

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 2020		
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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>	('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@tctyoung.co.uk

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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
1,733				1,733

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		B Fletcher	01 April 2021
Director		J R M Gardner	21 January 2021
Director	J R M Gardner		29 March 2021
Director		J R Greenham	21 January 2021
Director		R I Greenway	01 March 2020
Director	P R Jennings		31 March 2020
Director	R D Marshall		05 November 2020
Director		F G Morris	21 January 2021

Revenue Account / General Fund

(see notes 11 to 16)

Previous Year			£	£
	Income			
15,715	From Members	Subscriptions, levies, etc	15,226	15,226
	Investment income	Interest and dividends (gross)		
13		Bank interest (gross)	213	213
		Other (specify)		
1,916		Gain on sale of investment		
1,954		Dividends	919	919
		Gain on disposal of fixed asset	322	322
		Total Investment Income	1,454	1,454
	Other Income	Rents received		
		Insurance commission		
2,007		Consultancy fees	1,356	1,356
		Publications/Seminars		
		Miscellaneous receipts (specify)		
6,697		Training	3,289	3,289
6,777		Conference Hire	2,820	2,820
5,872		Government Funded Training	4,493	4,493
2,385		Other income incl Government Grant	2,588	2,588
		Total of other income		14,546
		Total income		31,226
		Interfund Transfers IN		
	Expenditure			
21,757	Administrative expenses	Remuneration and expenses of staff	18,436	18,436
4,203		Occupancy costs	3,469	3,469
351		Printing, Stationery, Post	150	150
228		Telephones		
1,729		Legal and Professional fees	798	798
		Miscellaneous (specify)		
1,101		Motor Expenses	435	435
421		Subscription	381	381
1,021		IT Cost	1,142	1,142
3,887		Direct (non Staff) cost	3,127	3,127
		Total of Admin expenses		27,938
	Other Charges	Bank charges	192	192
372		Depreciation	4,572	4,572
2,659		Sums written off		
		Affiliation fees		
1		Donations	1	1
		Conference and meeting fees		
268		Expenses		
		Miscellaneous (specify)		
1,009		Pension deficit payment	826	826
667		Restructuring cost	526	526
1,704		Insurance, Marketing	1,083	1,083
1,792		Other	7,332	7,332
		Total of other charges		14,532
		Taxation		
		Total expenditure		42,470
		Interfund Transfers OUT		
		Surplus/Deficit for year		-11,244
		Amount of fund at beginning of year		52,246
		Amount of fund at end of year		41,002

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 2020]

(see notes 19 and 20)

Previous Year		£	£
24,421	Fixed Assets (as at Page 8)	19,098	19,098
48,419	Investments (as per analysis on page 9)		
	Quoted (Market value £) as at Page 9		41,087
	Unquoted (Market value £) as at Page 9		
	Total Investments	41,087	41,087
	Other Assets		
13,677	Sundry debtors	8,047	8,047
1,222	Cash at bank and in hand	4,460	4,460
8	Stocks of goods	6	6
	Others (specify)		
	Total of other assets	12,513	12,513
	Total Assets		72,698
52,246	Revenue Account/ General Fund	41,002	
	Revaluation Reserve		
	Liabilities		
1,789	Loans	1,727	
3,560	Sundry Creditors	2,733	
10,144	Accrued Expenses	8,916	
900	Provisions		
19,108	Other Liabilities	18,320	
	Total Liabilities		31,696
	Total Assets		72,698

Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
Cost or Valuation				
At start of period	22,490	15,445		37,935
Additions during period	3	143		146
Less: Disposals	-898			-898
Less: Depreciation	-6,056	-12,029		-18,085
Total to end of period	15,539	3,559		19,098
Book Amount at end of period	15,539	3,559		19,098
Freehold	11,714			11,714
Leasehold (50 or more years unexpired)	2,525			2,525
Leasehold (less than 50 years unexpired)	1,300			1,300
Total of Fixed Assets	15,539	3,559		19,098

Analysis of Investments

(see note 22)

Quoted		Other Funds
	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
		41,087
	Total Quoted (as Balance Sheet)	41,087
	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	
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If Yes name the relevant companies:

Company name	Company registration number (if not registered in England & Wales, state where registered)
E.E.F. TRUSTEES LIMITED	727080
Northern Defence Industries Ltd	4195419
NDI (IK) Ltd	6900038
Engineering Employers' Federation Cymru Wales Limited	4914439

Incorporated Employers' Associations

Are the shares which are controlled by the association registered in the association's name

Yes	X	No	
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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	
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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	15,226	15,226
From Investments	1,454	1,454
Other Income (including increases by revaluation of assets)	14,546	14,546
Total Income	31,226	31,226
Expenditure (including decreases by revaluation of assets)		
Total Expenditure	42,470	42,470
Funds at beginning of year (including reserves)	52,246	52,246
Funds at end of year (including reserves)	41,002	41,002
ASSETS		
Fixed Assets		19,098
Investment Assets		41,087
Other Assets		12,513
Total Assets		72,698
Liabilities		
Total Liabilities		31,696
Net Assets (Total Assets less Total Liabilities)		41,002

Notes to the accounts

(see note 34)

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

Please see attached EEF Limited Report and Financial Statements 2020 p25-40

Accounting policies

(see notes 35 & 36)



Please see attached EEF Limited Report and Financial Statements 2020 p25-28

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:	27th July 2021	Date:	27th July 2021

Checklist

(see note 39)

(please enter 'X' as appropriate)

Is the return of officers attached? (see Page 2)	Yes	<input checked="" type="checkbox"/>	No	
Has the list of officers been completed? (see Page 2A)	Yes	<input checked="" type="checkbox"/>	No	
Has the return been signed? (see Note 37)	Yes	<input checked="" type="checkbox"/>	No	
Has the auditor's report been completed? (see Note 41)	Yes	<input checked="" type="checkbox"/>	No	
Is the rule book enclosed? (see Note 39)	Yes	<input checked="" type="checkbox"/>	No	
Has the summary sheet been completed? (see Notes 6 and 24 to 33)	Yes	<input checked="" type="checkbox"/>	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.

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.

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 audith report therein. We have audited the financial statements in accordance with the requirements of sections 28 to 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

In Our opinion the financial statements give a true and fair view of the Company's financial affairs at 31 December 2020 and of its transactions for the year then ended.

Please see our full audit report in the attached financial statements.

Signature(s) of auditor or auditors:		
Name(s):	George Crowther	
	Haysmacintyre LLP	
Profession(s) or Calling(s):	Senior Statutory Auditor	
Address(es)	10 Queen Street Place London EC4R 1AG	
Date:	27th July 2021	
Contact name for enquiries and telephone number:	George Crowther 020 7969 5547	

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

EEF LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED

31st DECEMBER 2020

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COMPANY INFORMATION

Directors of the Company (“The Corporate Board”)

B Fletcher* (appointed 1st April 2021)
R C Fletcher
J R M Gardner (appointed 21st January 2021) (resigned 29th March 2021)
J R Greenham (appointed 21st January 2021)
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
R D Marshall (resigned 5th November 2020)
F G Morris (appointed 21st January 2021)
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 We expected 2020 to be dominated by our work to support our members with the transition into the UK’s new trading relationship with the European Union. Instead, the year was taken over by the global crisis of the pandemic, with Make UK and manufacturers demonstrating admirably that they could rise to the challenge.

Up and down the country, manufacturers supported the production of ventilators and supplied critical PPE products for the NHS. The food and drink sector reacted swiftly so that supermarket shelves responded to consumer stockpiling. The pharmaceutical industry ensured that medicines were supplied to hospitals, care homes and GP surgeries under the most challenging of circumstances – not least in the development and distribution of a vaccine in record time, which is now leading us out of the crisis.

In a time of crisis, UK manufacturing stepped up and delivered. Companies large and small made huge changes, sometimes overnight, to comply with public health measures and kept production lines flowing to ensure that essential goods remained available to consumers.

However, the job is not yet complete. Manufacturers continue to adapt to these changing times: they have altered production processes, increased investment in digital and green technologies and have embraced new ways of working for many employees. These are profound changes that will stay with us beyond the pandemic.

Manufacturers intend to build on these new ways of working. They recognise that improving agility, in an environment where shocks and uncertainty are increasing in frequency, will be imperative to future success. Importantly, whilst many parts of the sector have been working at full capacity to support the nation during this most demanding of years, others have suffered catastrophic collapses in demand for lengthy periods. Whilst export orders are starting to build again, many of the UK's manufacturers have suffered for many months while they have had to adapt to an entirely new export/import strategy.

For all of us, the digitalisation journey has been significantly accelerated, with virtual delivery of services becoming the primary model. Somewhat perversely, these changes risk serious skill shortages at the same time as other parts of manufacturing are looking to restructure, and in some cases downsize, their workforce.

Looking at our own business, in addition to addressing the immediate risks and impacts of the pandemic, the Corporate Board has continued in 2020 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.

We reflected on our existing strategy in light of the extraordinary impact of the pandemic and, after an urgent but thoughtful board review, we opted to bring forward some of the key elements, including greater digitalisation and a push to reach out of sector on our HRL services. Our committees have continued to support the business, with our Finance and Investment Committee taking steps, because of the stock market turbulence, to diversify our investment portfolio to further mitigate some of the risks being faced.

Throughout the last year, Make UK has moved swiftly to support the changing needs of the sector and we will continue to do so. We will continue to campaign on the issues that matter to our members and to provide services that address current issues of concern. The COVID pandemic and its ramifications dominate debate, but our members are equally concerned about the growing challenges faced in international trade because of the significant changes to the UK/EU trade relationship. Many are experiencing significant border issues and increased costs for existing trade; while others want to grow their businesses but are facing barriers. Tackling the dual challenges of digitalisation and achieving Net Zero in manufacturing are also very high on the list. Our 2021 policy campaigns focus on: building a strong industrial base; supporting start up to scale up; driving a digital and green future; and navigating our new UK/EU partnership.

Make UK will act as a sector leader on Net Zero, inspiring action to reduce emissions with the flagship COP 26 event hosted by the UK in November. We have made our pledges for 2030 and 2050 and have already taken steps to cut our own emissions. This report sets out for the first time our annual Greenhouse Gas ("GHG") emissions within the Report of the Directors on page 11.

In governance terms, I am pleased that Make UK has had strong and consistent leadership through this turbulent time. Our new structure with a Corporate Board and National Membership Board has served us well: we have been agile in managing the business and responsive in serving our members' needs in a time of crisis.

I want to thank Stephen and all the staff of Make UK for the way that they have stepped up. I also want to thank my Board colleagues for their support and wise counsel in this extraordinary year. Special thanks go to Robert Marshall, who stepped down from our Corporate Board last autumn having reached his maximum permitted tenure under the company's governance rules. Robert had been a long-standing advocate and leader of our organisation, and I am grateful to him for his significant contribution.

We were delighted to welcome new non-executive directors to our Corporate Board in early 2021, to strengthen our effectiveness and capacity to support the business through these challenging times. Fiona Morris and James Greenham joined the Board as an Independent and Member Representative Director respectively, bringing a wealth of manufacturing and leadership expertise to our Board. I welcome them and look forward to working with them in 2021. John Gardner also joined our Board in early 2021, but sadly had to step down very soon after.

There is no doubt that 2020 has been a tough year for Make UK, along with everyone else, but we have taken action to respond, to make the business more resilient and to ensure that we have the capability to continue to champion UK manufacturing in a post-COVID world.

Dame Judith Hackitt DBE, FREng Chair

1 July 2021

CHIEF EXECUTIVE'S REVIEW

2020 started with manufacturing having to adapt at pace to the significant shift in the UK's trading relationship with Europe. This was quickly overtaken by the impact of the COVID-19 pandemic, which has had far-reaching effects on both manufacturing and Make UK.

Before the lockdown took hold, we held our annual conference on 25 February 2020. This was one of the last, large-scale, face-to-face events for business bringing together hundreds of manufacturers, industry and thought leaders along with key policy makers for a day of analysis and inspiration. With the benefit of hindsight, that opportunity for sharing experiences and networking was crucial both for Make UK and manufacturers in having the connections needed to support each other through the crisis. When the first lockdown hit in late March, Make UK took quick action to protect its staff's welfare and the business. During that lockdown, our Apprentice Training Centre, our meeting Venues, and our offices were closed. It was clear, however, that our sector needed us to continue to provide our services.

The business adapted immediately, with staff converting to home working wherever possible. All elements of our business were able to continue operating, with the exception of our Venues operation. Within a matter of weeks, we were offering online tuition for our apprentices, e-training and consultancy, and live, virtual, member events. Our legal team transitioned seamlessly to virtual tribunals and electronic bundles. We established a COVID taskforce for our own business and a COVID portal for our members. Our member engagement intensified: we had record traffic to our website and had to extend our digital channels to accommodate considerably wider audiences to our webinars and online events. Our membership retention rates held strong, which demonstrated the value of our offer.

We worked closely with Government on managing the immediate impacts of the COVID crisis and its restrictions. We advocated safe manufacturing and helped our members to adapt, whether through diverting production from cosmetics to hand sanitiser or through the Government's call to action on the ventilator challenge. We provided detailed evidence to Government on how manufacturers could adapt to operate in safe ways and welcomed the two-way dialogue they engaged us in. UK Steel and Make UK Defence (formerly known as NDI) have gone from strength to strength while supporting their members through highly challenging times.

Within the business, we focused on maintaining our services throughout the turbulence caused by the pandemic while at the same time looking to reduce our cost base wherever possible. Where we were not able to offer work to staff, particularly those frontline venues and hospitality staff, we accessed the Government's Coronavirus Job Retention Scheme. We sought support through payment holidays and rates reliefs wherever we could.

Over the course of the year, we restructured ourselves to embed greater flexibility in our fixed overhead costs. This included taking the decision to bring forward the closure of four offices to align to long-term demand, and regrettably losing 100 staff ultimately through a redundancy programme.

All this coincided with our triennial pension deficit valuation, based on a spot point date of 31 March 2020, a point in time when the COVID pandemic was responsible for a significant shock to the financial markets. As a result of this significant fall in those markets, and a corresponding fall in bond yields, the pension deficit had increased materially and significantly for the company. We worked closely and constructively with our Trustee to agree a long-term outcome that is mutually beneficial providing the Trustee with the certainty needed whilst being affordable and sustainable for the company. Since then, the funding position of the scheme has materially improved as markets recover and bond yields strengthen. Further details are included in note 24 on page 39.

Financially it has been a very challenging year for Make UK. The sizeable reduction of our Venues income and the impact of the market turbulence on our investments have left their mark. The company reported a loss for the year after taxation amounting to £11.2m (2019 – £0.2m profit), with the impact of COVID and the associated financial outlook resulting in a significant fall in the market value of investments and impairment of tangible assets by a combined £10.0m. Operating losses for the year amounted to £2.2m (2019 - £2.6m loss). At 31 December 2020, the Company had net assets of £41.0m (2019 - £52.2m). The Company's net assets will be impacted significantly going forward by the latest pensions deficit valuation as referred to above, whilst noting that the funding position has improved since that time.

Despite all the challenges, Make UK closed 2020 with an operating loss that was largely better than expected and delivered an improvement of £0.4m on 2019. Our prompt action to reduce payroll and other external costs contributed extensively to the improved financial performance of the company whilst still retaining membership, delivering a high standard of HR and Legal support and training, and continuing a high level of policy influence with the Government. Whilst we remain deeply concerned by the reduction of apprentice starts, we have succeeded in new skills initiatives, playing our role in both the Traineeship and Kickstart Programmes. We have a plan for the pension deficit and a clear route to sustaining and growing the organisation in 2021.

Like all businesses, we face an ever-changing and highly challenging trading environment in 2021. Our initial financial plans could not predict a further national lockdown of such extent and longevity as that which commenced in January 2021, and the resultant diminished income in our first quarter will be difficult to make up. I am confident, however, that we have the strong leadership we need across the Corporate and Executive Boards, and that we are in the best possible place to support every manufacturing business in the UK as we face those challenges together.

Such is our confidence in the future that we are continuing to invest in areas in which we believe growth can be achieved, including the conversion of offices to venues space in our London property to maximise capacity for our Venues business, and continual investment in digital technologies to ensure that the company remains relevant in the new digital world.

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.



Stephen Phipson CBE Chief Executive

1 July 2021

NATIONAL MEMBERSHIP, REGIONAL ADVISORY BOARDS AND POLICY COMMITTEES

as at 1 July 2021 were as follows:

National Membership Board (Chair)

Steve Hill National

Regional Advisory Boards (Chairs)

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

Policy Committees (Chairs)

Bonnie Dean	Economic Policy Committee
Luis Sanz	UK Steel Management Committee
Mandy Ridyard	Labour Market & Skills Policy Committee
Steve George	Technology, Innovation and Sustainability Policy Committee

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 2020.

Results

The Company reported a loss for the year after taxation amounting to £11.2m (2019 – £0.2m profit), with the impact of COVID and financial outlook resulting in a significant fall in the market value of investments and impairment of tangible assets by a combined £10.0m. Operating losses for the year amounted to £2.2m (2019 - £2.6m loss). At 31st December 2020 the Company had net assets of £41.0m (2019 - £52.2m). The Company's net assets will be impacted significantly going forward by the latest pensions deficit valuation as referred to in the Chief Executives Review above, whilst noting that the funding position has improved since that time. More information can be found in note 24 on page 39.

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 and 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 and Investment Committee Ethics

Committee

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

Director	Membership of Committees			
	Audit and Risk	Nominations & Remuneration	Finance & Investment	Ethics
B Fletcher (appointed 1 st April 2021)				#
R C Fletcher		Ch.#		
J R Greenham (appointed 21 st January 2021)			#	
R I Greenway (appointed 1 st March 2020)			#	#
Dame J Hackitt		#	#	
B A Holliday		#		
D E Jones	Ch. #			
F G Morris (appointed 21 st January 2021)			Ch. #	
S Phipson CBE			#	Ch. #

Key:

- member

Ch - chairman

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

Director	Membership of Committees			
	Audit and Risk	Nominations & Remuneration	Finance & Investment	Ethics
P R Jennings (resigned 31 st March 2020)			#	#
R D Marshall (resigned 5 th November 2020)		#		
J R M Gardner (resigned 29 th March 2021)	#			

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 8.

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 1 July 2021 were as follows:

Stephen Phipson CBE (Chair)*	Chief Executive
Ben Fletcher*	Chief Operating Officer
Richard Greenway*	Finance Director
Matthew Corkan	HR Director
Gareth Stace	Director General, UK Steel

Key

* *Director of the Company*

Donations

The Company made charitable donations during the year totalling £887 (2019 - £943).

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. Accordingly, the Company has signed up to the pledge to achieve net zero by 2050, and halving emissions by 2030.

UK Energy Use and Greenhouse Gas (“GHG”) Emissions

The energy used by the company in business activities involving the combustion of gas and fuels, the purchase of electricity and business mileage in the years ended 31 December 2020 and 31 December 2019 was as follows:-

Type of Activity	2020		2019	
	Energy Usage (kWh)	GHG emissions (tCO ₂ e)	Energy Usage (kWh)	GHG emissions (tCO ₂ e)
Grid electricity	1,644,752	383.5	2,304,541	589.0
Natural Gas	2,140,346	393.5	2,745,778	504.8
Transport	321,182	81.0	1,169,925	304.3
Total	4,106,280	858.0	6,220,244	1,398.1

Scope	2020		2019	
	Energy Usage (kWh)	GHG emissions (tCO ₂ e)	Energy Usage (kWh)	GHG emissions (tCO ₂ e)
Scope 1 (Natural Gas & Transport)	2,230,842	416.5	3,157,290	612.6
Scope 2 (Grid electricity)	1,644,752	383.5	2,304,541	589.0
Scope 3 (Transport)	230,686	58.0	758,413	196.5
Total	4,106,280	858.0	6,220,244	1,398.1

The Company uses an intensity ratio based on average square feet of Company buildings in use during the year due to electric and gas consumption making up the largest proportion of GHG emissions. This intensity ratio allows a comparison of energy efficiency performance over time and with similar types of organisations. The intensity ratio is as follows:-

Intensity Ratio	2020	2019
Square Feet	273,275	273,275
Kg CO ₂ e	858,000	1,398,100
Kg CO ₂ e per square foot	3.14	5.12

The Company has pledged to reach carbon zero by 2050 with the aim of reducing emissions by half by 2030. In view of this the company is reducing its company car fleet and its office footprint, placing a greater reliance on video conferencing to reduce business travel and general office energy consumption.

The energy consumption for 2020 and 2019 was based on meter readings and mileage claims, applying a conversion factor taken from the ‘UK Government’s GHG conversion factors for Company Reporting’ information. An average CV and CO₂e factor have been applied to the refunded business mileage.

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 that 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

1 July 2021

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 2020.

Review of the Business and Future Developments

2020 was a year like no other with the COVID-19 pandemic significantly disrupting both social and business activity to an extent which has never been witnessed before.

For Make UK, the impact of the pandemic has been profound on many fronts, with several areas of the business experiencing periods of complete cessation or curtailment at differing points of the year in parallel with the loosening and tightening of government restrictions.

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 and consultancy services and conference hire income.

During that period of closure, the Directors 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. The move to more digital solutions has proved to be invaluable as ongoing tightening and loosening of government restrictions has meant a greater degree of marketplace uncertainty and has allowed the Company to deliver elements of training which at the outset of the pandemic would not have been possible.

We have also reviewed our office capacities and have served notice on four leasehold properties during the year, and in addition plan to expand our customer facing Venues footprint by converting elements of office space.

The Company's priority has been and continues to be to safeguard working capital management and cash maximisation. Accordingly, throughout 2020 and into 2021, the Company has taken advantage of several government support schemes, notably the Job Retention scheme and access to rates reliefs where applicable. Sadly, the Company has had to reduce headcount by 25% to ensure that the cost base was realigned to ongoing demand levels.

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 strong as customers continue to seek advice in relation to the COVID impact on their own businesses.

As the pandemic progresses and the vaccine rollout gains increasing momentum so the UK Government has outlined a roadmap to reopening, a roadmap which if achieved will result in the company being able to increasingly return to some form of normal in the near future.

With the roadmap becoming more and more certain as time passes, so the Company is beginning to see an element of pent-up demand through increasing enquiries and bookings for future dates, many of significant scale, which provides for an optimistic outlook when looking ahead to the summer months and beyond, and indeed has prompted the business to invest in a small expansion of our Venues capacity to address the expected demand.

The impact of COVID-19 has also been felt in relation to the Company's investments and likewise on the actuarial valuation of 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 39).

The Company's forecasts and projections for the next 12 months from the date of the approval of these financial statements, take account of the expected ongoing COVID-19 risks and the reasonably possible changes in trading performance as well as the mitigating actions taken by, or available to us, as well as the government roadmap out of restrictions. 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 impact of the COVID-19 pandemic which is specifically subject to high levels of volatility such as new variants and the inability of vaccines to combat such variants. Some of the key impacts are likely to be:-

- Directly impacting on the business such as:
 - o Being unable to trade due to further possible lockdown measures (national or localised)
 - o Trading on a restricted basis due to social distancing measures and other safety guidelines set by UK Government.
- Indirectly from the economic impact of COVID-19:
 - o Possible customer insolvencies and other general macro-economic conditions restricting the Company's ability to grow its products and services.
 - o Downturns in financial markets impacting both pension scheme liability and Company investments.
 - o Reduced dividend income from investments due to regulatory and economic reasons

The Company is looking to mitigate such risks as far as possible by continuing its acceleration of its strategic plan encompassing greater digitalisation of products and 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 and Investment and Audit and 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.
- gross and net margin by business unit, including variances against budget to ensure financial performance shortfalls are identified and discussed.
- Cashflow forecasts to ensure that the Company has sufficient access to working capital along with ongoing liquid net asset assessment.

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. They 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 9-12.

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.

Use of government support & other COVID related schemes

As a result of a material impact from COVID on the business which resulted in complete or partial closures of certain business functions for differing periods of time, so the Company has taken advantage of those support schemes available to it which were felt most relevant, including:

- Job Retention Scheme
- Business rates reliefs (where available)
- VAT deferral

In addition, in order to preserve working capital as far as possible the Company agreed a three month payment holiday on its deficit repair contributions with the pension scheme trustees on the basis that it was repayable in quarter one 2021 and would not impact members interests, and additionally a twelve month loan repayment holiday with the Royal Bank of Scotland.

Furthermore, those staff not subject to the Job Retention Scheme accepted a voluntary 10% salary reduction for a 6-month period and likewise external supply chains were also consulted with to achieve and agree similar reductions in fees where possible, for which the Company is extremely grateful.

Such decisions were made in conjunction with ongoing consultations with the National Staff Forum, and the establishment of an 'Implementation Board' for the specific purpose of dealing with the COVID response.

Following these consultations, a number of proposals that were initially put forward were subsequently rejected by the Directors upon listening to feedback from stakeholders, such as making temporary changes to defined contribution pension scheme payments, and furthermore in 2021, utilising the Job Retention Scheme instead of salary reductions where relevant for certain groups of staff.

The Directors have ensured that at all times, Government support schemes in particular have been utilised where relevant and applicable to do so, and fully in line with the rules and guidance surrounding use of such schemes. Given the material financial impact of COVID on the Company, the Directors believe that the use of such schemes was fully warranted and ethically in line with wider community expectations.

Office closures and restructuring

During the year, the Company served notice on four leasehold properties 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 community by engaging with member companies local to the area.

Premises re-openings

As the Company has a number of different premises utilised for vastly differing purposes, so each premise has individually been risk assessed to ensure a COVID secure environment.

Whilst for office-based staff working from home continues to be the default, for the Apprentice Centre and Venues premises, COVID secure approaches to physical facilities as well as behavioural elements such as COVID testing were put in place in conjunction with discussions with all relevant stakeholders and adjusted based on feedback as appropriate. For Venues in particular this has meant working with local Environmental Health departments to ensure best practice.

As a result, the Company was delighted to host COVID vaccine training sessions in its COVID secure premises to aid the national vaccine rollout plan.

Securitisation of freehold properties in favour of the pension scheme

The timing of the COVID pandemic and the associated impact on financial markets coincided with the triennial pension scheme valuation of March 2020, resulting in a significantly material increase in the deficit.

Whilst the situation has improved since then, the sizeable deficit still requires addressing whilst taking into account the need to settle the outstanding pension obligations as promised to members but in conjunction with the affordability of the company to cover such deficit repair contributions given current trading performance.

As a result, the Company has worked with the pension trustee to achieve an outcome that protects the interests of pension scheme members, and which equally takes into account the ongoing need to ensure survivability of the Company.

The parties have agreed an affordable long term recovery plan over the next 17 years whilst the Company works to improve its trading performance. In return the Company has granted security over its remaining freehold properties until such time that the pension scheme is fully funded.

By Order of the Corporate Board



R I Greenway Secretary

1 July 2021

REPORT OF THE INDEPENDENT AUDITORS

Independent auditor's report to the members of EEF Limited

Opinion

We have audited the financial statements of EEF Limited for the year ended 31st December 2020 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, 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 31 December 2020 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the company and sector, we identified that the principal risks of non-compliance with laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with management and the Audit Committee including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management and approved by the directors in their critical accounting estimates

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 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

1 July 2021

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31st DECEMBER 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
TURNOVER					
Subscriptions		15,226		15,715	
Other income		14,546		23,738	
	2 3	—————		—————	
			29,772		39,453
COST OF SALES					
			(15,931)		(21,201)
			—————		—————
GROSS PROFIT					
			13,841		18,252
ADMINISTRATION COSTS					
Ongoing Administrative Expenses		(15,220)		(19,474)	
Exceptional Costs		(826)		(1,414)	
	4	—————		—————	
			(16,046)		(20,888)
OPERATING (LOSS)					
Before exceptional costs		(1,379)		(1,222)	
Exceptional costs		(826)		(1,414)	
Total operating loss	4	—————		—————	
			(2,205)		(2,636)
Income from investments					
Gain on disposal of fixed assets	5		919		1,954
Impairment of freehold property	6		322		-
Impairment of leasehold property	12		-		(709)
Other Interest receivable and similar income	12		(2,969)		-
(Loss)/Gain on listed investments at fair value through profit and loss account	7i		213		13
			(7,332)		1,916
			—————		—————
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST PAYABLE AND TAX					
			(11,052)		538
Interest payable and similar charges			(192)		(372)
	7ii		—————		—————
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX					
			(11,244)		166
TAX ON ORDINARY ACTIVITIES	8		-		-
	11		—————		—————
PROFIT/(LOSS) FOR THE FINANCIAL YEAR					
			(11,244)		166
			=====		=====
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD					
			52,246		52,080
PROFIT AND LOSS ACCOUNT CARRIED FORWARD					
			41,002		52,246
			=====		=====

The accounting policies and notes on pages 25-40 form part of these Financial Statements.

BALANCE SHEET AS AT 31st DECEMBER 2020

Company number 05950172

Notes 2020 2020 2019 2019

		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible Assets	12	19,098		24,421	
Investments	13	41,087		48,419	
		<u> </u>		<u> </u>	
			60,185		72,840
CURRENT ASSETS					
Stock		6		8	
Debtors	14	8,047		13,677	
Cash at bank and in hand		4,460		1,222	
		<u> </u>		<u> </u>	
		12,513		14,907	
CREDITORS: AMOUNTS FALLING DUE					
WITHIN ONE YEAR	15	(15,402)		(16,248)	
		<u> </u>		<u> </u>	
NET CURRENT LIABILITIES			(2,889)		(1,341)
			<u> </u>		<u> </u>
TOTAL ASSETS LESS CURRENT LIABILITIES			57,296		71,499
CREDITORS: AMOUNTS FALLING DUE					
AFTER MORE THAN ONE YEAR	15		(16,294)		(18,353)
PROVISIONS FOR LIABILITIES AND CHARGES					
	16		-		(900)
			<u> </u>		<u> </u>
NET ASSETS			41,002		52,246
			<u> </u>		<u> </u>
RESERVES					
			<u> </u>		<u> </u>
Profit and Loss Account			41,002		52,246
			<u> </u>		<u> </u>

The accounting policies and notes on pages 25-40 form part of these Financial Statements.



Stephen Phipson CBE
CHIEF EXECUTIVE



Richard Greenway
FINANCE DIRECTOR

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st DECEMBER 2020

	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Reconciliation of net profit to net cash inflow from operating activities				
(Loss)/Profit for the year		(11,244)		166
Investment income	(919)		(1,954)	
Gain on the sale of fixed assets	(322)		-	
Net finance costs	(21)		359	
Change in fair value of listed investments	3,203		(1,862)	
Loss/(Gain) on Sale of Investments	4,129		(54)	
Change in fair value of pension scheme liability	826		1,009	
(Decrease) in provisions	-		-	
Depreciation & Impairment	4,572		2,659	
Decrease/(Increase) in trade and other debtors	4,730		(1,421)	
Decrease/(Increase) in stocks	2		(1)	
(Decrease) in trade and other creditors	(2,056)		(96)	
	—————		—————	
		14,144		(1,352)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		—————		—————
		2,900		(1,186)
 CASH FROM FINANCING ACTIVITIES				
Repayment of loan amounts	(62)		(247)	
Interest paid	(45)		(50)	

	(107)	(297)
CASH USED BY INVESTING ACTIVITIES		
Investment income proceeds	919	1,954
Net proceeds from purchase and sale of investments	-	3,032
Net proceeds from sale of fixed assets	1,220	-
Interest received	213	13
Payments to acquire tangible fixed assets	(146)	(953)
Payments to defined benefit pension schemes	(1,761)	(2,399)
	445	1,647
NET INCREASE/(DECREASE) IN CASH	3,238	164

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31st DECEMBER 2020 (continued)

Reconciliation of net cash flow to movement in net debt

	2020	2019
	£'000	£'000
NET INCREASE/(DECREASE) IN CASH	3,238	164
Cash at bank and in hand less overdrafts at beginning of the year	1,222	1,058
Cash at bank and in hand less overdrafts at end of the year	4,460	1,222

	As at		As at
	1st		31st
	January	Cash	December
	2020	flows	2020
	£'000	£'000	£'000
Analysis of change in net debt			
Cash at bank	1,222	3,238	4,460
Debt due within one year	(247)	62	(185)
Debt due after more than year	(1,542)	-	(1,542)
	_____	_____	_____
Total net debt outstanding	(567)	3,300	2,733
	=====	=====	=====

The accounting policies and notes on pages 25-40 form part of these Financial Statements

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2020

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 unless otherwise stated within these accounting policies 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 2020, EEF had the following wholly owned subsidiaries:

- EEF Trustees 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 0.85%, which has decreased from the discount rate of 1.6% used as at 31st December 2019, 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 calculations are 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 calculations are based on a discounted cash flow model over an appropriate time 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 relevant time period. Changes to any of these can significantly affect the recoverable amount.

As a result of the associated impact on specific areas of the business due to the COVID pandemic, the Company has performed impairment tests in two notable areas, namely our Venues and Apprentice centres.

With respect to our Venues, strong future order books (equivalent to pre-pandemic levels in anticipation of the wider re-opening in the UK) has led the Directors to believe that the Venues business will return to pre-pandemic profitability levels over the course of the next twelve months and beyond. Based upon the expected net recoverable amount the Directors do not believe there is an impairment impact.

In respect of the Apprentice centres, the Directors have considered the long run average apprentice intake over the past 5 financial years, excluding the 2020 intake in the immediate aftermath of COVID which materially suppressed Apprentice numbers. The Directors believe that the long run average intake, whilst subject to fluctuation, is a suitable and reasonable assumption when considering the impairment review.

As a result of this review, the Directors believe that the expected net recoverable amount is less than the book value of the apprentice centres by £2.97m and as such have accordingly been impaired to the expected value in use in these financial statements (see note 12 on page 32).

The Directors believe that in determining the discount rate for such impairment reviews, the most appropriate rate is that of the long run expected return from the Company's financial investment portfolio, often utilised for capital investments and assessment of business cases to support such investments.

Subscriptions

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

Consultancy and 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.

1. ACCOUNTING POLICIES (continued)

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

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.

1. ACCOUNTING POLICIES (continued)

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.

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 2020 is £18.4m 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. The Company has renegotiated its recovery plan as part of the latest actuarial valuation as at March 2020.

Further information in relation to an update on the current status of the pension scheme deficit and the most recent valuation can be found in note 24 on page 39.

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

	2020	2019
	£'000	£'000
EEF Members' subscriptions	14,526	15,044
Steel levy income	700	671
	<hr/>	<hr/>
	15,226	15,715

3. OTHER INCOME

	2020	2019
	£'000	£'000
Consultancy	1,356	2,007
Training	3,289	6,697
Conference hire	2,820	6,777
Government funded training	4,493	5,872
Government Grant income	1,177	-
Other income	1,411	2,385
	-----	-----
	14,546	23,738
	=====	=====

4. EXCEPTIONAL COSTS

Strategic reorganisation costs	-	405
Changes in fair value of pension scheme liability (<i>Note 1</i>)	826	1,009
	-----	-----
	826	1,414
	=====	=====

5. INCOME FROM INVESTMENTS

Dividend income	640	1,440
Management Fee Rebate	279	514
	-----	-----

919	1,954
<u> </u>	<u> </u>

6. GAIN ON THE SALE OF FIXED ASSETS

Gain on the sale of freehold property	322	-
	<u> </u>	<u> </u>
	322	-
	<u> </u>	<u> </u>

7. INTEREST RECEIVABLE AND PAYABLE

i) INTEREST RECEIVABLE

	2020	2019
	£'000	£'000
Bank and other interest receivable	11	13
Interest received from Investments	202	-
	<u> </u>	<u> </u>
	213	13
	<u> </u>	<u> </u>

ii) INTEREST PAYABLE AND SIMILAR CHARGES

Bank, other loans, and overdrafts	45	49
Interest on defined pension liability	147	323
	<u> </u>	<u> </u>
	192	372
	<u> </u>	<u> </u>

8. PROFIT ON ORDINARY ACTIVITIES

The (loss) on ordinary activities is stated after charging/(crediting):

Depreciation & Impairment on Tangible Fixed Assets	4,572	2,659
Hire of plant and machinery	208	311
Fee payable to auditors:		
Audit	39	38
Non-audit	15	14

Changes in fair value of pension scheme liability	826	1,009
Changes in fair value of listed investments	3,203	(1,862)
	<u> </u>	<u> </u>

9. EMPLOYEE COSTS

Employee costs for the year were as follows:

Wages and salaries	15,779	18,548
Social security costs	1,638	2,148
Other pension costs	859	1,014
Other employee costs	160	181
	<u> </u>	<u> </u>
	18,436	21,891
	<u> </u>	<u> </u>

In addition to the above the Company made a payment of £1,761k (2019: £2,399k) to the multi-employer defined benefit scheme (see *Note 17 page 36*).

Key Management personnel include members of the Executive Board, and remuneration in the year was £1,221k (2019: £1,357k).

Redundancy costs of £516k (2019: £667k) 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	9	7
Operations	323	406
Administration	74	82
	<u> </u>	<u> </u>
	406	494
	<u> </u>	<u> </u>

10. DIRECTORS' REMUNERATION

	2020	2019
	£'000	£'000
Remuneration	763	900
Contributions to money purchase pension schemes	33	29
	<u> </u>	<u> </u>
Total directors' remuneration	796	929
	<u> </u>	<u> </u>

Retirement benefits were accruing for three directors throughout the year (2019: two directors)

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

Remuneration	286	323
Total remuneration - highest paid director	<u>286</u>	<u>323</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% (2019 – 19%)	-	-
--	---	---

(b) Reconciliation of effective tax rate:

Net (loss)/profit on ordinary activities before taxation	(11,244)	166
Net (loss)/profit on ordinary activities at rate of tax	(2,136)	31
Fixed asset differences	830	370
Expenditure not allowed for taxation purposes	9	33
Exempt dividend income	(121)	(654)
Chargeable gains/(losses)	56	-
Deferred tax not recognised	2,397	(129)
Remeasurement for deferred tax for changes in tax rates	(1,035)	-
Movement on investments	-	349
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 2020	12,818	8,372	1,300	15,445	37,935
Additions	3	-	-	143	146
Disposals	(898)	-	-	-	(898)
AT 31 st DECEMBER 2020	<u>11,923</u>	<u>8,372</u>	<u>1,300</u>	<u>15,588</u>	<u>37,183</u>

DEPRECIATION

At 1 st January 2020	180	2,347	-	10,986	13,513
Charge for the year	29	531	-	1,043	1,603
Impairment	-	2,969	-	-	2,969
Disposals	-	-	-	-	-
	=====	=====	=====	=====	=====
AT 31st DECEMBER 2020	209	5,847	-	12,029	18,085
	=====	=====	=====	=====	=====

NET BOOK VALUE

AT 31 st DECEMBER 2020	11,714	2,525	1,300	3,559	19,098
	=====	=====	=====	=====	=====
AT 1 st JANUARY 2020	12,637	6,025	1,300	4,459	24,421
	=====	=====	=====	=====	=====

A freehold property with a book value of £0.9m was sold in February 2020 for £1.34m before legal, professional and other fees. The profit on disposal is shown in note 6 on page 29.

During the year, the Company assessed that the long term expected contribution from one of its income generating units operating out of a leasehold property could not support the carrying value of the leasehold asset. As a result of this assessment, the value of the leasehold property was impaired by £2.97m in the year to reflect the net present value of future cash flows expected to be generated.

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

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 2020 at £2.0m, as shown in Note 17 on page 36-37.

The Company has granted a legal charge over Woodland Grange included in the Balance Sheet at 31st December 2020 at £8.8m, as shown in Note 15 on page 35 and in note 17 on page 36-37.

Since the 31st December 2020 the Company has granted an uncapped secondary legal charge over Woodland Grange in favour of the Trustees of the EEF Staff Pension Fund. The primary but capped legal charge already in place at the balance sheet date was in favour of any outstanding bank loans as referenced in Note 15 on page 35.

Since the 31st December 2020 the Company granted in favour of the Trustees of the EEF Staff Pension Fund an uncapped charge over Engineers House, Clifton Downs, Bristol, included in the Balance Sheet at 31st December 2020 at £0.2m, as shown in Note 17 on page 36-37.

As explained in note 24 on page 39 the Company has granted additional security over its remaining freehold properties during 2021, namely Engineers House, Bristol and an additional second charge over the remainder of Woodland Grange, Leamington Spa.

13. LISTED INVESTMENTS

	2020	2019
	£'000	£'000
At 1st January	48,419	49,534
Disposal of listed investments at opening fair value	(14,425)	(2,977)
Additions	10,296	
- Fair value adjustment	(3,203)	1,862
	<hr/>	<hr/>
At 31st December	41,087	48,419
	<hr/> <hr/>	<hr/> <hr/>

The Company has granted a floating charge of £15m over listed investments, as shown in Note 17 on pages 36-37, and a further £5m against any overdraft facility it may arrange. As of 31 December 2020 an overdraft facility of £2m was in place but unutilised.

14. DEBTORS

Amounts falling due within one year:

Trade debtors	3,665	6,324
Other debtors	62	166
Prepayments and other accrued income	4,320	6,287
Deferred tax asset (see note 16 on page 35)	-	900
	<hr/>	<hr/>
	8,047	13,677
	<hr/> <hr/>	<hr/> <hr/>

The timing of any resulting tax receipts is not known.

15. CREDITORS

Amounts falling due within one year:

Bank loans	185	247
Trade creditors	1,329	2,005
Other taxation and social security	1,257	1,373
Other creditors	147	182
Accruals and deferred income	8,916	10,144
Pension deficit liability	3,568	2,297
	<hr/>	<hr/>
	15,402	16,248
	<hr/>	<hr/>
Amounts falling due after one year:		
Bank loans	1,542	1,542
Pension deficit liability	14,752	16,811
	<hr/>	<hr/>
	16,294	18,353
	<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.

	2020 £'000	2019 £'000
Capital will be repaid as follows:		
Within one year	185	247
Between 1 and 5 years	987	987
Over 5 years	555	555
	<hr/>	<hr/>
	1,727	1,789
	<hr/>	<hr/>

16. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation	-	900
	<hr/>	<hr/>
	-	900
	<hr/>	<hr/>
	Deferred tax asset	Deferred tax liability

At 1st January 2020	900	(900)
Profit and loss account	(900)	900
At 31st December 2020	-	-

The timing of any resulting tax payments is not known.

An additional deferred tax net asset of £3.5m (2019 - £2.4m) in relation to the pension deficit liability and capital allowances of £0.4m (2019 - £0.5m) 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 (<i>in practice term-dependent curves are used</i>)	% 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 that 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 Monthly
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.

17. PENSIONS (continued)

In addition, the Company has granted an uncapped charge to the Trustee of the Fund, over freehold properties included in the Balance Sheet at 31st December 2020 at £11.0m (see note 12 page 32-33), 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 2020. The quantum of this liability, if any, will be determined at the next valuation date in 2020 and reflected in the financial statements for the year ended 31 December 2021.

Further information in relation to the 2020 valuation outcome can be found in note 24 on page 39.

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:

	2020	2019
	£'000	£'000
Amounts payable:		
Within one year	910	1,183
In two to five years	2,511	2,464
Greater than five years	<u>3,410</u>	<u>3,110</u>
Total payable	<u>6,831</u>	<u>6,757</u>

	2020	2019
	£'000	£'000
Amounts receivable:		
Within one year	125	126
In two to five years	44	169
Greater than five years	<u>-</u>	<u>-</u>
Total receivable	<u>169</u>	<u>295</u>

19. RELATED PARTY TRANSACTIONS

There were no related party transactions 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 Finance and 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

	2020	2019
	£'000	£'000
Financial assets measured at fair value through profit or loss		
Investments	41,087	48,419
Financial assets measured at amortised cost		
Trade debtors	3,665	6,324
Other debtors	62	166
Accrued income	3,099	5,099

Financial liabilities measured at fair value through profit or loss		
Pension deficit liability	(18,320)	(19,108)
Financial liabilities measured at amortised cost		
Bank loans	(1,727)	(1,789)
Trade creditors	(1,329)	(2,005)
Accruals	(2,956)	(3,825)
Other creditors	(1,404)	(1,555)

22. CAPITAL COMMITMENTS

The Company had no capital commitments at the balance sheet date.

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 ongoing impact of the COVID-19 pandemic, which is non – adjusting, along with the finalisation of the 2020 pension scheme valuation has had a notable effect on several 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 January through to March and in the case of Venues only operating on a strict restricted basis, impacting the Company's ability to fully trade during that period. Subsequently the Company's financial targets for the year are likely to be materially impacted for the length of time that restrictions on gatherings continue. With the easing of lockdown continuing as the number of cases of COVID fall, and the vaccination rollout gathers pace, so the Company is beginning to see a return of strong order books in anticipation of restrictions being lifted.
- b. The market value of financial investments has continued to recover since the year-end as markets stabilise and recover on the back of the vaccine rollout and improved economic outlook. As at 31st May 2021 the investment value had recovered by £2.0m to £43.1m.
- c. The triennial pension deficit valuation, currently in the process of being finalised, is based upon a spot point date of 31st March 2020, a point in time when the COVID-19 pandemic was responsible for a significant shock in financial markets. As a result of this significant fall in financial markets, and a corresponding fall in bond yields, so the pension deficit has increased materially and significantly for the Company.

In order to address this increase in deficit, the Company has negotiated a long-term outcome with the Trustee of the pension scheme such that the deficit repair contributions are maintained at an affordable level over a longer sustained period of time of 17 years, therefore reducing the 2021-22 contribution to £2.3m from £3.2m (increasing to £3.9m by 2024) under the original plan.

In return the Company has granted the pension Trustee uncapped security over additional freehold buildings as referenced in note 12 on pages 32-33, as well as additional contingent payments based upon achieving certain profit levels in future years.

Based on the discount rate used in the 2020 calculation of the pension deficit, the present value of the agreed contributions in the 2021 financial statements is expected to increase to around £41m, an increase of £23m versus the liability included in the Balance Sheet as of 31st December 2020.

With £2.7m of cash payments due in 2021 to pay down against the deficit, the approximate expense in the Income and Expenditure account in 2021 would amount to around £25m, along with a corresponding increase in creditors due after more than one year, reflecting the increase in the present value of recovery payments due between 2022 and 2038.

It should however be noted that based upon external valuations carried out by professional valuers during the period October to December 2020, the freehold properties over which the Trustee has security and are currently carried in the balance sheet at historic cost, have a market value (on a vacant possession basis) which is around £17m higher than the book carrying value.

Since the valuation, pension scheme fund investments have performed significantly better than expected which has in turn improved the deficit position as of May 2021 on an actuarial basis. Whilst this will not immediately or directly improve the Company's reported deficit on the balance sheet, the Company is exploring options with the Trustee to capitalise on this investment gain in order to reduce the risk of greater exposure to future downside risks, increase the likelihood of member benefits being paid and increase the chances of the Company recovery payment period being potentially shortened at a later date.

- d. Notwithstanding the above, at the time of approving the financial statements 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.