

Form AR27

Trade Union and Labour relations (Consolidation) Act 1992

Employers' Association's details

Name of Employers' Association:

EEF Limited

Year ended:

31/12/2018

List number:

255E

Head or Main Office:

Broadway House
Tothill Street
LONDON
SW1H 9NQ

Has the address changed during the year to which the return relates?

Yes

No

(Tick as appropriate)

Website address (if available)

www.makeuk.org

General Secretary:

Stephen Phipson CEO

Contact name for queries regarding the completion of this return:

Richard Greenway, Finance Director

Telephone Number:

0121 456 0218

E-mail:

rgreenway@makeuk.org

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: 0330 109 3602.

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, Lower Ground Floor, Fleetbank House, 2-6 Salisbury Square, London, EC4Y 8JX.

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



EEF Ltd Corporate Board Members

26 June 2019

MEMBER	CONTACT DETAILS	PA/ASSISTANT
<p>Judith Hackitt DBE Chair EEF Limited</p>	<p>EEF Limited Broadway House Tothill Street London SW1H 9NQ T: 020 7654 1526 E: chair@eef.org.uk</p>	<p>Claire Simpkins T: 020 7654 1526 E: csimpkins@eef.org.uk</p>
<p>Stephen Phipson CBE CEO EEF Limited</p>	<p>EEF Limited Broadway House Tothill Street London SW1H 9NQ T: 020 7654 1526 E: sshipson@eef.org.uk</p>	<p>Claire Simpkins T: 020 7654 1526 E: csimpkins@eef.org.uk</p>





The
manufacturers'
organisation

<p>Andrew Churchill Managing Director J J Churchill Ltd</p>	<p>J J Churchill Ltd Station Road Market Bosworth Nuneaton Warwickshire CV13 0PF T: 01455 299600 M: 07764 268 931 E: Andrew.churchill@jjchurchill.com</p>	
<p>Brian Holliday Managing Director Siemens PLC</p>	<p>Siemens plc Sir William Siemens Square Frimley, Camberley Surrey GU16 8QD E: brian.holliday@siemens.com</p>	<p>Sarah Bristow PA to Brian Holliday, Managing Director, Digital Factory Siemens plc, Princess Road, Manchester M20 2UR, United Kingdom T: +44 161 446 6711 M: +44 7921 844690 E: sarah.bristow@siemens.com</p>

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
1898				1898

Change of officers

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

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change
EEF Ltd Board Member	Dr H Adam		28 th Nov 2018
EEF Ltd Board Member	B S Blatchford		28th Nov 2018
EEF Ltd Board Member	N Blenkinsop		28th Nov 2018
EEF Ltd Board Member	D N Bramwell		6th Aug 2018
EEF Ltd Board Member	S Haird CB		28th Nov 2018
EEF Ltd Board Member	A L Hough OBE		28th Nov 2018
EEF Ltd Board Member	A P Pedder OBE		28th Nov 2018
EEF Ltd Board Member	S McQuillan		28th Nov 2018

Officers in post

(see note 10)

Please insert a complete list of all officers in post at the end of the year to which this form relates.

Name of Officer

Position held

Accounts other than the revenue account/general fund

(See notes 11 to 16)

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 11 to 16)

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)	

Fixed Assets Account

(see note 21)

	Land & Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total
	£	£	£	£
Cost or valuation				
At start of period	22,539	13,376		35,915
Additions during period	1,093	1,335		2,428
Less: Disposals during period	(95)	(39)		(134)
Less: DEPRECIATION:	(2,487)	(9,595)		(12,082)
Total to end of period				
Book amount at end of period	21,050	5,077		26,127
Freehold	12,542			
Leasehold (50 or more years unexpired)	2,009			
Leasehold (less than 50 years unexpired)	6,499			
As balance sheet	21,050	5,077		26,127

Analysis of investments

(see note 22)

		Other Funds £	
Quoted	British Government & British Government Guaranteed Securities		
	British Municipal and County Securities		
	53,919	Other quoted securities (to be specified)	49,534
	53,919	Total quoted (as Balance Sheet)	49,534
	53,919	*Market Value of Quoted Investments	49,534
Unquoted	British Government Securities		
	British Municipal and County Securities		
	Mortgages		
	Other unquoted securities (to be specified)		
		Total unquoted (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)

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	Company registration number (if not registered in England & Wales, state where registered)
EEF Insurance Services Ltd	6220181
EEF SPF Trustees Ltd	3697516
EEF Trustees Ltd	727080
EEF (WM) One Ltd	4898142
EEF (WM) Two Ltd	4749424
Employers Federation Ltd	6396910
Employers Organisation Ltd	6370655
Engineering Employers Federation Cymru Wales Ltd	4914439
Northern Defence Industries Ltd	4195419
NDI (UK) Limited	6900038

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 24 to 33)

	All funds except Political Funds £	Political Funds £	Total Funds £
Income			
From Members			
	16,500		16,500
From Investments			
	2,930		2,930
Other Income (including increases by revaluation of assets)			
	24,651		24,651
Total Income	44,081		44,081
Expenditure (including decreases by revaluation of assets)			
Total Expenditure	50,080		50,080
Funds at beginning of year (including reserves)	58,079		58,079
Funds at end of year (including reserves)	52,080		52,080
Assets			
	Fixed Assets		26,127
	Investment Assets		49,534
	Other Assets		13,086
	Total Assets		88,747
Liabilities			
	Total Liabilities		(36,667)
Net assets (Total Assets less Total Liabilities)			52,080

Notes to the accounts

(see note 34)

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

A large, empty rectangular box with a black border, intended for the user to enter or attach notes to the accounts. The box is tilted slightly to the right and occupies most of the page's area.

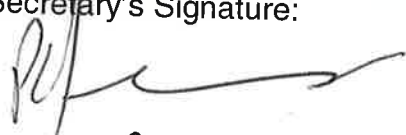
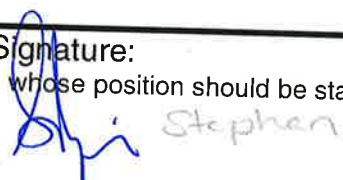
Accounting policies

(see notes 35 and 36)

Signatures to the annual return

including the accounts and balance sheet contained in the return.

(see notes 37 and 38)

Secretary's Signature:  Name: <u>Paul JENNINGS</u> Date: <u>21/10/19</u>	Chairman's Signature: (or other official whose position should be stated)  Name: <u>STEPHEN ARPISON</u> Date: <u>28/10/19</u>
---	---

Checklist

(see note 39)

(please tick as appropriate)

Has the return of change of officers been completed? (see Page 2)	Yes	✓	No	
Has the list of officers been completed? (see page 2a)	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 the rule book enclosed? (see Note 40)	Yes	✓	No	
Has the summary sheet been completed? (see Notes 6 and 25 to 34)	Yes		No	

Checklist for auditor's report

(see notes 40 to 44)

The checklist below is for guidance. A report is still required either set out overleaf or by way of an attached auditor's report that covers the 1992 Act requirements.

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)

Please explain in your report overleaf or attached.

Yes – refer to attached Financial Statements and audit report therein.

2. 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)

Please explain in your report overleaf or attached.

Yes – refer to attached Financial Statements and audit report therein.

3. Your auditors or auditor must include in their report the following wording:


In our opinion the financial statements:

- **give a true and fair view of the matters to which they relate to.**

- have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

Auditor's report (continued)

Confirmed – refer to attached Financial Statements and audit report therein.

Signature(s) of auditor or auditors:		<i>Haysmacintyre LLP</i>
Name(s):	George Crowther	Haysmacintyre LLP
Profession(s) or Calling(s):	Senior Statutory Auditor	Chartered Accountants
Address(es):	10 Queen Street Place London EC4R 1AG	10 Queen Street Place London EC4R 1AG
Date:	23/08/2019	23/08/2019
Contact name for enquiries and telephone number:	George Crowther	020 7969 5547

EEF LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED

31st DECEMBER 2018

CONTENTS

Page

3	Company Information
4	Chair's Statement
5-6	Chief Executive's Review
7	Regional Advisory Boards and Policy Committees
8-10	Report of the Directors
11	Statement of Directors' Responsibilities
12	Strategic Report
13-14	Report of the Independent Auditors
15	Statement of Income and Retained Earnings
16	Balance Sheet
17-18	Statement of Cash Flows
19-33	Notes to the Accounts (including Accounting Policies)

COMPANY INFORMATION

Directors of the Company

Dr H Adam (resigned 28th November 2018)
B S Blatchford (resigned 28th November 2018)
N Blenkinsop (resigned 28th November 2018)
S C Bowen
D N Bramwell (resigned 6th August 2018)
A J Churchill
R C Fletcher (appointed 1st February 2019)
C O M Gumble*
Dame Judith Hackitt DBE, FREng (Chair)
S Haird CB (resigned 28th November 2018)
B A Holliday
A L Hough OBE (resigned 28th November 2018)
P R Jennings*
D E Jones (appointed 1st February 2019)
R D Marshall
S McQuillan (resigned 28th November 2018)
A P Pedder OBE (resigned 28th November 2018)
S Phipson CBE (Chief Executive)*

*Executive Directors of the Company

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 Bank plc

Statutory Auditors

Haysmacintyre LLP

Solicitors

Bates Wells & Braithwaite London LLP
Russell-Cooke LLP

Company Number

05950172

CHAIR'S STATEMENT

2018 has been another challenging and busy year for EEF. Whilst the agenda has continued to be dominated by our unstinting efforts on behalf of UK manufacturers to gain greater clarity and certainty around the terms of the UK's exit from the EU, we have also continued to influence the agenda more broadly on other issues that continue to matter to our sector. Our persistence in calling for greater flexibility with the Apprenticeship Levy has paid off with important changes now committed to not just by DfE but also by the Chancellor. We have seen the first anniversary of the launch of the Industrial Strategy, and we are particularly pleased to be actively supporting the Made Smarter initiative led by Jürgen Maier (the UK CEO of Siemens).

This has also been a year when we have implemented a whole series of changes within the organisation itself to enable us to ensure that we are truly engaged with our membership and ready to respond to changing needs in the manufacturing sector. The Annual General Meeting held at the end of 2018 confirmed a whole series of governance changes through amendments to the Articles of Association, these now mean that we have a new National Membership Board (NMB) operating alongside our statutory Corporate Board. The NMB will focus its time and attention on the priorities for UK manufacturing, including identifying key issues to be raised with Government and policy makers as well as identifying projects that may lead to new service developments for members. This important development ensures engagement from all of the regions and enables us to share good practice and draw links between regional and national activities.

The Corporate Board will be focussed on the strategic issues associated with running EEF as a business, including investment strategy, pension management and business risk management. We are delighted that we have been able to recruit two, new, independent non-executive directors to join the Corporate Board in Ed Jones and Robin Fletcher, who bring a wealth of experience including the running of membership organisations.

2018 was also the year when we prepared for the big name change that finally took place at our hugely successful manufacturing conference in February 2019. Transitioning EEF to Make UK is much more than just a name change. This is about a new, modern, up-to-date approach to all of our work on behalf of UK manufacturing. Our preparations in the year leading up to the rebrand have included a restructuring of the policy and external affairs activities of the organisation and a review of our regional structures and footprint.

One key change in Make UK's approach, which you will see more of in the coming months, has been to working in partnership with other organisations. We were delighted that both EEF Northern Ireland and Scottish Engineering have both formally agreed to work more closely with us – and some of our new service offerings to members are being delivered in partnership, including in the area of cyber security, which is an increasingly challenging issue for every sector including our own.

It is already clear that 2019 is going to be a turbulent and uncertain year politically, and that means more challenging times for the manufacturing sector. However, I am confident that the changes we have made to your organisation in 2018 have put us in the best possible place to support every manufacturing business in the UK as we face those challenges.

Dame Judith Hackitt DBE, FREng
Chair

1st July 2019

CHIEF EXECUTIVE'S REVIEW

During the year I had the opportunity to visit and meet with hundreds of manufacturing businesses across the UK. I was struck by the wealth of innovation, optimism for the future and passion for our industry.

Of course there are challenges, which is why an organisation like EEF (now Make UK) is so vital, focussing not only on influencing Government policy but on providing practical support and services to our members. We continue to build services that are relevant to our members including playing a national role in apprentice training, something our teams and members are rightly proud of.

We see many opportunities for manufacturing in the UK. Working closely with Government on industrial strategy is yielding positive results. Support for the sector to maximise the opportunities around the digitisation of manufacturing – the fourth industrial revolution - is key to manufacturing's future success, and so we were very pleased to work with Government to help get the Made Smarter initiative launched. Likewise skills continue to be the number one issue for manufacturers and, alongside our own efforts in apprentice training, we are working tirelessly to improve the skills environment in the UK.

During 2019 we will accelerate our efforts to attract the younger generation into our sector by repositioning EEF as a modern, relevant, membership organisation with a national reach whilst encouraging and supporting our regional communities. This is part of the reasoning behind our re-branding to Make UK.

We worked hard to influence a number of other significant Government policies and provide clear, evidence-based, thought leadership for the sector. Of course BREXIT continues to be a significant area of work where we constantly provide evidence to Government on the effect of decisions on manufacturers in the UK and constantly push for the right outcomes for our industry.

EEF's HR Legal services assisted thousands of businesses with the continuing challenges of implementing GDPR and changes to a number of HR regulations. EEF continued to invest in digital training methods, giving us the capability to teach traditional specialist subject areas, such as Health and Safety to many thousands of people in the UK.

Our Venues business continues to perform exceptionally and win National awards as we provide innovative, professional conferencing facilities to thousands of UK businesses.

As one of the largest National Membership organisations, we also operate two sector trade associations: UK Steel and NDI. Both made significant progress during 2018 supporting their individual membership communities.

UK Steel

UK Steel has achieved a number of significant policy wins for its members during 2018/19 helping to improve the business and investment environment for steel producers and helping to minimise and mitigate the likely impacts of Brexit. Primary policy wins for the year included:

Trade Remedies: UK Steel was highly influential in the development of the UK's post-Brexit trade remedies regime securing significant modifications including the inclusion of an 'alternative dumping' methodology within legislation, simplifying the process for the introduction of safeguarding measures.

Industrial Energy Transformation Fund: UK Steel was integral to securing the Budget 2018 announcement of a £315 million fund for investments in industrial energy efficiency.

Public Procurement of Steel: UK Steel for the first time ever secured the publication by BEIS of data showing the levels of steel procured by government departments in the previous year and the origin of this steel.

Industrial Strategy Challenge Fund: UK Steel was a leading player in securing £66 million for a new Industrial Strategy Challenge Fund for Foundation Industries. The fund will deliver almost £150 million in investment in the foundation sectors over the next five years to reduce energy, carbon, waste and develop specialised new materials.

NDI

NDI, the specialist defence and security arm of Make UK, continued to add to its growing membership, closing out the year with a significant increase in members, a near one-third growth over the course of 2018.

Representing SMEs active in or looking to diversify into the UK defence supply chain, the comprehensive NDI events programme once again delivered leading supply-chain development services and specialist business support to members helping them to identify commercial opportunities, compete domestically and globally.

On policy, NDI was active in supporting MOD to deliver on its commitments to national prosperity, contributing to publications such as the Modernising Defence Review and the independent defence prosperity report prepared by Philip Dunne MP. Specific policy wins included the mandatory appointment of SME Champions within each of MOD's prime contractors and the emphasis on the importance of the domestic supply chain to the National Combat Air Strategy.

Finally, I should like to thank our members for their continued support and engagement with Make UK, and our staff for their outstanding commitment to ensuring that the organisation centres on our members' and customers' needs today and develops further to provide for the ever-changing requirements of our manufacturing sector.

Stephen Phipson CBE

Chief Executive

1st July 2019

REGIONAL MEMBERSHIP & ADVISORY BOARDS AND POLICY COMMITTEES

as at 1st July 2019 were as follows:

National & Regional Membership Boards (Chair Persons)

Andrea Hough OBE
Simon Beech
Steve Hill
Mike Evans
Steve Hill

North
Midlands
South
Wales
National

Regional Advisory Boards (Chair Persons)

Andrea Hough OBE
Andrea Rodney
Simon Beech
Mike Evans
Andrew Esson
David Goater
Nigel Whittingham
Steve Hill
Peter Davies
Pete Robertson

North West
East of England
East Midlands
South Wales
North East
Yorkshire & Humber
South East & London
South West
West Midlands
North Wales

Policy Committee (Chair Persons)

Bonnie Dean
Luiz Sanz
Martin Flavell
Neil Pickering (Vice Chair; Vacant Chair position)
Steve George

Economic
UK Steel Management Committee
Employment & Skills
OHSWB Leadership Group
Climate, Energy & Environment

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Annual Report comprised of the Report of the Directors and Strategic Report together with the Financial Statements for the year ended 31st December 2018.

Results

The Company reported a loss for the year after taxation amounting to £6.0m (2017 – £2.1m profit). At 31st December 2018 the Company had net assets of £52.1m (2017 - £58.1m).

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.

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 Corporate Board of the Company consists of no fewer than six and no more than twelve Directors with executive directors comprising a minority.

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

- Nomination and Remuneration Committee
- Audit and Risk Committee
- Investment & Finance Committee

The Directors who currently serve on the various committees are as follows:

Director	Membership of Committees		
	Audit and Risk	Nominations & Remuneration	Finance & Investment
S C Bowen (appointed 28th November 2018)			#
A J Churchill (appointed 14th February 2019)	#		
R C Fletcher (appointed 14th February 2019)		#	Ch. #
Dame J Hackitt		#	#
B A Holliday (appointed 14th February 2019)	#		
P R Jennings			#
D E Jones (appointed 14th February 2019)	Ch. #		
R D Marshall (appointed 14th February 2019)		Ch. #	
S Phipson CBE			#

Key:

- member
Ch - chairman

Notes

The Company would like to thank the following Directors who resigned during the year who served the following committees:

Director	Membership of Committees		
	Audit and Risk	Nominations & Remuneration	Finance & Investment
D N Bramwell (resigned 6th August 2018)	Ch. #		
S Haird CB (resigned 28 th November 2018)		#	
A L Hough OBE (resigned 28th November 2018)	#		
S McQuillan (resigned 28th November 2018)	#		
A P Pedder OBE (resigned 28th November 2018)		Ch. #	Ch. #

Mr D Bramwell, a former director of EEF Limited, was re-appointed as a member of the Audit and Risk committee on 18 June 2019

The Directors have also established a National Membership Board (NMB) which oversees a number of Regional Membership Boards (RMBs) and Regional Advisory Boards (RABs) and determined their terms of reference. The National Membership and the Regional Membership and Advisory Boards act in an advisory capacity. Details of the Chairs of the Regional Membership and Advisory Boards are set out on page 7.

The Directors have delegated day-to-day management of the Company to an Executive 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 Corporate Board to consider and approve.

Members of the Executive Board as at 1st July 2019 were as follows:

Stephen Phipson CBE (Chair)*	Chief Executive
Paul Jennings*	Chief Financial Officer
Caroline Gumble*	Chief Operating Officer
Mark Bernard	Chief Strategy and Corporate Development Officer
Ben Fletcher	Director of Communication, Government & Policy
Gareth Stace	Director, UK Steel

Key

* Director of the Company

Donations

The Company made charitable donations during the year totalling £457 (2017 - £1,704).

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 the established methods of general and personal briefings and through regular meetings.

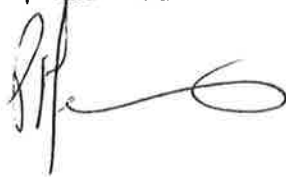
The Company is committed to ensuring that its recruitment and employment policies are without discrimination in the form of race, creed, gender, disability or otherwise. The Company is committed to ensuring that its employees share in the success of the business.

It is the policy of the Company that disabled persons shall be considered for employment, training, career development and promotion on the basis of their aptitudes and abilities, in common with all employees. The services of any existing employee who becomes disabled are retained wherever possible.

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 Corporate Board



P R Jennings
Secretary
1st July 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report, Strategic 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going-concern basis unless it is inappropriate to presume that the Company will continue in business; and
- take responsibility 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.

STRATEGIC REPORT

The Directors present the Strategic Report for the year ended 31st December 2018.

Review of the Business and Future Developments

As of February 2019 the business underwent a historic change by rebranding to trade under the new name of 'Make UK'. The rebranding aims to provide a platform for modernisation of the business as it looks to support UK manufacturing through the provision of support, advice and guidance across a range of modern and contemporary services, including the encouragement of the next generation into the manufacturing sector. Significant costs relating to the rebranding are included in this year's financial result as an exceptional item.

Furthermore the Company completed its triennial valuation of its pension fund obligations in relation to the defined benefit scheme, which significantly increased the liability to be included in the financial statements, with a fair value adjustment of £2.7m being expensed through the Income & Expenditure statement.

Lastly, the business continued to incur significant expenditure in relation to dealing with the Brexit backdrop, with investments made in expertise and events to ensure Make UK's voice is sufficiently heard in Government on the potential impacts on the manufacturing sector.

As a result of these exceptional investments along with an adverse movement in the market value of investments of £1.9m, the Company delivered a net loss of £6.0m for the year compared to a £2.1m profit in 2017. Excluding such exceptional items, an operating loss of £0.7m was slightly higher than the £0.6m loss delivered in 2017.

Further information on the business and future developments are contained in the Chairman's Statement and Chief Executive's 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, one of the key risks identified relates 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.

It should be highlighted that an exceptional risk for Make UK at this time is the economic impact of Brexit that, due to the lack of certainty around the outcome, has resulted in members and clients reducing or deferring their investments in areas such as: staff and apprentice training; conferencing; and consultancy. At the same time, these members are increasing their use of Make UK's subscription legal services. The board is hopeful that this direct risk will fall away when an outcome is reached, although the broader ongoing market impact from lower UK investment is hard to quantify at this time.

Other key risks include changes in the market value of investments which impacts both the carrying value of equity investments held by the company, and additionally the net deficit position of the defined benefit pension scheme. These items are considered by the Finance & Investment and Audit & Risk committees as appropriate.

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 and consultancy business to ensure spare capacity is addressed; and
- gross and net margin by business unit, including variances against budget to ensure financial performance shortfalls are identified and discussed.

By Order of the Corporate Board

P R Jennings
Secretary
1st July 2019



REPORT OF THE INDEPENDENT AUDITORS

Independent Auditors' report to the members of EEF Limited

Opinion

We have audited the financial statements of EEF Limited (the 'Company') for the year ended 31st December 2018 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2018 and of its loss 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 and the Trade Union and Labour Relations (Consolidation) Act 1992.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the Company, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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.



George Crowther (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

1st July 2019

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31st DECEMBER 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
TURNOVER					
Subscriptions	2	16,500		16,280	
Other income	3	24,651		23,293	
			41,151		39,573
COST OF SALES					
			(21,796)		(21,005)
GROSS PROFIT					
			19,355		18,568
ADMINISTRATION COSTS					
Ongoing Administrative Expenses		(20,073)		(19,172)	
Exceptional Costs	4	(4,511)		(1,833)	
			(24,584)		(21,005)
OPERATING (LOSS)					
Before exceptional costs		(718)		(604)	
Exceptional costs	4	(4,511)		(1,833)	
Total operating loss			(5,229)		(2,437)
Income from investments	5		2,108		2,821
Loss on disposal of fixed assets	6		(2)		(1)
Impairment of freehold property	12		(518)		-
Other Interest receivable and similar income	7i		13		3
(Loss)/Gain on listed investments at fair value through profit and loss account			(1,885)		2,296
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST PAYABLE AND TAX					
			(5,513)		2,682
Interest payable and similar charges	7ii		(486)		(540)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX					
	8		(5,999)		2,142
TAX ON ORDINARY ACTIVITIES	11		-		-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR					
			(5,999)		2,142
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD					
			58,079		55,937
PROFIT AND LOSS ACCOUNT CARRIED FORWARD					
			52,080		58,079

The accounting policies and notes on pages 19 to 33 form part of these Financial Statements.


BALANCE SHEET AS AT 31st DECEMBER 2018

Company number 05950172

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
FIXED ASSETS					
Tangible Assets	12	26,127		26,304	
Investments	13	49,534		53,919	
			75,661		80,223
CURRENT ASSETS					
Stock		7		13	
Debtors	14	12,021		10,360	
Cash at bank and in hand		1,058		4,718	
		13,086		15,091	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(15,946)		(16,420)	
NET CURRENT LIABILITIES			(2,860)		(1,329)
TOTAL ASSETS LESS CURRENT LIABILITIES			72,801		78,894
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15		(20,065)		(19,026)
PROVISIONS FOR LIABILITIES AND CHARGES	16		(656)		(1,789)
NET ASSETS			52,080		58,079
RESERVES					
Profit and Loss Account			52,080		58,079

The accounting policies and notes on pages 19 to 33 form part of these Financial Statements

Approved by the Corporate Board of EEF Limited on 1st July 2019 and signed on its behalf by:


Stephen Phipson CBE
CHIEF EXECUTIVE


Paul Jennings
CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st DECEMBER 2018

	2018	2018	2017	2017
Reconciliation of net profit to net cash inflow from operating activities	£'000	£'000	£'000	£'000
(Loss)/Profit for the year		(5,999)		2,142
Investment income	(2,108)		(2,821)	
Loss on the sale of fixed assets	2		1	
Net finance costs	473		537	
Change in fair value of listed investments	2,694		(2,334)	
(Gain)/Loss on Sale of Investment	(809)		38	
Change in fair value of pension scheme liability	2,731		90	
(Decrease) in provisions	(1,133)		(195)	
Depreciation & Impairment	2,603		1,856	
(Increase)/Decrease in trade and other debtors	(1,661)		342	
Decrease in stocks	6		7	
(Decrease)/Increase in trade and other creditors	(507)		505	
		<u>2,291</u>		<u>(1,974)</u>
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(3,708)		168
CASH FROM FINANCING ACTIVITIES				
Repayment of loan amounts	(247)		(247)	
Interest paid	(52)		(56)	
		<u>(299)</u>		<u>(303)</u>
CASH USED BY INVESTING ACTIVITIES				
Investment income proceeds	2,108		2,821	
Net proceeds from sale of investments	2,500		3,000	
Interest received	13		3	
Payments to acquire tangible fixed assets	(2,428)		(3,770)	
Payments to defined benefit pension schemes	(1,846)		(1,853)	
		<u>347</u>		<u>201</u>
NET (DECREASE)/INCREASE IN CASH		(3,660)		66

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2018

1. ACCOUNTING POLICIES

Company Information

EEF Limited is an Employers Association registered with the Certification officer under the Trade Union and Labour Relations (Consolidation) Act 1992 (the "Act"). It was incorporated in the United Kingdom and its registered office is Broadway House, Tothill Street, London SW1H 9NQ.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Principles, including Financial Reporting Standard 102 ('FRS 102') and with the Companies Act 2006.

As at 31st December 2018, 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)
- Northern Defence Industries Limited (Dormant)
- NDI (UK) Limited (Dormant)

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.

Significant Judgements and Estimates

The preparation of the financial statements requires management to make significant judgements and estimates that affect the amounts reported within the balance sheet and profit or loss account.

The following are the company's key sources of estimation uncertainty:

- **Multi-employer defined benefit pension scheme liability**

The schedule of contributions for the multi-employer defined benefit pension scheme is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. The mortality rate is based on publicly available mortality tables for the specific country. Future salary and pension increases are based on expected future inflation rates for the respective country.

1. ACCOUNTING POLICIES (continued)

The Company has included a liability within the financial statements to reflect its own future funding obligations based upon a discounted cash flow basis. The discounted cash flow has been calculated by using a long-term inflation rate of 3.4% and a discount rate of 2.3%, which has decreased from the discount rate of 2.4% used as at 31st December 2017, reflecting the market change on corporate bond yields.

In determining the appropriate discount rate, management considers the interest rates of AA corporate bonds denominated in Great British pound sterling, with a bond maturity similar in duration to the defined benefit funding obligation.

• Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model over a 5-year period in order to determine the net recoverable amount. The recoverable amount is most sensitive to the discount rate used, the expected cash flows generated and growth assumptions over the 5-year period. Changes to any of these can significantly affect the recoverable amount.

Subscriptions

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

Consultancy & Training

Income is 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.

Government funded training

Income is recognised on a percentage of completion basis as determined by the delivery profile per apprentice programme, and the associated funding applicable for that programme.

Other income

Other income is 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.

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
Freehold car park	10.00%	per annum on cost
Plant and equipment	10%-33.30%	per annum on cost
Other office equipment	15%-33.30%	per annum on cost
Computer equipment	20%-33.30%	per annum on cost

1. ACCOUNTING POLICIES (continued)

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.

Freehold 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.

Listed Investments

Listed Investments held as fixed assets are recognised at fair value and the changes in fair value, as compared to the fair value at the beginning of the accounting period, are recognised in the Statement of Income and Retained Earnings.

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.

Debtors

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

Creditors

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

Pension Costs and other Post Retirement Benefits

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

1. ACCOUNTING POLICIES (continued)

Defined Benefit Scheme

In accordance with paragraph 28.11 of FRS 102 the company as a participating employer to the scheme, has recognised the present value of its share of the agreed contributions on the balance sheet as a liability on a discounted cash flow basis. EEF Limited's estimated liability as at 31st December 2018 is £20.2m and is recalculated each year, with movements in the liability reflected in the Statement of Income and Expenditure and the element relating to the unwinding of the discount included in interest payable. Annual payments to reduce the deficit amount to £2.3m for the year to March 2020, with annual indexation applied based on RPI each year. The repayment plan continues until 2025.

The Company is liable for its own funding obligations and is also liable for those of the other sponsoring employers, should those sponsoring employers default on their obligations.

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

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.

2. SUBSCRIPTION INCOME

	2018 £'000	2017 £'000
EEF Members' subscriptions	15,663	15,536
Steel levy income	837	744
	<hr/>	<hr/>
	16,500	16,280
	<hr/>	<hr/>

3. OTHER INCOME

Consultancy	2,858	2,119
Training	7,856	7,748
Conference hire	6,566	6,188
Government funded training	5,487	4,832
Other income	1,884	2,406
	<hr/>	<hr/>
Total other income	24,651	23,293
	<hr/>	<hr/>

4. EXCEPTIONAL COSTS

	2018 £'000	2017 £'000
Strategic reorganisation costs	1,163	923
Systems implementations	106	820
Brexit support	511	-
Changes in fair value of pension scheme liability (<i>Note 1</i>)	2,731	90
	<hr/>	<hr/>
	4,511	1,833
	<hr/>	<hr/>

5. INCOME FROM INVESTMENTS

Dividend income	1,563	2,159
Management Fee Rebate	545	662
	<hr/>	<hr/>
	2,108	2,821
	<hr/>	<hr/>

6. LOSS ON THE SALE OF FIXED ASSETS

Loss on the sale of fixed assets	2	1
	<hr/>	<hr/>
	2	1
	<hr/>	<hr/>

7. INTEREST RECEIVABLE AND PAYABLE

i) INTEREST RECEIVABLE

Bank interest receivable	13	-
Other finance income	-	3
	<hr/>	<hr/>
	13	3
	<hr/>	<hr/>

ii) INTEREST PAYABLE AND SIMILAR CHARGES

Bank, other loans and overdrafts	52	56
Interest on defined pension liability	434	484
	<hr/>	<hr/>
	486	540
	<hr/>	<hr/>

8. PROFIT ON ORDINARY ACTIVITIES

	2018 £'000	2017 £'000
The loss/(profit) on ordinary activities is stated after charging:		
Depreciation & Impairment	2,603	1,856
Hire of plant and machinery	353	372
Fee payable to auditors:		
Audit	37	36
Non-audit	10	6
Changes in fair value of pension scheme liability	2,731	(90)
Changes in fair value of listed investments	2,690	(2,334)
Amount of stock recognised as an expense	313	429
	<u> </u>	<u> </u>

9. EMPLOYEE COSTS

Employee costs for the year were as follows:

Wages and salaries	19,689	19,101
Social security costs	2,232	2,194
Other pension costs	1,048	1,008
Other employee costs	212	216
	<u>23,181</u>	<u>22,519</u>

In addition to the above the Company made a payment of £1,846k (2017: £1,853k) to the multi-employer defined benefit scheme (see *Note 17 page 30*).

Key Management personnel include members of the Executive Board, and remuneration in the year was £1,620k (2017: £1,867k).

Redundancy costs of £224k (2017: £129k) 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	7	7
Operations	406	317
Administration	80	124
	<u>493</u>	<u>448</u>

10. DIRECTORS' REMUNERATION

Remuneration	881	1,021
Contributions to money purchase pension schemes	43	32
Total directors' remuneration	<u>924</u>	<u>1,053</u>

Retirement benefits were accruing for three directors throughout the year (2017: three directors)

10. DIRECTORS' REMUNERATION (continued)

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

	2018 £'000	2017 £'000
Remuneration	306	400
Total remuneration - highest paid director	<u>306</u>	<u>400</u>

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 19% (2017 – 19%)

-	-
<u>-</u>	<u>-</u>

(b) Reconciliation of effective tax rate:

Net (loss)/profit on ordinary activities before taxation	(5,999)	2,142
Net (loss)/profit on ordinary activities at rate of tax	(1,140)	407
Fixed asset differences	(128)	187
Expenditure not allowed for taxation purposes	41	14
Exempt dividend income	(297)	(410)
Deferred tax not recognised	1,166	(31)
Movement on investments	358	(167)
	<u>-</u>	<u>-</u>
Tax charge for the year	<u>-</u>	<u>-</u>

12. FIXED ASSETS

	Freehold Land & Buildings £'000	Short Leasehold Property £'000	Long Leasehold Property £'000	Plant & Machinery, Equipment & Systems £'000	Total £'000
COST					
At 1 st January 2018	12,198	8,332	2,009	13,376	35,915
Additions	1,014	79	-	1,335	2,428
Disposals	-	(95)	-	(39)	(134)
	<u>13,212</u>	<u>8,316</u>	<u>2,009</u>	<u>14,672</u>	<u>38,209</u>
AT 31st DECEMBER 2018	13,212	8,316	2,009	14,672	38,209
DEPRECIATION					
At 1 st January 2018	123	1,378	-	8,110	9,611
Charge for the year	29	534	-	1,522	2,085
Impairment	518	-	-	-	518
Disposals	-	(95)	-	(37)	(132)
	<u>670</u>	<u>1,817</u>	<u>-</u>	<u>9,595</u>	<u>12,082</u>
AT 31st DECEMBER 2018	670	1,817	-	9,595	12,082
NET BOOK VALUE					
AT 31st DECEMBER 2018	12,542	6,499	2,009	5,077	26,127
AT 1st JANUARY 2018	12,075	6,954	2,009	5,266	26,304

During the year the company obtained professional valuation advice in respect of a freehold property which it was looking to vacate. The property which was held at £1.26m in the Balance Sheet has an expected recoverable amount of £750k. Accordingly the freehold property was written down by £518k.

12. FIXED ASSETS (CONTINUED)

The freehold land and buildings comprise:

- Broadway House, Tothill Street, London, SW1H 9NQ
- Engineers House, The Promenade, Clifton Downs, Bristol, BS8 3NB
- Mount Pleasant, Glazebrook, Warrington, WA3 5BN
- Woodland Grange, Old Milverton Lane, Leamington Spa CV32 6RN
- Dunnings Bridge Road, Bootle, Merseyside, L30 6XT (Acquired August 2018)

Leasehold property comprises:

- EEF 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.
- EEF Technology Training Centre, Unit 3 Nexus Point, Gavin Way, Birmingham, B6 7AF. A lease expiring in 2028.
- Advantage House, Poplar Way, Catcliffe, Rotherham, S60 5TR. A lease expiring in 2018.
- The EEF Technology Hub, Noble Way, Birmingham, B6 7EU. A lease expiring in 2032.

The company has granted an uncapped charge over Broadway House, Tothill Street, London, included in the Balance Sheet at 31st December 2018 at £1.93m, as shown in Note 17 on page 30-31.

The company has granted a legal charge over Woodland Grange included in the Balance Sheet at 31st December 2018 at £8.8m, as shown in Note 15 on page 29.

13. LISTED INVESTMENTS

	2018 £'000	2017 £'000
At 1st January	53,919	54,623
Disposal of listed investments at opening fair value	(19,191)	(7,938)
Additions	17,500	5,000
Fair value adjustment	(2,694)	2,234
	<hr/>	<hr/>
At 31st December	49,534	53,919
	<hr/>	<hr/>

The Company has granted a floating charge of £15m over listed investments, as shown in Note 17 on pages 30-31, and a further £10m against any overdraft facility it may arrange. As of 31 December 2018 no overdraft facilities were in use.

14. DEBTORS

Amounts falling due within one year:

Trade debtors	5,924	4,888
Other debtors	211	233
Prepayments and other accrued income	5,230	3,450
Deferred tax asset (see note 16 on page 29)	656	1,789
	<hr/>	<hr/>
	12,021	10,360
	<hr/>	<hr/>

The timing of any resulting tax receipts is not known.

15. CREDITORS

Amounts falling due within one year:

Bank loans	247	247
Trade creditors	2,480	2,006
Other taxation and social security	1,197	1,248
Other creditors	194	187
Accruals and deferred income	9,929	10,866
Pension deficit liability	1,899	1,866
	<hr/>	<hr/>
	15,946	16,420
	<hr/>	<hr/>

Amounts falling due after one year:

Bank loans	1,789	2,036
Pension deficit liability	18,276	16,990
	<hr/>	<hr/>
	20,065	19,026
	<hr/>	<hr/>

15. CREDITORS (continued)

Bank loans and overdrafts

Bank 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 a total period of 22 years at an interest rate of 1.35% over LIBOR. It is secured by a legal charge over Woodland Grange.

	2018	2017
	£'000	£'000
Capital will be repaid as follows:		
Within one year	247	247
Between 1 and 5 years	987	987
Over 5 years	802	1,049
	<hr/>	<hr/>
	2,036	2,283
	<hr/>	<hr/>

16. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation	656	1,789
	<hr/>	<hr/>
	656	1,789
	<hr/>	<hr/>

	Deferred tax asset	Deferred tax liability
At 1st January 2018	1,789	(1,789)
Profit and loss account	(1,133)	1,133
At 31st December 2018	<hr/>	<hr/>
	656	(656)
	<hr/>	<hr/>

The timing of any resulting tax payments is not known.

An additional deferred tax net asset of £2.7m (2017 - £1.4m) in relation to the pension deficit liability and capital allowances of £1.0m (2017 - £1.3m) have not been recognised, as the availability of suitable profits to utilise the losses carried forward is not presently foreseen.

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. For multi-employer schemes where this is the case, paragraph 28.40A of FRS102 requires that EEF Limited account for its share of the present value of the agreed pension contributions payable to the scheme and where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit to EEF Limited. The fund also has a defined contribution section.

2017 Valuation

At the date of the last completed valuation of the Fund (31st March 2017), the market value of the Fund's assets amounted to £191m. 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:

Single equivalent average rates (in practice term-dependent curves are used)	% per Annum
Rate of investment return (initial portfolio)	3.7
Rate of investment return (long term portfolio)	2.1
Rate of price inflation	3.4 (RPI)/2.65 (CPI)
Rate of increase in salaries	n/a
Rate of pension increases:	
RPI up to 5%	3.2
RPI up to 5%: minimum 3%	3.8
CPI up to 5%	2.6
CPI up to 2.5%	2.0

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 £29m on an ongoing funding basis.

Subsequently, participating employers agreed a contribution schedule with the Trustee which is expected to be sufficient to eliminate the Fund's deficit over a period acceptable to the Trustee. Under this agreement the company is liable to make its share of the following total contributions in respect of members in the defined benefits section:

Amount	Dates	Frequency
£2.11m pa	Payable from 1st April 2017 to 31st March 2018 inclusive.	Monthly
£2.50m pa	Payable from 1st April 2018 to 31st March 2021 inclusive. This will be increased in line with the increase in the RPI (on a preceding December to December basis) with the first increase effective on 1st April 2019.	Monthly
£3.60m pa	Payable from 1st April 2021 to 31st March 2022 inclusive.	Monthly
£4.07m pa	Payable from 1st April 2022 to 31st December 2025 inclusive. This will be increased in line with the increase in the RPI (on a preceding December to December basis) with the first increase effective on 1st April 2023.	Monthly

17. PENSIONS (continued)

In addition, the company has granted an uncapped charge to the Trustee of the Fund, over property included in the Balance Sheet at 31st December 2018 at £1.93m (see note 12 page 26-27), and a floating charge of £15m over the Company's investments. It should be noted that the defined benefit scheme was closed to all future accruals during 2011.

Contingent Liability

Since the last valuation, a court ruling has determined that UK pension schemes need to assess the impact of GMP equalisation which considers the rights to benefits between male and female members. As a result of this ruling the Company has a possible liability which is not reflected in the pension scheme liability included in the Balance Sheet as at 31st December 2018. The quantum of this liability, if any, will be determined at the next valuation date in 2020.

18. OPERATING LEASES

The company has entered into leases for the use of property, motor vehicles and plant and equipment. Future minimum lease and rental payments due under these leases are as follows:

	2018 £'000	2017 £'000
Amounts payable:		
Within one year	1,092	1,144
In two to five years	2,349	2,307
Greater than five years	3,869	3,858
Total payable	<u>7,310</u>	<u>7,309</u>
	2018 £'000	2017 £'000
Amounts receivable:		
Within one year	50	-
In two to five years	33	-
Greater than five years	-	-
Total payable	<u>83</u>	<u>-</u>

19. RELATED PARTY TRANSACTIONS

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

Related party entity	2018	2017	2018	2017	2018		2017	
	Debtor balance	Debtor balance	Creditor balance	Creditor balance	Sales	Purchases	Sales	Purchases
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Collingwood Health Limited	72	95			11	-	10	-

EEF Limited own 10% of the share capital of Collingwood Health Limited, of which Paul Jennings, Chief Financial Officer of EEF is also a joint director of the company. EEF provided membership services to Collingwood Health Limited during the year.

20. FINANCIAL RISK MANAGEMENT

The company considers it faces four main areas of financial risk: stock market exposure, liquidity risk, customer credit exposure and interest rate risk.

Stock Market Exposure

The company is exposed to significant movements in the stock market in both the short and long term in relation to investments held as an asset on the balance sheet, and also the defined benefit pension scheme liability.

The performance of investments in relation to the stock market is managed on a day-to-day basis by a corporate fund manager, with governance of that performance being overseen by a specifically formed Investment Committee.

The performance of investments within the context of the defined benefit scheme is managed on a day-to-day basis by investment fund managers with governance of that performance being overseen by an independent board of trustees.

Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations, the company has the ability to draw down on equity investments or utilise bank related credit facilities. The company is, however, in a position to meet its commitments and obligations as they fall due.

Customer credit exposure

The company may offer credit terms to its customers that allow payment of the debt after delivery of the services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by embedding strong customer relationship management throughout the company.

Interest rate risk

The company includes on its balance sheet its pension scheme liability, which is revalued every three years. The size of the pension scheme deficit is influenced by several factors including interest rates which affect future funding requirements in order to meet future liabilities. Whilst the company cannot control interest rates, the pension scheme Trustees monitor investment performance within the fund to ensure that any risk is mitigated as far as possible.

21. FINANCIAL ASSETS AND LIABILITIES

	2018 £'000	2017 £'000
Financial assets measured at fair value through profit or loss		
Investments	49,534	53,919
Financial assets measured at amortised cost		
Trade Debtors	5,924	4,888
Other Debtors	211	233
Accrued income	3,746	2,485
Financial liabilities measured at fair value through profit or loss		
Pension deficit liability	(20,175)	(18,856)
Financial liabilities measured at amortised cost		
Bank Loans	(2,036)	(2,283)
Trade Creditors	(2,480)	(2,006)
Accruals	(4,115)	(3,841)
Other creditors	(1,391)	(1,435)

22. CAPITAL COMMITMENTS

The Company had capital commitments for the design and build of IT systems totalling £134k (2017: Nil)

23. 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.