



**SCIENCE, ENGINEERING AND MANUFACTURING  
TECHNOLOGIES ALLIANCE**

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

Company Number: 02324869  
Charity Number: 1000328

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**SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

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## SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

### ADVISORS

FOR THE YEAR ENDED 31 MARCH 2020

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#### **Auditor**

Grant Thornton UK LLP  
Victoria House  
199 Avebury Boulevard  
Milton Keynes  
MK9 1AU

#### **Investment Managers**

CCLA  
Senator House  
85 Queen Victoria Street  
London  
EC4V 4ET

BNY Mellon Fund Managers Limited  
The Bank of New York Mellon Centre  
160 Queen Victoria Street  
London  
EC4V 4LA

#### **Investment Advisor**

Portfolio Manager Consultancy Ltd  
Woodwater House  
Pynes Hill  
Exeter  
EX2 5WR

#### **Banker**

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

#### **Solicitors**

DLA Piper UK LLP  
1 St. Peter's Square  
Manchester  
M2 3DE  
United Kingdom

Gowling WLG (UK) LLP  
4 More London  
Riverside  
London  
SE1 2AU

#### **Registered Office**

Unit 2, The Orient Centre  
Greycaine Road  
Watford  
WD24 7GP

#### **Board Members**

J Hackitt DBE (Chair)  
M Evans  
S Hunter  
J Lopes  
S Pamplin  
M Tarry  
I Waddell  
P Birt  
S Sandle  
K Boswell OBE  
J H Wood (appointed 24 September 2019)  
Dr V H Saward (appointed 24 September 2019)  
P Perera (appointed 26 March 2020)

#### **Chief Executive**

A Watson

#### **Secretary**

A McLachrie (resigned 31 December 2019)

REPORT OF THE CHAIR  
FOR THE YEAR ENDED 31 MARCH 2020

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2019/20 has been a year of transformation for Semta as it evolved to become Enginuity signifying a change in direction for the business as a new engineering and manufacturing skills organisation in response to the challenges and opportunities faced by the sector. Our ambition is simple – to be the sector connector – a skills integrator developing practical skills solutions using unmatched industry expertise and data, to provide the Advanced Manufacturing and Engineering industries the support they need to make smarter data-driven decisions about the people and skills they need, today and tomorrow.

Enginuity is not just a new name for us, it is a step change in how we think, how we work and the products we deliver – with the underlying belief that one engineer can change their world and ours, given the opportunity. Enginuity is an organisation focussing on opportunity – for the learner, for the employer and for the educator, no engineer should be left behind. The building of the new brand and the new organisation is the result of a 3-year journey where the whole business has been placed under a spotlight and tested against three key questions;

1. How well is it performing?
2. Does it provide value for money?
3. Where are the opportunities as we become Enginuity?

The result of this self-review has seen Enginuity and its new operating model start to emerge with the emphasis clearly on the customer and this is reflected in the way Enginuity is led, managed, and operates each day. We have invested heavily in our people – increasing our specialist talent bank and building new teams with new skills and capabilities around data and digital whilst continuing to strengthen EAL teams delivering End Point Assessment. A major investment in technology and infrastructure included modernising the technology and systems has delivered an increase in productivity and led to better experience for the people who work with and for Enginuity.

Leading an organisation through change is always a challenge. It requires a clear vision for the change and compelling stories around the benefits of changing and, at the same time, acknowledgment that there is risk involved in change but not as much as in standing still. Taking people with you on a journey of change is fundamental to the success and our people tell us we did just that and we welcomed a ten point increase in our internal engagement score compared to this time last year.

As we launched Enginuity to the world in February 2020, we led with a new website reflecting the 'Enginuity' brand and this continues to build momentum in these early days, creating a reputation for unrivalled insight and expertise. Yet, who would have thought that just a few weeks later we would be in the grip of a global pandemic and many lives, job roles and workplaces across our sector changed quite literally overnight? The investment to overhaul our technology and IT equipment across the business paid dividends in allowing us to rapidly move to a remote organisation who could still deliver for our employers and learners when lockdown was announced.

The disappointment felt by all the team at Enginuity after the cancellation of the 2019/20 Skills Awards due to the pandemic, meant we didn't have the opportunity to showcase the talent and rising stars in our industry this year and for those organisations who deserve to have their innovation stories and successes recognised – your time will still come when it's safe for us to be together and we will celebrate the wealth of 'Enginuity' thinking that we see every day across our employers and learning providers.

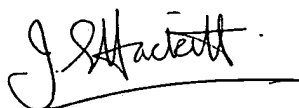
Our work across the four nations continues to be a significant part of our day to day operation and something I'm particularly proud of this year is the development of the common skills language which has the potential to be a game changing moment for the sector at a time when it will be most needed. The ability to match skills, regardless of how they are described and how they are named will mean that the careers and roles for an engineer could be expanded helping us to retain skills and knowledge in the sector and enable people to identify new career paths in this time of change.

EAL continues to be a strong performer, winning significant contracts supporting strategic partners in the fields of T-Levels and Qualification Wales as well as expanding its offering for the sector as the EPA provider of choice for many.

REPORT OF THE CHAIR (continued)  
FOR THE YEAR ENDED 31 MARCH 2020

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It has been an exciting and progressive year for Enginuity with much of the careful planning starting to come to life and becoming a reality. I very much look forward to what 2020/21 and beyond brings although at this time, the foreseeable future will be influenced heavily by the pandemic and how quickly the UK and beyond can adapt and embrace a new normal in a post COVID world and lead the bounce back with enhanced skills and capabilities.

A handwritten signature in black ink, appearing to read 'J. Hackitt', with a horizontal line extending from the end of the signature.

**Dame Judith Hackitt DBE**  
Chair, Enginuity Group

## SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

### TRUSTEES'/DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

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#### REFERENCE AND ADMINISTRATIVE DETAILS

The Science, Engineering and Manufacturing Technologies Alliance ("Semta") is a company, limited by guarantee (company number 02324869) and does not have share capital, which is incorporated in England and Wales under the Companies Act 2006. 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.

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

J Hackitt DBE (Chair)	
M Evans <sup>2</sup>	
S Hunter	
J Lopes	
I Mukerjee	Resigned on the 20 June 2019
S Pamplin <sup>6</sup>	
M Tarry <sup>1</sup>	
I Waddell <sup>1</sup>	
P Birt <sup>3&amp;1</sup>	
S Sandle	
K Boswell OBE	
Dr V H Seward <sup>5</sup>	Appointed on the 24 September 2019
J H Wood	Appointed on the 24 September 2019
P Perera	Appointed on the 26 March 2020

- 1 Member of the Investment Committee
- 2 Member of the Audit Committee
- 3 Member of the Remuneration and Pensions Committee
- 4 Member and Chairman of the Audit Committee
- 5 Member and Chairman of the Investment Committee
- 6 Member and Chairman of the Remuneration Committee

- B M Dunlop was appointed as Chairman of the Audit Committee, but is not a member of the Board.

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

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is governed by a Board of employer 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 four committees which submit reports to the full Board:

- Investment Committee
- Audit Committee
- Remuneration and Pensions Committee
- Quality Assurance Committee

Two further sub committees of the Board meet as and when required with all members of the Board participating as appropriate. A Board Standing Committee has delegated authority to approve expenditure and contracts on behalf of the Board and the Nominations Committee considers appointments to the Board and to the role of Chief Executive.

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.

**TRUSTEES'/DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

The key subsidiaries are Excellence Achievement & Learning Limited (EAL - a vocational awarding organisation) and Metskill Limited (which holds an Education and Skills Funding Agency contract for apprentice training). On the 29<sup>th</sup> March 2019, the Board members made the decision to cease apprenticeship training provision under the ESFA contract. The trading activities of Metskill Limited (Semta Apprenticeship Service) ceased on 31st July 2019. This will ultimately lead to winding up of the company.

The key internal financial control procedures are summarised as follows:

**Control environment:**

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

**Risk management:**

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

The impact of COVID-19 has been taken into account on structuring and running Semta's day to day operations.

**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 from a group company and has other members who are suitably qualified representatives from the industry sector. The Audit Committee meets twice each year with the external auditors to discuss the audit plan and the results of their audit work. The auditor can meet the Audit Committee in private session as part of this process.

**Investment:**

Investment management is delegated to professional investment management firms CCLA and BNY Mellon Fund Managers Limited, supported by an independent advisor Portfolio Manager Consultancy Ltd. The Investment Committee's role, chaired by a Semta Board Member and supported by members who are suitably qualified, is to review the performance of the investment managers and make recommendations to the Board on investment policy.

**Remuneration:**

Senior executive remuneration is governed by the Remuneration and Pensions 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 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.

**TRUSTEES'/DIRECTORS' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2020**

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**PUBLIC BENEFIT**

As a registered charity, Semta, trading as 'Enginuity' operates for the public benefit. As an organisation, we believe that one engineer can change their world and ours, given the opportunity.

Enginuity provides such opportunity through the creation of practical skills solutions for engineering employers and for individuals who want to see and develop the skills they need to succeed. We do this through the use of unmatched expertise and data.

Enginuity promotes and advances the education, training and skills development of individuals employed within the engineering sector and those wishing to become employed within the sector.

Enginuity provides public benefit by:

- Supporting Engineering and Manufacturing to drive a positive and growing contribution from the sector both in terms of jobs and contribution to GDP
- Supporting employers in identifying future skills requirements and developing or sourcing appropriate education and skills solutions to upskill and reskill the existing workforce thereby maintaining people in employment for longer whilst also promoting the sector as an attractive and worthwhile career
- Ensuring that individuals and employers can access high quality engineering skills training programmes, assessment and validation to keep their skills and competency relevant, up-to-date and evidenced
- Inspiring individuals with latent talent who may not have considered engineering and help individuals already interested in a career in engineering to understand their potential and be given opportunities for development and progression
- Ensuring that ethics and safety of the public is integrated into all training both directly and through partners to create the right environment for and build trust in engineers to tackle some of society's most pressing issues such as climate change."

Enginuity's purpose is built upon a core value of creating no harm and the beneficiaries of achieving the purpose are individual engineers, engineering employers, future engineers and the wider society.

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.

**OBJECTIVES AND ACTIVITIES**

The objectives and mission of the charity are to proactively support employers in the engineering and advanced manufacturing sector to inspire and create the engineers, technicians and scientists of today and tomorrow.

Activities include but are not limited to:

- Providing expert leadership to employers, government, educational institutes and industry organisations
- Promotion of the skills needs for the sector
- Provision and accreditation of training packages
- Management of apprentice training

Our core business actions as outlined in our Strategic Plan are:

- To be a financially sustainable not-for-profit organisation
- To develop the Semta Group through sustainable growth
- To generate income from a high quality and sustainable proposition
- To provide non-funded sector upskilling and careers Information, Advice and Guidance
- To be the 'go to place' for skills
- Develop organisational capacity and capability for high performance



## OBJECTIVES AND ACTIVITIES

To achieve this strategy we set out to:

- Engineer employer-driven skills solutions in partnership with industry
- Build the organisations capacity to deliver policy and research, with the target of becoming the sector's premier advocate on skills policy
- Support EAL to maintain its position in the advanced manufacturing and engineering sector and achieve growth and diversification
- Create an investment strategy with opportunities to support growth identified
- Invest in our employees so they have the skills, qualifications and enthusiasm and commitment to deliver for the organisation

**TRUSTEES'/DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**STRATEGIC REPORT**

**Key Business Performance and Review**

In February 2020, Semta underwent a significant evolution to trade under the new name of 'Enginuity'. The change signifies a new direction for the business as a new engineering and manufacturing skills organisation in response to the challenges and opportunities faced by the sector. Our aim is to be a new engineering skills organisation, creating practical skills solutions using unmatched industry expertise and data, to provide the Advanced Manufacturing and Engineering industries the support they need to make smarter data-driven decisions about the people and skills they need, today and tomorrow.

There is increasing focus on employability and reskilling or upskilling for different careers and greater demand for lifelong learning. Digital technologies and better data can open an individual's career path into a universe of opportunities, with more routes to fulfil their potential with more employers in more areas. Throughout 2019-2020, we have undertaken the following activities to set the foundations to create a sustainable, digitally-enabled organisation which helps engineer the skills needed for a smarter world:

Built strategic capability around new areas for the business in digital design and delivery, people and finance transformation, strategic partnerships and thought leadership.

Employed a Chief Innovation Officer, Head of Digital Design & UX and Data Scientist as part of an Innovation Lab team. This team is responsible for exploring how we can use technology in a different way to enhance skills, bringing in technological and digital skills and blending them with existing engineering knowledge.

Implemented significant IT enhancements across the business and in our customer-facing tools and services. Our aim is to improve our service to our end customers, making it easier for people to do business with us. This is reflected in our customer feedback and the consistent improvements in the Group's Awarding Body, EAL's customer satisfaction score of 86.3% in this year's survey, an increase of 0.7% from 2018/19.

Set out to create an online game 'Skills Miner', powered by machine learning, to help individuals uncover and reward engineering skills such as problem solving and resilience through gameplay. This will be delivered on the biggest and one of the most played games in the world, Minecraft with development work underway.

Improved accessibility to high quality learning resources and better career pathways in engineering for individuals and helping employers recruit and retain talent via our Engineering Talent platform. The platform was recognised with an award to EAL for "Innovation of the Year" at the Federation of Awarding Bodies 2019 Awards.

Implemented data analysis and machine learning on large data sets on apprenticeships and job vacancies to deliver new insights on current and future skills needs to improve workforce planning in our sectors. We have maintained close engagement with government agencies including in England and Scotland, sharing our data analytics to help inform skills policy.

Diversified and expanded EAL's offering to continue delivering exceptional quality training and qualifications for the Advanced Manufacturing and Engineering sectors. We were approved to deliver End-Point Assessment for an additional 10 standards in the last year, taking us up to 23 standards in total.

Sponsored the Telegraph STEM Awards 2020 category for Innovation, recognising world-changing ideas and celebrating true ingenuity.

Our annual Skills Awards celebrating brilliant apprentices, champions of skills development and innovative engineers was scheduled for 19 March 2020. Due to the spread of the COVID-19 virus and prioritising the safety and wellbeing of our guests, we decided to postpone the event until 20/21. We thank our Principal Sponsors BAE Systems, Jaguar Land Rover, QinetiQ, The Engineer, Burton & South Derbyshire College, The Princes Trust, Fuse Universal, HVMC, Make UK, Made Smarter and Stronger Stories for their continued support.

TRUSTEES'/DIRECTORS' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2020

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STRATEGIC REPORT

Supporting skills development across the four nations:

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England



- EAL and City & Guilds are working to develop the T Levels in Construction and Building Services Engineering (BSE) - which will be launching in 2021. We are also working closely with providers and employers on the practicalities of delivering them through a series of consultation events.
- Supported the Institute for Apprenticeships and Technical Education with the Engineering and Manufacturing Route Review by delivering a series of five consultation events. We engaged with over 140 employers, awarding bodies, education providers and professional institutions to capture their feedback which was compiled in an interim report for the Institute. This will form the basis for the next stage of consultation in 2020/21 which was postponed from Spring 2020 due to COVID-19.
- Developed a machine-readable algorithm and analysed English apprenticeships standards Level 2-7 to explore semantic similarities of knowledge, skills, and behaviours as a foundation for Commons Skills Language.

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Wales



- Contributed to the consultation on the review of the engineering, advanced manufacturing and energy sector in Wales.
- EAL and City & Guilds are working in collaboration to develop a new suite of fundable Construction and Building Services Engineering qualifications which will be available for first teaching from September 2021, both parties have been proactively working with stakeholders to ensure what is in development meets the sector's needs.
- Developed Tailor Made Training in consultation with Industry Wales, providers, and employers to provide a flexible and innovative qualification structure that meets the needs of a more fluid workforce.
- Held a series of Regional Dinners in partnership with Industry Wales and engaged with over 50 people from 21 organisations. We shared our Labour Market Intelligence and facilitated discussions on Advanced Manufacturing and Engineering skills needs in the Welsh economy and alignment to the Regional Skills Partnerships.
- Developed an international comparison study report to support Qualifications Wales' sector review of the Engineering, Advanced Manufacturing and Energy Sector. In this study, we share approaches into the development, delivery, and assessment of vocational and technical qualifications in the EAME sector, for 14-19-year olds in the Netherlands, Finland, Oman, Canada (Alberta) and India. The report will be released by Qualifications Wales in the summer/autumn of 2020.
- Successfully carried out the review of the following Welsh apprenticeship framework commissioned by Skills Development Scotland to ensure they remain relevant: Business Improvement Techniques, Engineering Manufacture and Advanced Manufacturing
- Completed additional framework reviews in consultation with key stakeholders:
  - Welsh Degree Apprenticeships x 3
  - Level 4 Welsh Advanced Manufacturing x 3
  - Level 2/3 Welsh Engineering Manufacture x2
  - Level 4 English Advanced Manufacturing x2

## SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

### TRUSTEES'/DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2020

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#### STRATEGIC REPORT (continued)

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##### Scotland



- Successfully carried out the review and update of Modern Apprenticeship in Engineering and SVQ structures for Performing Engineering Operations Level 1 and 2 as a result of winning mini-procurement activity with Skills Development Scotland.
- Attendance of NDT Conference in Glasgow and resulting workshop hosted by Rolls Royce and conferences in Scotland. Identifying and working with numerous employers as well as ECITB, Scottish NDT SSC and SQA to define the industry requirements and qualification strategy in Scotland.
- Forged new alliances and strengthened relationships with Developing Young Workforce in Scotland, Centre for Engineering Education and Development (CEED), Skills Development Scotland, Energy Skills Partnership and National Manufacturing Institute Scotland (NMIS).
- Worked closely with the leisure marine sector and key partner British Marine to establish possible future Skills needs for the sector. Similar work has begun with Space sector in Scotland in relation to the creation of qualifications and Modern Apprenticeships programmes.
- Work is ongoing with the Scottish Government in our continued support to deliver Scotland Future Skills Action Plan.
- Established a new pathway in the Modern Apprenticeship Framework that supports those working towards CAA Licencing arrangements for Airline Maintenance Engineers.

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##### Northern Ireland



- Successfully carried out the review of the following Northern Irish apprenticeship pathways at Level 3 commissioned by Skills Development Scotland to ensure they remain relevant:
  - Aeronautical Engineering
  - Engineering Maintenance
  - Engineering Technical Support
  - Fabrication and Welding
  - Mechanical Manufacturing Engineering

## STRATEGIC REPORT (continued)

Our international work

### International



- Enginuity continues to bring its knowledge and expertise to the European stage in our role as a key partner in Project DRIVES. This EU commissioned project is aimed at understanding future skills requirements in the automotive sector and developing materials, resources and best practise all aimed at developing the future workforce. By March 2020, Enginuity and its partners have developed a Skills Roadmap for the project and beyond and an Apprenticeship Market report gathering the key attributes of Apprentice programmes from across the EU.
- Developed a research report in conjunction with Dudley College of Technology for the UK-India Education and Research Initiative (UKIERI). The "Review and Assessment of Technician Vocational Education & Training System in the ITIs covering 6 states in India" provides a specification for a Train the Trainer programme for a cohort of Trainers who will deliver front-line training in engineering within the 6 regions identified in India.
- Enginuity continues to support the local workforce of Jordan through the development of a Graduate Apprenticeship Programme Framework for Al Hussein Technical University (HTU). This project is funded and supported by the British Council Jordan. In 2019, Enginuity hosted a UK study tour to share UK best practice apprenticeship delivery and to support the knowledge and Capacity Building of personnel responsible for the delivery of the apprenticeship. Furthermore, Enginuity began the delivery of a Monitoring and Evaluation programme to measure the success of the implementation of Apprenticeships (via HTU) in Jordan.
- Enginuity has developed a skills solution to align Oman's Military Technical College long term strategic growth with the Omani In Country Value Mission and the training and employment needs of the Omani Ministry of Defence. They have, through Enginuity, chosen EAL to be their preferred Awarding Body to deliver trade and specialist qualifications, in a well-equipped and high quality learning and training environment, resulting in the acquisition and application of knowledge and the achievement of operational competence and effectiveness at chosen levels.

#### In addition:

- Enginuity has successfully carried out the review and development of National Occupational Standards for Automotive Engineering Suite 3 (114 NOS), Materials Processing and Finishing Suites 2 and 3 (103 NOS) and Electrical and Electronic Engineering Suite 3 (33 NOS) to ensure they remain relevant and applicable to the wider sector.
- Enginuity worked with Melrose plc and Unite the union to scope a project to work on Driving Diversity within the Engineering and Manufacturing sector. We delivered an initial report identifying the gaps in current activity for underrepresented groups, the areas where the project could make the most impact and articulated the barriers to entry for those target groups.
- Enginuity continues to deliver as top performing Certification Body. In the recent audit, we received another Grade 1 audit with 0 negative comments/complaints which was the best return in the history of FISSS audits. Apprenticeship certificates authorised in 19/20 are:
  - 15,684 – English apprenticeship certificates (ACE)
  - 1,592 – Welsh apprenticeship certificates (ACW)
  - 852 – Scottish apprenticeship certificates (MA Online)
- After more than a decade as the organising partner for WorldSkills UK engineering skills competitions, we felt that it was the right time to hand over the baton to enable new thinking into the competitions. We remain strong advocates of the competitions and have seen first-hand the significant benefits they have brought to the sector. We are proud to have supported the many thousands of competitions over the years and to have worked with some of the greatest advocates of Engineering and Manufacturing including judges and participants in our tenure as competition sponsors. We look forward to supporting the events albeit in a different capacity in the future.

STRATEGIC REPORT (continued)

Engineering skills development across sectors

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Working Groups and further collaboration



Our new brand, Enginuity represents the combination of our deep engineering expertise and ingenuity with data. This is how we design, improve, and create new products and services that deliver value and are easy for our key stakeholders to use.

Throughout our transformation, we continue to build on our knowledge and share guidance and data-driven approaches to develop skills solutions that meets the changing needs of our key sectors. We are dedicated to fulfilling our pledge to the Cross Sector Skills Commitment, to continue innovating to develop the skills we all need to succeed. In 2019/20, these included:

- Working with Automotive, Aerospace and Aviation employer groups to advise and amend requested qualification structures and provide guidance on skills policy. We were also involved in the development of the skills addendum to the automotive Sector Deal and the initiation of a digitalisation working group to quicken the pace of IT within the engineering and manufacturing sector.
- Working with employers, training providers, professional bodies in Welding, Light Vehicle and Engineering Manufacture Trailblazer groups to assist on the development of apprenticeship standards and associated assessment plans.
- Established a Skills Alliance between Enginuity, High Value Manufacturing Catapult and Make UK to provide leadership in developing a skilled manufacturing workforce. The Alliance seeks to model a new way of working together to accelerate progress in addressing the skills issues within the sector and to create a movement under a common set of aims that welcomes others that wish to participate in such a way of working.
- Continued to support the Made Smarter Commission on the area of industrial digitalisation and created an employer digital skills commitment which was supported by employers such as Network Rail, QinetiQ, GKN and others.
- Supporting the new vehicle working group with its initial focus on developing a national curriculum for electrification specifically for the engineering and manufacturing sectors. This is of particular interest in the West Midlands with its high concentration of automotive companies, we helped to bridge the gap between national strategies and regional implementation with its links to the West Midlands Combined Authority.
- Conducting a skills foresighting pilot addressing Industrial Digitalisation in partnership with the High Value Manufacturing Catapult (HVMC) and the Manufacturing Technology Centre (MTC). We worked with technologists to predict the requirements for employees; colleges and universities to understand employees' competencies and capabilities and employers to prioritise the capabilities and determine their impact on current and future job roles. We engaged with over 20 representatives of employer organisations and supported 5 workshops to complete the pilot.

STRATEGIC REPORT (continued)

Nourishing talent and increasing employee engagement

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Employee engagement



We are focused on supporting our people and helping them make progress at Enginuity and continue to work to develop staff, ensure greater employee engagement, drive innovation, and improve knowledge sharing across the business.

Talent Management and succession planning play a key role in the retention and development of our staff and this year has seen the successful delivery and completion of the 'Future Leaders & Managers' programme. This programme was established to ensure continued professional development and support confidence building, improved knowledge and skills in leadership and management. Over the last 12 months a quarter of those on the Future Leader and Managers programme have secured a promotion as a result of being on the programme. We are also pleased to report a 40% reduction of the cost of absence in 2019/2020 vs 2018/2019.

As part of the transformation, we have employed a new Chief People Officer and delivered a new Target Operating Model and subsequent organisation design with clear accountabilities and responsibilities. In times of great change, we recognised the importance of retaining engagement and support of colleagues and we have sought to strengthen the ways in which we engage across the company.

The use of our staff engagement software tool and app - 'Motivii' continues to support and enhance engagement with our staff; it supplements the already embedded 1-2-1 process and team meetings that are currently in place, with the addition of enhanced features and commentary in the system.

TRUSTEES'/DIRECTORS' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2020

STRATEGIC REPORT (continued)

Communications and our digital footprint

Website & Social



In the development and launch of the new brand, we set out to define a sharper articulation of our purpose and our mission – why we do what we do and why it matters – to help communicate the transformation to our staff, our partners and our customers. We engaged and consulted with staff across the business through a series of workshops, deep conversations, and storyboards. What we arrived at an articulation that places greater emphasis on inspiring and enabling the engineers of today and tomorrow to change their world and ours. Our mission to give them the opportunity. Our goal is to embed this in our communication to our staff and our audience.

We publicly launched Enginuity on Thursday 6th February 2020 and generated media coverage with positive features in Engineering, Manufacturing & Engineering Magazine, Manufacturing Management, The Engineer, People Management, BusinessGreen, The Manufacturer, Director Magazine and Training Journal.

In the last year, we've been working to improve our channels, across media and events. We launched our new [enginuity.org](https://enginuity.org) website with a fresh new look in-line with our digital culture. We are pleased to report that in 2019/20, we generated:

- Website Page views – 102,392
- Website Users – 40,727
- Twitter:
  - Followers – 7,168
  - Impressions – 289,300
  - Link clicks – 411
  - Retweets – 476
- LinkedIn (all available data 02/06/2019 – 30/03/2020)
  - Followers – 2,122
  - Impressions – 94,536 (103,136 incl. paid ads)
  - Link clicks – 2,560
  - Likes – 1,350
  - Shares – 330
- Facebook
  - Followers - 504
  - Page likes - 499
  - Reach (organic) – 35,993
  - Page Views – 1,189



## FINANCIAL REVIEW

The Consolidated Statement of Financial Activities for the year ended 31<sup>st</sup> March 2020 (page 23) shows a net decrease in funds of £2,491k (2018/19 increase of £1,982k).

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.

The five trading subsidiaries produced a net **surplus** of £3,007k (2018/19 net **surplus** of £1,971k).

The results of the trading subsidiaries are detailed in Note 3(b).

Whilst COVID-19 has adversely impacted trading from April 2020 the strength of Semta's balance sheet, and in particular its investment portfolio, ensures any trading deficits during COVID-19 can be fully covered.

## 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 2020 was £28,893k (2018/19 £31,384k) a decrease in the year of £2,491k. The reserves are held to ensure it has sufficient funding to continue as a going concern and thereby continue to deliver its charitable activities for the foreseeable future should external government assisted funding cease. The group is committed to ensure that all existing apprentices and learners will be able to complete their learning within 2 to 4 years.

## KEY MANAGEMENT PERSONNEL REMUNERATION POLICY

An annual benchmarking exercise is conducted which involves reviewing other organisations within the same/similar industries and additionally, the Charities and Public sectors. Recommendations are then made to the Remuneration and Pensions Committee where a final decision is made as to the total reward and remuneration package.

## 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 and advisors is to outperform an index of RPI + 2%, gross of fees.

The performance of the portfolio is reviewed quarterly by the Investment Committee in conjunction with the investment managers. Market performance is monitored by Portfolio Manager Consultancy Limited who report to the Committee every quarter.

The Investment Fund generated an investment income of £836k (2018/19 £660k). The overall Investment Fund decreased by £1,899k during 2019/20 (2018/19 increase of £863k).

The immediate impact of COVID-19 was to drive down the value of the investments from £33m to £28m, a 15% reduction. Since that date the investments have slowly but steadily recovered.

## PLANS FOR FUTURE PERIODS

The arrival of COVID-19 in March 2020 significantly impacted our plans for 2020-21 with a serious downturn in our trading income.

There continues to be a high level of uncertainty around what the future post COVID-19 world would look like for us and our customers. In this environment we plan to continue to invest in a digital presence whilst managing our cost base tightly.

## **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.

## **FUNDRAISING**

The charitable company did not partake in charitable fundraising activities.

## **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 advisor. The top risks are:

- Business volatility – the adverse impact of the UK's departure from the EU without a deal following the adverse economic impact of COVID-19.
- Pension fund liabilities – these increase as a result of a large employer going into administration.
- Reduction in traditional core income – move from apprenticeship standards to frameworks in England, loss of T levels and QW bids.
- Inability to generate sufficient income from new products – failure to meet the market needs and/or employers fail to see the value in the new products.
- Corporate tax liability – HMRC determines the legacy intercompany loans were not made for charitable purposes giving rise to corporation tax charges.

Mitigating actions are in place to help ensure the group remains healthy. These actions support the growth of Semta whilst we deliver on our transformational needs.

COVID-19 remains the number one risk and as such actions have been put in place to mitigate its impact.

## **FINANCIAL RISK MANAGEMENT**

The Group and the charity company are exposed to a variety of financial risks that include liquidity risk, credit risk and price risk, the significant of which is price risk which arises from the volatility in the market prices of investments that are carried at fair values. The Group and the charity company manages exposures to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with sound investment policy.

COVID-19 will have a major impact which is being mitigated.

## **STATEMENT OF TRUSTEES (BOARD MEMBERS) RESPONSIBILITIES**

The trustees (who are also directors of Semta for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law/Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law/charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

## SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

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

#### FOR THE YEAR ENDED 31 MARCH 2020

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In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting 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 group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006/Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### STATEMENT AS TO DISCLOSURE TO OUR AUDITORS

In so far as the trustees are aware at the time of approving our trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- The trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

#### AUDITOR

In accordance with the Companies Act 2006, a resolution will be proposed at the Annual General Meeting that Grant Thornton UK LLP will be reappointed as auditor to the charitable company for the ensuing year.

This report, which incorporates the Strategic Report, was approved by the Board on the 24 September 2020 and signed on its behalf by:



**J Hackitt**  
Chair  
Semta  
Unit 2, The Orient Centre  
Greycaine Road  
Watford  
WD24 7GP

## **Opinion**

We have audited the financial statements of Science, Engineering and Manufacturing Technology Alliance (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020, which comprise Consolidated Statement of Financial Activities (incorporating income and expenditure), Consolidated Balance Sheet, Charity Balance Sheet, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's profit 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.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **The impact of macro-economic uncertainties on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE (continued)**

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**Conclusions relating to going concern**

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

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

In our evaluation of the directors' conclusions, we considered the risks associated with the group's business, including effects arising from Brexit, and analysed how those risks might affect the group's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group will continue in operation.

**Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements,
- the Strategic Report and Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Annual Report.

### **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 by the parent charitable company; or
- returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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.

### **Responsibilities of trustees for the financial statements**

As explained more fully in the Trustees' Responsibilities Statement set out on pages 18 and 19, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

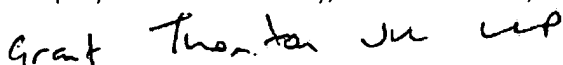
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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 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.

  
William Devitt

Senior Statutory Auditor

For and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

**Milton Keynes**

Date: 7 October 2020

## SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating Income and Expenditure)

FOR THE YEAR ENDED 31 MARCH 2020

## INCOME AND EXPENDITURE

			As restated
	Notes	2020 £'000	2019 £'000
<b>Income</b>			
<i>Other trading activities</i>			
Income from trading subsidiaries	3	11,022	10,866
<i>Investment income</i>	8	836	660
<i>Charitable activities</i>			
Externally funded projects	3a	420	1,260
Other	3a	392	624
<b>Total income</b>		<u>12,670</u>	<u>13,410</u>
<b>Expenditure on</b>			
<i>Raising funds</i>			
Expenditure of trading subsidiaries	3b	5,023	5,753
Investment managers' fees		172	157
<b>Total cost of raising funds</b>		<u>5,195</u>	<u>5,910</u>
<i>Charitable activities:</i>			
Improving access to learning and encouraging people into careers in the sector		3,580	2,487
Promoting and representing the sector		950	391
Developing and supporting occupational standards and learning frameworks		2,277	2,363
Research into skills gaps and shortages		436	4
Other		331	643
<b>Total charitable activities</b>	7	<u>7,574</u>	<u>5,888</u>
<b>Total expenditure</b>		<u>12,769</u>	<u>11,798</u>
<b>Net (expenditure)/income before gains and losses</b>		<u>(99)</u>	<u>1,612</u>
Net (losses)/gains on investments	11	<u>(2,392)</u>	<u>370</u>
<b>Net movements in funds</b>		<u>(2,491)</u>	<u>1,982</u>
Total funds brought forward	22	<u>31,384</u>	<u>29,402</u>
<b>Total funds carried forward</b>	22	<u>28,893</u>	<u>31,384</u>

All income and expenditure items are unrestricted and all gains and losses recognised in the year are included in the Statement of Financial Activities. All activities are continuing.

The notes on pages 28 to 43 form part of the accounts.



## SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE


## CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2020

(Company Number 02324869)

	Notes	2020 £'000	2019 £'000
<b>FIXED ASSETS</b>			
Tangible assets	10	187	29
Investments	11	28,953	30,852
		<u>29,140</u>	<u>30,881</u>
<b>CURRENT ASSETS</b>			
Stocks	13	32	34
Debtors	14	2,124	1,823
Bank and cash balances		896	3,784
		<u>3,052</u>	<u>5,641</u>
<b>CREDITORS: amounts falling due within one year</b>	15	(2,335)	(3,532)
<b>NET CURRENT ASSETS</b>		<u>717</u>	<u>2,109</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		29,857	32,990
<b>CREDITORS: amounts falling due after one year</b>	16	(964)	(1,506)
<b>PROVISIONS FOR LIABILITIES</b>			
Other provisions	19	-	(100)
<b>NET ASSETS</b>	23	<u>28,893</u>	<u>31,384</u>
<b>FUNDS AND RESERVES</b>			
<b>Unrestricted funds</b>			
General reserve	22	<u>28,893</u>	<u>31,384</u>

The financial statements were approved and authorised for issue by the Board on the 24 September 2020 and were signed below on its behalf by:



J Hackitt  
Chair

The notes on pages 28 to 43 form part of the accounts.

## SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## CHARITY BALANCE SHEET

AT 31 MARCH 2020

(Company Number 2324869)

	Notes	2020 £'000	2019 £'000
<b>FIXED ASSETS</b>			
Tangible assets	10	187	24
Investments	11	28,953	30,852
Investment in subsidiaries	12	-	-
		<u>29,140</u>	<u>30,876</u>
<b>CURRENT ASSETS</b>			
Debtors	14	527	624
Bank and cash balances		896	3,774
		<u>1,423</u>	<u>4,398</u>
<b>CREDITORS: amounts falling due within one year</b>	15	(2,265)	(3,843)
		<u>(842)</u>	<u>555</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		28,298	31,431
<b>CREDITORS: amounts falling due after one year</b>	16	(100)	-
		<u>(100)</u>	<u>-</u>
<b>NET ASSETS</b>	23	<u>28,198</u>	<u>31,431</u>
<b>FUNDS AND RESERVES</b>			
<b>Unrestricted funds</b>			
General reserve	22	<u>28,198</u>	<u>31,431</u>

In accordance with section 408 of the Companies Act 2006, a separate Statement of Financial Activities for the charity has not been presented. The result for the charity was a deficit of £3,233k (2019: deficit £305k).

The financial statements were approved and authorised for issue by the Board on the 24 September 2020 and were signed below on its behalf by:



J Hackitt  
Chair

The notes on pages 28 to 43 form part of the accounts.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000	2019 £'000
<b>Cash provided by operating activities</b>	a)	(3,180)	382
<b>Cash flows from investing activities</b>			
Investment income received		829	650
Interest income		7	10
Payments to acquire investments		(37,129)	(9,434)
Payments to acquire tangible fixed assets		(227)	(15)
Receipts from the sale of investments		36,636	8,887
Unrealised losses on investments		-	54
<b>Cash provided by investing activities</b>		116	152
<b>Cash flow from financing activities</b>			
New finance leases in the year		227	-
Repayments of finance leases in the year		(54)	-
Interest paid on finance leases		3	-
<b>Cash provided by financing activities</b>		176	-
<b>Net increase in cash</b>		(2,888)	534
<b>Cash and cash equivalents at start of year</b>		3,784	3,250
<b>Cash and cash equivalents at end of year</b>		896	3,784
<b>Analysis of cash and cash equivalents</b>			
Cash at bank and in hand		896	3,784
		896	3,784

Refer to note b) for the analysis of changes in net debt.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

CONSOLIDATED CASH FLOW STATEMENT (continued)

FOR THE YEAR ENDED 31 MARCH 2020

	2020 £'000	2019 £'000
<b>a) Reconciliation of net incoming resources to net cash inflow from operating activities</b>		
Net movement in funds	(2,491)	1,982
Investment income	(836)	(660)
Depreciation	69	69
Decrease in creditors	(1,915)	(818)
(Increase)/decrease in debtors	(301)	199
Decrease/(increase) in stock	2	(20)
Net gain/(loss) on investments	2,392	(370)
Movement in provisions	(100)	-
<b>Net cash provided by operating activities</b>	<b>(3,180)</b>	<b>382</b>

	At beginning of the year £'000	Cash flows £'000	Non cash movements £'000	At end of the year £'000
<b>b) Analysis of changes in net debt</b>				
Cash and cash equivalents	3,784	(2,888)	-	896
	<u>3,784</u>	<u>(2,888)</u>	<u>-</u>	<u>896</u>
Finance lease obligations due in 1 year	-	51	(127)	(76)
Finance lease obligations due in more than 1 year	-	-	(100)	(100)
	<u>3,784</u>	<u>(2,712)</u>	<u>(227)</u>	<u>720</u>

The notes on pages 28 to 43 form part of these accounts.

## SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 1. GENERAL INFORMATION

Semta is a charitable company, limited by guarantee, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is shown on the Advisors page. The nature of the charity's operations and its principal activities are outlined in the Trustees'/Directors' Report.

#### 2. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty (see note 4) in the preparation of the financial statements are as follows:

##### **Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Semta meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes. All of the expenditure incurred by the Semta is for charitable purposes.

##### **Parent charitable company disclosure exemptions**

In preparing the separate financial statements of the parent charitable company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent charitable company;
- Disclosures in respect of the parent charitable company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent charitable company as their remuneration is included in the totals for the Group as a whole.

##### **Going concern**

The trustees have, at the time of approving the financial statements, a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

COVID-19 does not adversely impact the adoption of the going concern basis in the preparation of these financial statements

##### **Financial statements**

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

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020

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2. ACCOUNTING POLICIES (continued)

**Incoming resources**

Income represents the amount receivable for goods and services for the period but excludes value added tax and trade discounts.

All income is recognised once the charitable group has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from investments represents interest from bank deposits. Interest on funds held on deposit is recognised when receivable and the amount can be measured reliably by the charity, this is normally upon notification of the interest paid or payable by the bank.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

Gift aid is recognised in the period the trading subsidiary has a legal obligation to pay its taxable profits.

**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.

Costs of raising funds are costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

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

All expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Interest expenses are charged to the Statement of Financial Activities over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Sale of properties**

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**2. ACCOUNTING POLICIES (continued)**

**Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

	<b>Years</b>
Office furniture	10
Equipment	3

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**Fixed asset investments**

Investments are stated at market value as at 31 March 2020. 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.

**Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Cash**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020

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2. ACCOUNTING POLICIES (continued)

**Financial Instruments**

*Financial assets*

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

*Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Grants**

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.

**Leased assets: Lessee**

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Finance lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight line basis.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020

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**2. ACCOUNTING POLICIES (continued)**

**Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

**Pensions**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

**3. 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 £127,087 in the year (2019: £243,973).

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

Externally funded projects income represents the contribution to Semta for staff time spent on projects funded by the UK government and other stakeholders, this income totalled £420,000 in the year (2019: £1,260,000).

Other income represents the charge to Semta customers for services provided by the charity. This relates to income generated through certification of learners, and development of National Occupation standards for devolved nations. This income totalled £392,000 in the year (2019: £624,000).

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 2020

### 3. 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 organisation for vocational qualifications primarily in the engineering sector.
- MetSkill Limited provides apprentice training services to businesses in the manufacturing and 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.
- Training Properties Limited is a property management operation.
- Training Publications Limited is a publishing and printing operation.

Taxable profits transferred to the parent entity, a registered charity, are recognised as distributions from equity when the company has a legal obligation to the parent to pay the taxable profits. A summary of the trading results included in the consolidated accounts is shown below.

Audited accounts for each subsidiary entity have been filed with the Registrar of Companies.

	EAL £'000	Training Properties Limited £'000	Training Publications Limited £'000	MetSkill Limited £'000	National for Skills Academy Manuf. Limited £'000	2020 Total £'000	As restated 2019 Total £'000
Income	10,621	-	-	1,967	-	12,588	14,661
Group loan write off	-	-	-	-	-	(1,566)	(3,795)
	<u>10,621</u>	<u>-</u>	<u>-</u>	<u>1,967</u>	<u>-</u>	<u>11,022</u>	<u>10,866</u>
Materials and external charges	4,174	-	-	93	-	4,267	4,158
Staff costs	2,948	-	-	41	30	3,019	2,474
Depreciation	4	-	-	-	-	4	20
Other operating charges	613	2	2	893	1	1,510	2,601
Recharges for support and marketing	(3,431)	-	-	(346)	-	(3,777)	(3,500)
	<u>4,308</u>	<u>2</u>	<u>2</u>	<u>681</u>	<u>31</u>	<u>5,023</u>	<u>5,753</u>
Tax	(548)	-	-	-	-	(548)	(599)
<b>Net surplus</b>	<u>5,765</u>	<u>(2)</u>	<u>(2)</u>	<u>1,286</u>	<u>(31)</u>	<u>5,451</u>	<u>4,514</u>
Tax relief	548	-	-	-	-	548	599
Gift Aid to Semta	(2,992)	-	-	-	-	(2,992)	(3,142)
	<u>3,321</u>	<u>(2)</u>	<u>(2)</u>	<u>1,286</u>	<u>(31)</u>	<u>3,007</u>	<u>1,971</u>

Details of the prior year restatement can be found in note 27.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020**4. JUDGEMENTS AND KEY AREAS OF ESTIMATION UNCERTAINTY**

In preparing these financial statements, the trustees have had to make the following judgements:

- Leases**  
 Determine whether leases entered into by the company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Impairment**  
 Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Tangible fixed assets**  
 Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Deferred revenue for registrations**  
 To determine the value of registration and framework income to defer to the balance sheet at year end as deferred income. This decision depends on an assessment of the amount of fees learners have paid in advance for registering on courses and obtaining frameworks for qualifications.
- Valuation of provisions**  
 Judgement is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions is discussed in Note 2 and disclosures on relevant provision is presented in Note 18.

**5. STAFF COSTS**  
**Group**

	2020 £'000	2019 £'000
Wages and salaries	4,807	4,330
Social security charges	527	466
Other pension costs	261	246
	<u>5,595</u>	<u>5,042</u>

Included within wages and salaries are agency staff costs of £85,385 (2019: £17,496) for the year. During the year the group made termination payments of £162,542 (2019: £100,225). Included within other charitable costs and creditors is a provision for redundancy/termination payments of £Nil (2019: £14,232).

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020**5. STAFF COSTS (continued)**

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

	2020 No.	2019 No.
Training services	89	92
Support services	11	11
	<u>100</u>	<u>103</u>

**Charity**

The parent charity's staff costs are as follows:

	2020 £'000	2019 £'000
Wages and salaries	2,374	2,237
Social security charges	267	245
Other pension costs	107	109
	<u>2,748</u>	<u>2,591</u>

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

	2020 No.	2019 No.
Training services	28	34
Support services	11	11
	<u>39</u>	<u>45</u>

**Emoluments of employees**

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

	2020 No.	2019 No.
£60,001 - £70,000	4	3
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1
£90,001 - £100,000	1	-
£100,001 - £110,000	1	-
£140,001 - £150,000	1	1
£170,001 - £180,000	1	1
£280,001 - £290,000	1	1
<b>Total</b>	<u>11</u>	<u>7</u>

The total of key management personnel compensation for the year was £815,549 (2019: £601,932).

**Trustees' remuneration**

During the year, in accordance with the Articles of Association of the charity, payments were made to the Chairman totalling £35,000 (2019: £25,000). The total amount of expenditure reimbursed to 1 (2019: 1) Board member in respect of expenses incurred on the charity's activities was £578 (2019: £566).

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020**6. NET INCOMING RESOURCES**

Net incoming resources are arrived at after charging the following:

	2020 £'000	2019 £'000
Auditor's remuneration		
- Audit services	39	31
- Tax compliance services	6	10
- Other non-audit services	9	7
Operating lease rentals-motor vehicles	136	143
Depreciation	69	69
	<u>          </u>	<u>          </u>

Auditors' remuneration includes £23,200 in respect of the audit of the parent charity (2019: £15,300) and £15,800 in respect of the audit of the subsidiary undertakings (2019: £15,800). Fees in relation to non-audit services were £15,000 (2019: £17,300).

**7. EXPENDITURE ON CHARITABLE ACTIVITIES**

	Staff No's	Direct costs £'000	Support costs £'000	2020 Total costs £'000
Improving access to learning	5	1,405	2,175	3,580
Promoting and representing the sector	1	515	435	950
Developing and supporting occupational standards and learning frameworks	4	537	1,740	2,277
Research into skills gaps and shortages	1	1	435	436
Other charitable costs	-	251	80	331
	<u>11</u>	<u>2,709</u>	<u>4,865</u>	<u>7,574</u>

	Staff No's	Direct costs £'000	Support costs £'000	As restated 2019 Total costs £'000
Improving access to learning	3	1,880	607	2,487
Promoting and representing the sector	-	391	-	391
Developing and supporting occupational standards and learning frameworks	9	542	1,821	2,363
Research into skills gaps and shortages	-	4	-	4
Other charitable costs	-	586	57	643
	<u>12</u>	<u>3,403</u>	<u>7</u>	<u>5,888</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. Governance costs are included within support costs and totalled £79,601 (2019: £56,566) for the period. Governance costs consist of Chairman's remuneration, group's audit fees and expenses reimbursed to Board members in respect of expenses incurred on the charity's activities.

For details of restatement please refer to note 27.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020

<b>7. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>

Included in other charitable costs of are the following exceptional costs:

Provision for redundancy/termination costs/recruitment	110	31
Strategic planning costs	-	437
Legal costs	14	14
Staff development	36	-
Tax advisory	8	-
Other exceptional costs	3	-
	<u>171</u>	<u>482</u>

<b>8. INVESTMENT INCOME</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>

Income from fixed asset investments	829	650
Interest received	7	10
	<u>836</u>	<u>660</u>

**9. 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.

**10. TANGIBLE FIXED ASSETS**

	Office furniture & equipment £'000	Total £'000
<b>Group</b>		
<b>Cost</b>		
At 1 April 2019	799	799
Additions	227	227
Disposals	-	-
	<u>1,026</u>	<u>1,026</u>
At 31 March 2020		
<b>Depreciation</b>		
At 1 April 2019	770	770
Charge in year	69	69
Disposals	-	-
	<u>839</u>	<u>839</u>
At 31 March 2020		
<b>Net Book Value</b>		
At 31 March 2020	187	187
	<u>187</u>	<u>187</u>
At 31 March 2019	29	29
	<u>29</u>	<u>29</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020

## 10. TANGIBLE FIXED ASSETS (continued)

	Office furniture & equipment £'000	Total £'000
<b>Charity</b>		
<b>Cost</b>		
At 1 April 2019	497	497
Additions	227	227
Disposals	-	-
At 31 March 2020	724	724
<b>Depreciation</b>		
At 1 April 2019	473	473
Charge in year	64	64
Disposals	-	-
At 31 March 2020	537	537
<b>Net Book Value</b>		
At 31 March 2020	187	187
At 31 March 2019	24	24

The net book value of tangible fixed assets held under a finance lease for the group and the charity was £176,292 (2019: £Nil).

11. FIXED ASSET INVESTMENTS	2020 £'000	2019 £'000
<b>Group and Charity</b>		
Balance 1 April 2019 at market value	29,279	28,787
Additions at cost	33,566	9,434
Disposals at opening market value or cost if acquired during the year	(33,320)	(8,888)
Unrealised gain on revaluation	(5,708)	(54)
	23,817	29,279
Cash awaiting investment	5,136	1,573
Balance at 31 March 2020 at market value	28,953	30,852
Historical cost of investments	33,202	29,523

The net loss on revaluation was £2,392k (2018: Net gain of £370k).

Investments that were managed by UBS and Investec at the start of the year were liquidated during the year. The proceeds were transferred to CCLA and Newton in line with agreed percentages by the investment committee.

Semta has investments in the COIF Charity Funds totalling £18.5m equivalent to 1,244,585.38 units at year end. The investment is only available to charities within the meaning of section 1(1) of the Charities Act 2011. On 31 March 2020, the mid market value of one unit in the fund was 1,485.64 pence. The bid market value of one unit in the fund was 1,482.30 pence.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020

## 11. FIXED ASSET INVESTMENTS (continued)

	2020 £'000	2019 £'000
Investec Funds Series Iv - Div	-	9,367
UBS Inv Funds ICVC S&P500 Index J Inc	-	181
UBS Key Multi Manager GBP 0.001 Diversified Ltd	-	2,035
Focused Sicav High Grade Lng Term BD SH	-	1,562
Charities property income units	-	1,565
COIF Charities investment fund income units	18,490	-
COIF Charities deposit fund	5,135	-
BNY Mellon Real Return fund Newton Inst. Shares 1 (inc)	5,328	-

## 12. INVESTMENTS IN SUBSIDIARIES

	2020 £'000	2019 £'000
<b>Charity</b>		
Shares at cost	5,980	5,980
Long term loan	2,771	2,771
	<b>8,751</b>	<b>8,751</b>
<b>Impairment provision</b>		
Balance brought forward	(8,751)	(8,751)
	<b>-</b>	<b>-</b>
Closing balance at 31 March 2020	-	-

The impairment 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, all of which are registered in England and Wales:

**Excellence Achievement & Learning Limited (company registration no 02700780)**

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 (company registration no 02465674)\***

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 and manufacturing sectors.

**National Skills Academy for Manufacturing Limited (company registration no 02707095)**

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

**Training Properties Limited (company registration no 02311840)**

A company registered in England and Wales which operates as a property manager within Great Britain.

**Training Publications Limited (company registration no 02700784)**

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

\*On the 28th March 2019, the Board members made the decision to cease apprenticeship training provision under the ESFA contract. As a result, the trading activities of Metskill Limited (Semta Apprenticeship Service) ceased on 31st July 2019. This will ultimately lead to the winding up of the company.

The registered office of all of the above subsidiaries is Unit 2, The Orient Centre, Greycaine Road, Watford, WD24 7GP.



NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020

13. STOCKS	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Resalable publications	<u>32</u>	<u>34</u>	<u>-</u>	<u>-</u>
14. DEBTORS	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Amounts falling due within one year</b>				
Trade debtors	1,304	1,451	44	378
Amounts owed by subsidiary undertakings	-	-	-	-
Other debtors	110	18	104	17
Prepayments	468	242	171	193
Accrued income	242	112	208	36
	<u>2,124</u>	<u>1,823</u>	<u>527</u>	<u>624</u>
Bad debt recognised for the group during the year as an expense was £34,188 (2019: £25,522).				
15. CREDITORS: amounts falling due within one year	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade creditors	123	369	106	224
Taxation and social security	274	315	274	315
Other creditors	134	102	49	18
Accruals	787	1,682	497	556
Finance lease liabilities	76	-	76	-
Deferred income	941	1,064	201	121
Amount owed to subsidiary undertakings	-	-	1,062	2,609
	<u>2,335</u>	<u>3,532</u>	<u>2,265</u>	<u>3,843</u>
During the year intercompany loan balances were written off to the value of £1,566k. All other balances are interest free and repayable on demand,				
16. CREDITORS: amounts falling due after one year	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Finance lease liabilities	100	-	100	-
Deferred income	864	1,506	-	-
	<u>964</u>	<u>1,506</u>	<u>100</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020

17. DEFERRED INCOME	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Balance at 1 April	2,570	3,322	121	928
Amount released to income	(1,171)	(1,204)	(105)	(1,204)
Amount deferred in the period	306	452	185	397
Balance at 31 March	<u>1,805</u>	<u>2,570</u>	<u>201</u>	<u>121</u>

EAL Limited deferred income of £1,604,821 (2019: £2,448,921), relating to certification, is fully asset backed.

Deferred income of £200,549 (2019: £121,210) relates to externally funded projects both from customers within and outside of UK with deliverables between 1 to 3 years.

## 18. FINANCE LEASE AGREEMENTS

The group had the following finance leases in relation to IT equipment:

	2020 £'000	2019 £'000
<b>Due in:</b>		
Less than one year	76	-
One to five years	100	-
	<u>176</u>	<u>-</u>

## 19. PROVISIONS

	Provisions £'000
<b>Group</b>	
At 1 April 2019	100
Charged to statement of financial activities	(100)
<b>At 31 March 2020</b>	<u>-</u>

The provision was originally recognised on behalf of a VAT liability which may have arisen on management fee income recognised in prior years. This provision is no longer deemed necessary and as such has been credited to the statement of comprehensive income.

## 20. CONTINGENT LIABILITIES

Loans provided to Metskill Limited were written off during the current and previous year. A decision on the tax impact of the write off has not been reached by HMRC at the date of signing of these accounts, however it is deemed possible that an amount of £1,019,540 (2019 - £722,000) may become payable.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020**21. OBLIGATIONS UNDER LEASE AGREEMENTS**

At 31 March 2020 the group has future minimum lease commitments as follows:

	2020 £'000	2019 £'000
<b>Expiry date</b>		
Less than one year	271	145
One to five years	527	242
	<u>798</u>	<u>387</u>

**22. FUNDS AND RESERVES**

	2020 £'000	2019 £'000
<b>General unrestricted reserve</b>		
<b>Group</b>		
At 1 April	31,384	29,402
Realised and unrealised (losses)/gains on investments	(2,392)	370
Net movement in funds	(99)	1,612
At 31 March	<u>28,893</u>	<u>31,384</u>
<b>Charity</b>		
At 1 April	31,431	31,716
Realised and unrealised gains on investments	(2,392)	370
Net movement in funds	(841)	(655)
At 31 March	<u>28,198</u>	<u>31,431</u>

**23. NET ASSETS/LIABILITIES**

	<b>Group</b>		<b>Charity</b>	
	Unrestricted funds	Unrestricted funds	Unrestricted funds	Unrestricted funds
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Tangible fixed assets	187	29	187	24
Investments	28,953	30,852	28,953	30,852
Current assets	3,052	5,641	1,423	4,398
Current liabilities	(1,622)	(3,532)	(2,265)	(3,843)
Non-current liabilities	(1,677)	(1,506)	(100)	-
Provisions	-	(100)	-	-
	<u>28,893</u>	<u>31,384</u>	<u>28,198</u>	<u>31,431</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020

24. FINANCIAL ASSETS AND LIABILITIES	2020 £'000	2019 £'000
<b>Group</b>		
Financial assets measured at fair value through profit or loss	23,817	29,729

Financial assets measured at fair value through profit or loss include the investments.

**25. 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.

**26. 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.

All transactions involving organisations in which a member of the Key Management may have an interest are conducted at arm's length and in accordance with Group's financial regulations and normal procurement procedures.

During the year the group incurred cost in relation to consultancy services amounting to £2,707 (2019: £3,229) provided by Anthony Watson. The consultant is a close family member of Group's Chief Executive Officer.

During the year the group incurred cost in relation to services amounting to £101,406 (2019: £189,675) from Get My First Job. One of a number of shareholders of Get My First Job is a close family member of Group's Chief Operating Officer.

During the year the group incurred cost in relation to IT services amounting to £81,630 (2019: £473,570) from Digital Works Group. One of a number of shareholders of Digital Works Group is a close family member of Group's Chief Executive Officer.

During the year the group incurred costs of £25,225 (2019: £Nil) in relation to consultancy work provided by Ben Dunlop, the chair of the audit committee.

At the year end there were no balances outstanding to or from related parties.

**27. PRIOR YEAR ADJUSTMENT**

In the prior year the support costs were recognised after deducting the income received from subsidiaries in relation to central recharges, this was not correct as the intercompany transactions should have been eliminated. This has been correctly reflected in the prior year expenditure note by increasing the expenditure by £3,500,000 and equally decreasing the expenditure from trading subsidiaries. This had no effect on the surplus for the year and the comparatives are now in line with those for the current year. Please refer to notes 3 and 7 for the effect of the prior year restatement.