

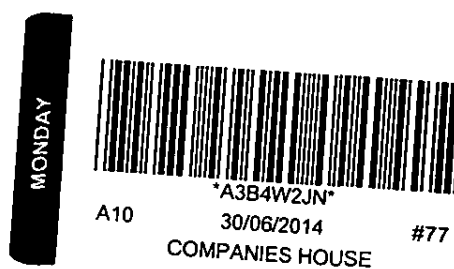


**SCIENCE, ENGINEERING AND MANUFACTURING  
TECHNOLOGIES ALLIANCE**

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

Company Number 2324869  
Charity Number 1000328



**SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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**SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

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**Auditors**

haysmacintyre  
26 Red Lion Square  
London WC1R 4AG

**Registered Office**

14 Upton Road  
Watford WD18 0JT

**Investment Managers**

Aberdeen Asset Management Plc  
Bow Bells House  
1 Bread Street  
London EC2M 9HH

**Board Members**

A Cook - Chairman  
S Ball  
J Bolton (resigned 2 May 2013)  
D Byrne

**Investment Advisors**

Barnett Waddingham  
138 Cheapside  
London  
EC2V 6BW

A Connelly  
I Gray  
J Greenwell

D Haywood  
A Imrie

**Property Managers**

Fletcher King  
Stratton House  
London W1X 5FE

J Maier  
L Minella

I Mukerjee  
T Scouler

H Scullion (resigned 29 July 2013)  
S Sillars

M Stewart  
I Waddell

(appointed 25 September 2013)

**Bankers**

Barclays Bank plc  
62/64 High Street  
Watford WD17 2BT

**Chief Executive**

S Sillars

**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

TRUSTEES'/DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2014

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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  
J Bolton (resigned 02/05/13)  
D Byrne<sup>1</sup>  
A Connelly<sup>2</sup>  
I Gray<sup>3</sup>  
J Greenwell  
D Haywood  
A Imrie<sup>4</sup>  
J Maier  
L Minella  
I Mukerjee<sup>5</sup>  
T Scouler  
H Scullion (resigned 29/07/13)  
S Sillars – Group Chief Executive  
M Stewart<sup>6</sup>  
I Waddell (appointed 25/09/13)

- 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 1

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

A Board Standing Committee (D Byrne, D Haywood and A Imrie) has delegated authority to approve expenditure and contracts on behalf of the Board.

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.

## SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

### TRUSTEES'/DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2014

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#### STRUCTURE, GOVERNANCE AND MANAGEMENT (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)

The key internal financial control procedures are summarised as follows

##### **Control environment**

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

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

Business strategy and business plans are reviewed by the Board. Detailed appraisals are undertaken and financial implications evaluated prior to all capital expenditure and projects. Risk assessments are considered by the Audit Committee 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, includes at least one additional Board member and has other 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 Plc, 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**

As a registered UK charity Semta operates for the public benefit. Semta is the employer-led body engineering skills for the future of UK industry. We aim to increase take up of high quality, easily accessible training programmes which respond to the need of employers working across the engineering and advanced manufacturing sector. By improving the skills of the sector's workforce, UK businesses become increasingly competitive which benefits the economy as a whole.

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

## SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

### TRUSTEES'/DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2014

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#### OBJECTIVES AND ACTIVITIES

The objectives 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 2013/14 was "to ensure 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 "

Our business plan outlined how, in year two of our 2012-15 strategy, we would continue to build our reputation as a well-respected organisation by

- Delivering each of our contracts on time and to budget
- Delivering value enhancing training solutions for employers
- Developing deeper client relationships and growing our client base
- Strengthening our position as a valued partner of UK Commission for Employment and Skills (UKCES), governments and other stakeholders
- Promoting the success and achievements of people and businesses working across the sector

To achieve this strategy we set out to

- Build a sustainable service business (Develop, promote and market Semta'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)

#### STRATEGIC REPORT

In August 2013, the UK Parliament approved The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 These regulations introduce into the Companies Act 2006 a requirement for all large and medium-sized companies to prepare a separate Strategic Report

#### ACHIEVEMENTS AND PERFORMANCE

During 2013/14, the Group continued to make good progress in adjusting the way it operates in order to respond to the changing policy environment During the year the organisation has delivered many achievements including

- Meeting and exceeding our targets, on time and to budget, for each of the Employer Investment Fund (EIF) and Growth and Innovation Fund (GIF) projects funded by UKCES
- Supporting the recruitment of 4,000 apprentices, more than 2,800 of which are working within SMEs, via the EIF Apprenticeships project
- Engaging with more than 2,800 supply chain employers and delivering 2,690 Skills for Growth assessments to encourage investment in the skills and technology needed for growth, through the EIF Supply Chain project

**ACHIEVEMENTS AND PERFORMANCE (continued)**

- Supporting the placement of 635 STEM graduates with engineering and advanced manufacturing employers, the majority of whom were SMEs, through the EIF Graduate project
- 265 module registrations for Semta's Advanced Skills Accreditation Scheme (ASAS) providing Master's degree level training, via nine Higher Education institutions, to boost the skills of the sector's workforce
- Exceeding the target set for Advanced and Higher Apprenticeship starts under the Apprenticeship Ambition commitment, achieving 11,870 against a target of 10,000
- Launching the hugely successful inaugural Semta Skills Awards to recognise and celebrate talent and achievement across the sector. The event was supported by seven leading industry sponsors and attracted more than 400 guests drawn from industry and stakeholder organisations. The £166,000 of media coverage generated as a result of the Awards not only raised the profile of the organisation, but also showcased the achievements of people and businesses working in engineering
- Delivering 40% growth in the number of Semta Apprenticeship Service learners year on year – increasing from 750 in March 2013 to 1052 in March 2014
- Supporting 689 new learners, through the Semta Apprenticeship Service, to begin a programme - 294 at level two and 395 at level three. The year also saw 154 individuals achieve a full framework completion
- Working with 195 employers across England through the Semta Apprenticeship Service including large employers Tata Steel, British Airways and Mercedes F1 and many SMEs vital to the sustained recovery of the UK economy
- 37% uplift in registrations achieved for the 2014 WorldSkills UK engineering competitions for which Semta is the organising partner
- Successful delivery of the 2013 WorldSkills UK engineering competitions, including management of the selection events, regional heats and the finals at the Skills Show 2013
- Achieving a 13.1 return on investment for PR spend, against the target and industry benchmark of 5.1 ROI. Media coverage generated for Semta over the year has an AVE value of £1.1million and included articles in national publications including the Daily Telegraph, The Times, The Guardian and an interview with Sarah Sillars OBE on the BBC News channel
- Developing a new visual and conceptual Semta brand, including revised logo and strapline "Engineering skills for the future", which has been rolled out across marketing and PR activity
- Launching a new website developed to communicate the full range of Semta's services to key audiences, including employers, stakeholders and young people interested in apprenticeships and a career in engineering
- Delivering activity to meet specific requirements of the devolved nations across Scotland, Wales and Northern Ireland
- In Wales Semta managed the Welsh Government funded Pathways to Apprenticeships in Engineering project which has been selected for mainstream funding from September 2014, a Semta Higher Apprenticeship programme has attracted 45 candidates who will complete by the end of 2014 and a successful STEM campaign "I am an engineer" has been developed to encourage young people into STEM careers via school and Saturday clubs
- In Scotland Semta achieved a record number of Engineering Modern Apprenticeship starts (1,500 in total), re-introduced a Rail Modern Apprenticeship framework and won funding for and jointly managed a Big Lotto project with the SRC to help more women get into and stay in successful careers in engineering
- Working closely with aerospace and automotive employers to support the development of Industrial Partnerships
- Responding to request for support from employers involved in the aerospace and automotive Trailblazers and subsequently acted as technical advisor and facilitator in discussions on creating Apprenticeship standards fit for the future. The first new standards were approved by government in March 2014
- Semta's Chairman and Chief Executive had a presence at high profile events throughout the year, including fringe events at the Conservative and Labour Party Conferences
- EAL has certificated more than 115,000 learners and 140,000 registrations in the year ending March 31 2014
- EAL enjoyed another outstanding year for customer satisfaction, which saw the company achieve an overall score of 86.2% in the bi-annual Customer Satisfaction Survey – putting EAL in the top quartile for the UK-wide Customer Satisfaction Index™
- EAL continues to seek close collaboration with its customers and partners across all sectors, working to identify new opportunities and provide flexible awarding solutions that meet employer and learner needs. Most recently, EAL has consolidated its work towards becoming the awarding organisation of choice for the rail and retail sectors

TRUSTEES'/DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2014

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FINANCIAL REVIEW

The Consolidated Statement of Financial Activities for the year ended 31<sup>st</sup> March 2014 (page 11) shows a net increase in funds of £1,762,000 after investment gains

This was despite 2013/14 being the second 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 the Semta Apprenticeship Service (Metskill Ltd)
- Decrease in turnover by 4% 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

The Group result is an operating **surplus** of £1,875,000 (2012/13 **surplus** of £1,611,000)

The Group result after all exceptional costs is a **surplus** of £1,414,000 (2012/13 **surplus** of £769,000)

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

The five trading subsidiaries produced a net **surplus** of £2,482,000 (2012/13 net **surplus** of £2,037,000) after exceptional costs of £46,000 (2012/13 245,000)

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 £461,000 (2012/13 £842,000) 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 £30,481,000 (2012/13 £28,719,000) an **increase** in the year of £1,762,000 (2012/13 **increase** £2,278,000).

**INVESTMENT POLICY AND PERFORMANCE**

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 RPI + 4%, gross of fees. The return is measured over a three year rolling period with the last three years return at 8.1% compared to benchmark of 5.5%. The performance of the portfolio is reviewed quarterly by the Investment Committee in conjunction with the



### INVESTMENT POLICY AND PERFORMANCE (continued)

investment manager Market performance is monitored by Barnett Waddingham who provide reports to the Committee every quarter The Investment Fund generated an investment income of £732,000 (2012/13 £827,000) The overall Investment Fund increased by £922,000 during 2013/14

### PLANS FOR FUTURE PERIODS

Semta continues to be an organisation in transition However, as we move from being a funded organisation to one that provides paid for services to employers, our mission remains the same

*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.*

To achieve this mission we have set ourselves a number of challenging strategic objectives Drawing upon our expertise and knowledge of the sector, we will develop our commercial proposition Working with sector employers we will deliver products and services that meet their needs and create a sales pipeline which will secure sustainable growth for the organisation in the future

We will invest in the provision of high quality information, advice and guidance about careers and opportunities available in the sector By promoting initiatives like the WorldSkills UK engineering competitions and by celebrating achievements and success at the annual Semta Skills Awards we will raise the profile of engineering and inspire and encourage more talented young people to work in our sector

The importance of attracting more women into the engineering and advanced manufacturing sector, and retaining their skills and talent, is an issue that will be central to our plans going forwards Semta will seek to highlight and promote examples of successful female engineers wherever possible, showcasing positive and inspiring role models through our PR and marketing activity and involvement with the Royal Academy of Engineering's Diversity Leadership Group

Our unrivalled expertise in developing high quality sector qualifications, standards and Apprenticeship frameworks will continue to be used to deliver the Universal Services contract, to time and to budget This detailed knowledge will also be made available to Trailblazer employers requesting advice and support as they design Apprenticeship standards fit for the future

Through our Apprenticeship Service we will continue to offer a bespoke, funded service to employers designed to make it easy to take on and up-skill apprentices, ensuring employers get the best results for their business and apprentices receive the best start to their career Investment in the infrastructure of the Apprenticeship Service will support growth and expansion, whilst retaining a high level of quality of provision

Semta will continue to work with strategic stakeholder and employer groups where clear value can be added to ensure the skills needs of the different sectors within engineering and advanced manufacturing are fully met For example, Semta is a member of the Defence Growth Partnership Skills group and is actively supporting employers in achieving their action plans to address a number of critical skills issues within the sector

EAL outlined its three year business plan in April 2014, in which it sets out the goal to aggressively grow the size of the business by 2018 to £13M excluding acquisition and merger EAL continues to seek close collaboration with its customers and partners across all sectors, working to identify new opportunities and provide flexible awarding solutions that meet employer and learner needs The areas key to EAL's success are engineering and manufacturing, building services and adjacent industry sectors including rail, logistics and support services, as well as non-adjacent retail EAL is also expanding and targeting new business in a number of overseas markets, including Oman and China

Specific objectives on financial sustainability, efficiency and cost effectiveness 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

**TRUSTEES'/DIRECTORS' REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2014**

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**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

**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 manager and advisors.

The key external risks are currently -

- Failure to replace previous grant funded activity with paid for services by employers
- Move away from use of intermediaries in the skills system
- Failure to secure Grant Holder status for Employer Ownership Bids for the Automotive and Aeronautical sectors

Mitigating actions are in place

**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.

TRUSTEES'/DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2014

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**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

This report, which incorporates the Strategic Report, was approved by the Board on 5 June 2014 and signed on its behalf by



Stephen Ball  
Company Secretary  
Senta  
14 Upton Road  
Watford WD18 0JT

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

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We have audited the financial statements of Science, Engineering and Manufacturing Technologies Alliance for the year ended 31-March-2014-which comprise-the Consolidated-Statement of-Financial Activities, the-Charity and Group Balance Sheets, Group Cash Flow Statement, notes to 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 Statement of Trustees' Responsibilities, 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 Trustees' Report, incorporating the Strategic 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 affairs of the charitable company and the group as at 31 March 2014 and of the incoming resources and application of resources, including the income and expenditure, of the group 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 Trustees' Report, incorporating the Strategic 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**

**26 Red Lion Square  
London  
WC1R 4AG**

5 June 2014

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating Income and Expenditure)

FOR THE YEAR ENDED 31 MARCH 2014

INCOME AND EXPENDITURE	Notes	2014 £'000	2013 £'000
<b>Incoming resources</b>			
<i>Incoming resources from generated funds:</i>			
Income from trading subsidiaries	2	12,160	12,314
Investment income	6	732	827
<i>Incoming resources from charitable activities:</i>			
Externally funded projects		3,390	4,554
Other		572	361
<b>Total incoming resources</b>		<u>16,854</u>	<u>18,056</u>
<b>Resources expended</b>			
<i>Costs of generating funds:</i>			
Expenditure of trading subsidiaries	2	9,632	10,032
Interest charges		1	6
<b>Total cost of generating funds</b>		<u>9,633</u>	<u>10,038</u>
<i>Charitable activities:</i>			
Improving access to learning and encouraging people into careers in the sector		3,204	3,964
Promoting and representing the sector		643	621
Developing and supporting occupational standards and learning frameworks		1,166	1,509
Research into skills gaps and shortages		273	253
	5	<u>5,286</u>	<u>6,347</u>
<i>Governance costs</i>		60	60
<b>Total resources expended</b>		<u>14,979</u>	<u>16,445</u>
<b>Net incoming resources before other recognised gains and losses and exceptional items</b>		1,875	1,611
<i>Exceptional items</i>	10	(461)	(842)
		<u>1,414</u>	<u>769</u>
<i>Other recognised gains and losses</i>			
Realised and unrealised loss on property revaluation	8	-	(1,011)
Realised and unrealised gains on investments	9	348	2,520
<b>Net movement in funds</b>	16	<u>1,762</u>	<u>2,278</u>
Fund balance at 1 April 2013	16	<u>28,719</u>	<u>26,441</u>
<b>Fund balance at 31 March 2014</b>		<u><u>30,481</u></u>	<u><u>28,719</u></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 15 to 25 form part of the accounts.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

GROUP BALANCE SHEET

AT 31 MARCH 2014

(Company Number 2324869)

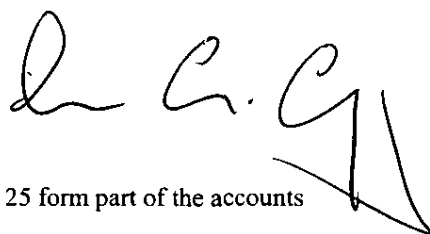
	Notes	2014 £'000	2013 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	3,158	2,906
Investments	9	28,328	27,406
		<u>31,486</u>	<u>30,312</u>
<b>CURRENT ASSETS</b>			
Stocks	12	17	21
Debtors – amounts falling due within one year	13	3,033	3,437
Debtors – amounts falling due after one year	13	50	98
Bank and cash balances		778	664
		<u>3,878</u>	<u>4,220</u>
<b>CREDITORS: amounts falling due within one year</b>	14	(4,785)	(5,710)
<b>NET CURRENT LIABILITIES</b>		<u>(907)</u>	<u>(1,490)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		30,579	28,822
<b>CREDITORS: amounts falling due after one year</b>	14	(98)	(103)
<b>NET ASSETS</b>		<u>30,481</u>	<u>28,719</u>
<b>FUNDS AND RESERVES</b>			
<b>Unrestricted funds</b>			
General reserve	16	<u>30,481</u>	<u>28,719</u>

The financial statements were approved and authorised for issue by the Board on 5 June 2014 and were signed below on its behalf by

A Cook  
Chairman



I Gray  
Board Member



The notes on pages 15 to 25 form part of the accounts

## SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## CHARITY BALANCE SHEET


AT 31 MARCH 2014

(Company Number 2324869)

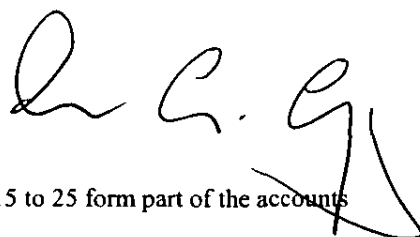
	Notes	2014 £'000	2013 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	2,638	2,525
Investments	9	28,328	27,406
Investment in subsidiaries	11	-	-
		<u>30,966</u>	<u>29,931</u>
<b>CURRENT ASSETS</b>			
Debtors – amounts falling due within one year	13	5,874	4,321
Debtors – amounts falling due after one year	13	50	98
		<u>5,924</u>	<u>4,419</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(6,359)</u>	<u>(5,631)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(435)</u>	<u>(1,212)</u>
<b>NET ASSETS</b>		<u>30,531</u>	<u>28,719</u>
<b>FUNDS AND RESERVES</b>			
<b>Unrestricted funds</b>			
General reserve	16	<u>30,531</u>	<u>28,719</u>

The financial statements were approved and authorised for issue by the Board on 5 June 2014 and were signed below on its behalf by

A Cook  
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The notes on pages 15 to 25 form part of the accounts

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £'000	2013 £'000
<b>Net cash inflow/(outflow) from operating activities</b>	a)	440	(848)
<b>Returns on investments and servicing of finance</b>			
Investment income received		732	827
Drawdown from investments		(308)	796
<b>Net cash inflow from returns on investments and servicing of finance</b>		424	1,623
<b>Capital expenditure and financial investment</b>			
Payments to acquire investments		(2,439)	(4,933)
Payments to acquire tangible fixed assets		(484)	(397)
Receipts from the sale of investments		2,173	3,831
<b>Net cash outflow from capital expenditure and financial investment</b>		(750)	(1,499)
<b>NET INCREASE/(DECREASE) IN CASH</b>	c)	114	(724)
<b>Represented by</b>			
Net cash inflow/(outflow)	b)	114	(724)
		<b>2014 £'000</b>	<b>2013 £'000</b>
<b>a) Reconciliation of net incoming resources to net cash inflow from operating activities</b>			
Net incoming resources (includes exceptional items)		1,414	769
Investment income		(732)	(827)
Depreciation		232	183
Decrease in creditors		(930)	(273)
Decrease/(increase) in debtors		452	(712)
Decrease in stock		4	12
<b>Net cash inflow/(outflow) from operating activities</b>		440	(848)
<b>b) Analysis of net funds</b>	At 1 April 2013 £'000	Cash flow £'000	At 31 March 2014 £'000
Bank balance	664	114	778
<b>c) Reconciliation of net cash flow to movement in net funds</b>			£'000
<b>Increase in cash in the period</b>			
Continuing activities			114
Movement in net funds in the period			114
<b>Net funds at 1 April 2013</b>			664
<b>Net funds at 31 March 2014</b>			778



# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the 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. 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 these 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

**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 at 31 March 2014. 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 of 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 the employees' working lives.

**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 £84,250 in the year (2013: £39,635).

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2014

**2 INCOMING RESOURCES AND NET MOVEMENT IN FUNDS (continued)****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 Limited (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 apprentice training services to businesses in the engineering sector, 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 consolidated accounts is shown below

Audited accounts have been filed with the Registrar of Companies

	<b>EAL</b>	<b>Training</b>	<b>Training</b>	<b>MetSkill</b>	<b>National</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>Properties</b>	<b>Publications</b>	<b>Limited</b>	<b>Skills</b>	<b>Total</b>	<b>Total</b>
		<b>Limited</b>	<b>Limited</b>	<b>Limited</b>	<b>Academy</b>	<b>£'000</b>	<b>£'000</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>for Manuf.</b>		
					<b>Limited</b>		
					<b>£'000</b>		
Income	9,247	40	-	2,865	8	12,160	12,314
Materials and external charges	1,697	-	-	1,676	2	3,375	3,449
Staff costs	3,043	-	-	108	65	3,216	3,100
Depreciation	43	-	-	7	-	50	44
Other operating charges	1,909	31	3	1,048	-	2,991	3,439
	6,692	31	3	2,839	67	9,632	10,032
<b>Operating surplus</b>	<b>2,555</b>	<b>9</b>	<b>(3)</b>	<b>26</b>	<b>(59)</b>	<b>2,528</b>	<b>2,282</b>
Exceptional items	(46)	-	-	-	-	(46)	(245)
<b>Net surplus</b>	<b>2,509</b>	<b>9</b>	<b>(3)</b>	<b>26</b>	<b>(59)</b>	<b>2,482</b>	<b>2,037</b>
Gift Aid to Semta	(2,509)	-	-	-	-	(2,509)	(2,347)
	-	9	(3)	26	(59)	(27)	(310)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2014

3. HISTORICAL COST NET MOVEMENT IN FUNDS	2014 £'000	2013 £'000
Net incoming resources	1,875	1,611
Differences between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	-	-
<b>Historical cost surplus on ordinary activities</b>	<b>1,875</b>	<b>1,611</b>
4. STAFF COSTS	2014 £'000	2013 £'000
Wages and salaries	7,586	7,312
Social security charges	645	646
Other pension costs	395	408
	<b>8,626</b>	<b>8,366</b>

Included in staff costs is £324,000 (2013 £446,000) relating to early retirements and redundancy costs and charged to Exceptional Items per note 10. The related reduction in headcount is partly offset by increases elsewhere in the group.

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

	2014 No.	2013 No.
Training services	151	155
Support services	19	17
	<b>170</b>	<b>172</b>

**Trustees' remuneration**

During the year, in accordance with the Articles of Association of the charity, payments were made to certain trustees, consisting of £20,000 (2013 £20,000) to the Chairman, £236,977 (2013 £88,556) to the Chief Executive for her executive responsibilities whilst a trustee and £144,987 (2013 £51,094) to the Finance Director for his executive responsibilities whilst a trustee. 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 £10,446 (2013 £10,203).

**Emoluments of employees**

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

	2014 No.	2013 No.
£60,001 - £70,000	9	12
£70,001 - £80,000	6	5
£80,001 - £90,000	-	3
£90,001 - £100,000	1	-
£100,001 - £110,000	3	1
£120,001 - £130,000	1	3
£130,001 - £140,000	1	-
£150,001 - £160,000	1	1
£160,001 - £170,000	-	1
£200,001 - £300,00	1	-
<b>Total</b>	<b>23</b>	<b>26</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2014

**5. NET INCOMING RESOURCES**

<b>2014</b>	<b>2013</b>
<b>£'000</b>	<b>£'000</b>

Net incoming resources are arrived at after charging the following

Hire of equipment	13	13
Auditors' remuneration	28	26
Operating lease rentals-motor vehicles	256	266
Depreciation (all owned assets)	232	182

Auditors' remuneration includes £12,300 in respect of the audit of the parent charity (2013 £11,950) Fees in relation to non-audit services were £8,870 (2013 £8,435)

**Analysis of charitable activities**

	<b>Staff No's</b>	<b>Direct costs £'000</b>	<b>Support costs £'000</b>	<b>2014 Total costs £'000</b>	<b>2013 Total costs £'000</b>
Improving access to learning	40	2,319	885	3,204	3,964
Promoting and representing the sector	7	488	155	643	621
Developing and supporting occupational standards and learning frameworks	16	812	354	1,166	1,509
Research into skills gaps and shortages	3	109	164	273	253
	<u>66</u>	<u>3,728</u>	<u>1,558</u>	<u>5,286</u>	<u>6,347</u>

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**

<b>2014</b>	<b>2013</b>
<b>£'000</b>	<b>£'000</b>

Income from fixed asset investments	732	827
-------------------------------------	-----	-----

**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 (continued)

FOR THE YEAR ENDED 31 MARCH 2014

## 8. TANGIBLE FIXED ASSETS

Group	Land and buildings £'000	Freehold improvements £'000	Plant and machinery £'000	Office furniture & equipment £'000	Total £'000
<b>Cost or valuation</b>					
At 1 April 2013	2,629	346	296	3,172	6,443
Additions	-	-	8	476	484
At 31 March 2014	2,629	346	304	3,648	6,927
<b>Depreciation</b>					
At 1 April 2013	495	107	236	2,699	3,537
Charge in year	66	9	19	138	232
At 31 March 2014	561	116	255	2,837	3,769
<b>Net Book Value</b>					
At 31 March 2014	2,068	230	49	811	3,158
At 31 March 2013	2,134	239	60	473	2,906

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

Fixed assets with a cost of £5,132,000 (2013: £4,837,000) and accumulated depreciation of £2,494,000 (2013: £2,312,000) are held for charitable purposes.

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

	2014 £'000	2013 £'000
Cost	3,331	3,331
Depreciation	(558)	(495)
	<u>2,773</u>	<u>2,836</u>

The net book amount of land and buildings comprises:

	2014 £'000	2013 £'000
Freehold	1,410	1,450
Long leasehold	658	684
	<u>2,068</u>	<u>2,134</u>

The charity's bankers, Barclays Bank Plc, have a charge over its Watford property as security for the charity's overdraft.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2014

## 8. TANGIBLE FIXED ASSETS (continued)

	Freehold Land and buildings £'000	Freehold improvements £'000	Plant and machinery £'000	Office furniture & equipment £'000	Total £'000
<b>Charity</b>					
<b>Cost or valuation</b>					
At 1 April 2013	2,260	346	296	1,935	4,837
Additions	-	-	8	287	295
At 31 March 2014	2,260	346	304	2,222	5,132
<b>Depreciation</b>					
At 1 April 2013	411	107	229	1,565	2,312
Charge in year	59	9	19	95	182
At 31 March 2014	470	116	248	1,660	2,494
<b>Net Book Value</b>					
At 31 March 2014	1,790	230	56	562	2,638
At 31 March 2013	1,849	239	67	370	2,525

Freehold land and buildings were 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 2014 includes fully depreciated assets at historical cost of £1,136,269 (2013: £1,103,101).

## 9. FIXED ASSET INVESTMENTS

	2014 £'000	2013 £'000
<b>Group and Charity</b>		
Balance 1 April 2013 at market value	27,307	23,548
Additions at cost	2,439	4,933
Disposals at opening market value or cost if during the year	(2,173)	(3,686)
Unrealised gain on revaluation	348	2,512
	27,921	27,307
Cash awaiting investment	407	99
Balance at 31 March 2014 at market value	28,328	27,406
Historical cost of investments	22,876	22,089

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	6,792	6,626
Aberdeen Charity Select Bond	4,117	4,737
Aberdeen Charity Select UK Equity Fund	12,006	10,717
Aberdeen Orbita Cap Return Fund	1,598	1,535

The Trustees have appointed Aberdeen Asset Management Plc ("Aberdeen") as the investment fund managers. The funds are held in a number of pooled funds and provide the group with exposure to the equity market.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2014

10. EXCEPTIONAL ITEMS	2014 £'000	2013 £'000
Re-structure costs	461	842

Included in the consolidated Statement of Financial Activities as an exceptional item is a restructuring charge of £461,000 (2013 £842,000) which consists of staff costs per note 4 of £324,000 (2013 £446,000) and non-staff costs of £137,000 (2013 £396,000)

11. INVESTMENTS IN SUBSIDIARIES	2014 £'000	2013 £'000
<b>Charity</b>		
Shares at cost	5,980	5,980
Long term loan	2,771	2,771
	8,751	8,751
<b>Provision</b>		
Balance brought forward	(8,751)	(7,941)
Revaluation of investment in subsidiaries	-	(810)
	-	-
Closing balance at 31 March 2014	-	-

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 apprentice training services to improve performance of businesses in the engineering sector

**National Skills Academy for Manufacturing Limited**

A company registered in England and Wales which develops and implements national standards for manufacturing skills delivery

**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

12. STOCKS	Group		Charity	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Resaleable publications	17	21	-	-
	<u>17</u>	<u>21</u>	<u>-</u>	<u>-</u>
<b>13. DEBTORS</b>	<b>Group</b>		<b>Charity</b>	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
<b>Amounts falling due within one year</b>				
Trade debtors	1,495	1,974	587	170
Amounts owed by subsidiary undertakings	-	-	3,832	2,799
Other debtors	14	17	14	17
Taxation	96	144	96	103
Prepayments	235	283	152	213
Accrued income	1,193	1,019	1,193	1,019
	<u>3,033</u>	<u>3,437</u>	<u>5,874</u>	<u>4,321</u>



SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2014

13	DEBTORS (continued)	Group		Charity	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
	Amounts falling due after one year				
	Other debtors	50	98	50	98

14	CREDITORS: amounts falling due within one year	Group		Charity	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
	Trade creditors	561	806	360	519
	Taxation and social security	187	197	183	197
	Other creditors	58	186	58	64
	Bank overdraft	-	-	5,299	3,933
	Accruals	1,539	1,316	417	408
	Deferred income	2,440	3,205	42	510
		4,785	5,710	6,359	5,631

EAL Limited 'deferred income' of £2,333,790 (2013 £2,629,959), relating to certification, is fully asset backed

CREDITORS: amounts falling due after one year	Group		Charity	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Unsecured loan notes	91	91	-	-
Deferred income – capital grant	7	12	-	-
	98	103	-	-

15 OBLIGATIONS UNDER LEASE AGREEMENTS

At 31 March 2014 the group has annual lease commitments which expire as follows

	2014		2013	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
Less than one year	9	2	19	19
Two to five years	63	261	63	154
Over five years	12	-	12	-
	84	263	94	173

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2014

16 FUNDS AND RESERVES	2014 £'000	2013 £'000
<b>General reserve</b>		
<b>Group</b>		
At 1 April 2013	28,719	26,441
Net movement in funds	1,762	2,278
At 31 March 2014	<u>30,481</u>	<u>28,719</u>
<b>Charity</b>		
At 1 April 2013	28,719	26,732
Realised and unrealised gains on investments	348	2,518
Unrealised loss on property revaluation	-	(780)
Gift Aid relating to 2011/12	-	290
Revaluation of investment in subsidiaries	-	(810)
Profit for the year (including current year Gift Aid)	1,464	769
At 31 March 2014	<u>30,531</u>	<u>28,719</u>

## 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 £395,000 for the year (2013 £408,000). At the close of the year the outstanding employee and employer pension contribution amounted to £58,026.

There are 129 members in the defined benefit pension scheme.

The pension scheme has one active 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 2014 were 7.6% (2013 7.6%).

The most recent agreed 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%). A further valuation was conducted as at 31 March 2013 which has yet to be finalised.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2014

**18. PENSION COMMITMENTS (continued)**

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**

Aged 65 now	24.2	22.1
Age 65 in 20 years	26.1	24.3

**Women**

Aged 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 1 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 2013 was estimated to be £38.8m. 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.