Do Not Staple

Form AR27

Trade Union and Labour Relations (Consolidation) Act 1992

Annual Return for an Employers' Association

Name of Employers' Association:	EEF Limited
Year ended:	31 December 2019
List No:	255E
Head or Main Office:	Broadway House
	Tothill Street
	London
Postcode	SW1H 9NQ
Website address (if available)	www.makeuk.org
Has the address changed during the year to which the return relates?	Yes [ ] No [X] ('X' in appropriate box)
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 1093602

You should sent the annual return to the following address stating the name of the union in subject:

For Employers' Associations based in England and Wales: returns@certoffice.org

For Employers' Associations based in Scotland: ymw@tcyoung.co.uk

Contents

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
1,830				1,830

Change of Officers

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

Position held	Name of Officer ceasing to hold office	Name of Officer appointed	Date of Change
Director	S C Bowen		7th November 2019
Director	A J Churchill		7th October 2019
Director		R C Fletcher	1st February 2019
Executive Director	C O M Gumble		31st July 2019
Executive Director		R I Greenway	1st March 2020
Executive Director	P R Jennings		31st March 2020
Director		D E Jones	1st February 2019

Officers in post

(see note 10)

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

Name of Officer	Position held
R C Fletcher	Director
R I Greenway	Executive Director & Company Secretary
Dame Judith Hackitt	Director
B A Holliday	Director
D E Jones	Director
R D Marshall	Director
S Phipson	Executive Director

Revenue Account / General Fund

(see notes 11 to 16)

Previous Year			£	£
	Income			
16,500	From Members	Subscriptions, levies, etc	15,715	15,715
	Investment income	Interest and dividends (gross)		
13		Bank interest (gross)	13	13
		Other (specify)		
809		Gain on sale of investment	1,916	1,916
2,108		Dividends	1,954	1,954
		Total Investment Income	3,883	3,883
	Other Income	Rents received		
		Insurance commission		
2,858		Consultancy fees	2,007	2,007
		Publications/Seminars		
		Miscellaneous receipts (specify)		
7,856		Training	6,697	6,697
6,566		Conference Hire	6,777	6,777
5,487		Government Funded Training	5,872	5,872
1,884		other income	2,385	2,385
		Total of other income		23,738
		Total income		43,336
		Interfund Transfers IN		
	Expenditure			
23,548	Administrative expenses	Remuneration and expenses of staff	21,757	21,757
4,129		Occupancy costs	4,203	4,203
467		Printing, Stationery, Post	351	351
247		Telephones	228	228
1,985		Legal and Professional fees	1,729	1,729
		Miscellaneous (specify)		
1,334		Motor Expenses	1,101	1,101
445		Subscription	421	421
1,093		IT Cost	1,021	1,021
4,968		Direct (non Staff) cost	3,887	3,887
		Total of Admin expenses		34,698
485	Other Charges	Bank charges	372	372
2,602		Depreciation	2,659	2,659
		Sums written off		
		Affiliation fees		
		Donations	1	1
		Conference and meeting fees		
296		Expenses	268	268
		Miscellaneous (specify)		
2,731		Pension deficit payment	1,009	1,009
256		Restructuring cost	667	667
1,494		Insurance,Marketing	1,704	1,704
4,000		Other	1,792	1,792
		Total of other charges		8,472
		Taxation		
		Total expenditure		43,170
		Interfund Transfers OUT		
		Surplus/Deficit for year		166
		Amount of fund at beginning of year		52,080
		Amount of fund at end of year		52,246

Accounts other than 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		
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Interfund Transfers OUT		
	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		
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
	Total Expenditure		
	Interfund Transfers OUT		
	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 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	
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		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	
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		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 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	
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		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	
	Interfund Transfers IN		
Expenditure			
	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		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 [31 December 2019]

(see notes 19 and 20)

Previous Year		£	£
26,127	**Fixed Assets** (as at Page 8)	24,421	24,421
	Investments (as per analysis on page 9)		
49,534	Quoted (Market value £) as at Page 9		48,419
	Unquoted (Market value £) as at Page 9		
	Total Investments	48,419	48,419
	Other Assets		
12,021	Sundry debtors	13,677	13,677
1,058	Cash at bank and in hand	1,222	1,222
7	Stocks of goods	8	8
	Others (specify)		
	Total of other assets	14,907	14,907
		Total Assets	87,747
52,080	Revenue Account/ General Fund	52,246	
	Revaluation Reserve		
	Liabilities		
2,036	Loans	1,789	
3,871	Sundry Creditors	3,560	
9,929	Accrued Expenses	10,144	
656	Provisions	900	
20,175	Other Liabilities	19,108	
		Total Liabilities	35,501
		Total Assets	87,747

Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
Cost or Valuation				
At start of period	23,537		14,672	38,209
Additions during period	180		773	953
Less: Disposals				
Less: Depreciation	-3,755		-10,986	-14,741
Total to end of period	19,962		4,459	24,421
Book Amount at end of period	19,962		4,459	24,421
Freehold	12,637			12,637
Leasehold (50 or more years unexpired)	1,300			1,300
Leasehold (less than 50 years unexpired	6,025			6,025
Total of Fixed Assets	19,962		4,459	24,421

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)	
	Investments	48,419
	Total Quoted (as Balance Sheet)	48,419
	Market Value of Quoted Investments	
Unquoted	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted investments (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 note 23)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?	Yes	X	No	

If Yes name the relevant companies**:**

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

Incorporated Employers' Associations

Are the shares which are controlled by the association registered in the association's name	Yes	X	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	Total Funds
	£	£
Income		
From Members	15,715	15,715
From Investments	3,883	3,883
Other Income (including increases by revaluation of assets)	23,738	23,738
Total Income	43,336	43,336
Expenditure (including decreases by revaluation of assets)		
Total Expenditure	43,170	43,170
Funds at beginning of year (including reserves)	52,080	52,080
Funds at end of year (including reserves)	52,246	52,246
ASSETS		
	Fixed Assets	24,421
	Investment Assets	48,419
	Other Assets	14,907
	Total Assets	87,747
Liabilities	**Total Liabilities**	35,501
Net Assets (Total Assets less Total Liabilities)		52,246

Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
	£	£
Income		
From Members	15,715	15,715
From Investments	3,883	3,883
Other Income (including increases by revaluation of assets)	23,738	23,738
Total Income	43,336	43,336
Expenditure (including decreases by revaluation of assets)	43,170	43,170
Total Expenditure	43,170	43,170
Funds at beginning of year (including reserves)	52,080	52,080
Funds at end of year (including reserves)	52,246	52,246
ASSETS		
	Fixed Assets	24,421
	Investment Assets	48,419
	Other Assets	14,907
	Total Assets	87,747
Liabilities	**Total Liabilities**	35,501
Net Assets (Total Assets less Total Liabilities)		52,246

Notes to the accounts

(see note 34)

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2019

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 2019, 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

Accounting policies

(see notes 35 & 36)

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.

Signatures to the annual return

(see notes 37 and 38)

Including the accounts and balance sheet contained in the return.
Please copy and paste your electronic signature here

Secretary's Signature:		Chairman's Signature:	CEO (or other official whose position should be stated)
Name:	Richard Greenway	Name:	Stephen Phipson CBE
Date:	14th October 2020	Date:	14th October 2020

Checklist

(see note 39)

(please enter 'X' as appropriate)

Is the return of officers attached? (see Page 2)	Yes	X	No	
Has the list of officers been completed? (see Page 2A)	Yes	X	No	
Has the return been signed? (see Note 37)	Yes	x	No	
Has the auditor's report been completed? (see Note 41)	Yes	X	No	
Is the rule book enclosed? (see Note 39)	Yes	X	No	
Has the summary sheet been completed? (see Notes 6 and 24 to 33)	Yes	X	No	

Checklist for auditor's report

(see notes 41 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 - please see 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 - please see 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)**

Our audit report for the year ended 31 December 2019 is included in the attached financial statements, in addition we confirm that these financial statements were prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

Signature(s) of auditor or auditors:		
Name(s):	George Crowther	
Profession(s) or Calling(s):		
Address(es)	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG	
Date:	26 October 2020	
Contact name for enquiries and telephone number:		

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 2019

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COMPANY INFORMATION

Directors of the Company

S C Bowen (resigned 7th November 2019)
A J Churchill (resigned 7th October 2019)
R C Fletcher (appointed 1st February 2019)
C O M Gumble* (resigned 31st July 2019)
R I Greenway* (appointed 1st March 2020)
Dame Judith Hackitt DBE, FREng (Chair)
B A Holliday
P R Jennings* (resigned 31st March 2020)
D E Jones (appointed 1st February 2019)
R D Marshall
S Phipson CBE (Chief Executive)*

*Executive Directors of the Company

Company Secretary

R I Greenway

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

Make UK, as we rebranded in February 2019, has had to adapt at pace to the significant shift in the UK's trading relationship with Europe as well as in recent months to the challenge we have all faced from Covid-19.

Our rebrand was part of a broader five year strategy to modernise the organisation to ensure that we embody and represent the future of UK manufacturing. The Corporate Board signed off and has overseen the roll out of the new strategic direction across the business, ensuring products and services are delivered to customers in a meaningful and modern way, encompassing greater digitalisation of existing offerings as well as an outright development of new products and services which anticipate the future needs of our members.

A large focus of our representation work was in supporting the manufacturing sector through the political uncertainty of 2019 – when and how would the UK leave the EU and what would that mean for our economy. On behalf of manufacturers we pressed the Government hard for more certainty and stability and worked tirelessly to support Parliament across all benches to reach a deal which could be agreed with the EU. Ultimately it took a General Election, a change of Prime Minister and with him a significant majority in the House of Commons to break the deadlock. 2020 will see further UK-EU negotiation and we continue to advocate for the needs of manufacturers in those trade talks as well as the Government's wider international trade agenda.

Our governance changes bedded in during 2019 with our new Non-Executive Directors taking on leadership roles in our Audit and Risk and Finance and Investment Committees. Our newly established National Membership Board has provided the central forum for our members raising the key issues which matter to them and providing a formal route for confirming our policy and representation mandate by bringing together our regional member forums (Regional Advisory Boards) alongside our subject specific Policy Committees. Through the National Membership Board we have been able to identify projects which are driving new service developments for members including growth of our cyber security work and the establishment of an exports support programme. The National Membership Board has proved a crucial way of drawing engagement from across sectors, scales of business and over regions to enable us to share good practice and draw links between regional and national activities.

The Corporate Board has continued to focus on the strategic issues associated with running Make UK as a business, including future growth and investment strategy, pension management and business risk management. During turbulent economic times we have kept our investment strategy under active review and sought to reduce risk wherever possible. As an organisation we have been able to access some Government support under the Coronavirus Job Retention Scheme, some rates relief and a deferral of our VAT payments

It is clear, however, that 2020 will be an economic test on an unprecedented scale for the sector as a whole, and for Make UK. Our greater digitalisation and rapid product development has immediately been put to the test by the impact of Covid-19 and the restrictions imposed because of it. Make UK as an organisation responded rapidly to adapt its offerings to a digital platform, with weekly webinars, e-training, and e-learning for our apprentices being provided within weeks. The nature of the Covid-19 challenge has provided considerable opportunities for our organisation with our unique blend of Health and Safety and HR and Legal services: as an organisation we have developed and rolled out a number of new programmes and services which have responded to high demand from our members and the wider sector.

Our organisation will continue to adapt to an ever-changing situation, responding to emerging needs of members and finding ways to deliver our services digitally and virtually as needed. Make UK has strong leadership across the Corporate and Executive Board and I am confident we are in the best possible place to support every manufacturing business in the UK as we face those challenges. I would like to thank each of our members for their continued support, and the staff for their determined, hard work, notably those who have sadly left the business due to our difficult but necessary decision to undertake a restructuring programme during the year.

Finally, and sadly, I echo the comments made in the Chief Executive's Report in respect of the tragic losses of Chris Pritchard and Andy Tüscher in 2020. Their legacy will live on in our future work.

Dame Judith Hackitt DBE, FREng
Chair
21 September 2020

CHIEF EXECUTIVE'S REVIEW

2019 saw the transition from EEF to Make UK as we continued to grow our platform for the evolution of UK manufacturing. Make UK stands to continue stimulating success for manufacturing businesses, helping them to meet their objectives and goals.

The rebrand formed the launch for our new five year strategy to equip Make UK for the future, by modernising and digitalising to keep our organisation relevant and competitive in the market place. We have strengthened our focus on our core work of representing our sector to secure its future; preparing the next generation of manufacturers; and providing essential services for our members.

After significant uncertainty and disruption to the sector throughout 2019 the UK's departure from the EU has been confirmed. The final terms of the trade deal remain under discussion, but it is clear that whatever the final agreement states UK manufacturers will have to adapt significantly to thrive in the new global economy. There will be new international trade opportunities for the UK and Make UK is developing a new service for members to support export expansion. Combined with our growing cyber security offer our suite of new product lines are being developed in close alignment with our wider strategic objectives.

At our core we remain the voice of UK manufacturers. Our 9 Regional Advisory Boards, 4 Policy Committees, 3 Stakeholder Steering groups and 1 National Membership Board ensures our work is driven by the views of over 200 manufacturing leaders.

We have continued to advocate for the needs of UK manufacturers to Government as well as the UK and EU Parliaments, through clear, evidence-based, thought leadership for the sector. We repeatedly provide evidence to Government on the effect of policy decisions on manufacturers in the UK. I was pleased to have been a member of the Prime Minister's Industrial, Infrastructure and Manufacturing Business Council, a vital forum to provide advice and policy recommendations on important issues affecting the UK business environment and competitiveness, with the aim of enabling companies in key sectors of the economy to invest, grow and succeed.

As one of the largest national membership organisations, we have continued to support a growing affiliate network as well as directly overseeing the operation of two sector trade associations: UK Steel and NDI.

UK Steel carried out a wide range of activities in support of its members during 2019/20, continuing to lobby for supportive policies for the steel sector as well as providing guidance and advice to member companies on a range of issues, not least Brexit. UK Steel played a key role in helping to secure a new £250 million 'Clean Steel Fund' from the Government, set to be launched in 2023 to help the steel sector transition to lower carbon iron and steel production through the implementation of new technologies and processes. During the course of 2019/20 UK Steel launched its 'UK Steel Charter' – a campaign to increase the levels of UK produced steel used in construction and infrastructure projects. The Charter secured significant cross-party support, signature by the Department of Business Energy and Industrial Strategy, Heathrow Airport, the Scottish and Welsh Governments and a large number of other organisations.

NDI with its core focus on representing the SME community in Defence manufacturing continued to support members through participation in the MOD supplier forums and actively developing a series of "meet the buyer" events giving members exposure to the requirements of prime Contractors. These events add significant value to SME's enabling them to develop new supply opportunities and help Prime Contractors explore new and innovative solutions within their supply chains. NDI was able to assist in deploying cyber security solutions through the Make UK cyber programme to meet MOD requirements for the supply chain and develop new supply chain relationships for new MOD capability programmes particularly in land vehicles. There is much to do to fully recognise the wealth of experience which exist in UK SME's for Defence equipment and services and NDI is uniquely placed to be able to assist many more SME's in this important sector.

Make UK's HR Legal services have assisted thousands of businesses over the course of the year, with a number of members making significant structural changes in anticipation of a new trading relationship with the EU.

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

Across the business we had continued to invest in digital training methods, giving us the capability to teach traditional specialist subject areas, such as Health and Safety virtually. This preparation enabled us to adapt rapidly to provide both e-learning and e-training in response to the 2020 Covid restrictions.

In financial terms Make UK achieved a £0.2m profit compared to a £6m loss in 2018. While a significant element of this progress was due to tight cost control year on year, a £1.7m year on year improvement came from the movement in the fair value of the pension scheme deficit. In a year of political and economic uncertainty the organisation also benefited from a recovery of £1.9m in the value our investments by year-end 2019 following the formation of a new Government with a significant Parliamentary majority as compared to the loss of £1.9m in 2018. Make UK's net assets reached £52.2m compared to £52.1m in 2018.

The ramifications of the Covid-19 pandemic in 2020 has, as for the wider economy, had a significant impact on our business. The organisation acted quickly to cut expenditure, accessing Government support and payment holidays where available. The eradication overnight of any income from our venues business, and the substantial reduction in income from training will inevitably impact our financial strength, as has the current impact on our investments. It is clear that 2020 is a year of endurance, and my priority is doing all that is required to protect the business for the long term.

It has been a difficult year for both manufacturers and Make UK. I'd like to thank our members for their continued support for and engagement with Make UK and our staff for their outstanding commitment to the future of manufacturing. In particular I'd like to thank those staff who have sadly left the business as part of our restructuring programme implemented during the year for their hard work and dedication during their time with the company and wish them the very best for the future.

2020 will be a challenging year for us all. Recovering from the many impacts of Covid-19 will require us to pull together across the sector to support each other. There will be tough decisions, and challenging times ahead. I believe the organisation has reshaped to focus on driving up income, reducing costs and delivering an even better service to our members, students and clients. In such challenging times we are demonstrating our worth to our members, making ourselves an essential part of their recovery plan. We will continue to modernise the organisation, in line with our strategic direction, to meet the future head on.

Make UK has been deeply saddened by the loss of two highly respected members of our team in 2020.

Chris Pritchard was a lecturer at our Aston training centre and had been with EEF and then Make UK for over 8 years. Chris was passionate about engineering and manufacturing and was a highly committed teacher, a well-respected and liked colleague who has left his legacy with our students.

Andy Tüscher was one of our membership directors and had been with EEF and then Make UK for over a decade. Andy's knowledge of the business and his understanding of our members' views were unparalleled. He was truly dedicated to his work and was a very popular colleague, always seeking to bring together personalities from across the business.

Both Chris and Andy are sorely missed.

Stephen Phipson CBE
Chief Executive
21 September 2020

NATIONAL MEMBERSHIP, REGIONAL ADVISORY BOARDS AND POLICY COMMITTEES

as at 21 September 2020 were as follows:

National Membership Board (Chair Person)

Steve Hill	National

Regional Advisory Boards (Chair Persons)

Andrea Hough OBE	North West
Andrea Rodney	East of England
Simon Beech	East Midlands
Mike Evans	Wales
Andrew Esson	North East
David Goater	Yorkshire & Humber
Nigel Whittingham	South East & London
Steve Hill	South West
Peter Davies	West Midlands

Policy Committee (Chair Persons)

Bonnie Dean	Economic
Luiz Sanz	UK Steel Management Committee
Martin Flavell	Employment & Skills
Steve George	Technology, Sustainability & Innovation

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 2019.

Results
The Company reported a profit for the year after taxation amounting to £0.2m (2018 – £6.0m loss). At 31st December 2019 the Company had net assets of £52.2m (2018 - £52.1m).

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

Finance & Investment Committee

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

	Membership of Committees		
Director	Audit and Risk	Nominations & Remuneration	Finance & Investment
R C Fletcher (appointed 14th February 2019)		#	Ch. #
R I Greenway (appointed 1st March 2020)			#
Dame J Hackitt		#	#
B A Holliday (appointed 14th February 2019)	#		
D E Jones (appointed 14th February 2019)	Ch. #		
R D Marshall (appointed 14th February 2019)		Ch. #	
S Phipson CBE			#

Key:
- member
Ch - chairman

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

	Membership of Committees		
Director	Audit and Risk	Nominations & Remuneration	Finance & Investment
S C Bowen (resigned 7th November 2019)			#
A J Churchill (resigned 7th October 2019)	#		
P R Jennings (resigned 31st March 2020)			#

Mr D Bramwell, who is not a director of the company, serves as a member of the Audit and Risk committee.

The Directors have also established a National Membership Board (NMB) which oversees a number of Regional Advisory Boards (RABs) and determined their terms of reference. These board act in an advisory capacity, with the details of the Chairs of such Boards 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 21 September 2020 were as follows:

Stephen Phipson CBE (Chair)*	Chief Executive
Richard Greenway*	Finance Director
Mark Bernard	Chief Strategy and Corporate Development Officer
Matthew Corkan	HR Director
Ben Fletcher	Executive Director – Policy & Engagement
Gareth Stace	Director, UK Steel

Key
** Director of the Company*

Donations

The Company made charitable donations during the year totalling £943 (2018 - £457).

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

R I Greenway
Secretary
21 September 2020

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 2019.

Review of the Business and Future Developments
Rebranding as Make UK was an historic change for the business in February 2019 and the first step in our strategy to modernise Make UK, inspiring and leading the next generation of UK manufacturers. The colourful rebrand has been well received by the sector and staff alike, making a clear statement on our forward direction and ensuring we remain contemporary, competitive and relevant in the market place.

The organisation's five-year strategy was developed and agreed in mid-2019 with early roll out focusing on ensuring products and services are delivered to customers in a meaningful and modern way, encompassing greater digitalisation of existing offerings as well as an outright development of new products and services.

In the midst of the Covid-19 pandemic the imperative for such modernisation of the business has sharpened as we all adapt to greater digital delivery whilst responding to the shift in our economic priorities.

From a trading perspective the second half of 2019 saw a slowdown in demand for the Company's products and services. This was driven by the impact on our sector of the political uncertainty and the associated impending Brexit deadline. The decisive General Election result hardened the UK's position on Brexit and brought some certainty to the sector on our immediate future relationship with Europe. Whilst this increased stability had some positive impact on our trading figures towards the very end of 2019 and into early 2020, this respite was short lived due to the immediate impact of Covid-19 causing many of the Company's services to temporarily cease without notice.

Due to Covid-19 restrictions the Company's apprentice training centres and conference venues facilities were required to close their doors in March 2020 for a number of months, materially affecting the business income generated from face to face training & consultancy services and conference hire income.

During that period of closure, the Company reviewed our strategy and identified key elements to be adapted and accelerated to meet the changing needs of our trading environment. We launched 'Virtual Classrooms', 'Virtual Conferencing' and e-commerce solutions providing a greater digital footprint within the Company's product portfolio and complementing the existing and more traditional delivery methods. We have also reviewed our office capacities and are in the process of giving up the leases on four of our regional offices.

The company's priority has been to safeguard working capital management and cash maximisation. Accordingly, in 2020, the Company has taken advantage of a number of government support schemes, notably the Job Retention and VAT deferral schemes.

In contrast to the Company's face-to-face services, demand for the Company's employment law services and HR support has continued to remain extremely strong as customers sought advice in relation to the Covid impact on their own business. Our HR Legal arm has in some aspects grown its business, including by expanding both to new clients but also to offer new products, jointly delivered with our Health and Safety team responding to demand from members for support with risk assessments in a Covid trading environment.

As the pandemic has progressed, lockdown has eased and government restrictions relaxed, so our doors are now beginning to re-open and we are beginning to see a return to business.

Order books in some areas of the business such as the Venues operations appear to be robust, although there is still uncertainty with regards to short-medium term training & consultancy volumes. In addition there remains significant ongoing uncertainty as to the precise impact on future business volumes and membership retention as government support schemes come to an end and the associated impact is felt within the wider economy, as well as the potential impact of a second wave of pandemic infection.

The impact of Covid-19 is also felt in relation to the Company's investments and likewise is expected to impact on the Company's pension liability commitments at 31st March 2020 when financial markets were trading significantly down. More information can be found on these impacts in the notes to the financial statements under note 24 'Post Balance Sheet Events' (page 36).

The company's forecasts and projections for the next 12 months, take account of the expected Covid-19 risks and the reasonably possible changes in trading performance as well as the mitigating actions taken by, or available to us. These forecasts and projections continue to show that the company will be able to operate given its current and projected levels of resources.

After making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

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, not least with respect to Covid-19.

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 however that the material and exceptional risk for Make UK at this time is the continuing impact of the Covid-19 pandemic which is multi-faceted along with the possible macro-economic risks as a result of the UK not agreeing a deal on its future relationship with the EU by 31st December 2020. Some of the key impacts are likely to be:-

- Directly impacting on the business such as:
    - Being unable to trade due to further possible lockdown measures (national or localised)
    - Trading on a restricted basis due to social distancing measures and other safety guidelines set by UK government
    - Trading restrictions as a result of Make UK staff sickness absence from Covid
- Indirectly from the economic impact of both Covid-19 and the UK not agreeing a deal on its future relationship with the EU on the wider economy such as:
    - Possible customer insolvencies and other general macro-economic conditions restricting the Company's ability to grow its products & services
    - Downturns in financial markets impacting both pension scheme liability and Company investments
    - Reduced dividend income from investments due to regulatory and economic reasons

The Company is looking to mitigate such risks as far as possible by accelerating its strategic plan encompassing greater digitalisation of products & services and driving productive efficiencies throughout the organisation by embracing more technology solutions and remote working in order to reduce the cost base. Furthermore existing business is being delivered subject to strenuous risk assessments to ensure the safety of staff and customers alike which will permit the ongoing continuation of the business.

In relation to the 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 as well as the Corporate Board.

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.
- Cashflow forecasts to ensure the company has sufficient access to working capital

Section 172(1) statement

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

‘A director of the company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters to):

- the likely consequences of any decisions in the long term;
- the interests of the company’s employees;
- the need to foster the company’s business relationships with suppliers, customers and others;
- the impact of the company’s operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the company.

The current Directors of the Company have all been provided with a briefing on their duties and in addition any new Directors are briefed as part of any induction process. The Directors of the Company are entitled to seek professional advice on their duties, either from the Company Secretary, or if judged necessary from an independent adviser.

It is important to note that the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to employees of the Company and details of this can be found in the Directors Report on pages 8-10.

The Directors of the Company consider its key stakeholders to be:-

- Employees
- Members & Customers
- Apprentices
- Suppliers
- HM Government
- Media
- Pension Scheme trustees & members
- Manufacturing sector
- Local Communities

The following summarises how the Directors have fulfilled their obligations with consideration to the key strategic decisions taken during the year.

<u>Re-branding</u>

In February 2019 the Company re-branded to trade under the name ‘Make UK’. Such a change was conducted having carried out significant research including with existing and potential members and customers, governmental departments, staff, apprentices and the manufacturing sector.

When considering the decision to re-brand thought was given to the likely media profile which would be received on the back of such a change, with a strong robust communications plan embedded to ensure all key stakeholders were aware of the change and the expected benefits.

<u>Strategic plan</u>

During the year, the Company set out a new 5 year strategic plan on the back of the re-branding. The strategy was formulated by obtaining specific input from existing staff, members, customers, and the manufacturing sector as a whole.

Other stakeholders were subsequently consulted with respect to the new strategic plan including pension scheme trustees as part of an ongoing working relationship under an established Memorandum of Understanding whereby the Company and Trustees share information in relation to the performance and ongoing success of the Company.

Furthermore the Company held its first ever Company ‘away day’ in January 2020 to provide an update to all staff on the strategic direction of the Company and solicit further feedback.

Such a strategic plan takes account of how the Company will enhance its services to its members and customers, develop relationships with HM Government, and work with key suppliers, with an overall objective to improve the company’s financial resilience.

Changes to Corporate Governance

The Company in establishing a Corporate Board with a greater number of independent non-executive directors and fewer membership directors accordingly established a National Membership Board (NMB) (see page 7).

The NMB was established to ensure the Directors receive appropriate feedback from members on the direction of the Company and priorities with respect to engaging with HM Government and the media, and to gain an understanding of the current critical issues which are facing the wider manufacturing sector.

Office closures & Restructuring

During the year the Company closed a number of offices and in addition embarked on a restructuring programme resulting in a number of redundancies.

The Company has an established National Staff Forum in which to engage and consult with staff, on top of any localised consultation forums.

Outplacement services are provided in relation to any staff exits, and with respect to office closures consideration is given to the wider local community by engaging with member companies local to the area.

By Order of the Corporate Board

R I Greenway
Secretary
21 September 2020

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 2019 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 2019 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.

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

21 September 2020

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31st DECEMBER 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
TURNOVER					
Subscriptions	2	15,715		16,500	
Other income	3	23,738		24,651	
			39,453		41,151
COST OF SALES			(21,201)		(21,796)
GROSS PROFIT			18,252		19,355
ADMINISTRATION COSTS					
Ongoing Administrative Expenses		(19,474)		(20,073)	
Exceptional Costs	4	(1,414)		(4,511)	
			(20,888)		(24,584)
OPERATING (LOSS)					
Before exceptional costs		(1,222)		(718)	
Exceptional costs	4	(1,414)		(4,511)	
Total operating loss			(2,636)		(5,229)
Income from investments	5		1,954		2,108
Loss on disposal of fixed assets	6		-		(2)
Impairment of freehold property	12		(709)		(518)
Other Interest receivable and similar income	7i		13		13
Gain/(Loss) on listed investments at fair value through profit and loss account			1,916		(1,885)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST PAYABLE AND TAX			538		(5,513)
Interest payable and similar charges	7ii		(372)		(486)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX	8		166		(5,999)
TAX ON ORDINARY ACTIVITIES	11		-		-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR			166		(5,999)
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD			52,080		58,079
PROFIT AND LOSS ACCOUNT CARRIED FORWARD			52,246		52,080

The accounting policies and notes on pages 22-36 form part of these Financial Statements.

BALANCE SHEET AS AT 31st DECEMBER 2019

Company number 05950172

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
FIXED ASSETS					
Tangible Assets	12	24,421		26,127	
Investments	13	48,419		49,534	
			72,840		75,661
CURRENT ASSETS					
Stock		8		7	
Debtors	14	13,677		12,021	
Cash at bank and in hand		1,222		1,058	
		14,907		13,086	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(16,248)		(15,946)	
NET CURRENT LIABILITIES			(1,341)		(2,860)
TOTAL ASSETS LESS CURRENT LIABILITIES			71,499		72,801
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15		(18,353)		(20,065)
PROVISIONS FOR LIABILITIES AND CHARGES	16		(900)		(656)
NET ASSETS			52,246		52,080
RESERVES					
Profit and Loss Account			52,246		52,080

The accounting policies and notes on pages 22-36 form part of these Financial Statements

Approved by the Corporate Board of EEF Limited on 21st September 2020 and signed on its behalf by:

Stephen Phipson CBE
CHIEF EXECUTIVE

Richard Greenway
FINANCE DIRECTOR

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st DECEMBER 2019

Reconciliation of net profit to net cash inflow from operating activities	**2019 £'000**	**2019 £'000**	**2018 £'000**	**2018 £'000**
Profit/(Loss) for the year		166		(5,999)
Investment income	(1,954)		(2,108)	
Loss on the sale of fixed assets	-		2	
Net finance costs	359		473	
Change in fair value of listed investments	(1,862)		2,694	
(Gain) on Sale of Investment	(54)		(809)	
Change in fair value of pension scheme liability	1,009		2,731	
(Decrease) in provisions	-		(1,133)	
Depreciation & Impairment	2,659		2,603	
(Increase) in trade and other debtors	(1,412)		(1,661)	
(Increase)/Decrease in stocks	(1)		6	
(Decrease) in trade and other creditors	(96)		(507)	
		(1,352)		2,291
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(1,186)		(3,708)
CASH FROM FINANCING ACTIVITIES				
Repayment of loan amounts	(247)		(247)	
Interest paid	(50)		(52)	
		(297)		(299)
CASH USED BY INVESTING ACTIVITIES				
Investment income proceeds	1,954		2,108	
Net proceeds from sale of investments	3,032		2,500	
Interest received	13		13	
Payments to acquire tangible fixed assets	(953)		(2,428)	
Payments to defined benefit pension schemes	(2,399)		(1,846)	
		1,647		347
NET INCREASE/(DECREASE) IN CASH		164		(3,660)

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31st DECEMBER 2019 (continued)

Reconciliation of net cash flow to movement in net debt

	2019 £'000	2018 £'000
NET INCREASE/(DECREASE) IN CASH	164	(3,660)
Cash at bank and in hand less overdrafts at beginning of the year	1,058	4,718
Cash at bank and in hand less overdrafts at end of the year	1,222	1,058

Analysis of change in net debt	As at 1st January 2019 £'000	Cash flows £'000	As at 31st December 2019 £'000
Cash at bank	1,058	164	1,222
Debt due within one year	(247)	-	(247)
Debt due after more than year	(1,789)	247	(1,542)
Total net debt outstanding	(978)	(411)	(567)

The accounting policies and notes on pages 22-36 form part of these Financial Statements

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2019

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 2019, 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 3.15% and a discount rate of 1.6%, which has decreased from the discount rate of 2.3% used as at 31st December 2018, 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%	per annum on cost
Plant and equipment	10%-33.3%	per annum on cost
Other office equipment	15%-33.3%	per annum on cost
Computer equipment	20%-33.3%	per annum on cost

1. ACCOUNTING POLICIES (continued)

The cost of long leasehold premises is 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 includes 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) for ex defined benefit members and in a money purchase Master Trust scheme for current defined contribution members.

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 2019 is £19.1m 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 2021, with annual indexation applied based on RPI each year. The repayment plan continues until December 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

	2019 £'000	2018 £'000
EEF Members' subscriptions	15,044	15,663
Steel levy income	671	837
	15,715	16,500

3. OTHER INCOME

Consultancy	2,007	2,858
Training	6,697	7,856
Conference hire	6,777	6,566
Government funded training	5,872	5,487
Other income	2,385	1,884
	23,738	24,651

4. EXCEPTIONAL COSTS

	2019 £'000	2018 £'000
Strategic reorganisation costs	405	1,163
Systems implementations	-	106
Brexit support	-	511
Changes in fair value of pension scheme liability (*Note 1*)	1,009	2,731
	1,414	4,511

5. INCOME FROM INVESTMENTS

Dividend income	1,440	1,563
Management Fee Rebate	514	545
	1,954	2,108

6. LOSS ON THE SALE OF FIXED ASSETS

Loss on the sale of fixed assets	-	2
	-	2

7. INTEREST RECEIVABLE AND PAYABLE

i) INTEREST RECEIVABLE

Bank interest receivable	13	13
	13	13

ii) INTEREST PAYABLE AND SIMILAR CHARGES

Bank, other loans and overdrafts	49	52
Interest on defined pension liability	323	434
	372	486

8. PROFIT ON ORDINARY ACTIVITIES

	2019 £'000	2018 £'000
The profit/(loss) on ordinary activities is stated after charging/(crediting):		
Depreciation & Impairment	2,659	2,603
Hire of plant and machinery	311	353
Fee payable to auditors:		
Audit	38	37
Non-audit	14	10
Changes in fair value of pension scheme liability	1,009	2,731
Changes in fair value of listed investments	(1,862)	2,690
Amount of stock recognised as an expense	296	313

9. EMPLOYEE COSTS

Employee costs for the year were as follows:		
Wages and salaries	18,548	19,689
Social security costs	2,148	2,232
Other pension costs	1,014	1,048
Other employee costs	181	212
	21,891	23,181

In addition to the above the Company made a payment of £2,399k (2018: £1,846k) to the multi-employer defined benefit scheme (see *Note 17 page 33)*.

Key Management personnel include members of the Executive Board, and remuneration in the year was £1,357k (2018: £1,620k).

Redundancy costs of £667k (2018: £224k) 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	406
Administration	82	80
	494	493

10. DIRECTORS' REMUNERATION

Remuneration	900	881
Contributions to money purchase pension schemes	29	43
Total directors' remuneration	929	924

Retirement benefits were accruing for two directors throughout the year (2018: three directors)

10. DIRECTORS' REMUNERATION (continued)

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

	2019 £'000	2018 £'000
Remuneration	323	306
Total remuneration - highest paid director	323	306

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% (2018 – 19%)	-	-

(b) Reconciliation of effective tax rate:

Net profit/(loss) on ordinary activities before taxation	166	(5,999)
Net profit/(loss) on ordinary activities at rate of tax	31	(1,140)
Fixed asset differences	370	(128)
Expenditure not allowed for taxation purposes	33	41
Exempt dividend income	(654)	(297)
Deferred tax not recognised	(129)	1,166
Movement on investments	349	358
Tax charge for the year	-	-

12. FIXED ASSETS

	Freehold Land & Buildings £'000	Short Leasehold Property £'000	Long Leasehold Property £'000	Plant & Machinery, Equipment & Systems £'000	Total £'000
COST					
At 1st January 2019	13,212	8,316	2,009	14,672	38,209
Additions	124	56	-	773	953
Disposals	-	-	-	-	-
AT 31st DECEMBER 2019	13,336	8,372	2,009	15,445	39,162
DEPRECIATION					
At 1st January 2019	670	1,817	-	9,595	12,082
Charge for the year	29	530	-	1,391	1,950
Impairment	-	-	709	-	709
Disposals	-	-	-	-	-
AT 31st DECEMBER 2019	699	2,347	709	10,986	14,741
NET BOOK VALUE					
AT 31st DECEMBER 2019	12,637	6,025	1,300	4,459	24,421
AT 1st JANUARY 2019	12,542	6,499	2,009	5,077	26,127

During the year the company obtained professional valuation advice in respect of a long leasehold property. The property which was held at £2.0m in the Balance Sheet has an expected recoverable amount of £1.3m. Accordingly the long leasehold property was written down by £709k.

A freehold property included in the Balance Sheet at £898k was sold in February 2020 for £1.34m before legal, professional and other fees. The profit on disposal will be shown in the 2020 financial statements.

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 (sold February 2020)

Leasehold property comprises:

- EEF House, Gateshead NE11 0NX. 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 2023.
- 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 2019 at £2.0m, as shown in Note 17 on page 33-34.

The company has granted a legal charge over Woodland Grange included in the Balance Sheet at 31st December 2019 at £8.8m, as shown in Note 15 on page 32.

13. LISTED INVESTMENTS

	2019 £'000	2018 £'000
At 1st January	49,534	53,919
Disposal of listed investments at opening fair value	(2,977)	(19,191)
Additions	-	17,500
Fair value adjustment	1,862	(2,694)
At 31st December	48,419	49,534

The Company has granted a floating charge of £15m over listed investments, as shown in Note 17 on pages 33-34, and a further £5m against any overdraft facility it may arrange. As of 31 December 2019 an overdraft facility of £2m was in place but unutilised.

14. DEBTORS

Amounts falling due within one year:		
Trade debtors	6,324	5,924
Other debtors	166	211
Prepayments and other accrued income	6,287	5,230
Deferred tax asset (see note 16 on page 32)	900	656
	13,677	12,021

The timing of any resulting tax receipts is not known.

15. CREDITORS

Amounts falling due within one year:		
Bank loans	247	247
Trade creditors	2,005	2,480
Other taxation and social security	1,373	1,197
Other creditors	182	194
Accruals and deferred income	10,144	9,929
Pension deficit liability	2,297	1,899
	16,248	15,946
Amounts falling due after one year:		
Bank loans	1,542	1,789
Pension deficit liability	16,811	18,276
	18,353	20,065

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.

	2019 £'000	2018 £'000
Capital will be repaid as follows:		
Within one year	247	247
Between 1 and 5 years	987	987
Over 5 years	555	802
	1,789	2,036

16. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation	900	656
	900	656

	Deferred tax asset	Deferred tax liability
At 1st January 2019	656	(656)
Profit and loss account	244	(244)
At 31st December 2019	900	(900)

The timing of any resulting tax payments is not known.

An additional deferred tax net asset of £2.4m (2018 - £2.7m) in relation to the pension deficit liability and capital allowances of £0.5m (2018 - £1.0m) 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 for defined benefit members and a separate Master Trust for defined contribution members. The Fund 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.

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 2019 at £2.0m (see note 12 page 29-30), 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 2019. 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:

	2019	**2018**
	£'000	**£'000**
Amounts payable:		
Within one year	1,183	1,092
In two to five years	2,464	2,349
Greater than five years	3,110	3,869
Total payable	6,757	7,310

	2019	**2018**
	£'000	**£'000**
Amounts receivable:		
Within one year	126	50
In two to five years	169	33
Greater than five years	-	-
Total receivable	295	83

19. RELATED PARTY TRANSACTIONS

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

	2019	**2018**	**2019**		**2018**	
Related party entity	Debtor balance	Debtor balance	Sales	Purchases	Sales	Purchases
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Collingwood Health Limited	69	72	21	2	11	-

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

	2019 £'000	2018 £'000
Financial assets measured at fair value through profit or loss		
Investments	48,419	49,534
Financial assets measured at amortised cost		
Trade debtors	6,324	5,924
Other debtors	166	211
Accrued income	5,099	3,746
Financial liabilities measured at fair value through profit or loss		
Pension deficit liability	(19,108)	(20,175)
Financial liabilities measured at amortised cost		
Bank loans	(1,789)	(2,036)
Trade creditors	(2,005)	(2,480)
Accruals	(3,825)	(4,115)
Other creditors	(1,555)	(1,391)

22. CAPITAL COMMITMENTS

The Company had capital commitments for the design and build of IT systems totalling £Nil (2018: £134k)

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.

24. POST BALANCE SHEET EVENTS

Since the balance sheet date, the impact of the Covid-19 pandemic, which is non – adjusting, has had a notable effect on a number of areas of the business as outlined below:

a. As a result of the government imposed lockdown and restrictions on face to face gatherings the Venues and Apprentice training facilities had to close its doors from March through to July, impacting the company's ability to trade during that period. Subsequently the company is expecting to report a significant drop in revenue and profits for the year ending December 2020, the total quantum of which is uncertain. The Company has taken a number of corrective actions to protect the cash and liquidity position of the business as far as possible.

b. Holdings in financial investments have been adversely impacted by the collapse in financial markets, with an element of recovery having been subsequently witnessed since the low point in March 2020. Currently such investments are valued circa 20% lower than the December 31st carrying amount. The carrying value and subsequent movement through the Statement of Income and Retained Earnings for 2020 will depend on the carrying value as at December 31st 2020 and cannot be reliably predicted at this stage.

c. The triennial pension deficit valuation is due based upon the spot point date of 31st March 2020. The deficit position is likely to thus be affected by the dual combination of supressed financial markets and low gilt yields. The valuation process is not due for completion until June 2021 and as such the financial impact on the contribution schedule is not likely to be reflected in the financial statements until the year-ended 31st December 2021. The expectation is that the deficit will have materially increased which could result in the Company's funding obligations increasing accordingly.

d. Notwithstanding the above, at the time of approving the financial statement the Directors believe the Company has enough sufficient resources to be able to continue trading for the foreseeable future and specifically for at least 12 months after signing.