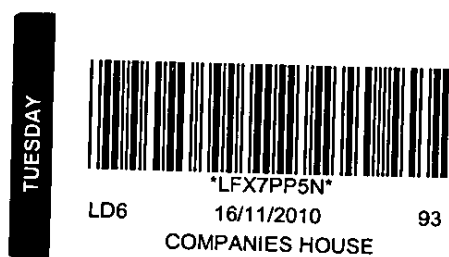


**SCIENCE, ENGINEERING AND MANUFACTURING
TECHNOLOGIES ALLIANCE**

**REPORT AND FINANCIAL
STATEMENTS**

YEAR ENDED 31 MARCH 2010



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 2010

CONTENTS	PAGE
Advisors	2
Report of Director Trustees	3 - 8
Independent Auditors' Report	9
Consolidated statement of financial activities	10
Group balance sheet	11
Charity balance sheet	12
Group cash flow statement	13-14
Notes to the financial statements	15-26

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

**REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010**

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 (resigned 20 May 09)
D Byrne
S Tilsley (resigned 22 Jan 10)
D Gibbs (resigned 15 July 09)
M Gildea (resigned 11 Feb 10)
D Haywood
M Stewart
G Toppin (resigned 09 Nov 09)
J Bolton
A Cook
H Hazell
J Maier
H Scullion

Chief Executive

Philip W Whiteman

Company Secretary

Alison Lydon

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2010

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	
J Bolton	appointed 16/9/09
D Byrne	
A Cook	appointed 23/9/09
D Gibbs *	left 15/7/09
M Gildea	left 11/2/10
I Gray *	
J Greenwell	
H Hazell	appointed 26/2/10
D Haywood	
A Imrie	
J Maier	appointed 23/6/09
H Scullion	appointed 23/9/09
M Stewart	
H Tee	left 20/5/09
S Tilsley *	left 22/1/10
G Toppin	left 9/11/09

* 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 & Appointing Committee

During 2009/10 a temporary committee was set up to oversee the organisational review that was undertaken during the year. This committee had fulfilled its purpose and ceased to operate by March 2010.

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.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2010

REPORT OF DIRECTOR TRUSTEES (Continued)

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.

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 & Appointing Committee.

Appointment of Board Members:

The appointment of Board members, for a maximum of two terms of three years, is made by members on the recommendation of a Remuneration & Appointing Committee, made up of Semta Board members and suitably qualified representatives from industry.

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.

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.

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

- Carries out research and publishes labour market information on skills gaps and shortages
- Consults with employers to achieve a clear understanding and definition of the sector's priority skill needs
- Develops solutions to fill gaps in the education and training infrastructure
- Influences key stakeholders in the delivery networks to align education and training with these needs
- Supports the sector's employers who are seeking to identify high quality training that will meet their needs

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2010

REPORT OF DIRECTOR TRUSTEES (Continued)

The main objectives for the year were to

- Engage more employers
- Complete the re-licensing process enabling continuation as a Sector Skills Council
- Identify and map gaps in skills provision and influence stakeholders to address those gaps
- Deliver the agreed sector compact, continuing to provide support for employers to access it
- Further develop the portfolio of programmes and network of providers of The National Skills Academy for manufacturing (NSA-M)
- Continue to lead the development of the science diploma
- Achieve submitting body status for the Qualifications and Credit Framework (QCF) and continue conversion and then transfer of NVQ units of competence on to the QCF
- Lead research in to skills needs in advanced manufacturing and support in low carbon and life sciences

ACHIEVEMENTS AND PERFORMANCE

Semta successfully secured its licence to operate as the Sector Skills Council for Science, Engineering and Manufacturing Technologies, enabling it to complete its seventh year, establishing strong strategic relationships with key partners to improve productivity and skills in the sector. Priority issues continue to be reviewed and agreed with employers and partners through the Sector Skills Agreements for the seven sub-sectors

During the year a comprehensive review of the organisational structure of Semta, NSA-M and Metskill was completed. This was largely in response to the need to improve the focus of our service to customers, the employers, and to clarify how Semta could support them, through our offer. A successful outcome saw the consolidation of the activities of the three companies in to Semta, with one employer engagement field team being established, along with a development group, focusing on frameworks, standards, products and providers, and a policy group. The new structure offers Semta the capacity to deliver an improved service whilst achieving greater value for money.

The other major achievements during the year included

Employer Engagement

- Continuing high level input and guidance from the Advisory Council
- The Four Nations Group met in England and Northern Ireland to review progress and to share good practice on qualifications and apprenticeships
- Sector Strategy Groups (SSGs) are in place for Aerospace, Automotive, Bioscience, Electronics, Marine and Metals, Mechanical & Electrical (MME). In addition there has been a newly formed one for Composites, working with BIS and Cogent
- As part of the organisational review Regional Councils were established, building on the Regional Advisory Groups set up by NSA-M, but extending their agenda across all of the Semta activities
- Over 1,100 company visits now completed under the sector compact, with over 46,000 learners being identified. This has resulted in a 25% increase in NVQ registrations and a 36% increase in certifications in the sector during a recession
- The SSG Chairs and senior sector personnel from BIS met in February to review and agree the skills priorities required by Advanced Manufacturing driven by the new and emerging technologies
- In Scotland £3M was allocated to the Life Sciences sector for the Life Sciences MA developed by Semta Group, along with £250,000 allocated to the development and piloting of the Accelerated Modern Apprenticeship. A further £300,000 has been allocated to the development of BiT SVQ
- In Wales over 150 companies have benefited from the Welsh Assembly Proact initiative, and 90 apprenticeships have been supported through a Shared Apprenticeship scheme managed by Semta
- Semta have successfully completed a Women in Work project in England and Wales which has developed over 100 females in Wales and 285 females in England, companies who took part ranged from Airbus to Aston Martin, Novartis
- Semta have led on the engineering and science competition work, driving up standards in readiness for the World Skills Olympics to be held in England in 2011

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2010

REPORT OF DIRECTOR TRUSTEES (Continued)

- In Northern Ireland Semta continue to work with ETC, holding a range of events, including one with Thales Aerospace to celebrate the success of BiT training
- Semta's Chairman and CEO held further regional events throughout the year to increase the sectors awareness of the value of skills development
- The Semta Board, which is made up of senior representatives from employers across the sector, continue to provide a very positive input on policy and strategy and have been a major support through the organisational review

Government and Agencies

- Positive working relationships continue to be built with the UK Commission for Employment and Skills (UKES) and the newly formed government department for Business Innovation and Skills (BIS)
- Close work with the Regional Development Agencies continued
- Semta was granted submitting body status for QCF
- The Scottish Executive and Welsh Assembly continue to support Semta's work
- Semta continue to play a lead role in working with other SSC's in clusters which support Science, Engineering & Manufacturing and other apprenticeship policy

Education and Training Providers

- The Semta offer to providers has been re-shaped and now offers a wide range of benefits along with a commitment to delivering learners for prospective provider partners
- The product range approved and provided by NSA-M continues to be expanded
- Successful apprenticeship programmes continue to be managed This included a major new contract with Silver Track Training

Other Stakeholders

- Semta signed a Strategic Partnership with Cogent, the process and nuclear SSC
- We are effectively engaging with organisations like EEF and the CBI, along with a number of key trade associations related to our footprint, particularly in the delivery of the Sector Compact A number of memoranda of understanding were signed during the year

FINANCIAL REVIEW

Whilst the primary driver for the organisational review was to improve the focus of the service provided to employers, it was also necessary in order to address the underlying financial position created by Semta's organisation structure. The final group result of a deficit of £1,092,000 reflects the changes that have been required to put Semta on a sound financial footing going forward (2008/9 deficit £7,000)

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 UK Commission for Employment and Skills (UKCES) to deliver agreed sector specific objectives. A new contract with UKCES, for the period 2009-2012, was agreed during the year.

The five trading subsidiaries produced an operating surplus of £1,414,000 (2008/9 surplus £1,554,000). The results of the trading subsidiaries are detailed in Note 2(b).

RESERVES POLICY

The Board's policy, reviewed annually, is to maintain reserves at a level designed to generate £1m 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.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2010

REPORT OF DIRECTOR TRUSTEES (Continued)

During 2009/10 there was a net inflow in to the fund of £359,000 (2008/9 outflow £700,000) In addition the fund generated a total income of £917,000 (2008/09 £1,075,000)

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 outperform the WPI +4% index, gross of fees. The return is measured over a three year rolling period. 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 produced a positive return of 44.7% for the year compared to a positive return of 5.6% for the relevant WPI Index. Over the last three years the fund produced an annualised positive return of 2.0% compared to a positive return of 4.3% for the relevant WPI Index.

PLANS FOR FUTURE PERIODS

The directors and senior managers have worked together to review and update the three year strategic plan which is designed to implement the recommendations in the Leitch Report and to achieve the charitable objectives of the group.

The top level aim is "to contribute to our customer's business performance by promoting and supporting the development of world class skills for the sector."

The five strategic objectives are to

- Provide business support which helps employers identify needs and fills skills gaps
- Identify and map the priorities for filling skills gaps and gaps in provision
- Influence stakeholders to fill priority gaps in provision
- Ensure the development of providers and products, programmes and services, that fully support the filling of skills gaps
- Improve our own business performance and the visibility of results

In order to do this, we will

- Increase awareness of Semta's offer
- Engage with more employers, helping to raise their skills ambition
- Attract learners to the sector
- Work with stakeholders to support their understanding of the sectors needs and how they can make a positive contribution in meeting them
- Provide authoritative labour market information
- Review and update priorities outlined in sector skills agreements
- Develop provider capacity and capability
- Continue to develop high quality, cost effective support services to underpin the operational effectiveness of the organisation

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 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.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2010

REPORT OF DIRECTOR TRUSTEES (Continued)

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

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 annually. Investment risk is managed by the Investment Committee in conjunction with the groups investment and property managers.

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



A Lydon
Secretary
14 Upton Road
Watford WD18 0JT
20 May 2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SCIENCE, ENGINEERING AND
MANUFACTURING TECHNOLOGIES ALLIANCE FOR THE YEAR ENDED 31 MARCH 2010**

We have audited the financial statements of the Science, Engineering And Manufacturing Technologies Alliance for the year ended 31 March 2010 which comprise the consolidated Statement of Financial Activities, the charity and group Balance Sheet, the Cash Flow Statement, and the related notes. The 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 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and 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 trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Report of Director Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

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, have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Report of Directors and trustees is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Report of Director Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

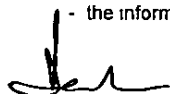
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 of the state of the charity's affairs as at 31 March 2010 and of its incoming resources, and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Report of the Director Trustees is consistent with the financial statements.



Bernie Watson (Senior Statutory Auditor)
for and on behalf of Haysmacintyre, Statutory Auditor

Fairfax House
15 Fulwood Place
London
WC1V 6AY

20 May 2010

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2010

INCOME AND EXPENDITURE

	<u>Note</u>	2010 £'000	2009 £'000
Incoming resources			
Incoming resources from generating funds			
Income from trading subsidiaries	2	14,658	15,645
Investment Income	6	917	1,075
Incoming resources from charitable activities			
Externally funded projects		2,296	2,178
Sector Skills Council contract		1,828	1,867
Other		743	240
Total incoming resources		<u>20,442</u>	<u>21,005</u>
Resources expended			
Cost of generating funds			
Expenditure of trading subsidiaries	2	13,244	14,109
Interest charges		6	6
Total cost of generating funds		<u>13,250</u>	<u>14,115</u>
Charitable activities			
Improving access to learning & encouraging people into careers in the sector		3,889	3,464
Promoting and representing the sector		1,177	1,075
Developing and supporting occupational standards and learning frameworks		2,490	1,536
Research into skills gaps and shortages		668	762
	5	<u>8,224</u>	<u>6,837</u>
Governance costs		60	60
Total resources expended		<u>21,534</u>	<u>21,012</u>
Net incoming resources before other recognised gains and losses		(1,092)	(7)
Other recognised gains and losses			
Realised and unrealised gains/(losses) on investments	9	7,712	(7,223)
Net movement in funds	16	<u>6,620</u>	<u>(7,230)</u>
Fund balance at 1 April 2009	16	23,682	30,912
Fund balance at 31 March 2010		<u>30,302</u>	<u>23,682</u>

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

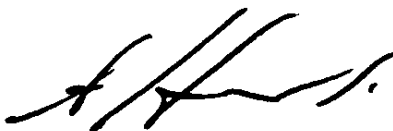
The notes on pages 15 - 26 form part of these accounts

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

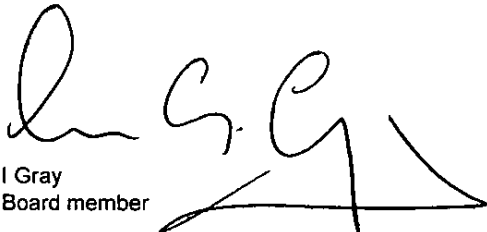
GROUP BALANCE SHEET AS AT 31 MARCH 2010

	Note	2010 £'000	2009 £'000
FIXED ASSETS			
Tangible assets	8	4,379	4,704
Investments	9	28,644	19,637
		<u>33,023</u>	<u>24,341</u>
CURRENT ASSETS			
Stocks	12	28	57
Debtors - amounts falling due within one year	13	3,598	5,642
Debtors - amounts falling due after one year	13	177	216
Bank and cash balances		442	2,064
		<u>4,245</u>	<u>7,979</u>
CREDITORS			
Amounts falling due within one year	14	(6,861)	(8,376)
NET CURRENT LIABILITIES		<u>(2,616)</u>	<u>(397)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>30,407</u>	<u>23,944</u>
CREDITORS - amounts falling due after one year	14	(105)	(262)
NET ASSETS		<u>30,302</u>	<u>23,682</u>
FUNDS AND RESERVES			
<u>Unrestricted Funds</u>			
General Reserve	16	30,302	23,682
		<u>30,302</u>	<u>23,682</u>

The financial statements were approved by the Board on 20 May 2010 and are signed on its behalf by



Sir Alan Jones
Chairman



I Gray
Board member

The notes on pages 15 - 26 form part of these accounts

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE


CHARITY BALANCE SHEET AS AT 31 MARCH 2010

	Note	2010 £'000	2009 £'000
FIXED ASSETS			
Tangible assets	8	3,451	3,600
Investments	9	28,644	19,637
Investment in subsidiaries	11	810	810
		<u>32,905</u>	<u>24,047</u>
CURRENT ASSETS			
Debtors - amounts falling due within one year	13	3,623	3,798
Debtors - amounts falling due after one year	13	177	216
Bank and cash balances		687	974
		<u>4,487</u>	<u>4,988</u>
CREDITORS			
Amounts falling due within one year	14	(7,182)	(5,619)
NET CURRENT LIABILITIES		<u>(2,695)</u>	<u>(631)</u>
CREDITORS - amounts falling due after one year	14	-	-
NET ASSETS		<u>30,210</u>	<u>23,416</u>
FUNDS AND RESERVES			
<u>Unrestricted Funds</u>			
General Reserve	16	30,210	23,416
		<u>30,210</u>	<u>23,416</u>

The financial statements were approved by the Board on 20 May 2010 and are signed on its behalf by



Sir Alan Jones
Chairman



I Gray
Board member

The notes on pages 15 - 26 form part of these accounts

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Note	2010 £'000	2009 £'000
Net cash inflow from operating activities	a)	<u>(1,069)</u>	<u>(1,255)</u>
Returns on investments and servicing of finance			
Investment income received		917	1,075
Drawdown from investments		<u>(1,384)</u>	<u>593</u>
Net cash inflow from returns on investments and servicing of finance		<u>(467)</u>	<u>1,668</u>
Taxation			
Corporation tax refund		-	-
Net cash inflow from taxation		<u>-</u>	<u>-</u>
Capital expenditure and financial investment			
Payments to acquire investments		(3,051)	(2,611)
Payments to acquire tangible fixed assets		(175)	(433)
Receipts from the sale of tangible fixed assets (Gross£k, Net £k)		-	-
Receipts from the sale of investments		3,140	1,636
Transfer of cash (to)/from investment managers		-	-
Net cash inflow/(outflow) from capital expenditure and financial investment		<u>(86)</u>	<u>(1,408)</u>
NET INCREASE IN CASH	- c)	<u>(1,622)</u>	<u>(995)</u>
Represented by			
Net cash inflow		<u>(1,622)</u>	<u>(995)</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010
(continued)

	2010 £'000	2009 £'000
a) Reconciliation of net incoming resources to net cash inflow from operating activities		
Net incoming resources	(1,092)	(7)
Investment income	(917)	(1,075)
Depreciation	500	474
Loss on sale of fixed assets	-	2
Increase (decrease) in creditors	(1,872)	(1,070)
(Increase) decrease in debtors	2,083	408
(Increase) Decrease in stock	29	13
Interest Paid	-	-
Net cash inflow from operating activities	<u>(1,069)</u>	<u>(1,255)</u>
b) Analysis of net funds		
	At 1 April 2009 £'000	Cash flow £'000
Bank balance	<u>2,064</u>	<u>(1,622)</u>
		At 31 March 2010 £'000
		<u>442</u>
c) Reconciliation of net cash flow to movement in net funds		
		£'000
Decrease in cash in the period		(1,622)
Continuing activities		<u>(1,622)</u>
Movement in net funds in the period		<u>(1,622)</u>
Net funds at 1 April 2009		<u>2,064</u>
Net funds at 31 March 2010		<u>442</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010

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
Computer equipment & applications	3

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (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 2010. 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 2010 (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 £40,473 in the year (2009 £46,260).

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 EMTA's role as a Sector Skills Council.

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

Income from trading subsidiaries represents the turnover of the charity's trading subsidiaries included in EMTA'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 EMTA'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	2010 Total	2009 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	8,822	20	11	2,440	3,365	14,658	15,645
	<u>8,822</u>	<u>20</u>	<u>11</u>	<u>2,440</u>	<u>3,365</u>	<u>14,658</u>	<u>15,645</u>
Materials and external charges	1,903	-	-	1,356	526	3,785	4,264
Staff costs	2,730	-	-	739	1,406	4,875	4,938
Depreciation	167	-	-	23	51	241	204
Other operating charges	2,457	22	1	429	1,434	4,343	4,703
	<u>7,257</u>	<u>22</u>	<u>1</u>	<u>2,547</u>	<u>3,417</u>	<u>13,244</u>	<u>14,109</u>
Operating surplus / (deficit)	1,565	(2)	10	(107)	(52)	1,414	1,536
Interest receivable	-	-	-	-	-	-	18
Net surplus / (deficit)	<u>1,565</u>	<u>(2)</u>	<u>10</u>	<u>(107)</u>	<u>(52)</u>	<u>1,414</u>	<u>1,554</u>
Covenanted to SEMTA	(1,565)	-	-	-	-	(1,565)	(1,549)
	<u>-</u>	<u>(2)</u>	<u>10</u>	<u>(107)</u>	<u>(52)</u>	<u>(151)</u>	<u>5</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (continued)

3 HISTORICAL COST NET MOVEMENT IN FUNDS

	2010 £'000	2009 £'000
Net incoming resources	(1,092)	(7)
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	<u>(1,092)</u>	<u>(7)</u>

4 STAFF COSTS

	2010 £'000	2009 £'000
Wages and salaries	8,383	7,688
Social security costs	701	650
Other pension costs	744	713
	<u>9,828</u>	<u>9,051</u>

Included in staff costs is £352,000 (2009 £Nil) relating to early retirements and redundancy costs

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

	2010 £'000	2009 £'000
Training Services	181	177
Support Services	32	32
	<u>213</u>	<u>209</u>

Chairman's remuneration

The remuneration paid to the Chairman during the year was £5,000 (2009 £20,000)

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 £6,379 (2009 £10,304)

Emoluments of employees

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

	2010	2009
£60,001 - £70,000	11	11
£70,001 - £80,000	5	5
£80,001 - £90,000	2	2
£90,001 - £100,000	2	3
£100,001 - £110,000	2	1
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	1
£190,001 - £200,000	1	1
total	<u>24</u>	<u>25</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (continued)

5 NET INCOMING RESOURCES

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

	2010 £'000	2009 £'000
Hire of equipment	22	22
Auditors' remuneration	26	26
Loss on sale of tangible fixed assets	-	2
Operating lease rentals-motor vehicles	170	218
Depreciation (all owned assets)	500	474
Rental Income	-	-
Release of capital-based grants	-	(1)

Auditors remuneration includes £11,300 in respect of the audit of the parent charity (2009 £11,000)

Fees in relation to non audit services were £35,375 (2009 £26,170)

Analysis of charitable activities

	Staff No's	2010 Direct costs £'000	Support costs £'000	Total costs £'000	2009 Total costs £'000
Improving access to learning	38	2,562	1,327	3,889	3,464
Promoting and representing the sector	10	828	349	1,177	1,075
Developing and supporting occupational standards and learning frameworks	20	1,791	699	2,490	1,536
Research into skills gaps and shortages	6	458	210	668	762
	74	5,639	2,585	8,224	6,837

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

	2010 £'000	2009 £'000
Income from fixed asset investments	917	1,002
Bank interest receivable by parent and subsidiary company	-	73
	917	1,075

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 2010 (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 2009	3,640	330	269	2,759	6,998
Additions	-	9	3	163	175
Disposals	-	-	-	-	-
At 31 March 2010	<u>3,640</u>	<u>339</u>	<u>272</u>	<u>2,922</u>	<u>7,173</u>
Depreciation					
At 1 April 2009	212	73	158	1,851	2,294
Charge for year	69	8	22	401	500
Disposals	-	-	-	-	-
At 31 March 2010	<u>281</u>	<u>81</u>	<u>180</u>	<u>2,252</u>	<u>2,794</u>
NET BOOK AMOUNT					
At 31 March 2010	<u>3,359</u>	<u>258</u>	<u>92</u>	<u>670</u>	<u>4,379</u>
At 31 March 2009	<u>3,428</u>	<u>257</u>	<u>111</u>	<u>908</u>	<u>4,704</u>

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 £5,234,000 (2009: £5,126,000) and accumulated depreciation of £1,783,000 (2009: £1,526,000) are held for charitable purposes.

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

	2010 £'000	2009 £'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:

	2010 £'000	2009 £'000
Freehold	2,140	2,180
Long leasehold	1,219	1,248
	<u>3,359</u>	<u>3,428</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (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 2009	3,040	331	269	1,486	5,126
Additions	-	9	3	96	108
Disposals	-	-	-	-	-
At 31 March 2010	3,040	340	272	1,582	5,234
Depreciation					
At 1 April 2009	176	73	153	1,124	1,526
Charge for the year	57	8	22	170	257
Disposals	-	-	-	-	-
At 31 March 2010	233	81	175	1,294	1,783
NET BOOK AMOUNT					
At 31 March 2010	2,807	259	97	288	3,451
At 31 March 2009	2,864	258	116	362	3,600

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 2010 includes fully depreciated assets at historical cost of £682,360 (2009: £389,158).

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (continued)

9 FIXED ASSET INVESTMENTS

Group and charity

	2010	2009
	£'000	£'000
Balance 1 April 2009 at Market Value	18,219	24,467
Additions at cost	3,051	2,611
Disposals at opening market value or cost if during the year (proceeds £3,140,000 realised loss £389,000)	(3,529)	(1,788)
Unrealised gain (loss) on revaluation	8,101	(7,071)
	<u>25,842</u>	<u>18,219</u>
Cash awaiting investment	2,802	1,418
Balance at 31 March 2010 at Market Value	<u>28,644</u>	<u>19,637</u>
Historical cost of Investments	<u>27,048</u>	<u>26,137</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	8,805	6,244
Aberdeen Charity Select Bond	3,805	1,787
Aberdeen Charity Select UK Equity Fund	11,880	9,552

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 2010 was £2,818,000 (2009 £1,442,000).

£1,946,135 of Investments has been ring fenced to match the EAL deferred income liability.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2010 (continued)

11 INVESTMENT IN SUBSIDIARIES

	2010	2009
	£'000	£'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)
Closing Balance @ 31 March 2010	<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 2010 (continued)

12 STOCKS

	Group		Charity	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Resaleable publications	28	57	-	-
	<u>28</u>	<u>57</u>	<u>-</u>	<u>-</u>

13 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Trade debtors	3,129	4,809	1,707	1,716
Amounts owed by subsidiary undertakings	-	-	1,565	1,530
Other debtors	52	31	46	31
Taxation	26	146	25	119
Prepayments and accrued income	391	656	280	402
	<u>3,598</u>	<u>5,642</u>	<u>3,623</u>	<u>3,798</u>

Given the current economic climate the Board remain concerned about the length of time government agencies take to make payments

DEBTORS AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Charity	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Other debtors	177	216	177	216
	<u>177</u>	<u>216</u>	<u>177</u>	<u>216</u>

The amounts for 2010 and 2009 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 2010 (continued)

14 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Trade creditors	1,615	1,404	979	423
Amounts owed to subsidiary undertakings	-	-	-	-
Taxation and social security	290	264	243	264
Other creditors	84	110	84	104
Bank overdraft	-	-	5,193	4,307
Accruals & Deferred Income	4,872	6,598	683	521
	<u>6,861</u>	<u>8,376</u>	<u>7,182</u>	<u>5,619</u>

EMTA Awards Limited 'deferred income' (£1,946,135), relating to certification, is fully asset backed

CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Charity	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Unsecured loan notes	91	245	-	-
Deferred income - capital grant	14	17	-	-
	<u>105</u>	<u>262</u>	<u>-</u>	<u>-</u>

15 OBLIGATIONS UNDER LEASE AGREEMENTS

At 31 March 2010 the group has annual lease commitments as follows

	2010		2009	
Expiry Date	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Less than one year	170	26	207	41
Two to five years	49	202	24	234
Over five years	13	-	24	-
	<u>232</u>	<u>228</u>	<u>255</u>	<u>275</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2010 (continued)

16 FUNDS AND RESERVES

General Reserve

	2010 £'000	2009 £'000
Group		
At 1 April 2009	23,682	30,912
Net movement in funds	6,620	(7,230)
At 31 March 2010	<u>30,302</u>	<u>23,682</u>

Charity

At 1 April 2009	23,416	30,650
Gift Aid from Melskill relating to 09/10	23	12
Gift Aid from Training Publications relating to 08/09	-	8
Realised and unrealised gains on investments	7,712	(7,223)
Loss for the year	(941)	(31)
At 31 March 2010	<u>30,210</u>	<u>23,416</u>

As permitted by the Companies Act 2006 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 loss for the year amounted to £941,000 (2009 loss £31,000)

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 for the purposes of these accounts.

The cost to the group and the charitable company for the year was £752,874 (2009 £712,940)

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.