

**SCIENCE, ENGINEERING AND MANUFACTURING  
TECHNOLOGIES ALLIANCE**

**REPORT AND FINANCIAL  
STATEMENTS**

**YEAR ENDED 31 MARCH 2008**

**Registered in England and Wales**

- Company Number 2324869
- Charity Number 1000328



**SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**

**REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2008**

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**SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**

**REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2008**

**Auditors**

haysmacintyre  
Fairfax House  
15 Fulwood Place  
London WC1V 6AY

**Investment Managers**

Aberdeen Fund Management Ltd  
One Bow Churchyard  
London EC2M 9HH

**Investment Advisors**

Barnett Waddingham  
138 Cheapside  
London  
EC2V 6BW

**Property Managers**

Fletcher King  
Stratton House  
Stratton Street  
London W1X 5FE

**Bankers**

Barclays Bank plc  
32 Clarendon Road  
Watford WD17 1BZ

**Solicitors**

Herbert Smith  
Exchange House  
Primrose Street  
London EC2A 2HS

Charles Russell  
8-10 New Fetter Lane  
London EC4A 1RS

Bevan Kidwell  
2nd Floor Baird House  
15-17 St Cross St  
London EC1N 8UW

**Registered Office**

14 Upton Road  
Watford WD18 0JT

**Board Members**

Sir A Jones - Chairman  
G Althorpe  
I Gray  
J Greenwell  
A Imrie  
H Tee  
M Temple  
S Tilsley  
J Wall

**Chief Executive and Company Secretary**

Philip W Whiteman

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2008

### REPORT OF DIRECTOR TRUSTEES

#### REFERENCE AND ADMINISTRATIVE DETAILS

The Science, Engineering and Manufacturing Technologies Alliance ("SEMTA") is a company limited by guarantee (company number 2324869) and does not have share capital. It is a registered charity (charity number 1000328) governed by its memorandum and articles of association. The charity owns the 100% of the allotted ordinary share capital of five trading subsidiaries who covenant their taxable profit to the charity.

The members of the Board who held office during the year were:

Sir A Jones – Chairman
G Althorpe
M Gildea
I Gray
J Greenwell
A Imrie
M Temple *
S Tilsley *
J Wall
H Tee (appointed 23/05/2007)

\* Member of the Audit Committee

The Chief Executive, professional advisors and registered office of the charity are listed on page (2).

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is governed by a Board of employers and a trade union representative. The members of the Board are trustees of the charity and also directors for the purposes of company law.

The Board meets quarterly to review progress against the agreed business plan and agree on future strategy. Responsibility for the management of the business is delegated to the Chief Executive.

There are three committees which submit reports to the full Board:

- Investment Committee
- Audit Committee
- Remuneration Committee

As directors of the company, the Board members are responsible for overseeing the company's business in a manner consistent with its charitable objectives. They are also guarantors to the company.

The key internal financial control procedures are summarised as follows:

##### **Control environment:**

There is a clear organisational structure with well defined lines of responsibility and delegation of appropriate levels of authority.

##### **Risk management:**

Business strategy and business plans are reviewed by the Board. Detailed appraisals are undertaken and financial implications evaluated prior to all capital expenditure and projects. Risk assessments are considered by the Audit Committee.

##### **Financial Reporting:**

A comprehensive system of budgets and forecasts is in place, with quarterly monitoring and reporting of actual results against targets to the Board.

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2008

### REPORT OF DIRECTOR TRUSTEES (Continued)

#### **Control Procedures and Monitoring Systems:**

Authority levels and procedures and other systems of internal financial control are documented, applied and regularly reviewed by the Audit Committee. In addition, the Audit Committee meets twice yearly with the external auditors to discuss audit planning and the results of their audit work. The auditors meet the Audit Committee in private session as part of this process.

#### **Investment**

The investment management is delegated to a professional management firm, supported by an independent advisor. The Committee's role is to review the performance of the investment managers and make recommendations to the Board on investment policy.

#### **Remuneration:**

Senior managers' remuneration is governed by the Remuneration Committee.

#### **Appointment of Board Members:**

The appointment of Board members is made by members on the recommendation of an Appointing Committee made up of SEMTA's Chairman, EEF's President, a representative of a large sector company and a representative of the Confederation of Group Schemes.

New Board members undergo an induction to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, SEMTA's strategy and recent financial performance and the Committee and decision making process. Board members are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

### **OBJECTIVES AND ACTIVITIES**

The objects of the charity are to promote and advance the education, training and skills development of the current and future workforce in the Science, Engineering and Manufacturing Technologies sectors.

To achieve this, SEMTA:

- Consults with employers to achieve a clear understanding and definition of the sector's skill needs.
- Influences key stakeholders in the delivery networks to align training provision with these needs.
- Develops solutions to fill gaps in provision and embed them within the national infrastructure.

The main objectives for the year were to:

- Engage more employers at a higher level.
- Deliver successfully the Sector Skills Council Contract and achieve the maximum performance related funding.
- Publish employer action plans for the Sector Skills Agreements for MME and bioscience.
- Develop and agree a sector compact with DIUS..
- Support the development of The National skills academy for manufacturing (NSA-M).
- Prepare SEMTA for re-licensing as an SSC.
- Play a lead role in engaging employers in the engineering diploma launch. TO HERE

### **ACHIEVEMENTS AND PERFORMANCE**

SEMTA has successfully completed its fifth year as the Sector Skills Council for Science, Engineering and Manufacturing Technologies, establishing strong strategic relationships with key partners to improve productivity and skills in the sector. Priority issues have been identified and agreed with employers and partners through the development of the Sector Skills Agreements for five sub-sectors.

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2008

### REPORT OF DIRECTOR TRUSTEES (Continued)

Major Achievements during the year included:

#### Employer Engagement

- A high level Advisory Council was formed to advise on the long term skills needs of the sector. This group will meet annually to review trends and update the contents of the SSA's.
- The Four Nations Group met three times to compare good practice in England, Scotland, Wales and Northern Ireland and to assess where sharing good practice would be most effective.
- Employers in the bioscience, metals, mechanical engineering and electrical engineering drove the completion of their sector skills agreements.
- The marine sector have been focussing on leadership and management as a key deliverable for their SSA, aerospace companies have been supporting the development of a Sector Workforce Planning tool and the automotive sector continued to support the improvement in the capability and capacity of trainers to delivery business improvement training.
- The National Skills Academy for Manufacturing now has a Regional Advisory Group operating in each English region and also in Northern Ireland. The role of these RAG's is to approve NSAM's regional plans and promote training in their region.
- Semta's Chairman continued to engage employers to promote and provide work experience for diplomas.

#### Government and Agencies

- We have worked closely with LSC in prioritising which of the sectors qualifications should be funded.
- The LSC have also given substantial financial support to national standards being developed by NSAM.
- BERR and the Regional Development Agencies have been supporting NSAM with funding to finance automotive sector and regional work.
- SSDA closed down with effect from 31-3-08 and future core funding will be paid by the newly-formed UK Commission for Employment and Skills
- The Scottish Executive have agreed to make substantial funds available in order to support Semta's work in Scotland
- The Welsh Assembly have also continued their innovative approach to skills development with substantial funding.

#### Education and Training Providers

- There are 63 school/college consortia now standing by to pilot the delivery of the Engineering Diploma from 01-09-08.
- A network of co-ordinating colleges is being set up in England to ensure strategy and policy in clearly communicated.
- In Midlands and in Scotland, work is being planned to ensure that there are enough trainers and assessors available to satisfy high demand for B-IT L2.
- We are planning to set up regional fora of HE institutions to ensure the HE sector is working with Employers to satisfy skill needs and support research..

SEMTA was successful in its bid to develop one of the first four Skills Academies. During the year SEMTA worked with stakeholders to develop a business plan for the National Skills Academy- Manufacturing.

### FINANCIAL REVIEW

The group had a successful year financially, generating a surplus of income over expenditure of £ 241,000 (2007: surplus £344,000).

The Charity's funding is derived from supporting activities which address the productivity and skills development needs of employers and employees within SEMTA's remit. As the Sector Skills Council, SEMTA is under contract with the Sector Skills Development Agency to deliver agreed sector specific

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2008

### REPORT OF DIRECTOR TRUSTEES (Continued)

objectives. The increase in turnover reflects the success of EMTA Awards Limited and the development of the National Manufacturing Skills Academy in December following its establishment in 2006.

The five trading subsidiaries produced an operating surplus of £1,381,000 (2007: surplus £1,528,000). The results of the trading subsidiaries are detailed in Note 2(b).

### RESERVES POLICY

The Board's policy, reviewed annually, is to maintain the value of the reserve at November 2004 in real terms as measured by the Retail Price Index, in order to deliver at least £1 million in cash per annum to help fund the charity's activities. In addition the reserves are required to cover the potential liability if SEMTA were to withdraw from the ITB Pension Fund. There has been no reason during the year for SEMTA to call upon or use any of the funds in Reserves.

It is expected that over the long term, the performance of the investment portfolio will be better than inflation and, therefore, it will be unnecessary to adjust the policy to counter short term downward fluctuations in investment markets.

### INVESTMENT POLICY

SEMTA requires its investments to be managed actively in line with an agreed approach which ensures that an appropriate level of risk is adopted.

The objective set for the investment managers is to achieve a total return 1% greater than the WM Universe Index (Cum property) for charities with an unconstrained investment strategy. The return is measured over a three year rolling period. The performance of the portfolio is reviewed quarterly by the Finance and Investment Committee in conjunction with the investment managers. Market performance is monitored by WM who provide a written report to the Committee every quarter.

The investment fund produced a negative return of (4.6%) for the year compared to a negative return of (3.2%) for the relevant WM Universe Index. Over the last three years the fund produced a return of 9.1% compared to a return of 9.4% for the relevant WM Universe Index.

### PLANS FOR FUTURE PERIODS

The directors and senior managers have been working together to develop a new three year strategic plan which is designed to implement the recommendations in the Leitch Report and to achieve successful re-licensing as a Sector Skills Council.

The top level aim is "to support UK businesses to achieve global competitiveness by improving skills" and the vision is to provide employers "the right person with the right skills at the right time"

The five new strategic aims are to:

- Identify skills needs
- Develop education and training systems to meet these needs
- Support the effective delivery of education and training
- Influence stakeholders supporting the system
- Improve our own business performance

In order to do this, we will:

- Raise the awareness of Semta and the importance of skills
- Engage more employers in more training and development
- Raise the level of investment in the Sectors Skills

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2008

### REPORT OF DIRECTOR TRUSTEES (Continued)

Semta's trading subsidiaries will continue to contribute to the improvement of the sector's skills and all profits will be allocated to support the delivery of the charity's objectives.

### DIRECTORS AND OFFICERS LIABILITY INSURANCE

As permitted under the Companies Act 1989 and under the company's articles of association, the charitable company has maintained insurance in respect of directors and officers liabilities incurred in connection with the discharge of their duties.

### BOARD MEMBERS RESPONSIBILITIES

The Board members are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Practice. Company law requires the Board members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the charitable company and of the surplus or deficit for that period. In preparing those financial statements, the Board members 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 charitable company will continue in operation.

The Board members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safe guarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Board Members is aware at the time the report was approved:

- There is no relevant audit information of which the auditors are unaware; and
- Board Members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### RISK REVIEW

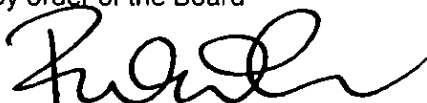
The Board has considered the major external business risks to which the group is exposed and where possible strategies have been developed to mitigate those risks.

The major internal risks identified relate to IT and financial risk. Procedures are in place to mitigate these risks and are periodically reviewed by the Audit Committee. Investment risk is managed in conjunction with the groups investment and property managers

### AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution will be proposed at the Annual General Meeting that haysmacintyre will be reappointed as auditors to the company for the ensuing year.

By order of the Board

  
P W Whiteman  
Secretary

14 Upton Road  
Watford WD18 0JT

21 May 2008

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SCIENCE, ENGINEERING AND  
MANUFACTURING TECHNOLOGIES ALLIANCE FOR THE YEAR ENDED 31 MARCH 2008**

We have audited the financial statements of the Science, Engineering And Manufacturing Technologies Alliance for the year ended 31 March 2008 which comprise the Consolidated Statement of Financial Activities, the charity and group Balance Sheets, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Board and auditors**

As described in the Statement of Board Member's Responsibilities the charity's Board Members are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Board members are also Directors of the Science, Engineering and Manufacturing Technologies Alliance for the purposes of Company Law.

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 Report of the Director Trustees is not consistent with the financial statements, if 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 read the Report of the Director Trustees, and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

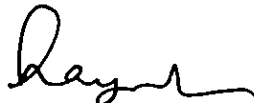
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that 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.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's and group's affairs as at 31 March 2008 and of its incoming resources and application of resources in the year then ended, including its income and expenditure;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Director Trustees is consistent with the financial statements.



haymacintyre  
Registered Auditors

Fairfax House  
15 Fulwood Place  
London WC1V 6AY

21 May 2008

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2008

INCOME AND EXPENDITURE

	<u>Note</u>	2008 £'000	2007 £'000
<b>Incoming resources</b>			
<b>Incoming resources from generating funds:</b>			
Income from trading subsidiaries	2	13,235	11,301
Investment income	6	1,067	717
<b>Incoming resources from charitable activities:</b>			
Externally funded projects		1,963	1,599
Sector Skills Council contract		1,727	1,727
WISE Initiative		-	28
Other		303	237
<b>Total incoming resources</b>		<u>18,295</u>	<u>15,609</u>
<b>Resources expended</b>			
<b>Cost of generating funds:</b>			
Expenditure of trading subsidiaries	2	11,854	9,773
Interest charges		5	175
Total cost of generating funds		<u>11,859</u>	<u>9,948</u>
<b>Charitable activities:</b>			
Improving access to learning		3,096	2,106
Promoting and representing the sector		569	1,410
Developing and supporting occupational standards and learning frameworks		1,257	936
Encouraging people into careers in the sector		517	373
Research into skills gaps and shortages		696	432
	5	<u>6,135</u>	<u>5,257</u>
<b>Governance costs</b>		60	60
<b>Total resources expended</b>		<u>18,054</u>	<u>15,265</u>
<b>Net incoming resources before other recognised gains and losses</b>		241	344
<b>Other recognised gains and losses</b>			
Realised and unrealised gains/(losses) on investments	9	(2,397)	1,385
Release of accumulated recoveries on projects	10	913	-
<b>Net movement in funds</b>	16	<u>(1,243)</u>	<u>1,729</u>
Fund balance at 1 April 2007	16	32,155	30,426
Fund balance at 31 March 2008		<u>30,912</u>	<u>32,155</u>

All gains and losses recognised in the year are included in the Statement of Financial Activities.

The notes on pages 14 - 25 form part of these accounts.

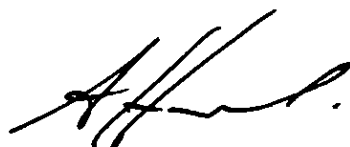
SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

GROUP BALANCE SHEET AS AT 31 MARCH 2008

	Note	2008 £'000	2007 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	4,747	5,080
Investments	9	26,478	28,053
		<u>31,225</u>	<u>33,133</u>
<b>CURRENT ASSETS</b>			
Stocks	12	70	30
Debtors - amounts falling due within one year	13	6,012	4,944
Debtors - amounts falling due after one year	13	254	289
Bank and cash balances		3,059	1,125
		<u>9,395</u>	<u>6,388</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(9,449)	(7,107)
<b>NET CURRENT LIABILITIES</b>		<u>(54)</u>	<u>(719)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>31,171</u>	<u>32,414</u>
<b>CREDITORS - amounts falling due after one year</b>	14	(259)	(259)
<b>NET ASSETS</b>		<u>30,912</u>	<u>32,155</u>
<b>FUNDS AND RESERVES</b>			
<u>Unrestricted Funds:</u>			
General Reserve	16	30,912	32,155
		<u>30,912</u>	<u>32,155</u>

The financial statements were approved by the Board on 21 May 2008 and are signed on its behalf by:

Sir Alan Jones  
Chairman



S R Tilsley  
Board member



The notes on pages 14 - 25 form part of these accounts.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

CHARITY BALANCE SHEET AS AT 31 MARCH 2008

	Note	2008 £'000	2007 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	3,691	3,642
Investments	9	26,478	28,053
Investment in subsidiaries	11	810	810
		<u>30,979</u>	<u>32,505</u>
<b>CURRENT ASSETS</b>			
Debtors - amounts falling due within one year	13	3,262	3,166
Debtors - amounts falling due after one year	13	254	289
Bank and cash balances		1,535	-
		<u>5,051</u>	<u>3,455</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(5,380)	(4,113)
<b>NET CURRENT LIABILITIES</b>		<u>(329)</u>	<u>(658)</u>
<b>CREDITORS - amounts falling due after one year</b>	14	-	-
<b>NET ASSETS</b>		<u>30,650</u>	<u>31,847</u>
<b>FUNDS AND RESERVES</b>			
<u>Unrestricted Funds:</u>			
General Reserve	16	30,650	31,847
		<u>30,650</u>	<u>31,847</u>

The financial statements were approved by the Board on 21 May 2008 and are signed on its behalf by:

Sir Alan Jones  
Chairman




S R Tilsley  
Board member

The notes on pages 14 - 25 form part of these accounts.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 £'000	2007 £'000
<b>Net cash inflow from operating activities</b>	a)	835	688
<b>Returns on investments and servicing of finance</b>			
Investment income received		1,067	717
Bank loan interest paid		-	(175)
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>1,067</u>	<u>542</u>
<b>Taxation</b>			
Corporation tax refund		-	22
<b>Net cash inflow from taxation</b>		<u>-</u>	<u>22</u>
<b>Capital expenditure and financial investment</b>			
Payments to acquire investments		(1,285)	(25,324)
Payments to acquire tangible fixed assets		(662)	(258)
Receipts from the sale of tangible fixed assets (Gross£600k, Net £586k)		586	5,260
Bank loan repayment		-	(4,100)
Receipts from the sale of investments		1,388	24,924
Transfer of cash (to)/from investment managers		5	(298)
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>		<u>32</u>	<u>204</u>
<b>NET INCREASE IN CASH</b>	- c)	<u>1,934</u>	<u>1,456</u>
<b>Represented by:</b>			
Net cash inflow		<u>1,934</u>	<u>1,456</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	2008 £'000	2007 £'000
a) <b>Reconciliation of net incoming resources to net cash inflow from operating activities</b>		
Net incoming resources	241	344
Investment income	(1,067)	(717)
Depreciation	392	344
Loss on sale of fixed assets	-	33
Increase (decrease) in creditors	2,342	2,399
(Increase) in debtors	(1,033)	(1,905)
(Increase) Decrease in stock	(40)	15
Interest Paid	-	175
<b>Net cash inflow from operating activities</b>	<b>835</b>	<b>688</b>

b) **Analysis of net funds**

	At 1 April 2007 £'000	Cash flow 2008 £'000	At 31 March 2008 £'000
Bank balance	<u>1,125</u>	<u>1,934</u>	<u>3,059</u>

c) **Reconciliation of net cash flow to movement in net funds**

	£'000
Increase in cash in the period	
Continuing activities	1,934
<b>Movement in net funds in the period</b>	<b>1,934</b>
<b>Net funds at 1 April 2007</b>	<b>1,125</b>
<b>Net funds at 31 March 2008</b>	<b>3,059</b>

## SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

### NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008

#### 1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and with the exception that investments are carried at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005) issued in March 2005.

All of the expenditure incurred by the Science, Engineering and Manufacturing Technologies Alliance is for charitable purposes.

##### Financial statements

The financial statements consolidate the results of the Science, Engineering and Manufacturing Technologies Alliance and its subsidiaries as at the balance sheet date.

##### Incoming resources

Income represents the amount receivable for the period but excludes value added tax.

##### Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

##### Sale of properties

Sales of properties are recognised upon legal completion of the contract.

##### Tangible fixed assets

#### (a) Group occupied properties

Freehold properties and properties on leases with twenty years and over to run at the balance sheet date, which are occupied by group companies for the purpose of trading, are revalued at least every five years and the resultant valuation is included in the balance sheet unless the surplus or deficit is immaterial.

#### (b) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation in equal instalments over the expected useful lives of each class of asset, from the date on which the assets are brought into use. The expected useful lives are as follows :

	Years
Long leasehold buildings occupied by group companies	40
Freehold buildings occupied by group companies	40
Improvements to freehold buildings	40
Office furniture	10
Plant	10
Machinery and equipment	5
Motor vehicles	4
Computer equipment & applications	3

## **SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008 (continued)"**

#### **ACCOUNTING POLICIES (continued)**

##### **Property costs**

Refurbishment costs and repairs are written off in the year they are incurred. Where a leased property becomes vacant, and assignment without loss is unlikely, the future obligations relating to the lease, less the estimated future income stream, are provided for in full. Ongoing expenses are also taken into account.

##### **Fixed asset investments**

Investments are stated at market value as 31 March 2008. Realised and unrealised gains and losses are released or charged to the consolidated Statement of Financial Activities in the year in which they arise.

The investment in subsidiaries is stated at the lower of cost and net asset value.

##### **Stocks**

Saleable publications are valued at the lower of production cost and net realisable value.

##### **Grants**

Grants in respect of capital expenditure are treated as deferred income which is credited to the Consolidated Statement of Financial Activities by instalments over the expected useful economic life of the related assets on a basis consistent with the depreciation policy.

Grants to other organisations are agreed as part of the Business Planning process. The cost is charged to the Statement Of Financial Activities in the period to which the grant relates.

##### **Fund accounting**

The general reserve comprises those monies which may be used towards furthering the charitable objects at the discretion of the Council.

##### **Leased assets**

Assets acquired under finance leases and the related liability of future rental obligations are included in the balance sheet. The interest element is charged to the Consolidated Statement of Financial Activities in proportion to the reducing capital element outstanding. The assets are depreciated over the shorter of the lease terms and their useful economic life. Operating lease rentals are charged to the Consolidated Statement of Financial Activities on a straight line basis over the lease period.

##### **Pensions**

SEMTA is a participating employer in the ITB Pension Funds, which are constituted as defined benefit schemes. Pension contributions are charged to the Consolidated Statement of Financial Activities so as to spread the regular cost of pensions and related benefits over employees' working lives.

##### **Governance**

Governance costs for the charity include the external audit fee and an assessment of the time spent undertaking company secretarial responsibilities.

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008 (continued)"

### 2 INCOMING RESOURCES AND NET MOVEMENT IN FUNDS

#### a) Analysis of income

The group has only one class of activity. The majority of group activities are conducted in the United Kingdom. EMTA Awards Limited conducted business with centres outside the UK totalling £22,111 in the year. (2007:£43,445 ).

Investment income represents the income from the investment portfolio and interest on cash balances.

Externally funded projects income represents the contribution to SEMTA for staff time spent on projects funded by the UK government.

Sector Skills Council income is from the Sector Skills Development Agency for undertaking SEMTA's role as a Sector Skills Council.

UFI Hub income is that generated by the University for Industry sector hub for the engineering sector.

WISE Initiative income arises from the Women Into Science and Engineering initiative.

Other income represents the charge to SEMTA customers for services provided by the charity.

Income from trading subsidiaries represents the turnover of the charity's trading subsidiaries included in SEMTA's accounts.

#### b) Results of trading subsidiaries

The Charity owns 100% of the allotted ordinary share capital of the following companies which are incorporated in the UK:

EMTA Awards Ltd is the awarding body for vocational qualifications primarily in the engineering sector.

Training Properties Limited manages the remaining property interest owned but not occupied by the group.

Training Publications Limited ceased active trading on 31 March 2005.

MetSkill Limited provides services to businesses in the UK metals industries, which aim to achieve measurable and sustainable improvements in business performance.

National Skills Academy Limited provides services to develop and implement national standards for manufacturing skills delivery.

All the companies covenant their taxable profits to SEMTA. A summary of the trading results included in SEMTA's accounts is shown below. Audited accounts have been filed with the Registrar of Companies.

	EMTA Awards Limited	Training Properties Limited	Training Publications Limited	MetSkill Limited	National Skills Academy for Manuf. Limited	2008 Total	2007 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	7,266	22	7	2,214	3,726	13,235	11,301
	<u>7,266</u>	<u>22</u>	<u>7</u>	<u>2,214</u>	<u>3,726</u>	<u>13,235</u>	<u>11,301</u>
Materials and external charges	2,028	-	-	1,023	895	3,946	1,940
Staff costs	2,174	-	-	571	1,398	4,143	3,150
Depreciation	103	-	-	27	20	150	111
Other operating charges	1,759	34	23	386	1,413	3,615	4,572
	<u>6,064</u>	<u>34</u>	<u>23</u>	<u>2,007</u>	<u>3,726</u>	<u>11,854</u>	<u>9,773</u>
Operating surplus / (deficit)	1,202	(12)	(16)	207	-	1,381	1,528
Interest receivable	-	-	6	13	-	19	9
Interest payable to parent company	-	(181)	-	-	-	(181)	(161)
Net surplus / (deficit)	<u>1,202</u>	<u>(193)</u>	<u>(10)</u>	<u>220</u>	<u>-</u>	<u>1,219</u>	<u>1,376</u>
Covenanted to SEMTA	(1,042)	-	-	(231)	-	(1,273)	(1,639)
	<u>160</u>	<u>(193)</u>	<u>(10)</u>	<u>(11)</u>	<u>-</u>	<u>(54)</u>	<u>(263)</u>

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008 (continued)

### 3 HISTORICAL COST NET MOVEMENT IN FUNDS

	2008 £'000	2007 £'000
Net incoming resources	241	344
Differences between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	3	3
<b>Historical cost surplus on ordinary activities</b>	<b>244</b>	<b>347</b>

### 4 STAFF COSTS

	2008 £'000	2007 £'000
Wages and salaries	6,080	5,187
Social security costs	531	472
Other pension costs	611	565
	<b>7,222</b>	<b>6,224</b>

Included in staff costs is £Nil (2007: £209,000) relating to early retirements and redundancy costs.

The average monthly number of persons employed during the year was as follows:

	2008 £'000	2007 £'000
Training Services	151	120
Support Services	18	26
	<b>169</b>	<b>146</b>

#### Chairman's remuneration

The remuneration paid to the Chairman during the year was £nil (2007: £nil).

No other Council member received any remuneration during the year in respect of their services to the charity. The total amount of expenditure reimbursed to Council members in respect of expenses incurred on the charity's activities was £3,321 (2007: £15,000).

#### Emoluments of employees

The number of employees whose emoluments as defined for taxation purposes exceeded £60,000 per annum during the period

	2008	2007
£60,001 - £70,000	4	1
£70,001 - £80,000	3	1
£80,001 - £90,000	3	2
£90,001 - £100,000	1	-
£100,001 - £110,000	1	-
£110,001 - £120,000	-	2
£120,001 - £130,000	-	1
£130,001 - £140,000	-	-
£140,001 - £150,000	1	1
£150,001 - £160,000	-	-
£160,001 - £170,000	-	-
£170,001 - £180,000	-	-
£180,001 - £190,000	1	1
<b>total</b>	<b>14</b>	<b>9</b>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008 (continued)

5 NET INCOMING RESOURCES

The net incoming resources is arrived at after charging/(crediting) the following:

	2008 £'000	2007 £'000
Hire of equipment	29	39
Auditors' remuneration	34	28
Loss on sale of tangible fixed assets	-	33
Operating lease rentals-motor vehicles	197	199
Depreciation (all owned assets)	392	344
Rental Income	-	(102)
Release of capital-based grants	(1)	(2)

Auditors remuneration includes £11,000 in respect of the audit of the parent charity (2007: £12,000).

Fees in relation to non audit services were £25,000 (2007: £23,000).

Analysis of charitable activities

		2008			2007
	Staff No's	Direct costs £'000	Support costs £'000	Total costs £'000	Total costs £'000
Improving access to learning	33	1,920	1,176	3,096	2,106
Promoting and representing the sector	1	533	36	569	1,410
Developing and supporting occupational standards and learning frameworks	13	794	463	1,257	936
Encouraging people into careers in the sector	2	446	71	517	373
Research into skills gaps and shortages	9	375	321	696	432
	<b>58</b>	<b>4,068</b>	<b>2,067</b>	<b>6,135</b>	<b>5,257</b>

Support costs have been allocated across the charitable activities based on average full-time equivalent headcount in the charity, as this basis is consistent with the use of the resources.

6 INVESTMENT INCOME

	2008 £'000	2007 £'000
Income from fixed asset investments	1,013	696
Bank interest receivable by parent and subsidiary company	54	21
	<b>1,067</b>	<b>717</b>

7 TAXATION

SEMTA is a registered charity and therefore is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008 (continued)

8 TANGIBLE FIXED ASSETS

Group	Land and Buildings £'000	Freehold Improvements £'000	Plant and machinery £'000	Office furniture & equipment £'000	Total £'000
<b>Cost or valuation</b>					
At 1 April 2007	4,240	324	262	1,680	6,506
Additions	-	6	-	656	662
Disposals	(600)	-	-	-	(600)
At 31 March 2008	3,640	330	262	2,336	6,568
<b>Depreciation</b>					
At 1 April 2007	71	57	101	1,200	1,429
Charge for year	71	8	27	286	392
Disposals	-	-	-	-	-
At 31 March 2008	142	65	128	1,486	1,821
<b>NET BOOK AMOUNT</b>					
At 31 March 2008	3,498	265	134	850	4,747
At 31 March 2007	4,169	267	161	480	5,080

Freehold and long leasehold land and buildings were valued at 31 March 2006 by Fletcher King, Chartered Surveyors, at open market value. The surplus arising from the revaluation was taken to the revaluation reserve.

Fixed assets with a cost of £4,947,000 (2007: £4,655,000) and accumulated depreciation of £1,256,000 (2007: £1,013,000) are held for charitable purposes.

The historic cost and depreciation of land and buildings that have been revalued would be:

	2008 £'000	2007 £'000
Cost	3,331	3,331
Depreciation	(432)	(432)
	<u>2,899</u>	<u>2,899</u>

The net book amount of land and buildings comprises :

	2008 £'000	2007 £'000
Freehold	2,220	2,257
Long leasehold	1,278	1,912
	<u>3,498</u>	<u>4,169</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008 (continued)"

8 TANGIBLE FIXED ASSETS (continued)

	Freehold Land and buildings £'000	Freehold Improvements £'000	Plant and machinery £'000	Office furniture & equipment £'000	Total £'000
<b>Charity</b>					
<b>Cost or valuation</b>					
At 1 April 2007	3,040	325	262	1,028	4,655
Additions	-	6	-	286	292
Disposals	-	-	-	-	-
<b>At 31 March 2008</b>	<b>3,040</b>	<b>331</b>	<b>262</b>	<b>1,314</b>	<b>4,947</b>
<b>Depreciation</b>					
At 1 April 2007	59	57	101	796	1,013
Charge for the year	59	8	27	149	243
Disposals	-	-	-	-	-
<b>At 31 March 2008</b>	<b>118</b>	<b>65</b>	<b>128</b>	<b>945</b>	<b>1,256</b>
<b>NET BOOK AMOUNT</b>					
<b>At 31 March 2008</b>	<b>2,922</b>	<b>266</b>	<b>134</b>	<b>369</b>	<b>3,691</b>
<b>At 31 March 2007</b>	<b>2,981</b>	<b>268</b>	<b>161</b>	<b>232</b>	<b>3,642</b>

Freehold land and buildings were last valued at 31 March 2006 by Fletcher King, Chartered Surveyors, at open market value. The surplus arising from the revaluation was taken to the revaluation reserve.

The cost and accumulated depreciation at 31 March 2008 includes fully depreciated assets at historical cost of £245,430 (2007 : £121,000).

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008 (continued)

9 FIXED ASSET INVESTMENTS

Group and charity

	2008 £'000	2007 £'000
Balance 1 April 2007 at Market Value	26,967	25,182
Additions at cost	1,285	25,324
Disposals at opening market value or cost if during the year (proceeds £1,387,727 realised gain £457,831)	(930)	(26,513)
Unrealised gain (loss) on revaluation	(2,855)	2,974
	<u>24,467</u>	<u>26,967</u>
Cash awaiting investment	2,011	1,086
Balance at 31 March 2008 at Market Value	<u>26,478</u>	<u>28,053</u>
Historical cost of Investments	<u>25,902</u>	<u>24,631</u>

Included in investments are the following which represent more than 5% by value of the total fund:

Aberdeen Charity Select Global Ex UK Equity Fund	7,520	7,275
Aberdeen Charity Select Bond	2,838	2,956
Aberdeen Charity Select UK Equity Fund	13,105	15,420

The Trustees have appointed Aberdeen Asset Management ("Aberdeen") as the investment Fund Managers. The funds are held in a number of pooled funds including two new funds established by Aberdeen to provide the Group with exposure to the Equity Market.

The amount of cash in the portfolio on 31 March 2008 was £2,011,000 (2007: £1,086,000).

10 RELEASE OF ACCUMULATED RECOVERIES ON PROJECTS

The accounting policy of Semta, in line with SORP 2005, is to recognise recoveries or deficits on projects when there is a reasonable expectation of work undertaken to date has met the requirements of the project sponsor. During the year a full review of the status of all open projects has been undertaken and this figure reflects the reasonable expectation of recoveries.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2008 (continued)

11 INVESTMENT IN SUBSIDIARIES

	2008 £'000	2007 £'000
<b>Charity</b>		
Shares at cost	5,980	5,980
Long term loan	2,771	2,771
	<u>8,751</u>	<u>8,751</u>
<b>Provision</b>		
Balance brought forward	(7,941)	(7,941)
Closing Balance @ 31 March	<u>810</u>	<u>810</u>

The provision is to write down SEMTA's investment in its subsidiary companies.

The charity owns 100% of the allotted ordinary share capital of the following subsidiaries :

**EMTA Awards Limited**

A company registered in England and Wales which provides the assessment systems for awarding vocational qualifications primarily in the engineering sector and acts as the awarding body for those qualifications.

**MetSkill Limited (formerly Metals Industry Skills and Performance Limited)**

A company registered in England and Wales whose principal activity is the provision of training services to improve performance of businesses in the UK metals industry.

**National Skills Academy for Manufacturing Limited**

A company registered in England and Wales which develops and implements national standards for manufacturing skills delivery; consolidates and validates the providers network.

**Training Properties Limited**

A company registered in England and Wales which operates as property managers and investors within Great Britain.

**Training Publications Limited**

A company registered in England and Wales which operated a publishing and printing operation within Great Britain and ceased active trading on 31 March 2005.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008 (continued)

12 STOCKS

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Resaleable publications	70	30	-	-
	<u>70</u>	<u>30</u>	<u>-</u>	<u>-</u>

13 DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade debtors	5,267	3,079	1,535	103
Amounts owed by subsidiary undertakings	-	-	1,317	2,183
Other debtors	228	715	228	589
Taxation	150	-	80	106
Prepayments and accrued income	367	1,150	102	185
	<u>6,012</u>	<u>4,944</u>	<u>3,262</u>	<u>3,166</u>

DEBTORS : AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Other debtors	254	289	254	289
	<u>254</u>	<u>289</u>	<u>254</u>	<u>289</u>

The amounts for 2008 and 2007 represent the net present value of the sale proceeds for the share capital of Cleveland Training Centre.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008 (continued)

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR.

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade creditors	1,328	1,207	355	213
Amounts owed to subsidiary undertakings	-	-	-	226
Taxation and social security	263	47	213	-
Other creditors	142	-	142	-
Bank overdraft	-	-	4,291	2,615
Accruals & Deferred Income	7,716	5,853	379	1,059
	<u>9,449</u>	<u>7,107</u>	<u>5,380</u>	<u>4,113</u>

CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR.

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Unsecured loan notes	245	245	-	-
Deferred income - capital grant	14	14	-	-
	<u>259</u>	<u>259</u>	<u>-</u>	<u>-</u>

15 OBLIGATIONS UNDER LEASE AGREEMENTS

At 31 March 2008 the group has annual lease commitments as follows:"

	2008		2007	
Expiry Date	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Less than one year	9	9	19	20
Two to five years	108	135	51	81
Over five years	16	-	20	-
	<u>133</u>	<u>144</u>	<u>90</u>	<u>101</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2008 (continued)

16 FUNDS AND RESERVES

<b>General Reserve</b>		
	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group</b>		
At 1 April 2007	32,155	30,426
Net movement in funds	(1,243)	1,729
At 31 March 2008	<u>30,912</u>	<u>32,155</u>
<b>Charity</b>		
At 1 April 2007	31,847	29,875
Realised and unrealised gains on investments	(2,397)	1,385
Surplus for the year	294	587
Release of accumulated recoveries on projects	906	-
At 31 March 2008	<u>30,650</u>	<u>31,847</u>

As permitted by Section 230 of the Companies Act 1985, the Consolidated Statement of Financial Activities of the parent charitable company, whose result is shown above, is not presented as part of these accounts. The parent charitable company's surplus for the year amounted to £294,000 (2007 surplus: £587,000).

17 CAPITAL COMMITMENTS

There was no material expenditure contracted but not provided for, nor any expenditure approved by Council members but not yet contracted.

18 PENSION COMMITMENTS

The group contributes to a defined benefit final salary scheme managed by the ITB Pension Funds, along with other former Industry Training Boards. The scheme's fund is financed by contributions from the group and charitable company and from employees and is managed by legally appointed trustees. The Government Actuary has advised that the scheme is a multi-employer scheme where each employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and under FRS 17 the scheme has been treated as a defined contribution scheme the purposes of these accounts.

The cost to the group and the charitable company for the year was £609,000 (2007: £565,000).

The contribution rate payable in the year to 31 March 2008 by the participating employers who joined the scheme after 24 September 2003 was 5% of pensionable pay and 9% for those who joined before that date. Following the outcome of the actuarial valuation, from 1 January 2008 the employer contribution rates were reduced from 11.0% to 10.1% for those who joined the scheme after 24 September 2003 and from 16% to 13.8% for those who joined before that date.

Contributions by the group and charitable company are determined on the advice of the Government Actuary using the prospective benefits method. The most recent valuation was at 31 March 2007. The major assumption used in the valuation was that investment returns would exceed earnings increases by 1.74% per annum. The valuation assumed that the future expectations of life at age 65 for pensioners retired in normal health were 89.2 for males and 92.0 for females.

The valuation showed the actuarial value of the scheme's assets was £578.5 million. The actuarial value of these assets exceeded the liabilities by £2.4 million and represented 100.4% of the benefits which had accrued to members.

The ITB Pension fund has advised all participating employees of the liability arising if they were to withdraw from the fund. For Semta, on a buy out basis at 31 March 2007, that liability was estimated at £14,300,000 and the Directors consider that reserves should be retained to cover this amount. As Semta has no plans to withdraw from the scheme, the contingent liability has not been provided in the accounts.

19 LIABILITY OF MEMBERS

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up members are required to contribute an amount not exceeding £1.