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FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

Name of Employers' Association:

Year ended:

List No:

Head or Main Office:

Website address (if available)

Has the address changed during the year to which the return relates? Yes No (Tick as appropriate)

General Secretary:

Contact name for queries regarding the completion of this return:

Telephone Number:

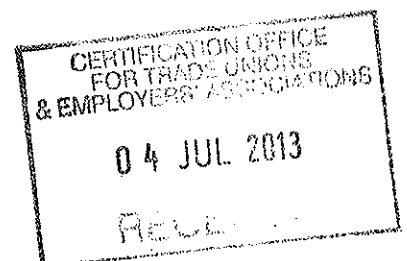
e-mail:

PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.
Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

For Employers' Associations based in England and Wales:
Certification Office for Trade Unions and Employers' Associations
22nd Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Employers' Associations based in Scotland:
Certification Office for Trade Unions and Employers' Associations
Melrose House, 69a George Street, Edinburgh EH2 2JG



RETURN OF MEMBERS

(see note 9)

NUMBER OF MEMBERS AT THE END OF THE YEAR				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
2099				2099

OFFICERS IN POST

(see note 10)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

As per page 3 of the attached directors report and financial statements

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change

REVENUE ACCOUNT/GENERAL FUND

(see notes 11 to 16)

Previous Year £k			£k	£k
	INCOME			
16,354	From Members	Subscriptions, levies, etc		16,254
2,700	Investment income	Interest and dividends (gross)	2,587	
38		Bank interest (gross)	24	
30		Profit on sale of discontinued operations		
958		Waiver of debt due to subsidiary entity		
3,726				
210	Other income	Rents received	221	2,611
458		Gain on sale fixed assets		
2,203		Consultancy fees	2,259	
4,977		Training Course	4,909	
4,239		Conference Hire	4,260	
4,187		Government funded project	1,073	
755		Occupation Health Service		
515		Sponsorship	474	
183		Tribunal services	110	
1,370		Misc receipts	978	14,284
39,177				
		TOTAL INCOME		33,149
	EXPENDITURE			
	Administrative expenses			
(18,859)		Remuneration and expenses of staff	(17,720)	
(2,236)		Occupancy costs	(2,500)	
(471)		Printing, Stationery, Post	(462)	
(374)		Telephones	(331)	
(1,321)		Legal and Professional fees	(627)	
(1,763)		Motor expenses, Travel	(1,441)	
(420)		Subscription	(441)	
(1,098)		IT Cost	(1,082)	
(5,355)		Direct (non Staff) cost	(3,564)	
(86)	Other charges	Bank charges	(103)	
(726)		Depreciation	(788)	
(2,252)		Pension Deficit Payment	(1,604)	
(95)		Equipment repairs and renewals	(120)	
(2)		Donations	(2)	
(493)		Restructuring costs	(233)	
(204)		Insurance	(159)	
(387)		Marketing	(799)	
(56)		Staff Training	(80)	
(493)		Other sundry expenses	(467)	
(36,691)				
		TOTAL EXPENDITURE		(32,523)
2,486		Surplus/Deficit for year		626
43,003		Amount of fund at beginning of year		45,489
45,489		Amount of fund at end of year		46,115

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 2		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
		Total Income	
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

ACCOUNT 3		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
		Total Income	
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 4		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
		Total Income	
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

ACCOUNT 5		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
		Total Income	
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

ACCOUNTS OTHER THAN THE REVENUE ACCOUNT/GENERAL FUND

(see notes 17 to 18)

ACCOUNT 6		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

ACCOUNT 7		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
	Total Income		
Expenditure	Administrative expenses Other expenditure (specify)		
	Total Expenditure		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

BALANCE SHEET AS AT 31st December 2012

(see notes 19 and 20)

Previous Year £k		£k	£k
17,383	Fixed Assets (as at page 11)		17,330
32,047	Investments (as per analysis on page 13)		32,047
	Quoted (Market value £ 46,819)		
	Unquoted		
	Total Investments		49,377
	Other Assets		
6,422	Sundry debtors	4,403	
2,669	Cash at bank and in hand	3,967	
21	Stocks of goods	24	
	Others (specify)		
	Total of other		8,394
	assets		
58,542		TOTAL ASSETS	57,771
(3,764)	Liabilities		
	Loans	(3,517)	
	Bank overdraft		
	Tax payable		
(3,219)	Sundry creditors	(2,243)	
(5,977)	Accrued expenses	(5,803)	
(93)	Provisions	(93)	
	Other liabilities		
(13,053)		TOTAL LIABILITIES	(11,656)
45,489		TOTAL ASSETS	46,115

FIXED ASSETS ACCOUNT

(see note 21)

	Land & Buildings	Fixtures & Fittings	Total
	£	£	£
COST OR VALUATION			
At start of period	16,203	8,707	24,910
Additions during period	90	645	735
Less: Disposals during period		(42)	(42)
Less: DEPRECIATION:	(785)	(7,488)	(8,273)
Total to end of period			
 BOOK AMOUNT at end of period	 15,508	 1,822	 17,330
Freehold	12,934		
Leasehold (50 or more years unexpired)	2,192		
Leasehold (less than 50 years unexpired)	382		
AS BALANCE SHEET	15,508	1,822	17,330

ANALYSIS OF INVESTMENTS

(see note 22)

		Other Funds £
QUOTED	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	32,047
	TOTAL QUOTED (as Balance Sheet)	32,047
	*Market Value of Quoted Investments	46,819
UNQUOTED	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted securities (to be specified)	
	TOTAL QUOTED (as Balance Sheet)	
	*Market Value of Unquoted Investments	

* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 23 to 25)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?		YES	NO
If YES name the relevant companies:			
COMPANY NAME EEF Insurance Services Ltd EEF SPF Trustees Ltd EEF Trustees Ltd EEF (WM) One Ltd EEF (WM) Two Ltd Employers Federation Ltd Employers Organisation Ltd Engineering Employers Federation Cymru Wales Ltd Fieldhead Engineering Employers Ltd	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered) 6220181 3697516 727080 4898142 4749424 6396910 6370655 4914439 907153		
INCORPORATED EMPLOYERS' ASSOCIATIONS			
Are the shares which are controlled by the association registered in the association's name		YES ✓	NO
If NO, please state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		
UNINCORPORATED EMPLOYERS ASSOCIATIONS			
Are the shares which are controlled by the association registered in the names of the association's trustees?		YES	NO
If NO, state the names of the persons in whom the shares controlled by the association are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

SUMMARY SHEET

(see notes 26 to 35)

	All funds except Political Funds £	Political Funds £	Total Funds £
INCOME			
From Members	16,254		16,254
From Investments	2,611		2,611
Other Income (including increases by revaluation of assets)	14,284		14,284
Total Income	33,149		33,149
EXPENDITURE (including decreases by revaluation of assets)	(32,523)		(32,523)
Total Expenditure			
Funds at beginning of year (including reserves)	45,489		45,489
Funds at end of year (including reserves)	46,115		46,115
ASSETS			
Fixed Assets			17,330
Investment Assets			32,047
Other Assets			8,394
		Total Assets	57,771
LIABILITIES		Total Liabilities	(11,656)
NET ASSETS (Total Assets less Total Liabilities)			46,115

NOTES TO THE ACCOUNTS

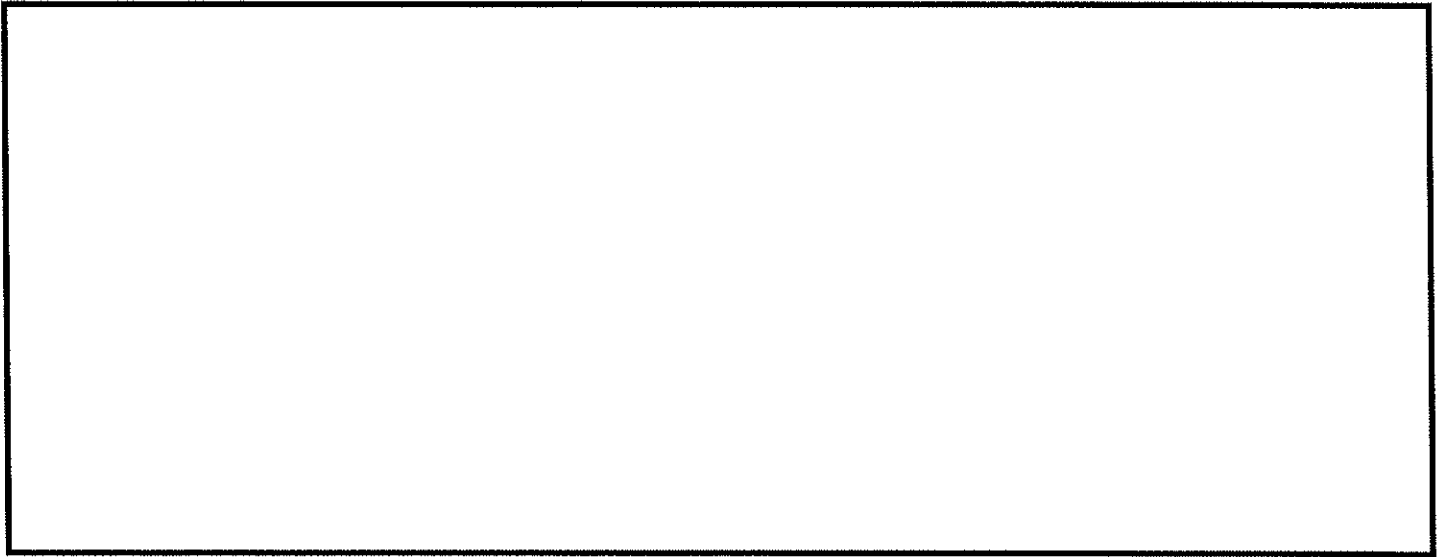
(see note 36)

All notes to the accounts must be entered on or attached to this part of the return.

Refer to the attached audited financial statements of EEF Limited for the year ended 31 December 2012 for information regarding EEF's accounting policies and other notes to the accounts

ACCOUNTING POLICIES


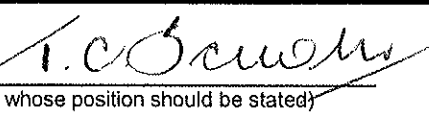
(see notes 37 and 38)



SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

Secretary's Signature:  Name: <u>Paul R Jennings</u> Date: <u>28/6/13</u>	Chairman's Signature:  (or other official whose position should be stated) Name: <u>Terry C Scuoler</u> CEO Date: <u>28/06/13</u>
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CHECK LIST

(see note 41)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 3)	YES	√	NO	
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3)	YES	√	NO	
HAS THE RETURN BEEN SIGNED? (see Note 38)	YES	√	NO	
HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39)	YES	√	NO	
IS A RULE BOOK ENCLOSED? (see Note 40)	YES	√	NO	
HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34)	YES	√	NO	

AUDITOR'S REPORT

(see notes 42 to 47)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?
(See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

YES

If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
 - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
 - (c) whether the accounts to which the report relates agree with the accounting records?
(See section 36(3) of the 1992 Act, set out in note 43)

YES

If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
 - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
(See section 36(4) of the 1992 Act set out in note 43)

YES

If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR27 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.
(See note 45)

AUDITOR'S REPORT (continued)

Signature(s) of auditor or auditors:	haysmacintyre	<i>haysmacintyre</i>
Name(s):	haysmacintyre	
Profession(s) or Calling(s):	Chartered Accountants	
Address(es):	Fairfax House 15 Fulwood Place London WC1V 6AY	
Date:	1 July 2013	
Contact name and telephone number:	George Crowther 020 7969 5547	

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.

EEF LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED

31st DECEMBER 2012



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COMPANY INFORMATION

Directors of the Company

M J Temple CBE (Chairman)
Dr H Adam
A J Churchill
P D Elliott
J C S Fell
M Flavell
I R Fowler
S Haird (appointed 26 September 2012)
G M Jenkins (resigned 29 March 2012)
P R Jennings
P J Kite
L Lynne (appointed 25 April 2012)
J W Maier
R Marshall
C McLellan
G R Nix OBE (resigned 27 June 2012)
A P Pedder
T C Scuoler (Chief Executive)
P G Wilson (resigned 27 June 2012)
M Wright

Company Secretary

P R Jennings

Full details of the Directors serving during the year and memberships of Board Committees are given in the Report of the Directors.

Registered Office

Broadway House
Tothill Street
London SW1H 9NQ

Bankers

Lloyds TSB Bank plc

Statutory Auditors

haysmacintyre

Solicitors

Bates Wells & Braithwaite London LLP
Russell-Cooke LLP
Sacker & Partners LLP

Company Number

05950172

CHAIRMAN'S STATEMENT

In my Chairman's Statement last year I drew my comments to an end by writing "There is no doubt that 2012 will be another challenging year, but we face it with confidence and an ever increasing ability to deliver." With 2012 now behind us it turned out to be a very prophetic statement. The year was challenging for government, business and business organisations. We did face the challenges in a much stronger position than before, and many of our members were able to succeed in the tough global market place with a positive approach to products, services and markets as well as through innovation and design.

During 2012 we maintained our turnover and delivered an overall profit, having invested more in our business and maintained our balance sheet.

Our representation and media profile continues to strengthen. In addition our Affiliates and Advantages programmes are also showing encouraging growth. Reassuringly we continue to receive good feedback from members about our service provision. Our Manufacturing Conference in London had a capacity audience and the EEF Manufacturing Awards had a substantial increase in entries and some outstanding examples of positive stories from UK based manufacturing companies.

At our conference Jim O'Neill of Goldman Sachs, who coined the term BRIC in reference to the world's fastest growing economies, indicated that despite the economic challenges in Europe, there were grounds for optimism and opportunity. To extract a "snippet" from his speech "between 2010 and 2012 China's growth equalled the entire value of India's economy, worth over \$4 trillion". UK companies are showing that they can be innovative and competitive in world markets. The growth of manufactured exports outside the EU is promising being up 20% upon previous years. There are now many examples of components being repatriated to the UK from some of the perceived lower costs countries. Importantly the Government and the general public have a growing awareness of the benefits manufacturing can bring to the UK economy. There now seems to be a real opportunity for the resurgence of UK based manufacturing across a very wide spectrum.

We believe that this is the context in which EEF Ltd can play a much bigger role in promoting the needs of manufacturing to those with influence to help our economy achieve greater growth.

It is a time when our services can be of tremendous value to companies who are facing the positive challenges that growth and innovation can bring.

Our ambition is to achieve more in representation and service provision to our members and future members. To make this a reality we are currently engaged in a review of our activities to see how we can step up the development of our business. Our goal is to deliver more and better services to our members, to grow our membership and to grow our commercial income. This work will be completed by the end of the Spring and we will commence implementation thereafter.

The discussions around the UK's membership of the EU, relating to the demands by UK and other, for reforms to support international competitiveness, amongst other things, is going to be very important for our members.

We will commit ourselves to provide informed views on the business aspects of this to improve the level of rhetoric from today and ensure that the real needs of business are registered at the highest level.

2012 was a good solid year of performance for EEF, but we have ambition on behalf of UK based manufacturing, our members and EEF itself. In 2013 we will see further investment in our business, notably in a new apprentice training centre in Birmingham which will be a nucleus for a wider geographical spread of managing apprentice programmes. In such a key area as skills we will be making a tangible contribution not just engaging in rhetoric.

We face 2013 with a real sense of optimism.

Martin J Temple CBE

Chairman

29 May 2013

CHIEF EXECUTIVE'S REVIEW

2012 has been a year of further progress at EEF. Operating losses from continuing operations continued to be reduced from £2.4m to £1.9m while a bottom line profit of £626k, excluding one off gains and discontinued activities, increased by £392k year on year.

The programme of improvement initiatives continued throughout the year with implementation of a central purchasing system, on-going improvements to credit control and cash management and the establishment of the integrated national IT and communications platform.

Of particular note is the on-going roll out of EEFs 'People' Strategy with focus on improved employee engagement/communications and customer service, both internal and external. This resulted in EEF being awarded 'Investors In People' (IIP) status in March 2012.

EEF's main purpose as ever is to support its member companies, their interests and provide a range of supportive business services. In support of this the level of member engagement continues to grow. During the year over 1,200 member visits and some 300 networking events were held around the country. In September the Affiliate and Small Business member packages were launched and although still relatively new offerings, take up has been positive. In addition a total of 290 manufacturing sites were recruited into membership.

EEF's first ever National Manufacturing Conference was held in March at the Queen Elizabeth II Conference Centre. Over 450 delegates attended and its success as a major event in the UK business calendars has resulted in its adoption as an annual event in EEF's business calendar.

During the year substantial investment, enabled as a result of EEF's improved financial performance, was committed in upgrading EEF's Regional Offices in the South West, North West, West Midlands and our residential training centre in Leamington Spa. In addition the new East of England office at Cambourne, near Cambridge was opened in September. Work has also commenced on a major refurbishment of Broadway House our London Headquarters building.

I am pleased to report that a number of new members were recruited to our Main Board, nine Regional Advisory Boards and five Policy Committees during the course of the year. The contribution of Board and Committee members who give up their time to support EEF and the manufacturing sector is again strongly and gratefully appreciated.

EEF's role as the 'Voice of Manufacturing' remains a key strength and was reflected again in another year of enhanced engagement at all levels of Government in Westminster, the Regions and Brussels.

The period saw the breadth of EEF policy capability expand through investment in additional resource to include coverage on Training and Skills and the Business Environment (including infrastructure) reflecting the needs and concerns of member companies and the manufacturing and engineering sectors.

The output and energy of the Policy and supporting Membership team was reflected in the considerably enhanced profile and another record year of media coverage.

Never in recent history has UK manufacturing been more important to the UK economy, its rebalancing and need for export led growth. EEF has a fundamental and key role in helping the sector and its member companies achieve their goals and aspirations – as part of the new economic vision.

In support of this vision I am most grateful to my fellow Directors colleagues and member companies for their on-going support.

Terry C Scuoler
29 May 2013

POLICY & REPRESENTATION REVIEW

Last year was a difficult and uncertain one for the economy. The developing crisis in the eurozone, the looming fiscal cliff in the United States and even signs of slowdown in China all made life harder for manufacturers looking to grow by increasing their exports. Fortunately, by the start of this year all three issues, though far from resolved, were looking more positive. For EEF the key issue was to ensure that the Government had the right approach and policies to support growth and to create the right environment for manufacturing.

Our theme throughout the year, therefore, has been the need for the Government to have a clear vision for the economy, a long-term industrial strategy and a laser-like focus on measures to promote growth, through exports and business investment.

These issues have been raised at every meeting and discussion we have held, whether with Ministers and their officials, or when talking to the Opposition. We have made significant progress with key developments in areas such as industrial strategy, tax, regulation, energy and climate change and skills. More broadly, we have seen recognition from all sides of the political divide that the UK needs to take a long-term approach to economic policy.

We used our first ever National Manufacturing Conference to get these messages across. Keynote speakers included the Leader of the Opposition, Ed Miliband and the Secretary of State for Business, Vince Cable. This received tremendous support, with over four hundred and fifty members attending. We continued this in the Party Conference season with fringe events on these issues with Lord Adonis from the Labour Party and Margot James from the Conservatives.

We have also invested more time in working with the Opposition to influence its policies as it starts to develop its Manifesto for the next election. In addition, we have reinforced our leadership role on manufacturing by revitalising the Manufacturing Alliance of the main manufacturing trade associations, to work together on key issues such as capital allowances last year and this year's Spending Review.

However, our focus was not just on Whitehall and Westminster. We also significantly stepped up our efforts in Brussels, working closely with CEEMET – the key pan-European body for our industry - to develop a more vigorous campaign to make the European Union work better for British business. As part of this, we helped to shape CEEMET's first ever European Manifesto which was launched at a high profile dinner with Jose Manuel Barroso, President of the European Commission.

All these initiatives contributed to a growing profile in all areas of the media, with for the first time EEF achieving over 200 Broadcast interviews.

Industrial Strategy Campaign

This campaign is about getting the government to adopt a long-term industrial strategy, which focuses resources and activity across all the key Government departments to boost exports and investment and to deliver stronger and better balanced growth. We set out these arguments in our Route to Growth report, which has generated a lot of profile and was extremely well received. We have followed this up with Route to Growth reports related to growth on key policy issues such as skills, investment, green technology, transport, access to finance and health and safety. As well as the Manufacturing Conference, a key focus for our activity has been the Budget and Autumn Statement where we have had meetings with Treasury and BIS Ministers such as the Chancellor, Vince Cable, Michael Fallon and David Gauke. We have also held member events on these issues with Chukka Umunna and Iain Wright from the Labour business team, Mervyn King, the Governor of the Bank of England and Nick Macpherson, Permanent Secretary to the Treasury. Our CEO also took part in a roundtable on growth with the Prime Minister.

We have also pressed for action to improve access to finance for SMEs, a shift in public spending towards infrastructure, have influenced the Heseltine Review of competitiveness and the capacity of government to deliver growth and worked with Lord Green and UK Trade and Investment to reshape support for exporters.

Amongst the areas where we achieved success were:

- A tenfold increase in the value of the Annual Investment Allowance to £250,000.
- Further reductions in the headline rate of corporation tax.
- The introduction of the National Loan Guarantee Scheme, subsequently replaced by Funding for Lending to provide cheaper wholesale finance for banks to support lending to business.
- R&D tax credit made payable above the line in the form recommended by EEF.
- A 25% increase in funding for UK Trade and Investment.
- Introduction of a target to reduce the annual cost to business of tax administration by £250m by the end of this Parliament.
- A £5bn reprioritisation of government spending towards infrastructure spending.

Flexibility Campaign

This campaign is about ensuring manufacturers have the employee and workforce flexibility to compete in global markets. Our representation work in this area covers issues such as skills, pensions, employment regulation and health and safety regulation.

Last year, we published our first Skills Report for some time and worked closely with the UK Commission for Employment and Skills and the Doug Richard Review to argue for an approach to skills that puts employers in the driving seat. We have also been active on pensions, again publishing a member survey on the issue and lobbying against the EU's proposed Solvency II Directive to impose new capital requirement on pension funds, to ease restrictions on contributions to the new national auto-enrolment pension savings (NEST) scheme and on the creation of a new Single State Pension. We have continued to push hard for the government to accelerate progress on its employment law reform programme and met with a range of BIS Ministers to press these points, achieving significant progress. On health and safety, we have played a leading role in Europe through chairing the key CEEMET health and safety committee, with a particular focus on key Musculoskeletal Disorders and Electro-Magnetic Fields, while at home we have renewed our partnership with the Health and Safety Executive and influenced the government's response to the Frost Black report on sickness absence.

Amongst the key achievements last year were:

- A move to a One in Two Out Commitment on regulation which would reduce the burden of regulation over this Parliament.
- Changes to Collective Redundancy rules which will amongst other things reduce the minimum consultation period from 90 to 45 days.
- Ensuring flexible parental leave is introduced in an employer friendly way.
- Progress was delayed on key EU Directive such as Musculoskeletal Disorders, Electro-Magnetic Fields and Pension Solvency II, with EEF lobbying ensuring that these were all subject to much greater scrutiny.
- Reform of the Health and Safety at Work Act to remove employers' exposure to civil liability for breaches of statutory duty.
- Secured an earlier review of restrictions to NEST pension contributions.
- Richard Review of Apprenticeships and UKCES Industrial Partnerships proposals both made a number of recommendations to raise training standards and to give employers significantly greater control over how funding for skills is used.

Green and Growth Campaign

This campaign calls for a simpler and more effective approach to environmental regulation to help manufacturers meet their environmental responsibilities, while allowing them to remain competitive and encourage the UK to become a world leader in environmental technologies.

Key areas on which we focused last year were Defra's Waste Review, on which we issued a progress report and recommendations for action, arguing for a cost effective approach and long-term certainty in the Government's Electricity Market Reforms, simplification of the CRC Energy Efficiency Scheme, the Climate

Change Levy and Mandatory Greenhouse Gas Reporting. We also led a coalition of businesses and business organisations, highlighting to the UK Government, European Commission and others, the impact on downstream users of the EU REACH chemical regulations.

We also put together a cross-section of organisations, including NGOs, to call on the Government to further develop its Resource Security Action Plan to take more strategic action on material security and led the work to influence the Labour Party's position on this. We also worked with Government to negotiate a revised Climate Change Agreement for the steel sector.

Key Ministers we met included Ed Davey and Charles Hendry (both DECC), Caroline Flint and Mary Creagh, respectively Shadow Secretaries of State for DECC and DEFRA.

Over 2012, we:

- Persuaded government to roll out workshops for manufacturers to communicate the obligations for downstream users and to develop accessible guidance for manufacturers.
- Influenced the Energy Bill to take a cost effective approach and to include powers for a flexible 2030 decarbonisation target.
- Secured commitment to compensate energy intensive sectors from the cost of measures to fund low carbon energy generation.
- Gained a commitment in the Autumn Statement to prioritise removal of the CRC Energy Efficiency Scheme in the Spending Review.
- Negotiated realistic target for the steel sector's climate change agreement.
- Stimulated government action to streamline data reporting.

A growing profile

We have been extremely active in the media, making the case for UK manufacturing, communicating key messages and amplifying our policy campaigns. This has included 204 broadcast interviews on radio and TV and articles in the national and regional media, as well as a growing social media presence. Members have been critical to this – throughout the year TV crews and radio stations have regularly interviewed EEF members, visited their factories and highlighted their issues, concerns and successes.

Stephen Radley
Director of Policy
29 May 2013

Regional Directors of the Regional Advisory Boards (formerly Regional Councils) and Policy Committees as at 29th May 2013 were as follows:

Regional Directors

David Ost	North West
Andy Tuscher	North
Richard Halstead	Midlands
Paul Byard	Wales
Phil Brownsword	South West
Jim Davison	South East

Policy Committee Chairmen

R Duxbury	Climate & Environment
Mrs B Dean	Economic
M Flavell	Employment
N Pickering	Occupational Health & Safety
A P Pedder	Taxation
J Bolton	UK Steel Management Committee

Regional Advisory Boards (Chair Persons)

Sarah Cook	South West
Gareth Jenkins	Wales
Phil Kite	North East
Stephen Wright	Yorkshire & Humber
Andrea Rodney	East of England
Peter Hare	South East & London
Stuart Fell	West Midlands
Andrew Churchill	East Midlands
Pete Slack	North West

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report together with the Financial Statements for the year ended 31st December 2012.

Results

The Company reported a profit for the year after taxation amounting to £0.6m (2011 - £2.48m). At 31st December 2012 the Company had net assets of £46.1m (2011 - £45.5m).

Activities

The principal activities of the Company are to promote and further the interests of its members.

The Company represents members in the human resource, economic, legal and other spheres of business activity locally, regionally, nationally and internationally. It provides information, advice, assistance, training and other services on all matters related to human resources and the economic, legal and other spheres of business activity.

The Company regulates, where deemed appropriate, relations between members, their employees, and trade unions.

Review of the Business and Future Developments

A review of the business and future developments are contained in the Chairman's Statement, Chief Executive's Review and Policy & Representation Review, which contain details of the activities carried out on behalf of members.

The Company has established governance and constitutional structures and procedures to assure effective risk management.

Principal risks

As a membership organisation the key risks identified relate to the potential loss of members should the Company's services to, or representation of its members not be performed satisfactorily.

Net membership attrition is routinely reviewed by the Board in order to ensure that any risk of membership loss is recognised at an early stage.

Key Performance Indicators

The Board reviews a number of key performance indicators throughout the course of the year, including:-

- Membership attrition rates in order to assess revenue risk, and the relative growth rate of the business
- Staff utilisation rates within the training & consultancy business to ensure spare capacity is addressed
- Gross and net margin by business unit, including variances against budget to ensure financial performance shortfalls are identified and discussed

Constitution & Governance

EEF is a company limited by guarantee. It is also registered with the Certification Officer as an Employers' Association under the Trade Union and Labour Relations (Consolidation) Act 1992 ("TULR(C)A"). The employers who are members of the Association, are the guarantors, for £1 each, and company law members of the Company.

The Board of the Company consists of not less than ten and not more than eighteen Directors. There are three categories of Directors.

- Directors elected by the members ("member directors") must at all times constitute a majority of the Board.
- The Board has the power to co-opt Directors, but the co-opted Directors shall never constitute more than 30% of the total number of Directors.
- The Board can appoint up to three Executive Directors.

The Directors have established the following committees and determined appropriate terms of reference:

- Nomination and Remuneration Committee
- Audit Committee
- Investment Committee

The Directors serving during the year and up to 29th May 2013, together with their membership of committees were as follows:

Membership of Committees

Director	Audit	Nominations & Remuneration	Investment
A J Churchill		#	
P D Elliott – resigned 27/6/12	Ch, #		
J C S Fell – appointed 27/6/12	Ch, #		
I R Fowler			#
G M Jenkins – resigned 29/3/12			#
P R Jennings			#
P J Kite – appointed 27/6/12			#
G R Nix OBE – resigned 27/6/12	#		
A P Pedder		Ch. #	Ch. #
T C Scuoler			#
M J Temple CBE		#	#
P G Wilson – resigned 27/6/12		Ch. #	
C McLellan – appointed 27/6/12	#		

Key:

- member
Ch - chairman

Notes

Unless indicated, the Directors have held their positions on Committees for their periods of service as Directors.

Mr G M Jenkins – resigned from the Board and the above Committees on 29 March 2012.

Mr P D Elliott – resigned from the Audit Committee on 27 June 2012

Mr G R Nix OBE – resigned from the Board and the Audit Committee on 27 June 2012

Mr P G Wilson – resigned from the Nominations & Remuneration Committee on 27 June 2012.

Mr R Phillips, who is not a Director, is a member of the Audit Committee.

Mr J C S Fell – a member of the Audit Committee since 27 June 2012.

Mr C McLellan – a member of the Audit Committee since 27 June 2012.

Mr P J Kite – a member of the Investment Committee since 27 June 2012.

Unless otherwise shown, Directors served throughout the year.

The Directors have also established regional councils and determined their terms of reference. The regional councils act in an advisory capacity. Details of the Chairmen of the regional councils are set out on page 11.

The Directors have delegated day to day management of the Company to an Executive Board (formally the Operations Board) and determined terms of reference for it.

The Executive Board is chaired by the Chief Executive and manages the Company by implementing the policy and strategy adopted by and within a budget approved by the Directors. Certain matters are specifically reserved to the full Board to consider and approve.

Members of the Executive Board as at 29th May 2013 were:

Terry Scuoler (Chairman) *	Chief Executive
Paul Jennings*	Chief Financial Officer
Andrew Buckley	Membership Director
Dean Gardner	Business Services Director
Caroline Gumble	Executive Director
Steve Radley	Director of Policy
Ian Rodgers	Director, UK Steel
Adrian Thompson	Business Development Director

* Director of the Company

Donations

The Company made charitable donations during the year totalling £2,080 (2011 - £1,820).

Environmental Policies

We recognise the value of good environmental performance in managing the cost-base of the business and in minimising any harmful impact of our activities on ecosystems. As a supplier of environmental advice, consultancy and training it is incumbent upon us to demonstrate our commitment through continually developing the sophistication of our environmental management systems.

Employment Policies

The Company has established employment policies to encourage an environment that promotes high productivity, good communications, effective employee consultation in management processes and harmonious working relationships. We aim to recruit and to retain excellent, highly qualified and motivated staff with staff training a priority and a commitment.



Employees are kept informed of the performance and objectives of the Company through established methods of general and personal briefings and through regular meetings.

The Company is committed to ensuring that its recruitment and employment policies are without discrimination in the form of race, creed, gender, disability or otherwise. The Company is committed to ensuring that its employees share in the success of the business.

Relevant Audit Information

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps they might reasonably be expected to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board

A handwritten signature in black ink, appearing to be 'P R Jennings', written over a faint dotted line.

P R Jennings

Secretary

29 May 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these Financial Statements, the Directors are required to:

- select suitable Accounting Policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS

Independent Auditors' report to the members of EEF

We have audited the Financial Statements of EEF for the year ended 31st December 2012 which comprise the Profit and Loss account, the Balance Sheet, the 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 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 16, the Directors 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances, and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2012 and of the profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

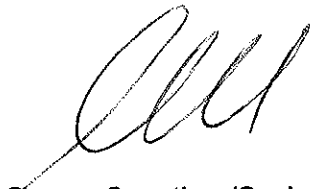
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' 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 or returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



George Crowther (Senior statutory auditor)
For and on behalf of haysmacintyre
Statutory auditor

Fairfax House
15 Fulwood Place
London WC1V 6AY

29 May 2013

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 2012

	Notes	2012 £'000	2011 £'000
TURNOVER			
Subscriptions- <i>from continuing operations</i>	2	16,254	16,354
Other income- <i>from continuing operations</i>	3	14,284	14,708
		<hr/>	<hr/>
		30,538	31,062
Other income- <i>from discontinued operations</i>	3	-	3,931
		<hr/>	<hr/>
		30,538	34,993
COST OF SALES			
		(17,727)	(19,874)
		<hr/>	<hr/>
GROSS PROFIT			
		12,811	15,119
Administrative Expenses		(14,693)	(16,731)
		<hr/>	<hr/>
OPERATING (LOSS) PROFIT			
<i>from continuing operations</i>		(1,882)	(2,418)
<i>from discontinued operations</i>	4	-	806
		<hr/>	<hr/>
TOTAL OPERATING LOSS			
		(1,882)	(1,612)
Income from fixed asset investments	5	2,587	2,700
Profit on sale of fixed assets	6	-	458
Waiver of debt due to subsidiary entity		-	958
Profit on sale of discontinued operations		-	30
Other Interest receivable and similar income	7i	24	38
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST PAYABLE			
		729	2,572
Interest payable and similar charges	7ii	(103)	(86)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR			
	8	626	2,486
		<hr/>	<hr/>
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD			
		45,489	43,003
PROFIT AND LOSS ACCOUNT CARRIED FORWARD			
		46,115	45,489
		<hr/> <hr/>	<hr/> <hr/>

The Company has no recognised gains or losses other than the profit for the year, which has been calculated on the historical cost basis.

The accounting policies and notes on pages 23 to 36 form part of these Financial Statements.

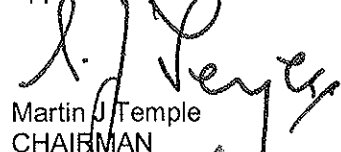
BALANCE SHEET AS AT 31st DECEMBER 2012

Company number 05950172

	Notes	2012 £'000	2012 £'000	2011 £'000	2011 £'000
FIXED ASSETS					
Tangible Assets	12	17,330		17,383	
Investments	13	32,047		32,047	
		<u> </u>	49,377	<u> </u>	49,430
CURRENT ASSETS					
Stock		24		21	
Debtors	14	4,403		6,422	
Cash at bank and in hand		3,967		2,669	
		<u> </u>		<u> </u>	
		8,394		9,112	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(8,293)		(9,443)	
		<u> </u>		<u> </u>	
NET CURRENT ASSETS/(LIABILITIES)			101		(331)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>49,478</u>		<u>49,099</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15		(3,270)		(3,517)
PROVISIONS FOR LIABILITIES AND CHARGES	16		(93)		(93)
			<u> </u>		<u> </u>
NET ASSETS			<u>46,115</u>		<u>45,489</u>
RESERVES					
			<u> </u>		<u> </u>
Profit and Loss Account			46,115		45,489
			<u> </u>		<u> </u>

The accounting policies and notes on pages 23 to 36 form part of these Financial Statements

Approved by the Board of EEF on 29 May 2013 and signed on its behalf by:


 Martin J Temple
 CHAIRMAN


 Terry C Scuoler
 CHIEF EXECUTIVE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2012

	2012	2012	2011	2011
	£'000	£'000	£'000	£'000
Reconciliation of operating loss to net cash outflow from operating activities				
CASH GENERATED FROM OPERATIONS				
Operating loss		(1,882)		(1,612)
Depreciation	788		726	
Decrease/(Increase) in trade and other debtors	2,372		(1,474)	
(Increase)/Decrease in stocks	(3)		4	
(Decrease)/Increase in trade and other creditors	(916)		1,851	
Decrease in provisions	-		(25)	
	<u> </u>	2,241	<u> </u>	1,082
NET CASH INFLOW FROM OPERATING ACTIVITIES		<u> </u>		<u> </u>
		359		(530)
CASH FROM (USED BY) FINANCING ACTIVITIES				
Investment income proceeds	2,000		1,883	
Purchase of investments	-		(1,834)	
Waiver of debt due to subsidiary entity	-		958	
Repayment of loan amounts	(247)		(1,745)	
Repayment of finance lease amounts	-		(57)	
Interest received	24		38	
Interest paid	(103)		(86)	
	<u> </u>	1,674	<u> </u>	(843)
CASH FROM (USED BY) OPERATING ACTIVITIES				
Payments to acquire tangible fixed assets	(735)		(855)	
Proceeds from sale of tangible fixed assets	-		1,734	
Net proceeds from sale of discontinued operations	-		30	
Taxation repayment	-		-	
	<u> </u>	(735)	<u> </u>	909
NET INCREASE/(DECREASE) IN CASH		<u> </u>		<u> </u>
		1,298		(464)
		<u> </u>		<u> </u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2012 (continued)
Reconciliation of net cash flow to movement in net debt

	2012	2011
	£'000	£'000
NET INCREASE/(DECREASE) IN CASH	1,298	(464)
Cash at bank and in hand less overdrafts at beginning of the year	2,669	3,133
	<hr/>	<hr/>
Cash at bank and in hand less overdrafts at end of the year	3,967	2,669
	<hr/> <hr/>	<hr/> <hr/>

	As at 1st January 2012 £'000	Cash flows £'000	As at 31st December 2012 £'000
Analysis of change in net debt			
Cash at bank	2,669	1,298	3,967
Debt due within one year	(247)	-	(247)
Debt due after more than year	(3,517)	247	(3,270)
	<hr/>	<hr/>	<hr/>
Total net debt outstanding	(1,095)	1,545	450
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accounting policies and notes on pages 23 to 36 form part of these Financial Statements

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Principles.

EEF is an Employers Association registered with the Certification officer under the Trade Union and Labour Relations (Consolidation) Act 1992 (the "Act").

As at 31st December 2012 EEF had the following wholly-owned subsidiaries.

- EEF Insurance Services Ltd (Dormant)
- EEF SPF Trustees Ltd (Dormant)
- EEF Trustees Ltd (Dormant)
- EEF (WM) One Ltd (Dormant)
- EEF (WM) Two Ltd (Dormant)
- Employers Federation Ltd (Dormant)
- Employers Organisation Ltd (Dormant)
- Engineering Employers Federation Cymru Wales Ltd (Dormant)
- Fieldhead Engineering Employers Limited (in liquidation)

Consolidated financial statements have not been prepared as the subsidiaries are considered not material in aggregate in accordance with section 402 of the Companies Act 2006.

Subscriptions

Subscription income represents the amount receivable, excluding VAT, for the year after providing for associated doubtful debts.

Other income

Other income is generally recognised on a receivable basis where entitlement to the income and the amount can be measured with reasonable certainty. It is reported gross of related expenditure.

Grants receivable are recognised at the same time as the expenditure which they subsidise. Capital grants are offset against the cost of the asset in the balance sheet, and depreciation charged on the net amount. Grants of a revenue nature are credited to the profit and loss account in the period to which they relate.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2012 (continued)
1. ACCOUNTING POLICIES (continued)
Tangible fixed assets and depreciation

Depreciation of tangible fixed assets other than freehold and leasehold land and buildings is calculated to write off the cost less estimated residual value of fixed assets over their estimated useful lives as follows:

Building improvements	2%-6.67%	per annum on cost
Plant and equipment	10%-33.3%	per annum on cost or
	20%	reducing balance
Other office equipment	15%-33.3%	per annum on cost
Computer equipment	20%-33.3%	per annum on cost
Motor vehicles	20%-25%	per annum on cost

The cost of long leasehold premises are written off by equal instalments over the last 50 years of the lease all other leasehold premises are written off by equal instalments over the life of the lease.

Buildings are maintained in such a state of repair that their residual value is at least equal to their net book value, with maintenance costs being charged to profit and loss in the year incurred. As a result, it is considered that depreciation would be immaterial and is not charged in the accounts. Annual impairment reviews are performed in accordance with the requirements of Financial Reporting Standard 11 "Impairment of Fixed Assets and Goodwill" and Financial Reporting Standard 15 "Tangible Fixed Assets" to ensure that the carrying value is not higher than the recoverable amount.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Gains and losses arising from the sale of investments are shown as realised.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exception:

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxation profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

1. ACCOUNTING POLICIES (continued)

Pension Costs and other Post Retirement Benefits

EEF provides pensions for its employees through participation in the Engineering Employers' Federation Staff Pension. The Fund has defined benefit and defined contribution elements.

The cost of providing post-retirement health care benefit to retired employees has been provided for as being the equivalent of three years net premiums.

Defined Benefit Scheme

Costs are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company – the Company accounts for the scheme as a defined contribution 'multi-employer' scheme since, although the Company's contributions are affected by surpluses and deficits on the scheme, the Company cannot identify its underlying assets and liabilities on a consistent and reasonable basis. The appropriate disclosures have been made in accordance with Financial Reporting Standard 17 – Retirement Benefits.

Defined Contribution Schemes

Pension costs charged to the profit and loss account represent the contributions payable by the Company in respect of the year under the rules of the scheme.

Lease agreements

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, are capitalised in the balance sheet and are depreciated over the length of the lease. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the profit and loss account on a straight line basis over the period of the lease.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)
2. SUBSCRIPTION INCOME

	2012	2011
	£'000	£'000
EEF Members' subscriptions	15,440	15,601
Steel levy income	814	753
	<hr/>	<hr/>
	16,254	16,354
	<hr/> <hr/>	<hr/> <hr/>

3. OTHER INCOME
Other income-continuing operations

Consultancy	2,259	2,203
Training	4,909	4,977
Conference hire	4,260	4,239
Government funded projects	1,073	1,077
Other income	1,783	2,212
	<hr/>	<hr/>

Total other income-continuing operations	14,284	14,708
--	--------	--------

Other income-discontinued operations

Government funded projects	-	3,080
Occupational health services	-	755
Other income	-	96
	<hr/>	<hr/>

Total other income-discontinued operations	-	3,931
--	---	-------

	<hr/> <hr/>	<hr/> <hr/>
	14,284	18,639

4. DISCONTINUED OPERATIONS

In September 2011 EEF sold its interest in its occupational health business to a third party.

In addition, EEF's Manufacturing Advisory Service ['MAS'] contract with the replacement body for the South East England Development Agency was replaced by a national contract and EEF's interest in the contract was terminated on 31 December 2011.

Accordingly the 2011 comparative numbers are shown separately within the profit and loss account.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

	2012 £'000	2011 £'000
Total income- <i>discontinued operations</i>	-	3,931
Direct costs	-	(2,956)
	-----	-----
	-	975
Overhead and other costs	-	(169)
	-----	-----
Net contribution- <i>discontinued operations</i>	-	806
	=====	=====

5. INCOME FROM FIXED ASSET INVESTMENTS

Dividend income	2,093	2,176
Management Fee Rebate	494	524
	-----	-----
	2,587	2,700
	=====	=====

6. PROFITS ON THE SALE OF FIXED ASSETS AND FIXED ASSET INVESTMENTS

Realised gains on sales of fixed assets	-	458
	-----	-----
	-	458
	=====	=====

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

7. INTEREST RECEIVABLE AND PAYABLE

i) INTEREST RECEIVABLE

	2012	2011
	£'000	£'000
Bank interest receivable	11	12
Other finance income	13	26
	<u>24</u>	<u>38</u>
	<u><u>24</u></u>	<u><u>38</u></u>

ii) INTEREST PAYABLE AND SIMILAR CHARGES

Bank, other loans and overdrafts	103	82
Finance leases and hire-purchase contracts	-	2
Other interest costs	-	2
	<u>103</u>	<u>86</u>
	<u><u>103</u></u>	<u><u>86</u></u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2012 (continued)

8. PROFIT FOR THE FINANCIAL YEAR

	2012	2011
	£'000	£'000
The profit for the year is stated after charging:		
Depreciation	788	726
Hire of plant and machinery	505	587
Fee payable to auditors:		
Audit	32	35
Non-audit	8	15
	<u> </u>	<u> </u>

9. EMPLOYEE COSTS

Employee costs for the year were as follows:

Wages and salaries	14,812	15,097
Social security costs	1,711	1,745
Other pension costs	648	834
Other employee costs	235	303
	<u> </u>	<u> </u>
	17,406	17,979
	<u> </u>	<u> </u>

Redundancy costs of £233k (2011: £319k) were also incurred during the year. These costs are not shown in the above table of employee costs.

The average number of employees, including executive directors, employed by the Company during the year was:

Management	8	8
Operations	252	232
Administration	129	151
	<u> </u>	<u> </u>
	389	391
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2012 (continued)
10. DIRECTORS' REMUNERATION

	2012 £'000	2011 £'000
Remuneration	665	434
Contributions to money purchase pension schemes	30	23
	<hr/>	<hr/>
Total directors' remuneration	695	457
	<hr/> <hr/>	<hr/> <hr/>

The remuneration of directors presented above includes the following amounts attributable to the highest paid director:

Remuneration	370	291
Contributions to money purchase pension schemes	17	16
	<hr/>	<hr/>
Total remuneration-highest paid director	387	307
	<hr/> <hr/>	<hr/> <hr/>

Retirement benefits were accruing for 2 directors throughout the year (2011: 2 directors)

11. CORPORATION TAX

The taxation charge for the year comprises:

(a) Analysis of charge in the year

Current year:

UK corporation tax based upon the results for the year at 24% (2011- 26.5%)	-	-
	<hr/>	<hr/>

(b) Reconciliation of effective tax rate:

Net profit (loss) on ordinary activities before taxation	626	2,486
	<hr/>	<hr/>
Net profit (loss) on ordinary activities at rate of tax	154	659
Depreciation in excess of capital allowances	170	(44)
Expenditure not allowed for taxation purposes	27	118
Investment income less chargeable gains on disposals	(513)	337
Chargeable gains	-	(671)
Permanent timing differences	-	(254)
Other timing differences	48	-
Net tax effect of losses carried forward	114	(145)
	<hr/>	<hr/>
Final tax charge for the year	-	-
	<hr/> <hr/>	<hr/> <hr/>

A deferred tax net asset of £7.3m (2011 - £7.3m) has not been recognised, as the availability of suitable profits to utilise the losses carried forward is not presently foreseen.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2012 (continued)
12. FIXED ASSETS

	Freehold Land & Buildings	Leasehold Property	Motor Vehicles, Equipment & Systems	Total
	£'000	£'000	£'000	£'000
COST				
At 1 st January 2012	12,870	3,333	8,707	24,910
Additions	64	26	645	735
Disposals		-	(42)	(42)
	<u>12,934</u>	<u>3,359</u>	<u>9,310</u>	<u>25,603</u>
DEPRECIATION				
At 1 st January 2012	-	679	6,848	7,527
Charge for the year	-	106	682	788
Disposals	-	-	(42)	(42)
	<u>-</u>	<u>785</u>	<u>7,488</u>	<u>8,273</u>
NET BOOK VALUE				
AT 31 st DECEMBER 2012	<u>12,934</u>	<u>2,574</u>	<u>1,822</u>	<u>17,330</u>
AT 1 st JANUARY 2012	<u>12,870</u>	<u>2,654</u>	<u>1,859</u>	<u>17,383</u>

The net book value of motor vehicles and equipment includes an amount of £nil (2011-£nil) in respect of assets held under finance leases.

The freehold land and buildings comprise:

Broadway House, Tothill Street, London, SW1H 9NQ
 Eeia House, Station Road, Hook, Hampshire, RG27 9TL
 Engineers House, The Promenade, Clifton Downs, Bristol, BS8 3NB
 Mount Pleasant, Glazebrook, Warrington, WA3 5BN
 Reddings Lane, Tyseley, Birmingham B11 3ET
 Woodland Grange, Old Milverton Lane, Leamington Spa CV32 6RN

Leasehold property comprises:

EEF House (formerly Picture House), Gateshead, NE11 0NX. This is a long lease expiring in 2131.
 St James's House and adjacent conference centre, Frederick Road, Edgbaston. A long lease expiring in 2053.
 55 Clarkehouse, Sheffield. S10 2LE. Short lease expiring in 2018.
 Pera Innovation Park, Nottingham Road, Melton Mowbray, LE13 0PB. A five year lease expiring in 2016.
 2030 Cambourne Business Park, Cambourne, CB23 6DW

The company has granted a fixed charge over property included in the Balance Sheet at 31 December 2012 at £1.96m, as shown in note 17 on page 33.

The company has granted a legal charge over Woodland Grange included in the Balance Sheet at 31 December 2012 at £8.7m, as shown in note 15 on page 32.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2012 (continued)
13. INVESTMENTS

	2012	2011
	£'000	£'000
At Cost:		
At 1 January 2012	32,047	30,213
Additions	-	1,834
Disposals	-	-
	<hr/>	<hr/>
At 31 December 2012	32,047	32,047
	<hr/> <hr/>	<hr/> <hr/>
Market value of investment holdings	46,819	38,999
	<hr/> <hr/>	<hr/> <hr/>

The Company has granted a floating charge over £10m of investments, as shown in note 17 on page 33, and a further £10m against the overdraft facility as set out in note 15 below.

14. DEBTORS

Amounts falling due within one year:		
Trade debtors	2,122	4,304
Other debtors	163	18
Prepayments and other accrued income	2,118	2,100
	<hr/>	<hr/>
	4,403	6,422
	<hr/> <hr/>	<hr/> <hr/>

15. CREDITORS

Amounts falling due within one year:		
Bank loans and overdrafts	247	247
Trade creditors	1,272	1,355
Amount due to subsidiary company	-	234
Other taxation and social security	713	1,086
Other creditors	258	544
Accruals and deferred income	5,803	5,977
	<hr/>	<hr/>
	8,293	9,443
	<hr/> <hr/>	<hr/> <hr/>
Amounts falling due after one year:		
Bank loans and overdrafts	3,270	3,517
	<hr/>	<hr/>
	3,270	3,517
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2012 (continued)

15. CREDITORS (continued)

Bank loans and overdrafts

Loans consist of a loan originally arranged in 2005 by EEF West Midlands to fund development work at Woodland Grange. The loan was transferred to EEF Limited as part of the amalgamation process, and it is repayable over 16 years at an interest rate of 1.35% over LIBOR. It is secured by a legal charge over Woodland Grange.

	2012	2011
	£'000	£'000
Capital will be repaid as follows:		
Within one year	247	247
Between 1 and 5 years	1,234	1,234
Over 5 years	2,036	2,283
	<u>3,517</u>	<u>3,764</u>

During 2011 the company agreed with its bank an overdraft facility of £5m until 1st April 2012 and £2.5m after 1st April 2012. The bank facilities were renewed in February 2013 at a lower borrowing requirement of £5m until 1st February 2013 and £2.5m until 28th February 2013. Interest is charged at 2.25% over Lloyds TSB bank rate and is secured via a charge over investments with a current value of £10m. The facility was not utilised at 31st December 2012.

16. PROVISIONS FOR LIABILITIES AND CHARGES

Post -retirement Health Benefits (see note 17)	93	93
	<u>93</u>	<u>93</u>

17. PENSIONS

The company provides pensions for its employees through participation in the Engineering Employers' Federation Staff Pension Fund (the Fund), which is administered by a Trustee and maintained independently of the company's finances. The Fund has a defined benefit section which was established to enable a number of autonomous but related employers to operate a scheme through the sharing of risk within a wider membership base. As such it is not possible for an underlying employer to identify its share of the underlying assets and liabilities. In such cases, paragraph 9(b) of FRS17 requires the company to account for pension costs on the basis of contributions actually payable to the Fund in the year. The Fund also has a defined contribution section.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2012 (continued)

2011 Valuation

At the date of the last completed valuation of the Fund (31 March 2011) the market value of the Fund's assets amounted to £137.7m. The valuation was carried out by an independent qualified actuary adopting a market-based approach using the projected unit method and the following main assumptions:

	% per Annum
Rate of investment return (prior to retirement)	6.7
Rate of investment return (post retirement)	4.8
Rate of price inflation	3.7 (RPI)/2.95 (CPI)
Rate of increase in salaries	Nil
Rate of pension increases: RPI up to 5% (LPI)	3.5
RPI up to 5%: minimum 3%	3.9
RPI up to 2.5%	2.3 (2.2% CPI)

As at the valuation date these assets were insufficient, on the assumptions adopted, to meet the cost of the Fund's accrued liabilities. The Fund had a deficit of £21.8m on an ongoing funding basis, due to changes in investment conditions, life expectancy and the effect of changes in regulations governing pension schemes.

Subsequently, participating employers agreed a contribution schedule with the Trustee which will be sufficient to eliminate the fund deficit over a period acceptable to the trustees. Under this agreement the company is liable to make the following contributions in respect of members in the defined benefits section:

- An annual sum of £1,331,700 payable monthly from 1 April 2012 to 31 March 2014 inclusive, and
- an annual sum of £1,775,600 payable monthly from 1 April 2014 to 30 September 2023 inclusive. This will be increased in line with the increase in the RPI (on a preceding December to December basis) with the first increase occurring on 1 April 2015.

These sums are in addition to the contributions payable between the valuation date and 31 March 2012 due under the previous recovery plan dated 30 July 2009

In addition the company has granted a fixed charge to the Trustee of the Fund, over property included in the Balance Sheet at 31 December 2012 at £1.96m, and a floating charge of £10m over the company's investments. It should be noted that the defined benefit scheme was closed to all future accruals during 2011.

Post-Retirement Benefits

Following the amalgamation the post retirement benefit scheme of EEF West Midlands was assumed as a liability by EEF Limited. The scheme is closed to new entrants and all participants in the scheme are retired. Since 2004 the liability has been estimated at three years premiums and a liability of £93k (2011 - £93k) has been provided in these financial statements as shown in note 16.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2012 (continued)
18. OPERATING LEASE COMMITMENTS

Annual commitments under operating leases as at 31st December 2012 were:

	2012 £'000	2011 £'000
Expiring within one year:		
Plant and equipment	77	179
Land and buildings	40	16
Expiring between two and five years:		
Plant and equipment	356	358
Land and buildings	140	63
Expiring after five years:		
Plant and equipment	-	-
Land and buildings	85	208

19. RELATED PARTY TRANSACTIONS

During the year the company recorded the following transactions with related parties:

Related party entity	2012	2011	2012		2011	
	Debtor (creditor) balance	Debtor (creditor) balance	Sales	Purchases	Sales	Purchases
	£	£	£	£	£	£
ISSB Limited	(15,000)	(28,500)	648	98,400	-	198,000
SEMTA	2,978	17,996	41,136	375	34,419	-
Cardyke Consulting Limited	-	-	-	11,003	-	8,038

During the year payments amounting to £98,400 (2011: £198,000) were made to ISSB Limited for steel trade information and statistics £15,000 is owing at the year-end (2011: £28,500). ISSB Limited is partly owned by BISPA Limited, the directors of whom hold shares in trust for EEF Limited. EEF Limited however exercises no overall control of ISSB Limited.

During the year sales amounting to £41,136 (2011: £34,419) were made to SEMTA for event sponsorship. £2,978 is owed at the year end (2011: £17,996). SEMTA is the Skills Council for Science, Engineering and Manufacturing Technologies. Terry Scuoler, Chief Executive Officer of EEF holds a position on the SEMTA board.

During the year payments amounting to £11,003 (2011: £8,038) were made to Cardyke Consulting Limited for general business consultancy advice. Nothing is owed at the year end (2011: £nil). Cardyke Consulting Limited is owned and managed by Grahame Nix who served on the EEF board of directors during the year up to 27 June 2012.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2012 (continued)**20. CAPITAL COMMITMENTS**

At 31 December 2012 the company had no capital commitments.

The company had capital commitments as at 31 December 2011 of £45,000.

21. COMPANY STATUS

The Company is a private company limited by guarantee and consequently does not have share capital.

The subscribers to the memorandum of association of the Company (Limited by Guarantee and not having Share Capital) are the members. Each member's liability is limited to £1.00.