

**SCIENCE, ENGINEERING AND MANUFACTURING
TECHNOLOGIES ALLIANCE**

**REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS**

YEAR ENDED 31 MARCH 2013



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 2013

CONTENTS	PAGE
Advisors	2
Report of Director Trustees	3 - 9
Independent Auditors' Report	10-11
Consolidated statement of financial activities	12
Group balance sheet	13
Charity balance sheet	14
Group cash flow statement	15-16
Notes to the financial statements	17-28

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2013

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
62/64 High Street
Watford WD17 2BT

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

DLA Piper
Victoria Square House
Birmingham
B2 4DL

Registered Office

14 Upton Road
Watford WD18 0JT

Board Members

A Cook – Chairman
S Ball (appointed 26/09/12)
J Bolton (retired 27/03/13)
D Byrne
A Connelly
I Gray
J Greenwell
D Haywood
A Imrie
J Maier
L Minella (appointed 02/01/13)
I Mukerjee
T Scouler
H Scullion
S Sillars (appointed 10/10/12)
M Stewart

Chief Executive

S Sillars

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2013

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 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

A Cook – Chairman	
S Ball – Group Finance Director	(appointed 26/09/12)
J Bolton	(retired 27/03/13)
D Byrne ¹	
A Connelly ²	
I Gray ³	
J Greenwell	
D Haywood	
A Imrie ⁴	
J Maier	
L Minella	(appointed 02/01/13)
I Mukerjee ⁵	
T Scouler	
H Scullion	
S Sillars – Group Chief Executive	(appointed 10/10/12)
M Stewart ⁶	

- | | |
|---|--|
| 1 | Member of the Audit Committee |
| 2 | Member of the Investment Committee |
| 3 | Member and Chairman of the Audit Committee |
| 4 | Member and Chairman of the Remuneration and Nomination Committee and member of the Audit Committee |
| 5 | Member and Chairman of the Investment Committee |
| 6 | Member of the Remuneration and Nomination 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 employer, trade body and trade union representatives. 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 and Nomination 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:

In October 2012, Sarah Sillars (OBE) was appointed as Chief Executive for the Semta Group, and together with Stephen Ball (Finance Director) also joined the Board.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2013

REPORT OF DIRECTOR TRUSTEES (Continued)

The key subsidiaries are Excellence Achievement & Learning Limited (EAL - an examination awarding body) and Metskill Limited (which holds a Skills Funding Agency contract for apprentice training)

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 and the Board.

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.

Control Procedures and Monitoring Systems:

Authority levels, procedures and other systems of internal financial control are documented, applied and subject to Internal Audit and review by the Audit Committee, which is chaired by a Semta Board member and has members who are suitably qualified representatives from Industry. The Audit Committee meets twice yearly with the external auditors to discuss audit planning and the results of their audit work. The auditors can meet the Audit Committee in private session as part of this process.

Investment.

The investment management is delegated to a professional investment management firm, Aberdeen Asset Management, supported by an independent advisor Barnet Waddingham. The Investment Committee's role, chaired by a Semta Board Member and supported by members who are suitably qualified representatives from Industry, 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 and Nomination Committee which is chaired by a Semta Board member and has members who are suitably qualified representatives from industry.

Appointment of Board Members:

The appointment of Board members, for a maximum of three terms of three years, is made by members on the recommendation of the Remuneration and Nomination Committee.

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 Committees and decision making process. Board members are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

PUBLIC BENEFIT

Like all other registered UK charities Semta operates for the public benefit, which is to increase take up of high quality, easily accessible, training programmes which match the need of employers. By improving skill levels in its workforce, the sector's UK businesses become increasingly competitive which benefits the economy as a whole.

In agreeing this statement of public benefit the Board confirm that they have paid due regard to the Charity Commission guidance. The charity's activities and achievements are set below.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2013

REPORT OF DIRECTOR TRUSTEES (Continued)

OBJECTIVES AND ACTIVITIES

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

Activities include but are not limited to

- Consultation with employers as to their current and future skills needs
- Provision and accreditation of training packages
- Management of apprentice training
- Facilitation of engagement between employers and educators

Our mission for 2012/13 was "to address the sectors skills needs, providing expertise to improve performance and growth"

Our strategy was to create a sustainable, well respected organisation by

- Delivering value enhancing training solutions for employers
- Developing deeper client relationships and growing our client base
- Developing new markets for high quality education and training at home and abroad
- Strengthening our position as a valued partner of UK Commission for Employment and Skills, governments and other stakeholders

To achieve this strategy we set out to

- Build sustainable service business (Develop, promote and market Sementa's values proposition, Achieve sustainable, profitable EAL growth, Support a high quality provider network to deliver for employers)
- Increase Investment in Skills (Support employers to take ownership of training, Partner with UK Commission for Employment and Skills and government to identify high impact solutions which improve skills investment)
- Define, high quality, flexible training (Expand the take-up of apprenticeships, Develop and grow the apprenticeship service)
- Equip the organisation with resources and skills to deliver (Implement the IT Strategy, Implement the strategic workforce plan)

ACHIEVEMENTS AND PERFORMANCE

During the year, the Group made substantial progress in adjusting the way it operates in order to respond to the policy changes introduced by the Department for Business Innovation and Skills. The transition away from being funded by grants for core activities to submitting bids and competitive tenders to support innovative activities which result in sustainable outcomes for the sector became fully effective in April 2012

The key achievements of the group during the year have been

- Enhancing employer engagement to deliver upskilling activity
- Increasing the number of apprentices both in the sector and in training through the Sementa academy
- Income growth in awarding through EAL

Some of the details are as follows

- Through our employer engagement work we have directly supported the recruitment of some 1,330 apprentices within the Advanced Manufacturing Engineering (AME) sector. 927 of these apprentice starts are with employers who have ceased to recruit apprentices or have never previously recruited

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2013

REPORT OF DIRECTOR TRUSTEES (Continued)

- Supported 1,134 supply chain companies to produce a Skills for Growth plan, with work on-going with these companies
- Directly leveraged an increase of employer cash investment in skills through the new graduate and apprentice jobs totalling £5.7m in wages to date
- Facilitated 200 unemployed graduates gaining employment with small to medium sized companies (SMEs) by offering £1,000 grants to employers
- Worked with SMEs to recruit their very first STEM graduates 64 have been recruited to date with a further 200 places identified
- Developed the Skills element of the Aerospace Industrial Strategy
- Provided engineering and STEM careers advice to over 17,500 students through partner events
- Growing the number of students in our apprenticeship training provider which at the end of March 2013 was responsible for 750 learners
- Successful delivery of agreed outcomes under the first year of the Universal Services contract, including the launch of Higher Apprenticeships which will be the key tool in facilitating training of the engineers of the future
- Worked in partnership with the National Apprenticeship Service to deliver support to their programme of delivering current and future frameworks
- Continued to drive achievement of the Semta Apprenticeship Ambition, which is around 24% ahead of target
- Certificating over 145,000 learners by EAL
- Delivery of outstanding service for EAL customers illustrated by a top quartile customer satisfaction score when externally surveyed
- EAL building key strategic partnerships in the UK and Overseas, including a new alliance with NICEIC, collaborations with Weldability-Sif Foundation and the Welding Industry Institute, and closer links with International partners
- Continued to be accredited for ISO9000 and Investors in People
- Ofsted and Ofqual regulatory compliance

FINANCIAL REVIEW

The Consolidated Statement of Financial Activities for the year ended 31st March 2013 (page 12) shows a net increase in funds of £2,278,000 after property revaluation and investment gains. A surplus after exceptional costs has been delivered for the first time in over 5 years.

This was despite 2012/13 being the first financial year in which the organisation did not receive a financial core contract to operate as a Sector Skills Council from the UK Commission for Employment and Skills. All Government income was generated through bids contracted following competitive tendering processes.

The key drivers of the financial result were:

- Delivery of outcomes for the sector through projects funded by the Employer Investment Fund, Growth and Innovation fund and Universal Services
- Increasing the number of apprentices trained under the Skills Funding Agency contract in Metskill
- Achieving an 8% increase in turnover for EAL
- Continuing to develop more sustainable income streams through successful employer engagement
- Generating the full benefits of previous years cost reduction programmes and the continuing drive to identify further efficiencies
- Investment in replacing an ageing and inefficient IT infrastructure

The Group result is an operating **surplus** of £1,611,000 (2011/12 **deficit** of £227,000)

The Group result after all exceptional costs is a **surplus** of £769,000 (2011/12 **deficit** of £998,000)

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2013

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 a Sector Skills Council, Semta enters into contracts with the various funders to deliver agreed specific objectives to benefit employers in the sector.

REPORT OF DIRECTOR TRUSTEES (Continued)

The five trading subsidiaries produced a net **surplus** of £2,037,000 (2011/12 net **surplus** of £2,233,000) after exceptional costs of £245,000 (2011/12 Nil).

The results of the trading subsidiaries are detailed in Note 2(b).

The annual results were impacted by the following exceptional charges:

Restructuring Costs

Included in the Semta Group's Income and Expenditure statement as an exceptional item is a restructuring charge of £842,000 (2011/12 £771,000) relating both to the redundancy and related costs arising from on-going changes required in the organisation to react to the funding landscape.

RESERVES POLICY

The Board's policy, reviewed annually, is to maintain reserves at a level designed to generate circa £1,000,000 income per annum, to support the charitable activities of Semta, and to cover those specific liabilities not matched by specific assets plus 6 months normal operating expenditure related to our activities as a Sector Skills Council. The General Reserve at the end of March 2013 was £28,719,000 (2011/12 £26,441,000) an **increase** in the year of £2,278,000 (2011/12 **decrease** £502,000).

INVESTMENT POLICY

The Board's policy, reviewed annually, requires its investments to be managed actively in line with an agreed approach which ensures that appropriate levels of targeted risk is adopted and return is achieved.

The performance benchmark target set for the investment managers is to outperform an index of wage price inflation + 4%, gross of fees. The return is measured over a three year rolling period with the last three years return at 10.1% compared to benchmark of 5.5%. The performance of the portfolio is reviewed quarterly by the Investment Committee in conjunction with the investment managers. Market performance is monitored by Barnett Waddingham who provide reports to the Committee every quarter.

The Investment Fund generated an investment income of £827,000 (2011/12 £788,000). The overall Investment Fund increased by £2,823,000 during 2012/13, net of a cash draw down of £500,000 during the year to support working capital.

PLANS FOR FUTURE PERIODS

Under the leadership of our new Chief Executive, we have reviewed and re-stated our strategic intent -

We will be a financially sustainable not for profit organisation, operating within our Charitable Objectives, with an optimised organisation structure, culture and cost base. We will be the provider of choice for STEM employers, training and awarding organisation of value adding skills, products and services.

Our Mission is further clarified to become -

We will ensure that the UK has the advanced manufacturing skills it needs to improve its performance in the global economy. This will be achieved by working with, and uniting, industry, educators and government in employer-driven skills enhancement.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2013

REPORT OF DIRECTOR TRUSTEES (Continued)

Specific objectives on financial sustainability, future corporate structure, commercial opportunities, efficiency and cost effectiveness, influencing, investment in sector up-skilling, re-invigorate marketing and communications, engaging our workforce and providing intelligence to stakeholders underpin this intent and mission

Semta's trading subsidiaries will continue to contribute to the improvement of the Sector's skills and their profits will contribute to the delivery of the charity's objectives

DIRECTORS AND OFFICERS LIABILITY INSURANCE

As permitted under the Companies Act 2006 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

STATEMENT OF TRUSTEE (BOARD MEMBER) RESPONSIBILITIES

The trustees (who are also directors of Semta for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the trustees are required to

- Select suitable accounting policies and then apply them consistently,
- Observe the methods and principles in the Charities SORP,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

In so far as we are aware

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

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2013

REPORT OF DIRECTOR TRUSTEES (Continued)

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 Risk Register is regularly reviewed by the Audit Committee and strategic risks are reported to the Board. Investment risk is managed by the Investment Committee in conjunction with the group's investment and advisors.

The key external risks are currently -

- Failure to win Employer Ownership of Skills bids, made in March 2013 in conjunction with major employers
- Failure to achieve planned growth in apprentice learners across the sector and through Semta's training provider
- An increase to the pension deficit reducing funds available for investment

Mitigating actions are in place

AUDITORS

In accordance with the Companies Act 2006, 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



Stephen Ball
Company Secretary
Semta
14 Upton Road
Watford WD18 0JT
4th June 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

We have audited the financial statements of Science, Engineering and Manufacturing Technologies Alliance for the year ended 31 March 2013 which comprise the Consolidated Statement of Financial Activities including the Income and Expenditure Account, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditor

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and charitable company's affairs as at 31 March 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

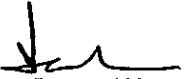
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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


Bernie Watson, Senior Statutory Auditor,
For and on behalf of haysmacintyre, Statutory Auditors



2013

Fairfax House
15 Fulwood Place
London WC1V 6AY

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE (Company Number 2324869)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2013

INCOME AND EXPENDITURE

	<u>Note</u>	2013 £'000	2012 £'000
Incoming resources			
Incoming resources from generating funds			
Income from trading subsidiaries	2	12,314	11,139
Investment Income	6	827	788
Incoming resources from charitable activities			
Externally funded projects		4,554	895
Sector Skills Council contract		-	1,817
Other		361	124
Total incoming resources		<u>18,056</u>	<u>14,763</u>
Resources expended			
Cost of generating funds			
Expenditure of trading subsidiaries	2	10,032	8,906
Interest charges		6	10
Total cost of generating funds		<u>10,038</u>	<u>8,916</u>
Charitable activities			
Improving access to learning & encouraging people into careers in the sector		3,964	3,317
Promoting and representing the sector		621	730
Developing and supporting occupational standards and learning frameworks		1,509	1,606
Research into skills gaps and shortages		253	361
	5	<u>6,347</u>	<u>6,014</u>
Governance costs		60	60
Total resources expended		<u>16,445</u>	<u>14,990</u>
Net outgoing resources before other recognised gains and losses and exceptional items		1,611	(227)
Other recognised gains and losses			
Exceptional items	10	<u>(842)</u>	<u>(771)</u>
		769	(998)
Realised and unrealised loss on property revaluation	8	(1,011)	-
Realised and unrealised gains on investments	9	2,520	496
Net movement in funds	16	<u>2,278</u>	<u>(502)</u>
Fund balance at 1 April 2012	16	26,441	26,943
Fund balance at 31 March 2013		<u>28,719</u>	<u>26,441</u>

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

The notes on pages 17 - 28 form part of these accounts.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE (Company Number 2324869)

GROUP BALANCE SHEET AS AT 31 MARCH 2013

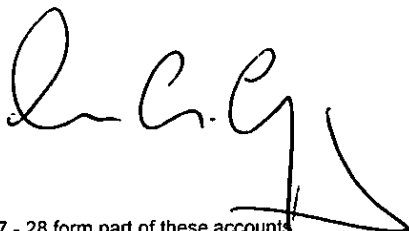
	Note	2013 £'000	2012 £'000
FIXED ASSETS			
Tangible assets	8	2,906	3,700
Investments	9	27,406	24,583
		<u>30,312</u>	<u>28,283</u>
CURRENT ASSETS			
Stocks	12	21	33
Debtors - amounts falling due within one year	13	3,437	2,680
Debtors - amounts falling due after one year	13	98	143
Bank and cash balances		664	1,388
		<u>4,220</u>	<u>4,244</u>
CREDITORS			
Amounts falling due within one year	14	(5,710)	(5,981)
NET CURRENT LIABILITIES		<u>(1,490)</u>	<u>(1,737)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,822</u>	<u>26,546</u>
CREDITORS - amounts falling due after one year	14	(103)	(105)
NET ASSETS		<u>28,719</u>	<u>26,441</u>
FUNDS AND RESERVES			
<u>Unrestricted Funds</u>			
General Reserve	16	28,719	26,441
		<u>28,719</u>	<u>26,441</u>

The financial statements were approved by the Board on 4 June 2013 and are signed on its behalf by



A Cook
Chairman

I Gray
Board member



The notes on pages 17 - 28 form part of these accounts.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE (Company Number 2324869)

CHARITY BALANCE SHEET AS AT 31 MARCH 2013


	Note	2013 £'000	2012 £'000
FIXED ASSETS			
Tangible assets	8	2,525	3,098
Investments	9	27,406	24,583
Investment in subsidiaries	11	-	810
		<u>29,931</u>	<u>28,491</u>
CURRENT ASSETS			
Debtors - amounts falling due within one year	13	4,321	2,812
Debtors - amounts falling due after one year	13	98	143
Bank and cash balances		-	-
		<u>4,419</u>	<u>2,955</u>
CREDITORS			
Amounts falling due within one year	14	(5,631)	(4,714)
NET CURRENT LIABILITIES		<u>(1,212)</u>	<u>(1,759)</u>
CREDITORS - amounts falling due after one year	14	-	-
NET ASSETS		<u>28,719</u>	<u>26,732</u>
FUNDS AND RESERVES			
<u>Unrestricted Funds</u>			
General Reserve	16	28,719	26,732
		<u>28,719</u>	<u>26,732</u>

The financial statements were approved by the Board on 4 June 2013 and are signed on its behalf by

A Cook
Chairman



I Gray
Board member



The notes on pages 17 - 28 form part of these accounts

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE (Company Number 2324869)

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 £'000	2012 £'000
Net cash outflow from operating activities	a)	<u>(848)</u>	<u>(458)</u>
Returns on investments and servicing of finance			
Investment income received		827	788
Drawdown from investments		<u>796</u>	<u>443</u>
Net cash inflow from returns on investments and servicing of finance		<u>1,623</u>	<u>1,231</u>
Capital expenditure and financial investment			
Payments to acquire investments		(4,933)	(1,374)
Payments to acquire tangible fixed assets		(397)	(52)
Receipts from the sale of investments		<u>3,831</u>	<u>2,637</u>
Net cash inflow/(outflow) from capital expenditure and financial investment		<u>(1,499)</u>	<u>1,211</u>
NET INCREASE / (DECREASE) IN CASH	c)	<u>(724)</u>	<u>1,984</u>
Represented by			
Net cash inflow / (outflow)	b)	<u>(724)</u>	<u>1,984</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE (Company Number 2324869)

NOTES TO THE GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013
(continued)

	2013 £'000	2012 £'000
a) Reconciliation of net incoming resources to net cash inflow from operating activities		
Net incoming resources (includes exceptional items)	769	(998)
Investment income	(827)	(788)
Depreciation	182	278
Loss on sale of fixed assets	-	3
Increase / (decrease) in creditors	(273)	280
(Increase)/ decrease in debtors	(712)	784
(Increase) / decrease in stock	12	(17)
Net cash inflow/(outflow) from operating activities	(848)	(458)

b) Analysis of net funds

	At 1 April 2012 £'000	Cash flow £'000	At 31 March 2013 £'000
Bank balance	1,388	(724)	664

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

	£'000
Increase in cash in the period	(724)
Continuing activities	
Movement in net funds in the period	(724)
Net funds at 1 April 2012	1,388
Net funds at 31 March 2013	664

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013

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

Consolidated financial statements have been prepared in respect of Science, Engineering Manufacturing Technologies Alliance and its wholly owned subsidiaries for the year to 31 March 2013. In accordance with Section 408 of the Companies Act 2006 a separate statement of financial activities for the charity has not been presented.

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. Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Support costs which cannot be directly allocated are apportioned across the categories on the basis of an estimate of the proportion of time spent by staff on those activities.

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

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
Computer equipment & applications	3

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)

1 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 2013. 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 Board.

Operating Leased assets

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. As a member of the multi employer scheme Semta is not required to comply with the provisions of FRS 17. 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (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.

Excellence Achievement & Learning Limited (EAL) conducted business with centres outside the UK totalling £39,635 in the year (2012 £51,413)

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 UK Commission for Employment and Skills (UKCES) for undertaking Semta's role as a Sector Skills Council.

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.

Excellence Achievement & Learning Ltd (EAL) 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 For Manufacturing Limited provides services to develop and implement national standards for manufacturing skills.

All the companies covenant their taxable profits to Semta. A summary of the trading results included in the group accounts is shown below.

Audited accounts have been filed with the Registrar of Companies.

	EAL	Training Properties Limited	Training Publications Limited	MetSkill Limited	National Skills Academy for Manuf Limited	2013 Total	2012 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	9,633	20	2	2,649	9	12,314	11,139
	<u>9,633</u>	<u>20</u>	<u>2</u>	<u>2,649</u>	<u>9</u>	<u>12,314</u>	<u>11,139</u>
Materials and external charges	1,709	-	-	1,731	9	3,449	1,996
Staff costs	2,973	-	-	108	19	3,100	2,933
Depreciation	32	-	-	12	-	44	108
Other operating charges	2,628	22	1	787	-	3,439	3,869
	<u>7,342</u>	<u>22</u>	<u>1</u>	<u>2,638</u>	<u>28</u>	<u>10,032</u>	<u>8,906</u>
Operating surplus / (deficit)	2,291	(2)	1	11	(19)	2,282	2,233
Exceptional items	245	-	-	-	-	245	-
Interest receivable	-	-	-	-	-	-	-
Net surplus / (deficit)	<u>2,046</u>	<u>(2)</u>	<u>1</u>	<u>11</u>	<u>(19)</u>	<u>2,037</u>	<u>2,233</u>
Gift Aid to Semta	(2,046)	-	-	(11)	-	(2,057)	(2,196)
Gift Aid to Semta 11/12	(290)	-	-	-	-	(290)	9
	<u>(290)</u>	<u>(2)</u>	<u>1</u>	<u>-</u>	<u>(19)</u>	<u>(310)</u>	<u>46</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)

3 HISTORICAL COST NET MOVEMENT IN FUNDS

	2013 £'000	2012 £'000
Net incoming resources	1,611	(227)
Differences between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	-	-
Historical cost surplus on ordinary activities	1,611	(227)

4 STAFF COSTS

	2013 £'000	2012 £'000
Wages and salaries	7,312	6,904
Social security costs	646	586
Other pension costs	408	434
	8,366	7,924

Included in staff costs is £446,000 (2012 £381,000) relating to early retirements and redundancy costs and charged to Exceptional Items per note 10

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

	2013 No	2012 No
Training Services	155	143
Support Services	17	18
	172	161

Trustee's remuneration

During the year, in accordance with the Articles of Association of the charity, payments were made to certain trustees, consisting of £20,000 to the Chairman, £65,500 to the Interim Chief Executive for her executive responsibilities whilst a trustee, £88,556 to the Chief Executive for her executive responsibilities whilst a trustee and £51,094 to the Finance Director for his executive responsibilities whilst a trustee. In 2012, the Chairman received £20,000. The Chief Executive and Finance Director are members of the ITB pension scheme. No other trustees received any remuneration. The total amount of expenditure reimbursed to Board members in respect of expenses incurred on the charity's activities was £10,203 (2012 £10,080).

Emoluments of employees

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

	2013	2012
£60,001 - £70,000	12	14
£70,001 - £80,000	5	5
£80,001 - £90,000	3	2
£90,001 - £100,000	-	1
£100,001 - £110,000	1	1
£110,001 - £120,000	-	1
£120,001 - £130,000	3	1
£150,001 - £160,000	1	-
£160,001 - £170,000	1	-
£170,001 - £180,000	-	1
Total	26	26

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)

5 NET INCOMING RESOURCES

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

	2013 £'000	2012 £'000
Hire of equipment	13	18
Auditors' remuneration	26	26
Operating lease rentals-motor vehicles	266	275
Depreciation (all owned assets)	182	278

Auditors remuneration includes £11,950 in respect of the audit of the parent charity (2012 £12,000)

Fees in relation to non audit services were £8,435 (2012 £2,700)

Analysis of charitable activities

	Staff No's	2013 Direct costs £'000	Support costs £'000	Total costs £'000	2012 Total costs £'000
Improving access to learning	40	2,899	1,065	3,964	3,317
Promoting and representing the sector	7	435	186	621	730
Developing and supporting occupational standards and learning frameworks	16	1,083	426	1,509	1,606
Research into skills gaps and shortages	3	172	81	253	361
	66	4,589	1,758	6,347	6,014

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

	2013 £'000	2012 £'000
Income from fixed asset investments	827	788
	827	788

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)

8 TANGIBLE FIXED ASSETS

Group	Land and Buildings £'000	Freehold Improvements £'000	Plant and machinery £'000	Office furniture & equipment £'000	Total £'000
Cost or valuation					
At 1 April 2012	3,640	340	296	2,781	7,055
Additions	-	6	-	391	397
Disposals	-	-	-	-	-
Revaluation	(1,011)	-	-	-	(1,011)
At 31 March 2013	<u>2,629</u>	<u>346</u>	<u>296</u>	<u>3,172</u>	<u>6,441</u>
Depreciation					
At 1 April 2012	424	99	218	2,614	3,355
Charge for year	71	8	18	85	182
Disposals	-	-	-	-	-
At 31 March 2013	<u>495</u>	<u>107</u>	<u>236</u>	<u>2,699</u>	<u>3,537</u>
NET BOOK AMOUNT					
At 31 March 2013	<u>2,134</u>	<u>239</u>	<u>60</u>	<u>473</u>	<u>2,906</u>
At 31 March 2012	<u>3,216</u>	<u>240</u>	<u>77</u>	<u>167</u>	<u>3,700</u>

Freehold and long leasehold land and buildings were valued at 31 March 2013 by Fletcher King, Chartered Surveyors, at open market value. The deficit of £1,011,000 arising from the revaluation was taken to the revaluation reserve.

Fixed assets with a cost of £4,837,000 (2012: £5,273,000) and accumulated depreciation of £2,312,000 (2012: £2,175,000) are held for charitable purposes.

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

	2013 £'000	2012 £'000
Cost	3,331	3,331
Depreciation	(495)	(432)
	<u>2,836</u>	<u>2,899</u>

The net book amount of land and buildings comprises:

	2013 £'000	2012 £'000
Freehold	1,450	2,060
Long leasehold	684	1,156
	<u>2,134</u>	<u>3,216</u>

The Charity's bankers, Barclays Bank Plc, have a charge over its freehold premises as security for the charity's overdraft facility.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)

8 TANGIBLE FIXED ASSETS (continued)

	Freehold Land and buildings £'000	Freehold improvements £'000	Plant and machinery £'000	Office furniture & equipment £'000	Total £'000
Charity					
Cost or valuation					
At 1 April 2012	3,040	340	296	1,597	5,273
Additions	-	8	-	338	344
Disposals	-	-	-	-	-
Revaluation	(780)	-	-	-	(780)
At 31 March 2013	2,260	348	296	1,935	4,837
Depreciation					
At 1 April 2012	352	99	211	1,513	2,175
Charge for the year	59	8	18	52	137
Disposals	-	-	-	-	-
At 31 March 2013	411	107	229	1,565	2,312
NET BOOK AMOUNT					
At 31 March 2013	1,849	239	67	370	2,525
At 31 March 2012	2,688	241	85	84	3,098

Freehold land and buildings were last valued at 31 March 2013 by Fletcher King, Chartered Surveyors, at open market value. The deficit of £780,000 arising from the revaluation was taken to the revaluation reserve.

The cost and accumulated depreciation at 31 March 2013 includes fully depreciated assets at historical cost of £1,103,101 (2012: £918,205).

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)

9 FIXED ASSET INVESTMENTS

Group and charity

	2013 £'000	2012 £'000
Balance 1 April 2012 at Market Value	23,548	24,315
Additions at cost	4,933	1,374
Disposals at opening market value or cost if during the year (proceeds £3,831,000 realised profit £145,000)	(3,666)	(2,816)
Unrealised gain (loss) on revaluation	<u>2,512</u>	<u>675</u>
	27,307	23,548
Cash awaiting investment	99	1,035
Balance at 31 March 2013 at Market Value	<u>27,406</u>	<u>24,583</u>
Historical cost of investments	<u>22,089</u>	<u>21,276</u>

Realised gain & loss on investments of £2,520,000 is calculated by adding the realised profit on disposals of £145,000 and the unrealised gains of £2,512,000 less £137,000 of retrospective performance based fees from Aberdeen Asset Managers

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	6,626	6,824
Aberdeen Charity Select Bond	4,737	3,538
Aberdeen Charity Select UK Equity Fund	10,717	11,166
Aberdeen Orbita Cap Return Fund	1,535	-

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

10 EXCEPTIONAL ITEMS

	2013 £'000	2012 £'000
Re-structure costs	<u>842</u>	<u>771</u>
	842	771

Included in the Semta Group's Income and Expenditure statement as an exceptional item is a restructuring charge of £842,000 (2012 £771,000) which consists of staff costs per note 4 of £446,000 (2012 £381,000) and non-staff costs of £396,000 (2012 £390,000)

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2013 (continued)

11 INVESTMENT IN SUBSIDIARIES

	2013 £'000	2012 £'000
Charity		
Shares at cost	5,980	5,980
Long term loan	2,771	2,771
	<u>8,751</u>	<u>8,751</u>
Provision		
Balance brought forward	(7,941)	(7,941)
Re-valuation of investment in subsidiaries	(810)	-
	<u>-</u>	<u>810</u>
Closing Balance at 31 March 2013		

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

Excellence Achievement & Learning 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

A company registered in England and Wales whose principal activity is the provision of training services for apprentices

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)

12 STOCKS

	Group		Charity	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Resaleable publications	21	33	-	-
	<u>21</u>	<u>33</u>	<u>-</u>	<u>-</u>

13 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade debtors	1,974	1,801	170	438
Amounts owed by subsidiary undertakings	-	-	2,799	2,118
Other debtors	17	20	17	14
Taxation	144	187	103	128
Prepayments	283	226	213	114
Accrued income	1,019	446	1,019	-
	<u>3,437</u>	<u>2,680</u>	<u>4,321</u>	<u>2,812</u>

DEBTORS AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Charity	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Other debtors	98	143	98	143
	<u>98</u>	<u>143</u>	<u>98</u>	<u>143</u>

The amounts for 2013 and 2012 represent the net present value of the sale proceeds for the share capital of Cleveland Training Centre

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE (Company Number 2324869)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)

14 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade creditors	806	1,019	519	451
Taxation and social security	197	260	197	185
Other creditors	186	59	64	59
Bank overdraft	-	-	3,933	2,751
Accruals	1,316	1,052	408	681
Deferred Income	3,205	3,591	510	587
	<u>5,710</u>	<u>5,981</u>	<u>5,631</u>	<u>4,714</u>

EAL 'deferred income' of £2,629,959 (2012 £2,918,923) relating to certification, is fully asset backed

CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Charity	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Unsecured loan notes	91	91	-	-
Deferred income - capital grant	12	14	-	-
	<u>103</u>	<u>105</u>	<u>-</u>	<u>-</u>

15 OBLIGATIONS UNDER LEASE AGREEMENTS

At 31 March 2013 the group has annual lease commitments as follows

	2013		2012	
Expiry Date	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Less than one year	19	19	8	74
Two to five years	63	154	112	112
Over five years	12	-	12	-
	<u>94</u>	<u>173</u>	<u>132</u>	<u>186</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)

16 FUNDS AND RESERVES

General Reserve	2013 £'000	2012 £'000
Group		
At 1 April 2012	26 441	26,943
Net movement in funds	2,278	(502)
At 31 March 2013	<u>28 719</u>	<u>26 441</u>
Charity		
At 1 April 2012	26 732	27,282
Realised and unrealised gains on investments	2,518	501
Realised and unrealised loss on property revaluation	(780)	-
Gift Aid relating to 11/12	290	-
Re-valuation of investment in subsidiaries	(810)	-
Profit for the year	769	(1 051)
At 31 March 2013	<u>28,719</u>	<u>26,732</u>

The parent charitable company's profit for the year amounted to £769,000 (2012 loss £1,051,000)

17 CAPITAL COMMITMENTS

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

18 PENSION COMMITMENTS

The Group contributes to a Defined Benefit final salary pension scheme that is managed by the ITB Pension funds. It is a multi employer pension scheme and other former Industry Training Boards are also participating employers of the pension scheme. The pension scheme is funded by pension contributions from both the participating employers and their employees and is managed by the legally appointed trustees of the ITB Pension Funds. In the case of Semta the funding is provided by a combination of both the Semta Group and charitable company and their employees. The Government Actuary has advised that the scheme is a multi employer scheme where each participating employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Accordingly under FRS 17 the scheme has been treated as a defined contribution scheme for the purposes of these accounts. The employer contribution costs to the Semta Group and charitable company was £408,000 (2011/12 £434,000). At the close of the year the outstanding employee & employer pension contribution amounted to £63,068.

There are 139 members in the defined benefit pension scheme.

The pension scheme has one section - the 2007 section.

Overall contribution rates (both employer & employee elements) for the section of the scheme is determined on the advice of the Government

Actuary using the prospective benefits method.

Employer contribution rates for the year to 31 March 2013 were as follows:

2007 section members 7.6%

The most recent pension scheme triennial valuation was conducted as at 31 March 2010 and identified an overall deficit of £76.3m.

Pension scheme assets were valued at £581.5m, a funding level of 87% (2007 100%). On a solvency basis the funding level was 71% (2007 84%).

Key assumptions in the valuation included:

	2010 Valuation	2007 Valuation
Rate of return in excess of salary growth	1.2%	1.7%
Real yield on over 15 year gilts	0.7%	1.2%
Expected remaining lifetime in years (normal health pensioners)		
Men		
Age 65 now	24.2	22.1
Age 65 in 20 years	26.1	24.3
Women		
Age 65 now	26.6	25.0
Age 65 in 20 years	28.6	27.1

Semta Group's share of the £76.3m deficit after adjusting for the benefit of a £3.3m pension credit reserve was £4.8m.

The pension scheme Deficit Recovery Plan agreed with the Trustees of the ITB Pensions Fund included the payment of 50% (£2.4m) of the deficit on 1st January 2011 and the £2.4m balance plus interest in four equal annual instalments commencing 1 July 2014.

The ITB Pension Funds has advised participating employers of their 'Section 75' liability if they were to withdraw from the scheme.

The 'Section 75' liability for Semta Group as at 31 March 2012 is estimated to be £33.6m. As Semta have no plans to withdraw from the scheme the contingent liability has not been provided for 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.

20 RELATED PARTY TRANSACTIONS

Due to the nature of the charity most trustees will be associated with organisations which may have a financial relationship with the charity. Opportunity is given for disclosure of any financial or other interest prior to any Board discussions. There are no specific discloseable related party transactions where trustees or close family or associates have a direct personal interest.