamental to the Company's ability to continue as a going concern;
- The Company is subject to stringent regulations and has appropriate processes in place to monitor and comply with all legislation impacting on its operations.

Results for the Financial Year

The results for the financial year and the assets and liabilities of the Company are set out in the consolidated statement of income and retained earnings and the statement of financial position on pages 35 and 36 respectively.

	2017 €	2016 €
Result for the financial year	-	-
Retained earnings brought forward at beginning of financial year	51,075	51,075
Retained earnings carried forward at end of financial year	51,075	51,075

Directors' Report

Directors and Secretary

The directors and secretary, who served at any time during the financial year are set out below. Unless otherwise stated, all directors served for the entire year.

Directors:

Brendan McGinty (Chairperson)
Thomas Cooney (appointed 7 September 2017)
David Delaney
Eamon Devoy
Mairéad Divilly
George Hennessy
Nuala Keher
Karl McDonagh
Kara McGann
Yvonne McNulty (appointed 7 September 2017)
Peter Rigney
Ian Talbot
Fiona Walsh (appointed 7 September 2017)
Terry Hobdell (resigned 7 September 2017)
Henry Murdoch (resigned 7 September 2017)
Margaret McCarthy (resigned 7 September 2017)

Secretary:

Ian Quinn

The current directors and secretary are listed on page 21. There were no other changes during the financial year.

CORPORATE GOVERNANCE

The Board of Directors is responsible for the strategic direction and governance oversight of the Company. In support of their governance activities the Board has established a number of Committees, who report directly to the Board.

The Committees of the Board are:

Audit and Risk Committee

The Audit and Risk Committee provide oversight of:

- Financial reporting;
- Internal controls and risk management; and
- Internal and external audit functions.

Finance and General-Purpose Committee

The Finance and General-Purpose Committee provide oversight of:

- Operational effectiveness;
- Human resources and remuneration matters; and
- Annual budget and application of funds in accordance with the Company's mandate and funding allocation letter.

Evaluation and Performance Monitoring Committee

The Evaluation and Performance Monitoring Committee shall:

- Review applications for funding and awards for grants;
- Oversee the application process followed by the Executive; and
- Define and set performance measures and benchmarks for the Networks and related programmes.

The Committees of the Board currently have the following membership:

Audit and Risk Committee

Mairéad Divilly (Chair)	Eamon Devoy
Fiona Walsh	Ian Talbot

Finance and General-Purpose Committee

Mairéad Divilly (Chair)	Brendan McGinty
George Hennessy	Nuala Keher

Evaluation and Performance Monitoring Committee

David Delaney	Karl McDonagh
Kara McGann	Peter Rigney
Thomas Cooney	Yvonne McNulty

Directors' Report

Directors' Meeting Attendance

Attendance of directors at Board and Board Committee meetings during the year was as follows:

	Board	Board Committees			Fees 2017 €
		Evaluation & Performance Monitoring	Audit & Risk	Finance & General Purpose	
Total no. meetings 2017	6	3	4	2	
Brendan McGinty (Chairperson)	6			2	8,978
Thomas Cooney (1) * (3)	2				-
David Delaney	5	3			5,985
Eamon Devoy **	4		3		5,985
Mairéad Divilly	6		4	2	5,985
George Hennessy **	3	1		2	5,985
Terry Hobdell (2)	3	2			3,990
Nuala Keher	4			1	5,985
Margaret McCarthy (2) *	3		3	1	-
Karl McDonagh	4	1			5,985
Kara McGann	5	3			5,985
Yvonne McNulty (1) ** (3)	2				1,995
Henry Murdoch (2)	3	1			3,990
Peter Rigney **	4	1			5,985
Ian Talbot **	3		3		5,985
Fiona Walsh (1) **	2				1,995

Notes: (1) Appointed to the Board on 7 September 2017. (2) Resigned from the Board on 7 September 2017. (3) Appointed to relevant Committees on 7 December 2017. *Thomas Cooney and Margaret McCarthy did not receive a fee under the One Person One Salary (OPOS) principle. **As per notes 5 and 18 to the Financial Statements, a number of directors have waived their fee for director services provided to Skillnets and instead opted to have a similar amount paid to their representative organisations.

Directors' Report

2016 Code of Practice for the Governance of State Bodies

In August 2016, a new Code of Practice for the Governance of State Bodies was introduced. The Board presents its Annual Report of the Company for the financial year ended 31 December 2017 under this Code.

Protected Disclosure Act 2014

Pursuant to Section 22 of the Protected Disclosures Act 2014, Skillnets confirms that no reports were received and/or are under investigation in accordance with the provisions of the Protected Disclosures Act, 2014 for the year ended 31 December 2017 (2016: nil).

Management

The leadership team is made up of five members of staff (2016: five). The directors wish to express their gratitude to the team for their commitment and dedication to the Company, the direction they provide to staff and the quality of service provided.

Political Contributions

There were no political contributions made during the financial year (2016: €nil).

Subsidiary Undertaking

The information required by the Companies Act 2014 in relation to subsidiary undertakings is set out in note 9.

Post Balance Sheet Events

There have been no significant events affecting the Company since the financial year end.

Future Developments

The Company is now at the mid-way point of the Skillnets Statement of Strategy 2016-2019, during which time funding from the Department of Education and Skills has increased from €16.2m in 2016 to €21.7m in 2018. Skillnets is on target to deliver upon the three goals within the Strategy, namely that Skillnets:

- Will be a model of training excellence;
- Will increase employer participation; and
- Will supply future skills.

Skillnets has also changed its name to Skillnet Ireland and at present is launching its new brand strategy.

Skillnets actively supports and works with businesses in Ireland to address their current and future skills needs. In 2017 Skillnets programmes provided training to 49,194 trainees, of which 3,705 were unemployed.

Directors' Report

Accounting Records

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The Company's accounting records are maintained at the Company's registered office at Fifth Floor, Q House, 76 Furze Road, Sandyford, Dublin 18, D18 E268.

Disclosure of Information to Auditors

In the case of each of the persons who are Directors at the time the Directors' report and financial statements are approved:

- a) So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) Each director has taken all steps that ought to have been taken by the director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Deloitte, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Companies Act 2014.

Approved by the Board and signed on its behalf by:



Brendan McGinty
Director



Mairéad Divilly
Director

31 May 2018

Statement on System of Internal Control

Governance and Financial Controls

On behalf of the Board of Skillnets I acknowledge our responsibility for good governance and for ensuring that an effective system of internal control is maintained and operated. The system of internal control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period. The system requires that the executive team overseeing programmes, operations, finance, procurement and HR exercise stringent control and report any significant control failures to the Board.

Financial Control Environment

The Board has taken steps to ensure an appropriate financial control environment is in place by:

- Clearly defining and documenting management responsibilities;
- Establishing formal Committees to monitor the activities and safeguard the assets of the organisation;
- Establishing procedures for reporting significant control failures and ensuring appropriate corrective action is taken; and
- Adopting and adhering to the Code of Practice for the Governance of State Bodies.

In addition to the above, the Board ensures that it has continued oversight of the control environment at each Board meeting through the following reports and updates from:

- The Audit and Risk Committee;
- The Chief Executive Officer's report;
- A review of the Company Risk Register; and
- The presentation to the Board of activity and financial results, current month and year to-date, on a monthly basis.

Risk

Skillnets, through its Risk Management Policy, is committed to the implementation of a coherent, effective, and efficient framework for managing risk throughout the Company. It also provides a proactive and structured approach to identifying, managing and reporting the risks faced by the Company. The Board of Skillnets is ultimately responsible for risk management under the Code of Practice for the Governance of State Bodies. The Board has delegated authority to the Audit and Risk Committee with regard to the on-going oversight and risk. Significant risks to the organisation are documented in the Company Risk Register, which identifies the top risks, their likelihood and impact, and the mitigating controls in place to manage them effectively. The Risk Register is assessed at each Audit and Risk Committee meeting and at each Board meeting.

The Company Risk Register is a system that provides a reasonable assurance to the Board and is not an absolute assurance against material error.

Key Financial Control Processes and Procedures

The system of internal control is based on a framework of regular management information, policies and procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

- A comprehensive budgeting system, with an annual budget which incorporates a detailed business planning process, is reviewed and agreed by the Board;
- Setting targets to measure financial and other performance;
- Reviews by the Board of monthly and annual financial reports which indicate activity and financial performance against budgets; and
- Established procurement procedures under which goods and services are procured in accordance with EU and national procurement requirements.

Statement on System of Internal Control

How Skillnets Disburses Grant Funding

Each Network which is managed and operates independently of Skillnets via contracted enterprise groups, must apply to Skillnets for funding. The Evaluation and Performance Monitoring Committee (EPM) is the designated Board Committee to:

- Review applications for funding and awards for grants;
- Oversee the application process followed by the Executive to ensure that the Committee can have confidence in its approach;
- Review third party inputs to the application process as appropriate; and
- Define and set performance measures and benchmarks for the Networks and related programmes.

Arising from the funding recommendations received from the EPM, the Board of Skillnets discusses and agrees upon decisions of funding for each Network which has applied for funding from Skillnets.

Networks that have been awarded grants are required to enter into legal funding agreements with Skillnets in advance of receiving those grants.

Internal Audit

Skillnets has appointed an independent third-party firm, ASM Chartered Accountants to conduct Internal Audits within the Company. They are the current provider of internal audit services and perform their audits in accordance with the standards set by the Chartered Institute of Internal Auditors. In addition, the Board has recently approved the introduction of an Internal Audit Charter which has been developed to enhance and govern the Company's approach to the internal audit function.

The Skillnets' Audit and Risk Committee oversees the Internal Audit function on behalf of the Board and in 2016, a two-year internal audit programme was approved by the Committee. In the first quarter of 2018, a Corporate Governance and gap analysis of Skillnets compliance with the 2016 Code of Practice for the Governance of State Bodies was conducted. Satisfactory Assurance reports have been issued in respect of all internal audits conducted since the start of 2016. There were no material breaches of controls in 2016/17 and no material losses or frauds.

Internal audit reports are closely monitored and actioned upon by the Skillnets Executive with reports issued to the Audit and Risk Committee at each of their four scheduled meetings per year.

The Statement on the System of Internal Control was reviewed by the Audit and Risk Committee and the Board to ensure that it accurately reflected the control system in operation during 2017.

Review of the System of Internal Control

The Board's monitoring and review of the effectiveness of the System of Internal Financial Control is informed by the work of:

- The Skillnets Executive who have responsibility for the development and maintenance of the financial control framework;
- The Internal Audit Reports that are issued during the year; and
- The Audit and Risk Committee, which oversees the work of Internal Audit.

In addition, the Board considers comments made by the Company's statutory auditors in their management letter or other reports.

Statement on System of Internal Control

Additional disclosures in relation to certain categories of expenditure

The Code of Practice for the Governance of State Bodies requires the following additional disclosures on expenditure:

	Notes	2017 €	2016 €
Legal costs		9,334	4,876
Legal settlements		-	-
Consultancy costs		-	-
Travel and subsistence	6	64,210	60,234
Hospitality expenditure		-	-

Compliance with the 2016 Code of Practice for the Governance of State Bodies

The Board of Skillnets has informed the Minister that it has sought one derogation from the 2016 Code of Practice for the Governance of State Bodies namely section 4.5 - Directors Terms of Appointment.

Section 4.5 states that "Consistent with best corporate governance practice it is recommended that no member of a State Board should serve more than two full terms of appointment on that Board or should hold appointments to more than two State Boards, at the same time, unless the specific statutory provisions relating to the particular State

body enable such service. In this context, a full term is regarded as five years. It is recommended that the first appointment be for a period of five years, which can be renewed for up to five years, to a maximum of ten years in total. If exceptionally it is decided that a Board member should serve a further additional Board term, this requires Ministerial approval.

State bodies should vary the length of terms of appointment to ensure that the Board does not have to be replaced en masse and to ensure that the Board has the necessary experience to discharge their responsibilities effectively."

Skillnets non-compliance with section 4.5 of the Code is explained as follows:

The Board of Skillnets must develop an understanding of the implications of section 4.5 of the Code, given the existing terms of the Company Constitution in the first instance, and also taking account of the rights of the employer and employee representative bodies, the memberships from which the Directors of Skillnets are drawn (other than the Ministerial nominees). The Board of Skillnets recognises both the spirit and intent of the Code and is committed to rejuvenating the Board. A demonstration of this fact is that as of September 2017, five Directors will be serving their first term on the Board of Skillnets.

Skillnets is applying for a time-based derogation from this provision of the 2016 Code of Practice for the Governance of State Bodies.

Skillnets is in compliance with all other sections of the 2016 Code of Practice for the Governance of State Bodies.

I confirm that, for the year ended 31 December 2017, the Board conducted a review of the effectiveness of the System of Internal Control.



Brendan McGinty
Chairperson, Skillnets

Directors' Responsibilities Statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. The directors have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("relevant financial reporting framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the surplus or deficit of the group for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies for the parent company and the group financial statements and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Independent Auditors Report to the Members of Skillnets

Report on the audit of the financial statements

Opinion on the financial statements of Skillnets (the 'Company')

In our opinion the group and parent company financial statements:

- Give a true and fair view of the assets, liabilities and financial position of the group; and parent company as at 31 December 2017 and of the result of the group for the financial year then ended; and
- Have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

The group financial statements:

- The Consolidated Statement of Income and Retained Earnings;
- The Consolidated Balance Sheet;
- The Company Balance Sheet;
- The Consolidated Statement of Cashflows;
- The related notes 1 to 21 including a summary of significant accounting policies as set out in note 1.

The parent company financial statements:

- The Balance Sheet;

- The related notes 1 to 21 including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in the preparation of the group and parent company financial statements is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- The directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Reports and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditors Report to the Members of Skillnets

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue

as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and parent company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where

Independent Auditors Report to the Members of Skillnets

relevant, the group) to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

This report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit;
- In our opinion the accounting records of the parent company were sufficient to permit the financial statements to be readily and properly audited;
- The parent company balance sheet are in agreement with the accounting records;
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Under the Code of Practice for the Governance of State Bodies (August 2016) (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal control required under the Code of Practice as included in the Corporate Governance Statement in the Statement on System on Internal Control does not reflect the Company's compliance with paragraph 1.9(iv) of the Code of Practice or if it is not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in this respect.

Margarita Martin

For and on behalf of
Deloitte Ireland LLP
Chartered Accountants and
Statutory Audit Firm
Deloitte & Touche House,
Earlsfort Terrace,
Dublin 2

Date: 12 June 2018

Consolidated Statement of Income and Retained Earnings

For the financial year ended 31 December 2017

	Notes	2017 €	2016 €
INCOME	3	18,762,426	16,859,800
Programme costs		(16,253,000)	(14,519,889)
GROSS SURPLUS		2,509,426	2,339,911
Administration costs		(2,509,597)	(2,339,951)
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(171)	(40)
Taxation	7	171	40
RESULT FOR THE FINANCIAL YEAR		-	-
Retained earnings at the beginning of the reporting period		51,075	51,075
Retained earnings at the end of the reporting period		51,075	51,075

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	2017 €	2016 €
Fixed Assets			
Tangible assets	8	76,281	91,822
Current Assets			
Debtors: Amounts falling due within one year	10	479,919	378,258
Cash at bank and in hand	11	290,473	119,622
		<u>770,392</u>	<u>497,880</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	12	(795,598)	(538,627)
NET CURRENT LIABILITIES		<u>(25,206)</u>	<u>(40,747)</u>
NET ASSETS		<u>51,075</u>	<u>51,075</u>
CAPITAL AND RESERVES			
Retained earnings		<u>51,075</u>	<u>51,075</u>

The financial statements were approved and authorised for issue by the Board of Directors on 31 May 2018 and signed on its behalf by:



Brendan McGinty - Director



Mairéad Divilly - Director

Company Statement of Financial Position

As at 31 December 2017

	Notes	2017 €	2016 €
Fixed Assets			
Tangible assets	8	76,281	91,822
Financial assets	9	1	1
		<u>76,282</u>	<u>91,823</u>
Current Assets			
Debtors: Amounts falling due within one year	10	324,717	111,171
Cash at bank and in hand	11	37,285	35,128
		<u>362,002</u>	<u>146,299</u>
Current Liabilities			
Creditors: Amounts falling due within one year	12	(438,284)	(238,122)
Net Current Liabilities		<u>(76,282)</u>	<u>(91,823)</u>
NET ASSETS		<u>-</u>	<u>-</u>
CAPITAL AND RESERVES			
Retained earnings	15	<u>-</u>	<u>-</u>

The financial statements were approved and authorised for issue by the Board of Directors on 31 May 2018 and signed on its behalf by:



Brendan McGinty - Director



Mairéad Divilly - Director

Consolidated Statement of Cashflows

For the financial year ended 31 December 2017

	Notes	2017 €	2016 €
Net Cash flows from operating activities	16	219,807	87,277
Net Cash flows from investing activities			
Purchase of tangible assets	8	(49,127)	(101,942)
Net Cash flows from financing activities			
Tax refund	7	171	40
Net increase/(decrease) in cash and cash equivalents		170,851	(14,625)
Cash and cash equivalents at beginning of year		119,622	134,247
Cash and cash equivalents at end of year	11	290,473	119,622

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

1. ACCOUNTING POLICIES

The significant accounting policies adopted by the Company are as follows:

General Information and Basis of Accounting

Skillnet is a company incorporated in the Republic of Ireland under the Companies Act 2014. The address of the registered office is provided on page 21. The nature of the company's operations and its principal activities are set out in the Directors' Report on pages 22 to 24.

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2014 and Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be euro because that is the currency of the primary economic environment in which the Company operates.

Basis of Consolidation

The consolidated financial statements include the parent company, Skillnets and its wholly owned subsidiary, Skillnets Services DAC.

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Mandate and Funding Agreement with the Department of Education and Skills was revised in February 2011 and will continue for the foreseeable future until such time as the Minister for Education and Skills shall deem otherwise. As referred to in the Director's Report on page 22, the Department of Education and Skills awarded an additional €3.5m in grant funding to Skillnets in 2018.

The Company has contracted with a number of promoter organisations to fund training networks, including Skillnets Services DAC for the ManagementWorks Programme. The commitment has been made contingent upon the necessary funds being made available to the Company by the Department.

Revenue Recognition

DEPARTMENT FUNDING

Funding from the Department of Education and Skills (via the National Training Fund) is received to meet both revenue and minor capital expenditure. This is credited to deferred income on receipt and is transferred to the consolidated income statement to match expenditure as it is incurred.

PROGRAMME FUNDING

Matching funding from participating enterprises is received by Skillnets Services to meet expenditure for the ManagementWorks programme. Matching funding for courses invoiced is deferred in accordance with the timing of the course.

Programme Costs

Programme costs represent programme support and grant payments made to enterprise-led networks including the ManagementWorks programme. ManagementWorks programme costs are accounted for on an invoice basis and deferred in accordance with the timing of the course.

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

1. ACCOUNTING POLICIES (continued)

Retirement Benefits

The Company and its subsidiary operate a defined contribution scheme. Retirement benefit contributions in respect of the scheme are charged to the consolidated statement of income and retained earnings as they become payable. The assets are held separately from those of the Company in an independently administered fund.

Taxation

It has been agreed with the Revenue Commissioners that Skillnets is not subject to corporation tax on its principal activities but is subject to corporation tax on its other income including deposit interest income. The Company is only taxable on passive income. There are no known factors which may affect future tax charges.

Tangible Assets

Tangible fixed assets are stated at cost less depreciation. The charge to depreciation is calculated to write off the original cost of tangible fixed assets, less their estimated

residual value which is estimated to be nil. Depreciation is charged for all fixed assets at a rate of 33% using the straight line method.

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or

c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires. Balances that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Investments in subsidiaries are measured at cost less impairment.

Leases

Operating lease costs are charged to the income and expenditure account as incurred.

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

There were no significant judgements and estimates made by the directors for the current financial period.

3. INCOME

	2017 €	2016 €
Department of Education and Skills (via the National Training Fund) (note 14)	18,028,538	16,117,124
ManagementWorks matching funding from enterprises	733,888	742,676
	<u>18,762,426</u>	<u>16,859,800</u>

All income represents all grants received from the Department of Education and Skills in the Republic of Ireland. The Company has not benefited from any other form of government assistance.

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

4. DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2017 €	2016 €
The deficit on ordinary activities before taxation has been arrived at after charging:		
Directors' remuneration (note 5)	74,813	74,813
Operating lease payments – premises (note 19)	128,550	128,550
Depreciation (note 8)	64,666	89,424
	<u> </u>	<u> </u>
5. DIRECTORS' REMUNERATION	2017 €	2016 €
Aggregate emoluments paid to or receivable by directors in respect of qualifying services	46,883	50,873
Amounts paid to representative organisations for directors services excluding VAT (note 18)	27,930	23,940
	<u> </u>	<u> </u>
Total Directors' remuneration excluding VAT	74,813	74,813
Irrecoverable VAT on Director Services	2,294	1,376
	<u> </u>	<u> </u>
	<u>77,107</u>	<u>76,189</u>

Out of pocket expenses paid to directors in the financial year amounted to €nil (2016: €nil).

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

6. STAFF NUMBERS AND COSTS

	2017 Number	2016 Number
The average monthly number of employees (including directors) was:	<u>31</u>	<u>33</u>

The following table sets out the salary range for those paid in excess of €60,000 in 2017 along with employer contributions and other benefits.

Number of Staff		Gross Salary Range	Employer's Pension Contribution	Other Benefits
2017	2016	€	€	€
3	4	60,000 – 69,999	20,025	-
4	4	70,000 – 79,999	29,853	-
3	2	80,000 – 89,999	26,347	-
1	1	90,000 – 99,999	12,667	-
-	-	100,000 – 109,999	-	-
-	-	110,000 – 119,999	-	-
1	1	120,000 – 129,999	12,756	-

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

6. STAFF NUMBERS AND COSTS (continued)

	2017 €	2016 €
The aggregate staff remuneration comprised:		
Salaries and wages (including directors' fees)	1,496,630	1,500,197
Social welfare costs	152,242	156,694
Retirement benefit costs (note 20)	135,983	135,154
	<u>1,784,855</u>	<u>1,792,045</u>
Analysed as follows:		
Capitalised into assets	-	-
Expensed in financial year	<u>1,784,855</u>	<u>1,792,045</u>
	<u>1,784,855</u>	<u>1,792,045</u>

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

6. STAFF NUMBERS AND COSTS (continued)

Key management compensation

Key management personnel in Skillnets consists of the Board, the Chief Executive, the Chief Operating Officer and 3 Executive Directors. The total remuneration for key management personnel (including the Board) for the financial year amounted to €667,107. (2016: €639,661).

Set out below is the breakdown of those amounts:

	2017 €	2016 €
Directors' Remuneration (note 5)	77,107	76,189
Salaries and wages	486,602	473,636
Employer's PRSI	51,609	48,850
Employer's pension contribution (Defined contribution scheme)	51,789	40,986
	<u>667,107</u>	<u>639,661</u>

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

6. STAFF NUMBERS AND COSTS (continued)

In 2017, the Chief Executive, Paul Healy was paid a salary of €127,562.

The Chief Executive is a member of the Skillnets Group Retirement Plan and the Company contributed 10% of the Chief Executive's salary (€12,756) to this scheme in 2017.

- There were no termination payments made during the financial years 2017 and 2016.
- Details of the Directors Remuneration paid in the financial year is set out in note 5.

Travel and Subsistence Expenditure

All travel and subsistence expenses paid out to staff are for approved business costs. All expenses are approved by the Chief Executive prior to payment. In the case of expenses incurred by the Chief Executive, the Chairperson of Skillnets approves of the expenses before payment is made.

Travel and subsistence expenditure is categorised as follows:

	2017 €	2016 €
Domestic		
Board	-	-
Employees	63,664	60,234
International		
Board	-	-
Employees*	546	-
	<u>64,210</u>	<u>60,234</u>

* In November 2017, the European Commission invited Skillnets to attend and present a workshop at the 2017 European Vocational Skills Week.

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

7. TAXATION	2017	2016
	€	€
Interest income	-	-
Current tax:		
Tax refund	(171)	(40)
	<u>(171)</u>	<u>(40)</u>
	<u><u> </u></u>	<u><u> </u></u>

It has been agreed with the Revenue Commissioners that Skillnets is not subject to corporation tax on its principal activities but is subject to corporation tax on its other income including deposit interest income. The Company is only taxable on passive income. There are no known factors which may affect future tax charges.

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

8. TANGIBLE ASSETS GROUP & COMPANY	Office Equipment €	Fixtures and Fittings €	Computers €	Total €
Cost:				
At 31 December 2016	17,303	122,418	534,026	673,747
Additions	-	-	49,127	49,127
Disposals	(27)	-	(57)	(84)
At 31 December 2017	17,276	122,418	583,096	722,790
Accumulated depreciation:				
At 31 December 2017	17,092	122,388	442,445	581,925
Charge for the financial year	176	25	64,465	64,666
Disposals	(27)	-	(55)	(82)
At 31 December 2017	17,241	122,413	506,855	646,509
Net book values:				
At 31 December 2016	211	30	91,581	91,822
Net book values:				
At 31 December 2017	35	5	76,241	76,281

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

9. FINANCIAL ASSETS

In respect of current and prior financial year:

Financial assets represent a 100% holding in its subsidiary Skillnets Services DAC. The subsidiary delivers the ManagementWorks programme. The ManagementWorks programme is operated on a not-for-profit basis. Skillnets Services DAC has its registered office at Q House, 76 Furze Road, Sandyford, Dublin 18 and recorded a €nil position after taxation in 2017 (2016: €nil). At 31 December 2017, it had net assets of €51,076 (2016: €51,076).

Investments

Subsidiary Undertaking	Country of incorporation	Principal activity	Holding %
Skillnets Services DAC	Republic of Ireland	Deliver Management Works programme	100%

Subsidiary Undertaking	2017 €	2016 €
------------------------	-----------	-----------

Cost

At 1 January 2017 and	1	1
At 31 December 2017	1	1

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

10. DEBTORS

(Amounts due within one year)

	Group		Company	
	2017 €	2016 €	2017 €	2016 €
Non-Grant debtors	98,140	137,823	62	43,088
Prepayments	196,929	53,906	196,753	53,906
Prepaid future programme cost	184,850	186,370	-	-
Corporation Tax	-	159	-	159
Amount due from subsidiary	-	-	127,902	14,018
	479,919	378,258	324,717	111,171

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

11. CASH AT HAND AND IN BANK

	Group		Company	
	2017 €	2016 €	2017 €	2016 €
Parent company bank accounts	37,245	35,128	37,245	35,128
Subsidiary bank accounts	253,188	84,494	-	-
Petty Cash	40	-	40	-
	<u>290,473</u>	<u>119,622</u>	<u>37,285</u>	<u>35,128</u>

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

12. CREDITORS

(Amounts falling due within one year)

	Group		Company	
	2017 €	2016 €	2017 €	2016 €
Deferred income (note 14)	302,863	131,401	302,863	131,401
Accruals	86,263	78,131	75,575	67,885
ManagementWorks programme	204,356	154,976	-	-
Other creditors	55,833	37,360	55,833	37,360
Match funding from enterprise deferred	142,270	135,283	-	-
Value added tax	4,013	1,476	4,013	1,476
	<u>795,598</u>	<u>538,627</u>	<u>438,284</u>	<u>238,122</u>

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

13. FINANCIAL INSTRUMENTS – GROUP

	2017 €	2016 €
Financial assets:		
<i>Measured at undiscounted amounts receivable</i>		
Trade and other debtors	98,140	137,823
	<hr/> <hr/>	<hr/> <hr/>
Financial liabilities:		
<i>Measured at undiscounted amounts payable</i>		
Trade and other payables	705,322	459,020
	<hr/> <hr/>	<hr/> <hr/>

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

14. DEFERRED INCOME – PARENT COMPANY

	2017 €	2016 €
	Total	Total
Opening deferred income	131,401	48,525
Received from Department of Education and Skills (via the National Training Fund)	18,200,000	16,200,000
Credited to statement of income and expenditure (note 3)	<u>(18,028,538)</u>	<u>(16,117,124)</u>
Closing deferred income	<u><u>302,863</u></u>	<u><u>131,401</u></u>

15. RESULTS ATTRIBUTABLE TO SKILLNETS

Skillnets has availed of the exemption from preparing a separate statement of comprehensive income for the Company in accordance with section 304 of the Companies Act 2014.

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

16. RECONCILIATION OF OPERATING DEFICIT TO OPERATING CASH FLOW

	2017 €	2016 €
Operating deficit before taxation	(171)	(40)
Depreciation (note 8)	64,666	89,424
Increase in debtors	(101,661)	(84,589)
Increase in creditors	256,973	82,482
Net cash inflow from operating activities	<u>219,807</u>	<u>87,277</u>

17. MEMBERSHIP

The Company is a company limited by guarantee and not having a share capital. Every member is liable for the debts and liabilities of the Company in the event of a winding up, for such amount as may be required but not exceeding €1 each. The number of members at 31 December 2017 was 13 (2016: 13), being each of the directors.

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

18. RELATED PARTY TRANSACTIONS

The Company has availed of the exemption contained in FRS 102 33.1A from disclosure of intra-group related party transactions.

As disclosed in note 5, a number of directors have waived their fee for director services provided to Skillnets and instead opted to have a similar amount paid to their representative organisations. During the financial year, payments of €30,224 (2016: €25,316) were made on this basis.

		Payment Details	
		2017 €	2016 €
George Hennessy	to Construction Industry Federation	5,985	5,985
Ian Talbot	to Chambers Ireland	5,985	5,985
Peter Rigney	to Irish Congress of Trade Unions	5,985	5,985
Eamon Devoy	to Technical, Engineering and Electrical Union (T.E.E.U)	-	5,985
	to Education Training and Organisational Services (ETOS)	5,985	-
Yvonne McNulty	to McNulty HR	1,995	-
Fiona Walsh	to Edot Apps	1,995	-
		<hr/>	<hr/>
		27,930	23,940
Irrecoverable VAT		2,294	1,376
		<hr/>	<hr/>
		30,224	25,316
		<hr/> <hr/>	<hr/> <hr/>

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

19. FINANCE COMMITMENTS

In December 2017, the Company entered into an agreement for the lease of its premises in Q House, Sandyford. The lease is for a ten-year term with a five-year break clause with a commencement date of 1 January 2018. The annual commitment on the new occupational lease is €200,323. There is rent free period amounting to a value of €35,191 applying to the lease between one and five years.

The total of future minimum lease payments under non-cancellable operating leases is as follows:

	2017 €	2016 €
Within one year	200,323	128,550
Between one and five years	766,101	-
After five years	1,001,614	-
	<u>1,968,038</u>	<u>128,550</u>

Notes to The Consolidated Financial Statements

For the financial year ended 31 December 2017

20. RETIREMENT BENEFITS

The Company operates a defined contribution retirement benefit scheme, the Skillnets Group Retirement Plan. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Pension contributions in respect of the scheme are charged to the consolidated income statement as they become payable in accordance with the rules of the scheme.

The charge for the financial year for the scheme was €135,983. (2016: €135,154).

The amount owing at 31 December 2017 was €nil (2016: €nil).

21. COMPARATIVE AMOUNTS

Some prior year comparative amounts have been reclassified on a basis consistent with the current year.

“By working on the ground with our industry partners and member companies, we are leading the way in enterprise-led skills development with training interventions that are both relevant to the needs of enterprise and of a high standard. Through collaboration, our 66 networks, industry partners and their member companies can accelerate learning and develop their competitive advantage.”

Paul Healy
Chief Executive, Skillnet Ireland



Skillnet Ireland Networks 2017

Skillnet Ireland Networks 2017

Our 2017 learning networks supported businesses in a wide range of sectors and regions across Ireland.

A

ACIST Skillnet
Animation Skillnet
Aviation & Aerospace Skillnet
Aviation Finance Finuas Network

B

Biznet Cork Skillnet
Business Excellence Skillnet

C

Carlow Kilkenny Skillnet
CILT Skillnet
CitA Skillnet
County Tipperary Skillnet
CPA Ireland Skillnet

D

Design Enterprise Skillnet
Design, Print & Packaging Skillnet
Duhallow Skillnet

F

Farm Business Skillnet
FDII Skillnet
First Polymer Training Skillnet
Food & Tourism Skillnet

G

Galway Executive Skillnet
Gaming & Leisure Skillnet
Gréasán Na Meán Skillnet

H

HPSU Skillnet

I

ICOS Skillnet
ICT Ireland Skillnet
IMAGE Skillnet

Innovation & Lean Sigma Skillnet
Internet of Medical Things (IoMT) Skillnet
Irish Franchising Skillnet
Irish Medtech Skillnet
ISA Software Skillnet
ISME Skillnet
IT@Cork Skillnet
ITAG Skillnet

L

Law Society Finuas Network
Law Society Skillnet
Leading Healthcare Providers Skillnet
Lean Water & Energy Skillnet
Learning Waves Skillnet
Limerick Chamber Skillnet

M

Macra na Feirme Young Farmers' Skillnets
ManagementWorks
MBE Skillnet

Skillnet Ireland Networks 2017

N

National Organic Training Skillnet

P

PharmaChem Skillnet

Positive2Work Skillnet

R

Restaurant & Hospitality Skillnet

Retail Ireland Skillnet

Role Skillnet

Rural Enterprise Skillnet

Rural Food Skillnet

S

Shannon Chamber Skillnet

SIMI Skillnet

Sligo Chamber Skillnet

South Kerry Skillnet

South West Gnó Skillnet

Space Industry Skillnet

Summit Finuas Network

Sustainability Skillnet

T

Taste4Success Skillnet

Tech North West Skillnet

Trainers' Learning Skillnet

U

ULearning Skillnet

W

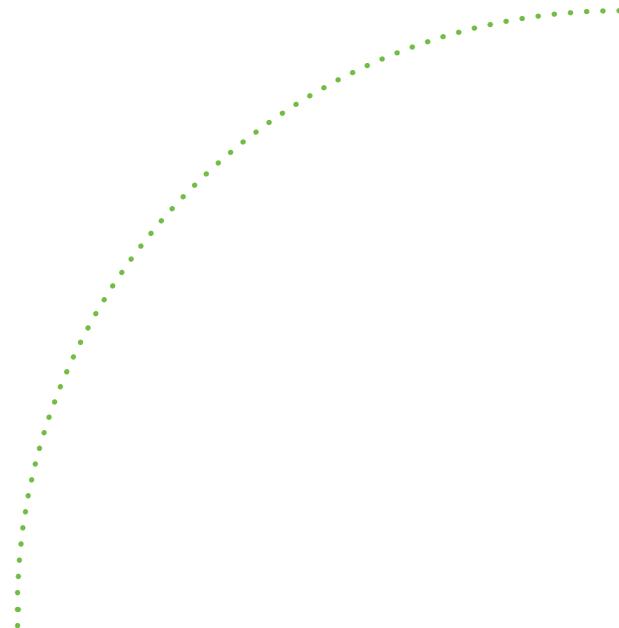
Waterford Chamber Skillnet

Wexford Chamber Skillnet

Wind Skillnet

X

XL Vets Skillnet





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Skillnet Ireland is funded from the
National Training Fund through the
Department of Education and Skills.



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agus Scileanna
Department of
Education and Skills

