



**SCIENCE, ENGINEERING AND MANUFACTURING
TECHNOLOGIES ALLIANCE**

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

Company Number: 2324869
Charity Number: 1000328

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SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

Auditors

haysmacintyre
26 Red Lion Square
London WC1R 4AG

Registered Office

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

Investment Managers

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

Board Members

A Cook CBE (Chairman)
A Connelly
I Gray CBE
J Hillier
J Lopes
L Minella
I Mukerjee
T Scuoler
M Stewart
I Waddell

Investment Advisors

Barnett Waddingham
138 Cheapside
London
EC2V 6BW

Chief Executive

A Watson

Property Managers

Fletcher King
Stratton House
London W1X 5FE

Bankers

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

Solicitors

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

DLA Piper

Victoria Square House
Birmingham
B2 4DL

Bates Wells Braithwaite

10 Queen Street Place
London
EC4R 1BE

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

TRUSTEES'/DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2015

REFERENCE AND ADMINISTRATIVE DETAILS

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

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

A Cook CBE (Chairman)

S Ball Resigned on the 24/02/2015

D Byrne Resigned on the 05/06/2014

A Connelly¹

I Gray CBE²

J Greenwell CBE Resigned on the 31/03/2015

D Haywood Resigned on the 05/06/2014

J Hillier Appointed on the 05/06/2014

A Imrie Resigned on the 05/06/2014

J Lopes Appointed on the 24/02/2015

J Maier Resigned on the 24/02/2015

L Minella³

I Mukerjee⁴

T Scuoler

S Sillars OBE Resigned on the 31/12/2014

M Stewart⁵

I Waddell

1 Member of the Investment Committee

2 Member and Chairman of the Audit Committee

3 Member of the Remuneration Committee

4 Member and Chairman of the Investment Committee

5 Member and Chairman of the Remuneration Committee

The Chief Executive, professional advisors and registered office of the charity are listed on page 1.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is governed by a Board of employer, trade body and trade union representatives. The members of the Board are trustees of the charity and also directors for the purposes of company law.

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

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

- Investment Committee
- Audit Committee
- Remuneration 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.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

TRUSTEES'/DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The key subsidiaries are Excellence Achievement & Learning Limited (EAL – a vocational awarding organisation) and Metskill Limited (which holds a Skills Funding Agency contract for apprentice training).

The key internal financial control procedures are summarised as follows:

Control environment:

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

Risk management:

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

Financial Reporting:

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

Control Procedures and Monitoring Systems:

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

Investment:

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

PUBLIC BENEFIT

As a registered UK charity Semta operates for the public benefit. Semta is the employer-led body engineering skills for the future of UK industry. We promote and advance the education, training and skills development of people employed or intending to be employed in the sectors we represent. There is a clear link between the skills of the sector's workforce and the productivity and competitiveness of their employers.

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:

- 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

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 sectors premier advocate on skills policy
- Support EAL to maintain its position in the advanced manufacturing and engineering sector and achieve growth and diversification
- Support Semta Apprenticeship Service in becoming a growing and profitable high quality provider
- 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

STRATEGIC REPORT

In August 2014, the UK Parliament approved The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2014. These regulations introduce into the Companies Act 2006 a requirement for all large and medium-sized companies to prepare a separate Strategic Report.

ACHIEVEMENTS AND PERFORMANCE

During 2014/15, the Group continued to make good progress both internally and externally in adjusting the way it operates in order to respond to the changing policy and funding environment. The organisation can report on varied achievements within all areas in which we operate.

Obtaining and delivering funded project activity, benefiting sector employers and their employees, such as:

- Semta are the contract holder for both the Aerospace and Automotive Industrial Partnerships successfully securing £2.7 million funding for the sector this year and £22m up to March 2017. Since the start of the contract Semta has helped to increase the number of learning outputs by 34%.
- Semta is playing a pivotal role in the Automotive Industrial Partnership, using its experience and expertise to secure skills for this crucial keystone of the UK economy. Developed a full brand and marketing strategy and delivered a successful launch event at the House of Lords in March 2015, which was very well attended and received by industry, education organisations, trade bodies and government representatives alike.
- Secured funding from UK Commission for Employment and Skills for Women in Work – delivered training and support to approximately 200 women in engineering in the nuclear and rail sectors to support return to work, progression and development of leadership and management skills.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

TRUSTEES'/DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

ACHIEVEMENTS AND PERFORMANCE (continued)

- Secured funding via Northamptonshire Local Enterprise Partnership, to deliver a High Performance Technologies Supply Chain Mentoring programme to provide SMEs with free specific business advice and guidance, enabling them to grow and operate efficiently. Experts from the engineering and advanced manufacturing sector have been trained to become mentors allowing them to share their knowledge, experience and good practice.
- Completed a range of research projects including review of the skills delivery gaps in the advanced engineering and materials sector and tidal lagoon projects.
- Working in partnership with Equate Scotland, experts in gender equality to make a positive difference for women working in science, engineering, technology and the built environment sectors. Marketing support was given to promote various initiatives including their career development programme and building your talent pipeline seminar.
- In August 2014, Semta successfully secured funding from The Education and Training Foundation to set up The STEM Alliance bringing together industry and further education to drive excellence in STEM teaching and learning, which will equip the next generation of scientists, engineers, mathematicians and technicians with the skills they need to succeed.
- Developed visual and conceptual brand for The STEM Alliance. Successful launch event at The House of Lords, which helped achieve high levels of media coverage, including Semta CEO interviews on BBC Network TV and radio.
- Launched The STEM Exchange www.stemexchange.co.uk an innovative self-serve website aimed at linking the STEM industries with FE tutors and teachers to help improve occupational competence and the development of teaching materials. Over 700 employers have registered to date.
- Delivered the "I Am An Engineer" programme in Wales looking at innovative ways to engage young people in a career in engineering.
- Semta commissioned a detailed Labour Market Intelligence (LMI) study to better understand the skills needs of the Advanced Materials and Manufacturing sector in Wales and the issues of supply and demand when targeting training to employers. The findings are being used to evidence recommendations to the Welsh Government on what skills programmes should receive funding in Wales. The study findings were disseminated via a webinar and also promoted via website and social media.

Development of employer focussed skills infrastructure, including:

- At the request of employers, Semta is playing a key role in the design and development of new Apprenticeship standards in England. Semta has been fully involved in Trailblazers in the aerospace, automotive, marine and other advanced manufacturing sectors, providing impartial advice, guidance and technical expertise. To date we have developed 32 Trailblazer Apprenticeships, 26 Apprenticeship Standards have been approved to date with 7 Assessment Plans approved and ready for delivery.
- Utilising Universal Services funding, reviewed 5 existing National Occupational Standards (NOS) suites and developed 8 new NOS suites.

Driving higher numbers of engineering apprentices, both in our own training provider and across the sector:

- Exceeding the target set for Advanced and Higher Apprenticeship starts under the Apprenticeship Ambition commitment, achieving 13,150 against a target of 11,600.
- Certificated 21,660 apprentices in England, 1,336 in Wales and 878 in Scotland.
- Supported and launched the Telegraph Apprenticeship App in November 2014 with over 3,000 downloads to date. All apprenticeship vacancies are advertised and can be applied for via the App which facilitates searches by a variety of methods (i.e. by profession, by sector, by postcode). A person specification survey is also part of the App to enable young people to identify which roles would suit their skills and preferences.
- Supporting 611 new learners to begin a programme - 342 at level 2 and 269 at level 3 - through the Semta Apprenticeship Service. The year also saw 261 individuals achieve a full framework completion.
- Delivering 2% growth in the number of Semta Apprenticeship Service funded learners' year on year – increasing from 1,019 in March 2015 to 1,041 in March 2016.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

TRUSTEES'/DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

ACHIEVEMENTS AND PERFORMANCE (continued)

- Working with 204 employers across England through the Semta Apprenticeship Service including large employers such as KJ Rail, Sheffield Forgemasters, Tata Steel, British Airways, Mercedes F1 and many SMEs vital to the continued growth of the UK economy.
- Ran a pilot Higher Apprenticeship programme at Level 4 designed to help close the skills gap in Welsh advanced manufacturing and engineering (AME). The framework has been designed to provide the AME sector with high grade technicians and engineers who have practical skills, combined with a higher education qualification. The project was successful in recruiting 17 businesses to participate in the HAA programme of which 15 were designated as large companies employing in excess of 250 staff with 2 SMEs. As a result 41 of the 44 learners recruited to undertake the HAA Programme were employed by large companies.

The ongoing provision of high quality qualifications through EAL:

- This year EAL has supported over 100,000 people to progress in their chosen career or to find new pathways. EAL works closely with employers and providers of education and training to ensure that their qualifications are relevant and cost effective. To achieve this, EAL has worked with more than 750 assessment centres and consulted with over 250 employers, ensuring qualifications meet the needs of learners, centres and employers.
- EAL are currently helping 10 'trailblazer' initiatives to set new standards for apprenticeships.
- The continued consolidation of EAL's reputation for awarding excellence and outstanding customer service in both new and existing markets has strengthened our partnerships with the professional institutes and resulted in the approval of many EAL qualifications as a route to professional recognition.
- Development programmes have enabled the delivery of interactive documents to support the new, high quality VRQ suite of qualifications currently being launched. Also strengthening the company's product offering are the new Key Stage 4/5 qualifications which ensure school age children can experience engineering and building services technologies at an earlier stage.

Taking every opportunity to recognise and promote the engineering skills of the UK, including:

- Delivering another highly successful Semta Skills Awards celebrating the achievements of the sector with the support of seven high profile industry sponsors and over 400 guests.
- Promoting modern day engineers to the general public via the Engineering Hall of Fame, generating a 172% increase in votes compared to the previous year.
- Successful delivery of the 2014 WorldSkills UK engineering competitions, including management of the selection events, regional heats and finals at the Skills Show in November 2014.
- 513 registrations achieved for the 2015/16 cycle of the WorldSkills UK engineering competitions for which Semta is the organising partner.

Improving internal efficiency and capability, helping to create a financially sustainable organisation:

- Restructuring the organisation to reflect the changing funding environment and as a result reducing the level of fixed overheads to better reflect income levels.
- Relocation of the organisation's Head Office to more appropriately sized leased premises and disposal of the existing freehold property.
- Significant investment in refreshing the group's IT infrastructure, including upgrading employee equipment, eliminating out of date operating software, optimising network speed and capacity and outsourcing server hosting to a dedicated third party data centre.
- Achieving a 17:1 return on investment for PR spend against the target and industry benchmark of 5:1 ROI. Media coverage generated for Semta over the year has an AVE of over £1.4million which represents a 19% increase on the previous year. Generating 54 national news stories across a broad cross section of newsprint including the Daily Telegraph, The Guardian, the Daily Mail and The Mirror and coverage on BBC Network TV and radio.
- Continuing to build the number of visitors to the Semta website, achieving a 17% increase on the previous year.
- Gaining 1,158 new Twitter followers, taking the total above 4,000.
- Creating 92 pieces of engaging video content showcasing Semta's work for the sector.

FINANCIAL REVIEW

The Consolidated Statement of Financial Activities for the year ended 31st March 2015 (page 12) shows a net decrease in funds of £1,285,000 after investment gains.

2014/15 was the third financial year in which the organisation did not receive a financial core contract to operate as a Sector Skills Council from the UK Commission for Employment and Skills. All Government income was generated through bids contracted following competitive tendering processes.

The key drivers of the financial result were:

- Identification, successful tendering and delivery of funded projects, such as STEM Alliance and Women in Work.
- Securing the contract management role in Automotive and Aerospace Industrial Partnerships.
- Increasing the number of apprentices trained under the Skills Funding Agency contract in the Semta Apprenticeship Service (Metskill Ltd).
- Maintaining leading shares in core EAL markets.
- Continuing to develop more sustainable income streams through successful employer engagement.
- Significant investment in the transition programme to reduce overheads and create an organisation with an appropriate cost base compared to projected income levels.

The Group result is an operating **surplus** of £2,474,000 (2013/14 **surplus** of £1,875,000).

The Group result after all exceptional costs is a **deficit** of £2,247,000 (2013/14 **surplus** of £1,414,000).

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.

The five trading subsidiaries produced a net **surplus** of £2,793,000 (2013/14 net **surplus** of £2,482,000) after exceptional costs of £80,000 (2013/14 £46,000).

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

The annual results were impacted by the following exceptional charges:

Restructuring Costs:

Included in the Semta Group's Income and Expenditure statement as an exceptional item is a restructuring charge of £4,721,000 (2013/14 £461,000) relating both to the redundancy and related costs arising from the on-going changes required in the organisation to react to the funding landscape.

RESERVES POLICY

The Board's policy, reviewed annually, is to maintain reserves at a level designed to generate circa £1,000,000 income per annum, to support the charitable activities of Semta, and to cover those specific liabilities not matched by specific assets plus 6 months normal operating expenditure related to our activities as a Sector Skills Council. The General Reserve at the end of March 2015 was £29,196,000 (2013/14 £30,481,000) a decrease in the year of £1,285,000 (2013/14 increase £1,762,000).

INVESTMENT POLICY AND PERFORMANCE

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

The performance benchmark target set for the investment managers is to outperform an index of RPI + 4%, gross of fees.

The return is measured over a three year rolling period with the last three years return at 9.1% compared to benchmark of 5.3%.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

TRUSTEES'/DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

INVESTMENT POLICY AND PERFORMANCE (continued)

The performance of the portfolio is reviewed quarterly by the Investment Committee in conjunction with the investment manager. Market performance is monitored by Barnett Waddingham who report to the Committee every quarter.

The Investment Fund generated an investment income of £894,000 (2013/14 £732,000). The overall Investment Fund decreased by £986,000 during 2014/15 as £3,000,000 was drawn down to part fund the transition costs.

PLANS FOR FUTURE PERIODS

Semta is at the epicentre of skills – our success will help UK PLC flourish.

Semta aims to work even more closely with the new government, educators and employers to shape the skills environment the UK needs to ensure advanced manufacturing and engineering thrives in a global economy.

We have a 'Skills Vision' which has been documented and sent to employers for feedback. We have had a strong response and will present it to the new Secretary of State for Business, Innovation and Skills, and President of the Board of Trade, Rt. Hon Sajid Javid and his team as the first steps in forging a long-term plan for the sector.

Our group is made up of three distinct but complementary parts and it is imperative that we use that strength to support our overall objectives.

Semta is the not-for-profit organisation, with a strong employer board, which will invest even more in projects which have a real impact on the sector as a whole.

The Semta Apprenticeship Service offers employers a bespoke solution that makes it easy to take on and upskill apprentices – we aim to grow the offering and turn out even more highly skilled young people.

Our awarding organisation EAL continues to grow apace, developing new qualifications to fit employer needs. It is working with customers and partners to provide flexible learning solutions in both the UK and internationally.

A key objective for Semta is to support initiatives to showcase advanced manufacturing and engineering as a career option for all who achieve five GCSEs including English and Maths.

We need to help our employers recruit the best talent whether that is through the apprenticeship route or graduates, inspiring the next generation of engineers, scientists and technicians and support them on their careers path.

It is why we will renew investment in the Industry Apprentice Council, which has quickly established itself as the national voice for apprentices.

We have through the STEM Alliance established The STEM Exchange to connect forward-thinking employers and further education practitioners to drive excellence in STEM teaching. This partnership will provide teachers with access to work-related experience support Continuous Professional Development and provide access to Career Information and Guidance. This will help ensure STEM teaching keeps pace with advances in modern industry and increase the supply of well qualified, talented individuals with the right skills to meet business needs.

Following the success of our Women in Work programme, which has helped support female engineers overcome barriers to career progression, we will be supporting other projects to promote careers to ethnic minority and disabled candidates.

The Semta Skills Awards are already established as the key industry event after just two years and once again we will be looking to showcase the individuals and companies doing great things over the coming 12 months.

Our excellent reputation forged through the development of National Occupational Standards will be strengthened with additional resource to support the Trailblazer Apprenticeship Development and Infrastructure.

We are also increasing our focus on policy to ensure the 138,000 employers we represent have an opportunity to influence industrial strategies. We will seek to advise Government on the needs of our sector, using our established expertise backed up with robust, detailed and up-to-date research.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

TRUSTEES'/DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

PLANS FOR FUTURE PERIODS (continued)

This includes working at a regional level with Local Enterprise Partnerships to support funding and policy, as well as identifying commercial opportunities where our expertise and knowledge of the sector can add value to local employers.

As the contract holder for both the Aerospace and Automotive Industrial Partnerships we will be delivering on funding commitments, supporting them in creating competent, highly skilled, and well qualified engineers.

We will be looking to build on these by creating more strategic partnerships with other sectors, positioning Semta as the key source for skills intelligence, policy and solutions.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

As permitted under the Companies Act 2006 and under the company's articles of association, the charitable company has maintained insurance in respect of directors and officers liabilities incurred in connection with the discharge of their duties.

RISK REVIEW

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

The key external risks are currently:-

- Failure to replace previous government grant funded activity with paid for services by employers or other stakeholders
- The move away from use of intermediaries in the skills system.
- The potential for on-going change to skills infrastructure systems and processes, through programmes such as Trailblazers, to dilute quality and materially impact the role of the group.

Mitigating actions are in place.

STATEMENT OF TRUSTEE (BOARD MEMBER) RESPONSIBILITIES

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

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

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

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

TRUSTEES'/DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

STATEMENT OF TRUSTEE (BOARD MEMBER) RESPONSIBILITIES (continued)

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

In so far as we are aware:

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

AUDITORS

In accordance with the Companies Act 2006, a resolution will be proposed at the Annual General Meeting that haysmacintyre will be reappointed as auditors to the company for the ensuing year.

This report, which incorporates the Strategic Report, was approved by the Board on the 11th June 2015 and signed on its behalf by:



Stephen Ball
Company Secretary
Senta
Unit 2, The Orient Centre
Greycaine Road
Watford
WD24 7GP

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

We have audited the financial statements of Science, Engineering and Manufacturing Technologies Alliance for the year ended 31 March 2015 which comprise the Consolidated Statement of Financial Activities, the Charity and Group Balance Sheets, Group Cash Flow Statement, notes to the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the charitable company and the group as at 31 March 2015 and of the incoming resources and application of resources, including the income and expenditure, of the group for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

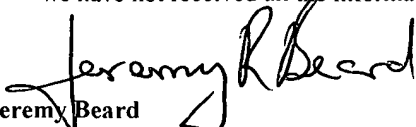
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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


Jeremy Beard

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

26 Red Lion Square
London
WC1R 4AG

11/6/2015.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating Income and Expenditure)

FOR THE YEAR ENDED 31 MARCH 2015

INCOME AND EXPENDITURE	Notes	2015 £'000	2014 £'000
Incoming resources			
<i>Incoming resources from generated funds:</i>			
Income from trading subsidiaries	2	14,334	12,160
Investment income	6	894	732
<i>Incoming resources from charitable activities:</i>			
Externally funded projects		1,255	3,390
Other		1,205	572
Total incoming resources		17,688	16,854
Resources expended			
<i>Costs of generating funds:</i>			
Expenditure of trading subsidiaries	2	11,445	9,632
Interest charges		1	1
Total cost of generating funds		11,446	9,633
<i>Charitable activities:</i>			
Improving access to learning and encouraging people into careers in the sector		1,352	3,204
Promoting and representing the sector		976	643
Developing and supporting occupational standards and learning frameworks		1,283	1,166
Research into skills gaps and shortages		104	273
	5	3,715	5,286
<i>Governance costs</i>		53	60
Total resources expended		15,214	14,979
Net incoming resources before other recognised gains and losses and exceptional items		2,474	1,875
<i>Exceptional items</i>	10	(4,721)	(461)
		(2,247)	1,414
<i>Other recognised gains and losses</i>			
Realised and unrealised gains on investments	9	962	348
Net movement in funds	16	(1,285)	1,762
Fund balance at 1 April 2014	16	30,481	28,719
Fund balance at 31 March 2015		29,196	30,481

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

The notes on pages 16 to 26 form part of the accounts.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

GROUP BALANCE SHEET

AT 31 MARCH 2015

(Company Number 2324869)

	Notes	2015 £'000	2014 £'000
FIXED ASSETS			
Tangible assets	8	1,457	3,158
Investments	9	27,342	28,328
		<u>28,799</u>	<u>31,486</u>
CURRENT ASSETS			
Stocks	12	20	17
Debtors – amounts falling due within one year	13	3,133	3,033
Debtors – amounts falling due after one year	13	-	50
Bank and cash balances		1,421	778
		<u>4,574</u>	<u>3,878</u>
CREDITORS: amounts falling due within one year	14	(4,086)	(4,785)
NET CURRENT ASSETS/ (LIABILITIES)		<u>488</u>	<u>(907)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		29,287	30,579
CREDITORS: amounts falling due after one year	14	(91)	(98)
NET ASSETS		<u>29,196</u>	<u>30,481</u>
FUNDS AND RESERVES			
Unrestricted funds			
General reserve	16	<u>29,196</u>	<u>30,481</u>

The financial statements were approved and authorised for issue by the Board on the 11th June 2015 and were signed below on its behalf by:

A Cook
Chairman

I Gray
Board Member

The notes on pages 16 to 26 form part of the accounts.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

CHARITY BALANCE SHEET

AT 31 MARCH 2015

(Company Number 2324869)

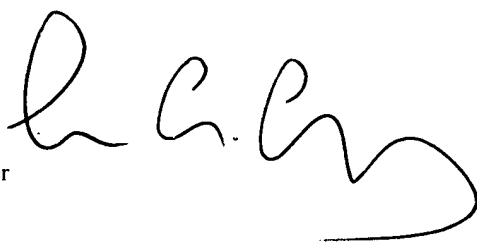
	Notes	2015 £'000	2014 £'000
FIXED ASSETS			
Tangible assets	8	988	2,638
Investments	9	27,342	28,328
Investment in subsidiaries	11	-	-
		<u>28,330</u>	<u>30,966</u>
CURRENT ASSETS			
Debtors – amounts falling due within one year	13	2,754	5,874
Debtors – amounts falling due after one year	13	-	50
Bank and Cash balances		1,419	-
		<u>4,173</u>	<u>5,924</u>
CREDITORS: amounts falling due within one year	14	<u>(3,711)</u>	<u>(6,359)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>462</u>	<u>(435)</u>
NET ASSETS		<u>28,792</u>	<u>30,531</u>
FUNDS AND RESERVES			
Unrestricted funds			
General reserve	16	<u>28,792</u>	<u>30,531</u>

The financial statements were approved and authorised for issue by the Board on the 11th June 2015 and were signed below on its behalf by:

A Cook
Chairman



I Gray
Board Member



The notes on pages 16 to 26 form part of the accounts.

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £'000	2014 £'000
Net cash inflow/(outflow) from operating activities	a)	(3,398)	440
Returns on investments and servicing of finance			
Investment income received		894	732
Drawdown from investments		(280)	(308)
Net cash inflow/(outflow) from returns on investments and servicing of finance		614	424
Capital expenditure and financial investment			
Payments to acquire investments		(3,439)	(2,439)
Payments to acquire tangible fixed assets		(348)	(484)
Receipts from the sale of investments		5,665	2,173
Receipts from the sale of tangible fixed assets		1,549	-
Net cash inflow/(outflow) from capital expenditure and financial investment		3,427	(750)
NET INCREASE/(DECREASE) IN CASH	c)	643	114
Represented by:			
Net cash inflow/(outflow)	b)	643	114
		2015 £'000	2014 £'000
a) Reconciliation of net incoming resources to net cash inflow from operating activities			
Net incoming/(outgoing) resources (includes exceptional items)		(2,247)	1,414
Investment income		(894)	(732)
Depreciation		387	232
Loss on sale of fixed assets		115	-
Increase/ (Decrease) in creditors		(706)	(930)
(Increase)/Decrease in debtors		(50)	452
(Increase)/Decrease in stock		(3)	4
Net cash inflow/(outflow) from operating activities		(3,398)	440
b) Analysis of net funds	At 1 April 2014 £'000	Cash flow £'000	At 31 March 2015 £'000
Bank balance	778	643	1,421
c) Reconciliation of net cash flow to movement in net funds			£'000
Increase in cash in the period			
Continuing activities			643
Movement in net funds in the period			643
Net funds at 1 April 2014			778
Net funds at 31 March 2015			1,421

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

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

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

Financial statements

The financial statements consolidate the results of the Science, Engineering and Manufacturing Technologies Alliance and its subsidiaries as at the balance sheet date. In accordance with section 408 of the Companies Act 2006, a separate Statement of Financial Activities for the charity has not been presented. The result for the charity was a deficit of £2,701,000 before investment gains (2014: surplus of £1,464,000)

Incoming resources

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

Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered. Certain expenditure is directly attributable to specific activities and has been included in these cost categories. Support costs which cannot be directly allocated are apportioned across the categories on the basis of an estimate of the proportion of time spent by staff on those activities.

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

Sale of properties

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

Tangible fixed assets

(a) Group occupied properties

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

(b) Depreciation

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

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

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES (continued)

Property costs

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

Fixed asset investments

Investments are stated at market value as at 31 March 2015. Realised and unrealised gains and losses are released or charged to the consolidated Statement of Financial Activities in the year in which they arise.

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

Stocks

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

Grants

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

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

Fund accounting

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

Operating leased assets

Operating lease rentals are charged to the consolidated Statement of Financial Activities on a straight line basis over the lease period.

Pensions

Semta is a participating employer in the ITB Pension Funds, which are constituted as defined benefit schemes. As a member of the multi employer scheme Semta is not required to comply with the provisions of FRS 17. Pension contributions are charged to the consolidated Statement of Financial Activities so as to spread the regular cost of pensions and related benefits over the employees' working lives.

2. INCOMING RESOURCES AND NET MOVEMENT IN FUNDS

a) Analysis of income

The group has only one class of activity. The majority of group activities are conducted in the United Kingdom.

Excellence Achievement & Learning Limited (EAL) conducted business with centres outside the UK totalling £156,688 in the year (2014: £84,250).

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 and other stakeholders.

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

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

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

2. INCOMING RESOURCES AND NET MOVEMENT IN FUNDS (continued)

b) Results of trading subsidiaries

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

- Excellence Achievement & Learning Limited (EAL) is the awarding organisation for vocational qualifications primarily in the engineering sector.
- Training Properties Limited manages the remaining property interest owned but not occupied by the group.
- Training Publications Limited ceased active trading on 31 March 2005.
- MetSkill Limited provides apprentice training services to businesses in the engineering sector, which aim to achieve measurable and sustainable improvements in business performance.
- National Skills Academy for Manufacturing Limited provides services to develop and implement national standards for manufacturing skills.

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

Other operating charges of £16,000 form part of governance costs.

Audited accounts have been filed with the Registrar of Companies.

	EAL	Training	Training	MetSkill	National	2015	2014
	£'000	Properties	Publications	Limited	Skills	Total	Total
		Limited	Limited	Limited	Academy	£'000	£'000
		£'000	£'000	£'000	for Manuf.		
					Limited		
					£'000		
Income	9,018	-	1	5,315	-	14,334	12,160
Materials and external charges	1,430	-	-	3,516	2	4,948	3,375
Staff costs	3,161	-	-	50	81	3,292	3,216
Depreciation	106	-	-	7	-	113	50
Other operating charges	1,725	1	1	1,381	-	3,108	2,991
	6,422	1	1	4,954	83	11,461	9,632
Operating surplus	2,596	(1)	-	361	(83)	2,873	2,528
Exceptional items	(80)	-	-	-	-	(80)	(46)
Net surplus	2,516	(1)	-	361	(83)	2,793	2,482
Gift Aid to Semta	(2,466)	-	-	(143)	-	(2,609)	(2,509)
	50	(1)	-	218	(83)	184	(27)

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

3. HISTORICAL COST NET MOVEMENT IN FUNDS	2015 £'000	2014 £'000
Net incoming resources	2,474	1,875
Differences between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	-	-
Historical cost surplus on ordinary activities	2,474	1,875
4. STAFF COSTS	2015 £'000	2014 £'000
Wages and salaries	7,551	7,586
Social security charges	600	645
Other pension costs	334	395
	8,485	8,626

Included in staff costs is £1,494,877 (2014: £324,000) relating to early retirements and redundancy costs and charged to Exceptional Items per note 10. The related reduction in headcount is partly offset by increases elsewhere in the group.

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

	2015 No.	2014 No.
Training services	144	151
Support services	13	19
	157	170

Trustees' remuneration

During the year, in accordance with the Articles of Association of the charity, payments were made to certain trustees, consisting of £20,000 (2014: £20,000) to the Chairman, £207,900 (2014: £236,977) to the Chief Executive for her executive responsibilities whilst a trustee and £137,453 (2014: £144,987) to the Finance Director for his executive responsibilities whilst a trustee. The Chief Executive and Finance Director are members of the ITB pension scheme. No other trustees received any remuneration. The total amount of expenditure reimbursed to Board members in respect of expenses incurred on the charity's activities was £4,799 (2014: £10,446).

Emoluments of employees

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

	2015 No.	2014 No.
£60,001 - £70,000	6	9
£70,001 - £80,000	1	6
£80,001 - £90,000	1	-
£90,001 - £100,000	3	1
£100,001 - £110,000	-	3
£120,001 - £130,000	1	1
£130,001 - £140,000	1	1
£140,001 - £150,000	2	-
£150,001 - £160,000	-	1
£200,001 - £300,000	1	1
Total	16	23

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

5. NET INCOMING RESOURCES

2015
£'000

2014
£'000

Net incoming resources are arrived at after charging the following:

Hire of equipment	7	13
Auditors' remuneration	29	28
Operating lease rentals-motor vehicles	292	256
Depreciation (all owned assets)	387	232

Auditors' remuneration includes £13,000 in respect of the audit of the parent charity (2014: £12,300). Fees in relation to non-audit services were £10,540 (2014: £8,870).

Analysis of charitable activities

	Staff No's	Direct costs £'000	Support costs £'000	2015 Total costs £'000	2014 Total costs £'000
Improving access to learning	14	737	615	1,352	3,204
Promoting and representing the sector	9	557	419	976	643
Developing and supporting occupational standards and learning frameworks	7	965	318	1,283	1,166
Research into skills gaps and shortages	2	10	94	104	273
	32	2,269	1,446	3,715	5,286

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

2015
£'000

2014
£'000

Income from fixed asset investments	894	732
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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 (continued)

FOR THE YEAR ENDED 31 MARCH 2015

8. TANGIBLE FIXED ASSETS

Group	Land and buildings £'000	Freehold improvements £'000	Plant and machinery £'000	Office furniture & equipment £'000	Total £'000
Cost or valuation					
At 1 April 2014	2,629	346	304	3,648	6,927
Additions	-	-	-	348	348
Disposals	(1,730)	(346)	(258)	-	(2,334)
At 31 March 2015	899	-	46	3,996	4,941
Depreciation					
At 1 April 2014	561	116	255	2,837	3,769
Charge in year	45	5	2	335	387
Disposals in year	(340)	(121)	(211)	-	(672)
At 31 March 2015	266	-	46	3,172	3,484
Net Book Value					
At 31 March 2015	633	-	-	824	1,457
At 31 March 2014	2,068	230	49	811	3,158

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

Fixed assets with a cost of £3,084,000 (2014: £5,132,000) and accumulated depreciation of £2,096,000 (2014: £2,494,000) are held for charitable purposes.

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

	2015 £'000	2014 £'000
Cost	909	3,331
Depreciation	(238)	(558)
	671	2,773

The net book amount of land and buildings comprises:

	2015 £'000	2014 £'000
Freehold	-	1,410
Long leasehold	633	658
	633	2,068

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

8. TANGIBLE FIXED ASSETS (continued)

	Freehold Land and buildings £'000	Freehold improvements £'000	Plant and machinery £'000	Office furniture & equipment £'000	Total £'000
Charity					
Cost or valuation					
At 1 April 2014	2,260	346	304	2,222	5,132
Additions	-	-	-	286	286
Disposals	(1,730)	(346)	(258)	-	(2,334)
At 31 March 2015	530	-	46	2,508	3,084
Depreciation					
At 1 April 2014	470	116	248	1,660	2,494
Charge in year	38	5	2	222	267
Disposals in year	(340)	(121)	(204)	-	(665)
At 31 March 2015	168	-	46	1,882	2,096
Net Book Value					
At 31 March 2015	362	-	-	626	988
At 31 March 2014	1,790	230	56	562	2,638

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

9. FIXED ASSET INVESTMENTS

	2015 £'000	2014 £'000
Group and Charity		
Balance 1 April 2014 at market value	27,921	27,307
Additions at cost	3,439	2,439
Disposals at opening market value or cost if during the year	(5,370)	(2,173)
Realised/Unrealised gain on revaluation	962	348
	26,952	27,921
Cash awaiting investment	390	407
Balance at 31 March 2015 at market value	27,342	28,328
Historical cost of investments	21,708	22,876

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	6,805	6,792
Aberdeen Charity Select Bond	4,624	4,117
Aberdeen Charity Select UK Equity Fund	11,020	12,006
Aberdeen Orbita Cap Return Fund	1,109	1,598

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

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

10. EXCEPTIONAL ITEMS

	2015 £'000	2014 £'000
Re-structure costs	4,721	461

Included in the consolidated Statement of Financial Activities as an exceptional item is a restructuring charge of £4,721,000 (2014: £461,000) which consists of redundancy costs per note 4 of £1,494,877 (2014: £324,000) and other costs of £3,223,123 (2014: £137,000).

11. INVESTMENTS IN SUBSIDIARIES

	2015 £'000	2014 £'000
Charity		
Shares at cost	5,980	5,980
Long term loan	2,771	2,771
	8,751	8,751
Provision		
Balance brought forward	(8,751)	(8,751)
	-	-
Closing balance at 31 March 2015	-	-

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

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

Excellence Achievement & Learning Limited

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

MetSkill Limited

A company registered in England and Wales whose principal activity is the provision of apprentice training services to improve performance of businesses in the engineering sector.

National Skills Academy for Manufacturing Limited

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

Training Properties Limited

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

Training Publications Limited

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

12. STOCKS

	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Resaleable publications	20	17	-	-

13. DEBTORS

	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Amounts falling due within one year				
Trade debtors	1,404	1,495	474	587
Amounts owed by subsidiary undertakings	-	-	1,049	3,832
Other debtors	5	14	5	14
Taxation	33	96	-	96
Prepayments	232	235	207	152
Accrued income	1,459	1,193	1,019	1,193
	3,133	3,033	2,754	5,874

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

13. DEBTORS (continued)	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Amounts falling due after one year				
Other debtors	-	50	-	50
	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>
14. CREDITORS: amounts falling due within one year	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade creditors	405	561	315	360
Taxation and social security	318	187	318	183
Other creditors	58	58	58	58
Bank overdraft	-	-	-	5,299
Accruals	912	1,539	458	417
Deferred income	2,393	2,440	-	42
Amount owed to subsidiary undertakings	-	-	2,562	-
	<u>4,086</u>	<u>4,785</u>	<u>3,711</u>	<u>6,359</u>

EAL Limited 'deferred income' of £2,393,035 (2014: £2,333,790), relating to certification, is fully asset backed.

CREDITORS: amounts falling due after one year	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Unsecured loan notes	91	91	-	-
Deferred income – capital grant	-	7	-	-
	<u>91</u>	<u>98</u>	<u>-</u>	<u>-</u>

15. OBLIGATIONS UNDER LEASE AGREEMENTS

At 31 March 2015 the group has annual lease commitments which expire as follows:

Expiry date	2015		2014	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Less than one year	24	-	9	2
Two to five years	-	229	63	261
Over five years	108	-	12	-
	<u>132</u>	<u>229</u>	<u>84</u>	<u>263</u>

SCIENCE, ENGINEERING AND MANUFACTURING TECHNOLOGIES ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

16. FUNDS AND RESERVES	2015 £'000	2014 £'000
General reserve		
Group		
At 1 April 2014	30,481	28,719
Net movement in funds	(1,285)	1,762
At 31 March 2015	<u>29,196</u>	<u>30,481</u>
Charity		
At 1 April 2014	30,531	28,719
Realised and unrealised gains on investments	962	348
Profit for the year (including current year Gift Aid)	(2,701)	1,464
At 31 March 2015	<u>28,792</u>	<u>30,531</u>

17. CAPITAL COMMITMENTS

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

18. PENSION COMMITMENTS

The Group contributes to a Defined Benefit final salary pension scheme that is managed by the ITB Pension funds. It is a multi-employer pension scheme and other former Industry Training Boards are also participating employers of the pension scheme. The pension scheme is funded by pension contributions from both the participating employers and their employees and is managed by the legally appointed trustees of the ITB Pension Funds. In the case of Semta the funding is provided by a combination of both the Semta Group and charitable company and their employees. The Government Actuary has advised that the scheme is a multi-employer scheme where each participating employer is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Accordingly under FRS 17 the scheme has been treated as a defined contribution scheme for the purposes of these accounts. The employer contribution costs to the Semta Group and charitable company was £334,000 for the year (2014: £395,000). At the close of the year the outstanding employee and employer pension contribution amounted to £58,394.

There are 80 members in the defined benefit pension scheme.

The pension scheme has one active section, the 2007 section. Overall contribution rates (both employer & employee elements) for the section of the scheme are determined on the advice of the Government Actuary using the prospective benefits method.

Employer contribution rates for the year to 31 March 2015 were 9.3% (2014: 7.6%).

The most recent agreed pension scheme triennial valuation was conducted as at 31 March 2013 and identified an overall deficit of £23.8m. 2007 section pension scheme assets were valued at £808.7m, a funding level of 97% (2010: 92%). On a solvency basis the funding level was 69% (2010 71%).

18. PENSION COMMITMENTS (continued)

Key assumptions in the valuation included:

	2013 Valuation	2010 Valuation
Rate of return in excess of salary growth	1.2%	1.2%
Real yield on over 15 year gilts	(0.45)%	0.7%
Expected remaining lifetime in years (normal health pensioners):		
<i>Men</i>		
Aged 65 now	26.2	24.2
Age 65 in 20 years	29.4	26.1
<i>Women</i>		
Age 65 now	28.5	26.6
Age 65 in 20 years	31.7	28.6

Semta Group's share of the £23.8m deficit was £3.66m. The pension scheme Deficit Recovery Plan agreed with the Trustees of the ITB Pensions Fund included the payment of four equal annual instalments of £886,000 commencing 31 July 2014, followed by a final payment of £616,972 in July 2018.

The ITB Pension Funds has advised participating employers of their 'Section 75' liability if they were to withdraw from the scheme. The 'Section 75' liability for Semta Group as at 31 March 2014 was estimated to be £36.6m. As Semta have no plans to withdraw from the scheme the contingent liability has not been provided for in the accounts.

19. LIABILITY OF MEMBERS

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

20. RELATED PARTY TRANSACTIONS

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