

**SCIENCE, ENGINEERING AND MANUFACTURING  
TECHNOLOGIES ALLIANCE**

**REPORT AND FINANCIAL  
STATEMENTS**

**YEAR ENDED 31 MARCH 2009**



**Registered in England and Wales**

**- Company Number 2324869  
- Charity Number 1000328**

**SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**

**REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2009**

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**SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**

**REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2009**

**Auditors**

haysmacintyre  
Fairfax House  
15 Fulwood Place  
London WC1V 6AY

**Investment Managers**

Aberdeen Fund Management Ltd  
One Bow Churchyard  
London EC2M 9HH

**Investment Advisors**

Barnett Waddingham  
138 Cheapside  
London  
EC2V 6BW

**Property Managers**

Fletcher King  
Stratton House  
Stratton Street  
London W1X 5FE

**Bankers**

Barclays Bank plc  
32 Clarendon Road  
Watford WD17 1BZ

**Solicitors**

Herbert Smith  
Exchange House  
Primrose Street  
London EC2A 2HS

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

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

**Registered Office**

14 Upton Road  
Watford WD18 0JT

**Board Members**

Sir A Jones - Chairman  
G Althorpe  
I Gray  
J Greenwell  
A Imrie  
H Tee  
D Byrne  
S Tilsley  
D Gibbs  
M Gilda  
D Haywood  
M Stewart  
G Toppin

**Chief Executive**

Philip W Whiteman

**Company Secretary**

Alison Lydon

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2009

### REPORT OF DIRECTOR TRUSTEES

#### REFERENCE AND ADMINISTRATIVE DETAILS

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

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

Sir A Jones – Chairman
G Althorpe
D Byrne appointed 21/05/08
D Gibbs * appointed 21/05/08
M Gildea
I Gray
J Greenwell
D Haywood appointed 14/08/08
A Imrie
M Stewart appointed 21/05/08
H Tee
M Temple * left 3/11/08
S Tilsley *
G Toppin appointed 03/11/08
J Wall left 21/05/08

\* Member of the Audit Committee

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

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

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

- Investment Committee
- Audit Committee
- Remuneration Committee

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

The key internal financial control procedures are summarised as follows:

#### Control environment:

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

#### Risk management:

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

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

## **REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2009**

### **REPORT OF DIRECTOR TRUSTEES (Continued)**

#### **Financial Reporting:**

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

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

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

#### **Investment**

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

#### **Remuneration:**

Senior managers' remuneration is governed by the Remuneration Committee.

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

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

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

### **PUBLIC BENEFIT**

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

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

### **OBJECTIVES AND ACTIVITIES**

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

To achieve this, SEMTA:

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

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

## **REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2009**

### **REPORT OF DIRECTOR TRUSTEES (Continued)**

The main objectives for the year were to:

- Engage more employers.
- Achieve re-licensing as a Sector Skills Council.
- Publish employer action plans for the Sector Skills Agreements for MME and bioscience.
- Develop and agree a sector compact with DIUS and provide support for employers to access it.
- Further develop the portfolio of programmes and network of providers of The National Skills Academy for manufacturing (NSA-M).
- Play a lead role in engaging employers in the engineering diploma launch.
- Lead the development of the science diploma.
- Begin conversion of NVQ units of competence and submit them for approval on the QCF.
- Implement the Science Strategy

### **ACHIEVEMENTS AND PERFORMANCE**

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

Major Achievements during the year included:

#### **Employer Engagement**

- A high level Advisory Council met to advise on the long term skills needs of the sector. This group will meet annually to review trends and update the contents of the SSA's.
- The Four Nations Group met to compare good practice in England, Scotland, Wales and Northern Ireland and to assess where sharing good practice would be most effective.
- Sector Strategy Groups (SSGs) are in place for Aerospace, Automotive, Bioscience, Electronics, Marine and Metals, Mechanical, Electrical (MME). The groups have set targets on employer engagement across the UK and Compact and are agreeing impact measures by sector. They continue to lead on SSA implementation. New Chairs have been elected recently on Marine, Electronics and the newly formed Automotive group.
- Setting up of Manufacturers, Engineering & Science Clusters.
- Employers in the bioscience, metals, mechanical engineering and electrical engineering sectors completed their sector skills agreements.
- The National Skills Academy for Manufacturing set up a Regional Advisory Group operating in each English region and also in Northern Ireland. The role of the RAG's is to support NSAM's regional plans and promote training in their region.
- SEMTA's Chairman and CEO held regional events to increase the sectors awareness of the value of skills development.
- The SEMTA Board, which is made up of senior representatives from employers across the sector, continue to provide a very positive input on policy and strategy and have been a major support through the process of re-licensing.
- 2038 have been engaged through Compact, 14,000 Apprenticeship Registrations & 72,000 NVQ's Registrations.
- SEMTA has obtained approximately 50 million pounds public money for companies in the sector.

#### **Government and Agencies**

- We have worked closely with LSC in prioritising which of the sectors qualifications attract publicly funded support.
- The LSC have also given substantial support to national standards by NSAM.
- BERR and the Regional Development Agencies have been supporting automotive sector and regional work.

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

## **REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2009**

### **REPORT OF DIRECTOR TRUSTEES (Continued)**

- SSDA closed down with effect from 31-3-08 and the newly-formed UK Commission for Employment and Skills became the regulator of the SSC Network.
- The Scottish Executive have agreed to support SEMTA's work in Scotland
- The Welsh Assembly have also continued their support for an innovative approach to skills development.
- SEMTA have played a lead role in working with other SSC's in clusters which support Science, Engineering & Manufacturing and other apprenticeship policy.

### **Education and Training Providers**

- There are 63 school/college consortia now piloting the delivery of the Engineering Diploma from 01-09-08. A network of co-ordinating colleges is being set up in England to ensure strategy and policy in clearly communicated.
- In the Midlands and in Scotland, work is being planned to ensure that there are enough trainers and assessors available to satisfy high demand for Lean Manufacturing Programmes.
- NSAM now has 74 approved providers in England.
- NSAM has 27 approved programmes available for employers.

### **Other Stakeholders**

- We are working with a range of stakeholders including STEMNET, around the 14-19 careers agenda, and ETB, in building the image of Engineering as an occupation of choice.
- We are effectively engaging with organisations like EEF and the CBI, along with a number of key trade associations related to our footprint, particularly in the delivery of the Sector Compact.

### **FINANCIAL REVIEW**

The group faced a year of considerable change and had set aside the surplus from 2007/08 as a contingency. The final group result of a deficit of £7,000 was, therefore, at the higher end of expectations (2008: surplus £241,000).

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

The five trading subsidiaries produced an operating surplus of £1,554,000 (2008: surplus £1,2119,000). The results of the trading subsidiaries are detailed in Note 2(b).

### **RESERVES POLICY**

The Board's policy, reviewed annually, is to maintain reserves at a level designed to generate £1m income per annum, to support the charitable activities of SEMTA, and to cover those specific liabilities not matched by specific assets plus 6 months normal operating expenditure related to our activities as a sector skills council.

During 2008/09 a total of £700,000 was drawn down from the fund, less than the total income generated by the fund.

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

## **REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2009**

### **REPORT OF DIRECTOR TRUSTEES (Continued)**

#### **INVESTMENT POLICY**

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

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

The investment fund produced a negative return of 23.2% for the year compared to a negative return of 19.5% for the relevant WM Universe Index. Over the last three years the fund produced an annualised negative return of return of 7.4% compared to a negative return of 5.7% for the relevant WM Universe Index.

#### **PLANS FOR FUTURE PERIODS**

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

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

The six strategic objectives are to:

- Identify and prioritise current and future skills and provision gaps
- Influence government policy to match skills needs
- Develop the skills infrastructure to address skills needs priorities
- Fill gaps in provision by developing the provider network
- Improve our own business performance and the visibility of results

In order to do this, we will:

- Raise the awareness of Semta and the importance of skills
- Develop a methodology to identify strategic skills needs in emerging industries
- Deliver a demand led qualification framework to met employer needs
- Engage more employers in more training and development, particularly in SME's
- Develop provider capacity and capability

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

#### **DIRECTORS AND OFFICERS LIABILITY INSURANCE**

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



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

## **REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2009**

### **REPORT OF DIRECTOR TRUSTEES (Continued)**

#### **BOARD MEMBERS RESPONSIBILITIES**

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

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements: and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

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

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

#### **RISK REVIEW**

The Board has considered the major external business risks to which the group is exposed and where possible strategies have been developed to mitigate those risks. The Risk Register is regularly reviewed by the Audit Committee and strategic risks are reported to the Board annually. Investment risk is managed by the Investment Committee in conjunction with the groups investment and property managers

#### **AUDITORS**

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

By order of the Board



A Lydon  
Secretary  
14 Upton Road  
Watford WD18 0JT  
20 May 2009

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SCIENCE, ENGINEERING AND  
MANUFACTURING TECHNOLOGIES ALLIANCE FOR THE YEAR ENDED 31 MARCH 2009**

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

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Board and auditors**

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Director Trustees is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

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

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

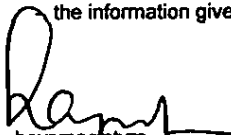
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's and group's affairs as at 31 March 2009 and of its incoming resources and application of resources in the year then ended, including its income and expenditure;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

the information given in the Report of the Director Trustees is consistent with the financial statements.

  
haysmacintyre  
Registered Auditors

Fairfax House  
15 Fulwood Place  
London WC1V 6AY

20 May 2009

**SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2009**

**INCOME AND EXPENDITURE**

	<u>Note</u>	2009 £'000	2008 £'000
<b>Incoming resources</b>			
<b>Incoming resources from generating funds:</b>			
Income from trading subsidiaries	2	15,645	13,235
Investment income	6	1,075	1,067
<b>Incoming resources from charitable activities:</b>			
Externally funded projects		2,178	1,963
Sector Skills Council contract		1,867	1,727
W5 initiative		-	-
Other		240	303
<b>Total incoming resources</b>		<u>21,005</u>	<u>18,295</u>
<b>Resources expended</b>			
<b>Cost of generating funds:</b>			
Expenditure of trading subsidiaries	2	14,109	11,854
Interest charges		6	5
<b>Total cost of generating funds</b>		<u>14,115</u>	<u>11,859</u>
<b>Charitable activities:</b>			
Improving access to learning & encouraging people into careers in the sector		3,464	3,613
Promoting and representing the sector		1,075	569
Developing and supporting occupational standards and learning frameworks		1,536	1,257
Research into skills gaps and shortages		762	696
	5	<u>6,837</u>	<u>6,135</u>
<b>Governance costs</b>		60	60
<b>Total resources expended</b>		<u>21,012</u>	<u>18,054</u>
<b>Net incoming resources before other recognised gains and losses</b>		(7)	241
<b>Other recognised gains and losses</b>			
Realised and unrealised gains/(losses) on investments	9	(7,223)	(2,397)
Release of accumulated recoveries on projects	10	-	913
<b>Net movement in funds</b>	18	<u>(7,230)</u>	<u>(1,243)</u>
Fund balance at 1 April 2008	16	30,912	32,155
<b>Fund balance at 31 March 2009</b>		<u>23,682</u>	<u>30,912</u>

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

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

**SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**

**GROUP BALANCE SHEET AS AT 31 MARCH 2009**

	Note	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	4,704	4,747
Investments	9	19,637	26,478
		<u>24,341</u>	<u>31,225</u>
<b>CURRENT ASSETS</b>			
Stocks	12	57	70
Debtors - amounts falling due within one year	13	5,642	6,012
Debtors - amounts falling due after one year	13	216	254
Bank and cash balances		2,064	3,059
		<u>7,979</u>	<u>9,395</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(8,376)	(9,449)
<b>NET CURRENT LIABILITIES</b>		<u>(397)</u>	<u>(54)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>23,944</u>	<u>31,171</u>
<b>CREDITORS - amounts falling due after one year</b>	14	(262)	(259)
<b>NET ASSETS</b>		<u>23,682</u>	<u>30,912</u>
<b>FUNDS AND RESERVES</b>			
<u>Unrestricted Funds:</u>			
General Reserve	16	23,682	30,912
		<u>23,682</u>	<u>30,912</u>

The financial statements were approved by the Board on 20 May 2009 and are signed on its behalf by:



Sir Alan Jones  
Chairman



S R Tilsley  
Board member

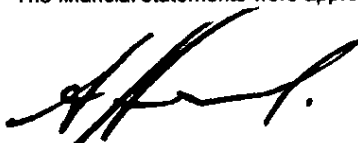
The notes on pages 15 - 26 form part of these accounts.

**SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**

**CHARITY BALANCE SHEET AS AT 31 MARCH 2009**

	Note	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	3,600	3,691
Investments	9	19,637	26,478
Investment in subsidiaries	11	810	810
		<u>24,047</u>	<u>30,979</u>
<b>CURRENT ASSETS</b>			
Debtors - amounts falling due within one year	13	3,798	3,262
Debtors - amounts falling due after one year	13	216	254
Bank and cash balances		974	1,535
		<u>4,988</u>	<u>5,051</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(5,619)	(5,380)
		<u>(631)</u>	<u>(329)</u>
<b>NET CURRENT LIABILITIES</b>			
<b>CREDITORS - amounts falling due after one year</b>	14	-	-
<b>NET ASSETS</b>		<u>23,416</u>	<u>30,650</u>
<b>FUNDS AND RESERVES</b>			
<u>Unrestricted Funds:</u>			
General Reserve	16	23,416	30,650
		<u>23,416</u>	<u>30,650</u>

The financial statements were approved by the Board on 20 May 2009 and are signed on its behalf by:



Sir Alan Jones  
Chairman



S R Tilsley  
Board member

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

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 £'000	2008 £'000
<b>Net cash inflow from operating activities</b>	a)	<u>(1,255)</u>	<u>835</u>
<b>Returns on Investments and servicing of finance</b>			
Investment income received		1,075	1,067
Bank loan interest paid		-	-
Drawdown from investments		593	-
<b>Net cash inflow from returns on Investments and servicing of finance</b>		<u>1,668</u>	<u>1,067</u>
<b>Taxation</b>			
Corporation tax refund		-	-
<b>Net cash inflow from taxation</b>		<u>-</u>	<u>-</u>
<b>Capital expenditure and financial investment</b>			
Payments to acquire investments		(2,611)	(1,285)
Payments to acquire tangible fixed assets		(433)	(662)
Receipts from the sale of tangible fixed assets (Gross£k, Net £k)		-	586
Bank loan repayment		-	-
Receipts from the sale of investments		1,636	1,388
Transfer of cash (to)/from investment managers		-	5
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>		<u>(1,408)</u>	<u>32</u>
<b>NET INCREASE IN CASH</b>	- c)	<u>(995)</u>	<u>1,934</u>
<b>Represented by:</b>			
Net cash inflow		<u>(995)</u>	<u>1,934</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	2009 £'000	2008 £'000
a) Reconciliation of net incoming resources to net cash inflow from operating activities		
Net incoming resources	(7)	241
Investment income	(1,075)	(1,067)
Depreciation	474	392
Loss on sale of fixed assets	2	-
Increase (decrease) in creditors	(1,070)	2,342
(Increase) in debtors	408	(1,033)
(Increase) Decrease in stock	13	(40)
Interest Paid	-	-
Net cash inflow from operating activities	<u>(1,255)</u>	<u>835</u>
b) Analysis of net funds		
	At 1 April 2008 £'000	Cash flow £'000
Bank balance	<u>3,059</u>	<u>(995)</u>
c) Reconciliation of net cash flow to movement in net funds		£'000
Increase in cash in the period		(995)
Continuing activities		<u>(995)</u>
Movement in net funds in the period		<u>(995)</u>
Net funds at 1 April 2008		<u>3,059</u>
Net funds at 31 March 2009		<u>2,064</u>

## SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

### NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009

#### 1 ACCOUNTING POLICIES

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

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

##### Financial statements

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

##### Incoming resources

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

##### Resources expended

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

##### Sale of properties

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

##### Tangible fixed assets

#### (a) Group occupied properties

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

#### (b) Depreciation

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

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



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

### **NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (continued)"**

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

##### **Property costs**

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

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

Investments are stated at market value as 31 March 2009. Realised and unrealised gains and losses are released or charged to the consolidated Statement of Financial Activities in the year in which they arise.

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

##### **Stocks**

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

##### **Grants**

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

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

##### **Fund accounting**

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

##### **Leased assets**

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

##### **Pensions**

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

##### **Governance**

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

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (continued)\*\*

2 INCOMING RESOURCES AND NET MOVEMENT IN FUNDS

a) Analysis of income

The group has only one class of activity. The majority of group activities are conducted in the United Kingdom. EMTA Awards Limited conducted business with centres outside the UK totalling £48,260 in the year. (2008:£48,124 ).

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

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

Sector Skills Council income is from the UK Commission for Employment and Skills (UKCES) for undertaking EMTA's role as a Sector Skills Council.

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

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

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

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

b) Results of trading subsidiaries

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

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

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

Training Publications Limited ceased active trading on 31 March 2005.

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

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

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

	EMTA Awards Limited	Training Properties Limited	Training Publications Limited	MetSkill Limited	National Skills Academy for Manuf. Limited	2009 Total	2008 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	9,358	17	2	2,594	3,674	15,645	13,235
	<u>9,358</u>	<u>17</u>	<u>2</u>	<u>2,594</u>	<u>3,674</u>	<u>15,645</u>	<u>13,235</u>
Materials and external charges	2,418	-	-	1,279	567	4,264	3,948
Staff costs	2,587	-	-	701	1,650	4,938	4,143
Depreciation	145	-	-	26	33	204	150
Other operating charges	2,738	22	2	517	1,424	4,703	3,615
	<u>7,888</u>	<u>22</u>	<u>2</u>	<u>2,523</u>	<u>3,674</u>	<u>14,109</u>	<u>11,854</u>
Operating surplus / (deficit)	1,470	(5)	-	71	-	1,536	1,381
Interest receivable	-	-	18	-	-	18	19
Interest payable to parent company	-	-	-	-	-	-	(181)
Net surplus / (deficit)	<u>1,470</u>	<u>(5)</u>	<u>18</u>	<u>71</u>	<u>-</u>	<u>1,554</u>	<u>1,219</u>
Covenanted to SEMTA	(1,470)	-	(8)	(71)	-	(1,549)	(1,273)
	<u>-</u>	<u>(5)</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>(54)</u>

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (continued)

### 3 HISTORICAL COST NET MOVEMENT IN FUNDS

	2009 £'000	2008 £'000
Net incoming resources	(7)	241
Differences between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	-	3
<b>Historical cost surplus on ordinary activities</b>	<b>(7)</b>	<b>244</b>

### 4 STAFF COSTS

	2009 £'000	2008 £'000
Wages and salaries	7,688	6,080
Social security costs	650	531
Other pension costs	713	611
	<b>9,051</b>	<b>7,222</b>

Included in staff costs is £Nil (2008: £Nil) relating to early retirements and redundancy costs.

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

	2009 £'000	2008 £'000
Training Services	177	151
Support Services	32	18
	<b>209</b>	<b>169</b>

#### Chairman's remuneration

The remuneration paid to the Chairman during the year was £20,000 (2008: £nil). No other Council member received any remuneration during the year in respect of their services to the charity. The total amount of expenditure reimbursed to Council members in respect of expenses incurred on the charity's activities was £10,304 (2008: £3,321).

#### Emoluments of employees

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

	2009	2008
£60,001 - £70,000	11	4
£70,001 - £80,000	5	3
£80,001 - £90,000	2	3
£90,001 - £100,000	3	1
£100,001 - £110,000	1	1
£110,001 - £120,000	1	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	1	1
£150,001 - £160,000	-	-
£160,001 - £170,000	-	-
£170,001 - £180,000	-	-
£180,001 - £190,000	1	1
<b>total</b>	<b>25</b>	<b>14</b>

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (continued)

### 5 NET INCOMING RESOURCES

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

	2009 £'000	2008 £'000
Hire of equipment	22	29
Auditors' remuneration	26	34
Loss on sale of tangible fixed assets	2	-
Operating lease rentals-motor vehicles	218	197
Depreciation (all owned assets)	474	392
Rental Income	-	-
Release of capital-based grants	(1)	(1)

Auditors remuneration includes £11,000 in respect of the audit of the parent charity (2008: £11,000).

Fees in relation to non audit services were £26,170 (2008: £25,000).

### Analysis of charitable activities

	Staff No's	2009 Direct costs £'000	Support costs £'000	Total costs £'000	2008 Total costs £'000
Improving access to learning	38	2,325	1,139	3,464	3,096
Promoting and representing the sector	5	925	150	1,075	569
Developing and supporting occupational standards and learning frameworks	16	1,057	479	1,536	1,257
Encouraging people into careers in the sector		-	-	-	517
Research into skills gaps and shortages	10	462	300	762	696
	<b>69</b>	<b>4,769</b>	<b>2,068</b>	<b>6,837</b>	<b>6,135</b>

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

### 6 INVESTMENT INCOME

	2009 £'000	2008 £'000
Income from fixed asset investments	1,002	1,013
Bank interest receivable by parent and subsidiary company	73	54
	<b>1,075</b>	<b>1,067</b>

### 7 TAXATION

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

**SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (continued)**

**8 TANGIBLE FIXED ASSETS**

Group	Land and Buildings £'000	Freehold Improvements £'000	Plant and machinery £'000	Office furniture & equipment £'000	Total £'000
<b>Cost or valuation</b>					
At 1 April 2008	3,640	330	262	2,336	6,568
Additions	-	-	7	426	433
Disposals	-	-	-	(3)	(3)
<b>At 31 March 2009</b>	<b>3,640</b>	<b>330</b>	<b>269</b>	<b>2,759</b>	<b>6,998</b>
<b>Depreciation</b>					
At 1 April 2008	142	65	128	1,486	1,821
Charge for year	70	8	30	366	474
Disposals	-	-	-	(1)	(1)
<b>At 31 March 2009</b>	<b>212</b>	<b>73</b>	<b>158</b>	<b>1,851</b>	<b>2,294</b>
<b>NET BOOK AMOUNT</b>					
<b>At 31 March 2009</b>	<b>3,428</b>	<b>257</b>	<b>111</b>	<b>908</b>	<b>4,704</b>
<b>At 31 March 2008</b>	<b>3,498</b>	<b>265</b>	<b>134</b>	<b>850</b>	<b>4,747</b>

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

Fixed assets with a cost of £5,126,000 (2008: £4,947,000) and accumulated depreciation of £1,526,000 (2008: £1,256,000) are held for charitable purposes.

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

	2009 £'000	2008 £'000
Cost	3,331	3,331
Depreciation	(432)	(432)
	<b>2,899</b>	<b>2,899</b>

The net book amount of land and buildings comprises :

	2009 £'000	2008 £'000
Freehold	2,180	2,220
Long leasehold	1,248	1,278
	<b>3,428</b>	<b>3,498</b>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (continued)\*

8 TANGIBLE FIXED ASSETS (continued)

	Freehold Land and buildings £'000	Freehold Improvements £'000	Plant and machinery £'000	Office furniture & equipment £'000	Total £'000
<b>Charity</b>					
<b>Cost or valuation</b>					
At 1 April 2008	3,040	331	262	1,314	4,947
Additions	-	-	7	172	179
Disposals	-	-	-	-	-
<b>At 31 March 2009</b>	<b>3,040</b>	<b>331</b>	<b>269</b>	<b>1,486</b>	<b>5,126</b>
<b>Depreciation</b>					
At 1 April 2008	118	65	128	945	1,256
Charge for the year	58	8	25	179	270
Disposals	-	-	-	-	-
<b>At 31 March 2009</b>	<b>176</b>	<b>73</b>	<b>153</b>	<b>1,124</b>	<b>1,526</b>
<b>NET BOOK AMOUNT</b>					
<b>At 31 March 2009</b>	<b>2,864</b>	<b>258</b>	<b>116</b>	<b>362</b>	<b>3,600</b>
<b>At 31 March 2008</b>	<b>2,922</b>	<b>266</b>	<b>134</b>	<b>369</b>	<b>3,691</b>

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

The cost and accumulated depreciation at 31 March 2009 includes fully depreciated assets at historical cost of £389,158 (2008 : £245,430).

# SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (continued)

### 9 FIXED ASSET INVESTMENTS

#### Group and charity

	2009 £'000	2008 £'000
Balance 1 April 2008 at Market Value	24,467	26,967
Additions at cost	2,611	1,285
Disposals at opening market value or cost if during the year (proceeds £1,636,000 realised loss £152,000)	(1,788)	(930)
Unrealised gain (loss) on revaluation	(7,071)	(2,855)
	<u>18,219</u>	<u>24,467</u>
Cash awaiting investment	1,418	2,011
Balance at 31 March 2009 at Market Value	<u>19,637</u>	<u>26,478</u>
Historical cost of Investments	<u>26,137</u>	<u>25,902</u>

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

Aberdeen Charity Select Global Ex UK Equity Fund	6,244	7,520
Aberdeen Charity Select Bond	1,787	2,838
Aberdeen Charity Select UK Equity Fund	9,552	13,105

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

The amount of cash in the portfolio on 31 March 2009 was £1,442,000 (2008: £2,011,000).

### 10 RELEASE OF ACCUMULATED RECOVERIES ON PROJECTS

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

**SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**

**NOTES TO THE FINANCIAL STATEMENTS - 31 March 2009 (continued)**

**11 INVESTMENT IN SUBSIDIARIES**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Charity</b>		
Shares at cost	5,980	5,980
Long term loan	2,771	2,771
	<u>8,751</u>	<u>8,751</u>
<b>Provision</b>		
Balance brought forward	(7,941)	(7,941)
Closing Balance @ 31 March 2009	<u>810</u>	<u>810</u>

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

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

**EMTA Awards Limited**

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

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

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

**National Skills Academy for Manufacturing Limited**

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

**Training Properties Limited**

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

**Training Publications Limited**

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



SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (continued)

12 STOCKS

	Group		Charity	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Resaleable publications	57	70	-	-
	<u>57</u>	<u>70</u>	<u>-</u>	<u>-</u>

13 DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade debtors	4,809	5,267	1,716	1,535
Amounts owed by subsidiary undertakings	-	-	1,530	1,317
Other debtors	31	228	31	228
Taxation	146	150	119	80
Prepayments and accrued income	656	367	402	102
	<u>5,642</u>	<u>6,012</u>	<u>3,798</u>	<u>3,262</u>

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

DEBTORS : AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Charity	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Other debtors	216	254	216	254
	<u>216</u>	<u>254</u>	<u>216</u>	<u>254</u>

The amounts for 2009 and 2008 represent the net present value of the sale proceeds for the share capital of Cleveland Training Centre.

**SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE**

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (continued)**

**14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR.**

	<b>Group</b>		<b>Charity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	1,404	1,328	423	355
Amounts owed to subsidiary undertakings	-	-	-	-
Taxation and social security	264	263	264	213
Other creditors	110	142	104	142
Bank overdraft	-	-	4,307	4,291
Accruals & Deferred Income	6,598	7,716	521	379
	<u>8,376</u>	<u>9,449</u>	<u>5,619</u>	<u>5,380</u>

**CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR.**

	<b>Group</b>		<b>Charity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Unsecured loan notes	245	245	-	-
Deferred income - capital grant	17	14	-	-
	<u>262</u>	<u>259</u>	<u>-</u>	<u>-</u>

**15 OBLIGATIONS UNDER LEASE AGREEMENTS**

At 31 March 2009 the group has annual lease commitments as follows:"

	<b>2009</b>		<b>2008</b>	
<b>Expiry Date</b>	<b>Land and Buildings</b>	<b>Other</b>	<b>Land and Buildings</b>	<b>Other</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Less than one year	207	41	9	9
Two to five years	24	234	108	135
Over five years	24	-	16	-
	<u>255</u>	<u>275</u>	<u>133</u>	<u>144</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (continued)

16 FUNDS AND RESERVES

General Reserve	2009 £'000	2008 £'000
Group		
At 1 April 2008	30,912	32,155
Net movement in funds	(7,230)	(1,243)
At 31 March 2009	<u>23,682</u>	<u>30,912</u>
Charity		
At 1 April 2008	30,650	31,847
Gift Aid from Metskill relating to 07/08	12	-
Gift Aid from Training Publications relating to 07/08	8	-
Realised and unrealised gains on investments	(7,223)	(2,397)
Loss for the year	(31)	294
Release of accumulated recoveries on projects	-	906
At 31 March 2009	<u>23,416</u>	<u>30,650</u>

As permitted by Section 230 of the Companies Act 1985, the Consolidated Statement of Financial Activities of the parent charitable company, whose result is shown above, is not presented as part of these accounts. The parent charitable company's loss for the year amounted to £31,000 (2008 surplus: £294,000).

17 CAPITAL COMMITMENTS

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

18 PENSION COMMITMENTS

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

The cost to the group and the charitable company for the year was £712,940 (2008: £609,000).

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

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

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

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

19 LIABILITY OF MEMBERS

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