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# 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 2022 |
| List No: | 255E |
| Head or Main Office: | Broadway House |
| | Tothill Street |
| | London |
| | |
| | |
| Postcode | SW1H 9NQ |
| Website address (if available) | www.makeuk.org |

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

| Yes | | No | X |
|---|---|---|---|

('X' in appropriate box)

| | |
|---|---|
| General Secretary: | Stephen Phipson CEO |
| Contact name for queries regarding the completion of this return: | Vivek Venkatkumar |
| Telephone Number: | 07979 995852 |
| E-mail: | vvenkatkumar@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 send the annual return to the following address stating the name of the union in subject:**

returns@certoffice.org

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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 |
| 1,870 | | | | 1,870 |

# 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 | | Ann Watson | 09 March 2023 |
| | | | |
| | | | |
| | | | |
| | | | |
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| | | | |
| | | | |

# Officers in post

(see note 10)

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

| Name of Officer | Position held |
|---|---|
| R C Fletcher | Director |
| R I Greenway | Chief Financial Officer |
| J McMillan | Company Secretary |
| B A Holliday | Director |
| D E Jones | Director |
| S Phipson | Executive Director |
| B Fletcher | Chief Operations Officer |
| F G Morris | Director |
| J R Greenham | Director |
| Rt Hon Lord John Hutton of Furness | Chair |
| | |
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Corporate Board

| name | director type | appointed | retired |
|---|---|---|---|
| R C Fletcher | indep | | |
| J R Greenham | member director | 21/01/2021 | |
| R I Greenway* | exec | 01/03/2020 | |
| Ben Fletcher | exec | Chief Operating Officer (announced as COO on 1/4/21 (and promoted to Corp Board) | |
| B A Holliday | member director | | |
| D E Jones | indep | | |
| F G Morris | indep | 21st January 2021 | |
| S Phipson CBE* (Chief Executive) | exec | | |
| Lord John Hutton | chair - indep | 01/04/2022 | |
| Ann Watson | member director | 09/03/2023 | |
| | | | |
| J R M Gardner | resigned 29 March 2021 out of board | | 29/03/2021 |
| Dame Judith Hackitt DBE, FREng (Chair) | member director | | 30/03/2022 |

**<u>Executive Board</u>**

| | | |
|---|---|---|
| Helen Bowler | 01/08/2022 | Commercial Director |
| Jenny McMillan | 01/08/2022 | Company Secretary and Business Performance Director |
| Stephen Phipson CBE | 01/12/2017 | CEO |
| Matthew Corkan | | |
| Ben Fletcher | 03/04/2018 | Chief Operating Officer (announced as COO on 1/4/21 (and promoted to Corp Board) |
| Gareth Stace | 01/08/2015 | Director General, UK Steel |
| Richard Greenway | | Chief Financial Officer (title changed from Finance Director WEF 1/12/22) |

# Revenue Account / General Fund

(see notes 11 to 16)

| Previous Year | | | £000 | £000 |
|---|---|---|---|---|
| | **Income** | | | |
| 14,787 | From Members | Subscriptions, levies, etc | 14,367 | 14,367 |
| | Investment income | Interest and dividends (gross) | | |
| 418 | | Bank interest (gross) | 483 | 483 |
| | | Other (specify) | | |
| 3,778 | | Gain on revaluation of investments | | |
| 1,003 | | Dividends | 1,092 | 1,092 |
| | | Gain on disposal of fixed asset | | |
| | | Total Investment Income | 1,575 | 1,575 |
| | Other Income | Rents received | | |
| | | Insurance commission | | |
| 1,339 | | Consultancy fees | 1,716 | 1,716 |
| | | Publications/Seminars | | |
| | | Miscellaneous receipts (specify) | | |
| 7,830 | | Training | 5,881 | 5,881 |
| 3,543 | | Conference Hire | 7,173 | 7,173 |
| 21,236 | | Government funded training | 5,169 | 5,169 |
| 2,322 | | Other | 2,077 | 2,077 |
| 36,270 | | Total of other income | | 22,016 |
| 56,256 | | **Total income** | | 37,958 |
| | | **Interfund Transfers IN** | | |
| | **Expenditure** | | | |
| 16,974 | Administrative expenses | Remuneration and expenses of staff | 19,206 | 19,206 |
| 3,005 | | Occupancy costs | 2,911 | 2,911 |
| 152 | | Printing, Stationery, Post | 203 | 203 |
| 192 | | Telephones | 244 | 244 |
| 1,493 | | Legal and Professional fees | 1,740 | 1,740 |
| | | Miscellaneous (specify) | | |
| 262 | | Motor Expenses | 460 | 460 |
| 387 | | Subscription | 496 | 496 |
| 1,083 | | IT Cost | 1,344 | 1,344 |
| 3,195 | | Direct (non Staff) cost | 5,295 | 5,295 |
| 26,743 | | Total of Admin expenses | | 31,899 |
| 178 | Other Charges | Bank charges | 43 | 43 |
| 2,467 | | Depreciation | 1,027 | 1,027 |
| | | Sums written off | | |
| | | Affiliation fees | | |
| 2 | | Donations | | |
| | | Conference and meeting fees | | |
| | | Expenses | | |
| 468 | | Miscellaneous (specify) | | |
| 1,961 | | Exceptional costs | 5,036 | 5,036 |
| 28 | | Restructuring cost | 89 | 89 |
| 1,241 | | Insurance, Marketing | 1,678 | 1,678 |
| | | Re-measurement of post emp benefits | 2,991 | 2,991 |
| | | Total of other charges | | 10,864 |
| | | Taxation | 795 | 795 |
| 33,088 | | **Total expenditure** | | 43,558 |
| | | **Interfund Transfers OUT** | | |
| 23,168 | | Surplus/Deficit for year | | -5,600 |
| 41,002 | | Amount of fund at beginning of year | | 64,170 |
| 64,170 | | Amount of fund at end of year | | 58,570 |

## 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 2022 ]

(see notes 19 and 20)

| Previous Year | | £000 | £000 |
|---|---|---|---|
| 17,313 | **Fixed Assets** (as at Page 8) | 18,425 | 18,425 |
| | **Investments** (as per analysis on page 9) | | |
| 44,865 | Quoted (Market value £ ) as at Page 9 | | 40,677 |
| | Unquoted (Market value £ ) as at Page 9 | | |
| | **Total Investments** | 40,677 | 40,677 |
| | **Other Assets** | | |
| 8,762 | Sundry debtors | 10,564 | 10,564 |
| 2,866 | Cash at bank and in hand | 1,788 | 1,788 |
| 10 | Stocks of goods | 6 | 6 |
| | Others (specify) | | |
| 5,179 | post employments benefits | 4,184 | |
| | **Total of other assets** | 16,542 | 16,542 |
| | **Total Assets** | | 75,644 |
| 64,170 | Revenue Account/ General Fund | 58,570 | |
| | Revaluation Reserve | | |
| | **Liabilities** | | |
| 1,543 | Loans | 1,296 | |
| 2,498 | Sundry Creditors | 3,893 | |
| 8,823 | Accrued Expenses | 9,728 | |
| 1,961 | Provisions | 2,157 | |
| | Other Liabilities | | |
| | **Total Liabilities** | | 17,074 |
| | **Total Assets** | | 75,644 |

# Fixed Assets account

(see note 21)

| | Land and Buildings £000 | Fixtures & Fittings £000 | Motor Vehicles & Equipment £000 | Total £000 |
|---|---|---|---|---|
| **Cost or Valuation** | | | | |
| At start of period | 21,803 | 16,062 | | 37,865 |
| Additions during period | 1,469 | 849 | | 2,318 |
| Less: Disposals | | | | |
| Less: Depreciation | -7,163 | -14,595 | | -21,758 |
| Total to end of period | 16,109 | 2,316 | | 18,425 |
| **Book Amount** at end of period | 16,109 | 2,316 | | 18,425 |
| Freehold | 11,899 | | | 11,899 |
| Leasehold (50 or more years unexpired) | 1,300 | | | 1,300 |
| Leasehold (less than 50 years unexpired | 2,910 | | | 2,910 |
| **Total of Fixed Assets** | 16,109 | 2,316 | | 18,425 |

# Analysis of Investments

(see note 22)

| Quoted | | Other Funds |
|---|---|---|
| | | £000 |
| | British Government & British Government Guaranteed Securities | |
| | British Municipal and County Securities | |
| | Other quoted securities (to be specified) | |
| | UK Equities B Fund | 5,906 |
| | UK Equities A Fund & Global Credit Income | 18,389 |
| | Multi Asset Total Return Fund | 16,382 |
| | Total Quoted (as Balance Sheet) | 40,677 |
| | Market Value of Quoted Investments | |
| **Unquoted** | British Government Securities | |
| | British Municipal and County Securities | |
| | Mortgages | |
| | Other unquoted investments (to be specified) | |
| | Total Unquoted (as Balance Sheet) | |
| | Market Value of Unquoted Investments | |

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

# Analysis of investment income
# (Controlling interests)

(see note 23)

| | | | | |
|---|---|---|---|---|
| **Does the association, or any constituent part of the association, have a controlling interest in any limited company?** | Yes | x | No | |

If Yes name the relevant companies:

| Company name | Company registration number (if not registered in England & Wales, state where registered) |
|---|---|
| Northern Defence Industries Ltd | 4195419 |
| NDI (UK) Ltd | 6900038 |

## Incorporated Employers' Associations

| | | | | |
|---|---|---|---|---|
| **Are the shares which are controlled by the association registered in the association's name** | Yes | x | No | |

If NO, please state the names of the persons in whom the shares controlled by the association are registered.

| Company name | Names of shareholders |
|---|---|
| | |

## Unincorporated Employers' Associations

| | | | | |
|---|---|---|---|---|
| **Are the shares which are controlled by the association registered in the names of the association's trustees?** | Yes | | No | |

If NO, state the names of the persons in whom the shares controlled by the association are registered.

| Company name | Names of shareholders |
|---|---|
| | |
| | |
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| | |

# Summary Sheet

(see notes 24 to 33)

| | All Funds | Total Funds |
|---|---|---|
| | | £ |
| **Income** | | |
| From Members | 14,367 | 14,367 |
| From Investments | 1,575 | 1,575 |
| Other Income (including increases by revaluation of assets) | 22,016 | 22,016 |
| **Total Income** | 37,958 | 37,958 |
| **Expenditure** (including decreases by revaluation of assets) | | |
| **Total Expenditure** | 43,558 | 43,558 |
| **Funds at beginning of year** (including reserves) | 64,170 | 64,170 |
| **Funds at end of year** (including reserves) | 58,570 | 58,570 |

| **ASSETS** | | |
|---|---|---|
| | Fixed Assets | 18,425 |
| | Investment Assets | 40,677 |
| | Other Assets | 16,542 |
| | **Total Assets** | 75,644 |
| **Liabilities** | **Total Liabilities** | 17,074 |
| **Net Assets (Total Assets less Total Liabilities)** | | 58,570 |

# Summary Sheet

(see notes 24 to 33)

| | All Funds | Total Funds |
|---|---|---|
| | £ | £ |
| **Income** | | |
| From Members | | |
| From Investments | | |
| Other Income (including increases by revaluation of assets) | | |
| **Total Income** | | |
| **Expenditure** (including decreases by revaluation of assets) | | |
| **Total Expenditure** | | |
| **Funds at beginning of year** (including reserves) | | |
| **Funds at end of year** (including reserves) | | |

| | | |
|---|---|---|
| **ASSETS** | | |
| | Fixed Assets | |
| | Investment Assets | |
| | Other Assets | |
| | **Total Assets** | |
| **Liabilities** | **Total Liabilities** | |
| **Net Assets (Total Assets less Total Liabilities)** | | |

# 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 pages 27-44 of the attached EEF Limited Report and Financial Statements 2022.

## Accounting policies

(see notes 35 & 36)

| |
|---|
| |

## 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**

| | | | |
|---|---|---|---|
| CFO's Signature: | | CEO's Signature: | |
| | | | (or other official whose position should be stated) |
| Name: | Richard Greenway | Name: | Stephen Phipson |
| Date: | 26 May 2023 | Date: | 26 May 2023 |

## Checklist

(see note 39)

**(please enter 'X' as appropriate)**

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

# Checklist for auditor's report

(see notes 41 to 44)

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

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

Please explain in your report overleaf or attached.

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)

We have audited the financial statements which 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.

In our opinion the financial statements give a true and fair view of the Association's financial affairs at 31 December 2022 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: | Tom Wilson | |
| Name(s): | Thomas Wilson | |
| | | |
| Profession(s) or Calling(s): | Haysmacintyre LLP - Chartered Accountants | |
| Address(es) | 10 Queen Street Place, London EC4R 1AG | |
| Date: | 27/05/2023 | |
| Contact name for enquiries and telephone number: | Tom Wilson: +44 20 7969 5697 | |

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 2022

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## COMPANY INFORMATION

### Directors of the Company ("The Corporate Board")

B Fletcher* (Chief Operations Officer)
R C Fletcher
J R Greenham
R I Greenway* (Chief Financial Officer)
B A Holliday
Rt Hon Lord John Hutton of Furness (Chair) (Appointed 1 April 2022)
D E Jones
F G Morris
S Phipson CBE* (Chief Executive)
A Watson (Appointed 9 March 2023)

*Executive Directors of the Company

### Company Secretary

J McMillan (Appointed 1 August 2022)
R I Greenway (Resigned 31 July 2022)

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

In my first year as Chair of Make UK I have been proud to represent a manufacturing sector revered across the globe. The UK manufacturing industry continues to be the UK's economic engine, and world's workshop. British manufacturing is a cornerstone of our economy that creates and sustains high-quality, long-term jobs paying well above the average; it drives investment, research and growth both in the UK and overseas.

In line with the wider economy, however, our members have this year endured several significant challenges. With a multitude of factors at play, from rising inflation to seismic increases in energy prices, and ever-increasing pay pressures – the cost of doing business for manufacturers soared in 2022. This potent mix of factors has resulted in reduced investment intentions and a slowing of economic growth.

These significant economic challenges have been set against a backdrop of political turmoil: last year we saw three Prime Ministers, four Chancellors and what feels like countless major fiscal events. Throughout this upheaval Make UK has been at the heart of Westminster ensuring that the voice of manufacturing has been heard and our sectors' challenges are not forgotten.

Our campaigning work in 2022 focused on four key areas: driving energy efficiency, mitigating the rising costs of doing business, building resilient workforces and supporting manufacturers to operate without borders.

6 in 10 manufacturers said the rise in energy costs they faced in 2022 were so severe they were now business threatening. As such, ahead of the Emergency Autumn Budget last November we called for, and won, an Industry Energy Price Cap, limiting the price of energy manufacturers pay until March 2023.

We worked hard to avoid a cliff-edge for energy support when current measures were due to come to an end, encouraging the UK Government to recognise the serious disadvantage UK manufacturing already faces when compared to their major European competitors who are being shielded by more extensive and generous energy support schemes.

We pushed for Government to improve regulation of the industrial energy market to mirror the way it applies to domestic users, to ensure that manufacturers are not further overcharged during this crisis period.

None of this took away from the importance of stressing the longer-term drive to energy efficiency. If anything, all our evidence last year pointed to the energy crisis pushing manufacturers increasingly towards exploring greater efficiency measures, from on-site generation to updating capital equipment.

Through the key fiscal events of the year, we asked for Government to create a conducive business environment. We successfully secured the Annual Investment Allowance permanently set at £1 million from 1 April 2023, giving manufacturers 100% tax relief on their plant and machinery investments up to the level of £1 million. The HMT R&D Tax Reliefs scheme was extended to include cloud computing services as eligible costs within the R&D tax regime.

Working with a wide range of partners, we successfully secured further domestic recognition of the CE mark. And we doubled down efforts to have the Industrial Strategy re-introduced. Make UK evidence strongly points to a lack of long-term economic plan as a key hinderance to business confidence. The Chancellor's comments in recent months suggests our work is having an impact.

The skills crisis and resulting labour shortage is well known and the manufacturing sector is suffering like many others. At its peak, vacancy numbers in the sector hit 95,000. We pressed Government on the need to urgently review the 'Shortage Occupation List' to help ease the labour shortage, temporarily giving businesses some relief. We published a flagship report in partnership with Sage on 2030, exploring what skills would be needed in 2030 and how manufacturers could be best supported to access them.

In partnership with the Department for Education, we launched the 'Apprenticeships in Manufacturing' (AiM) group to support the growth of apprenticeships and meet the growing demand for apprenticeships in the manufacturing sector. This group is now the voice of manufacturing in the apprenticeship space and meets regularly to improve apprenticeship awareness, and boost start numbers.

As we look to 2023 our campaigning will be driven by our ambition for the UK manufacturing sector to be the engine of UK economic growth our country sorely needs. We will focus on tackling labour shortages; driving energy efficiency; and boosting trade at home and abroad.

As the representative body for manufacturing, our role is to do all we can to raise the importance of the sector and to ensure the right environment is created to ensure UK manufacturing not only thrives but grows. Make UK is and always will be here to support UK manufacturers every step of the way. Their needs inform everything that we do and by working together I am confident we can ensure that UK manufacturing continues to demonstrate its ingenuity and resilience.

The Company continues its journey post-pandemic, making tough choices and facing its own challenges to delivery. We will continue to make space to invest in enhancing the quality and broadening the range of the services we offer to our members and clients in 2023. I am proud to lead an organisation which has demonstrated its worth to its members both in its representation and business services for more than 125 years.

I would like to take this opportunity to thank Stephen and all the staff for their work this year. And I thank my Board colleagues for their commitment to the Company and for their support to me in my first year as Chair.

**The Rt Hon Lord Hutton of Furness**
**Chair**
11 May 2023

**CHIEF EXECUTIVE'S REVIEW**

Make UK, along with the broader manufacturing sector, was relieved to see a return to pre-pandemic trading levels in 2022 with some highly positive progression within our business. We continued strengthening our workforce and saw steady progress against the ambitious targets we had set for ourselves resulting in another encouraging end-of-year result for us.

In 2022 we continued to control overheads whilst investing in ourselves to further enhance the quality of our service offering for our members and clients. As a business we were able to both modernise and make savings by further rationalising our property portfolio and office space, implementing the outcomes of our procurement review by moving to a single facilities management supplier and driving through enhancements in our information systems and digital technology which we will continue into 2023.

As well as cautiously growing our headcount to match the rising demand for our services we also took the opportunity to invest in developing our services including:

- a consolidation at our Apprentice Training Centre to create a single centre of excellence by delivering our full programme in our expanded, modern, purpose-built facility;
- new and enhanced training offerings across both Health, Safety and Sustainability and HR Legal services;
- property renovations across our three venues, including a revamped restaurant at Woodland Grange and a redesign across our London Broadway House location;
- a strengthened membership and customer care resource to support our members across our service provision.
- several information systems improvements, including an upgraded financial system to further protect our cyber security.

Looking ahead to 2023 we are prioritising investment in our business development, marketing and digital resources as well as pursuing our Cyber Essentials Plus accreditation. With this increased investment we are looking to both grow our product range, and expand our existing product range into new markets.

Financially it was an ambitious but rewarding year for the Company. The tail-end of the pandemic dampened our January revenues and left us committed to recovering that deficit as the year rolled out. We saw increased demand for training as employers invested in their workforces and we adapted our business model to meet the shift in demand back to face-to-face delivery alongside a steady demand for virtual and hybrid models.

The Company realised significant financial benefits of maintaining strong cost control despite the increasing business volumes.

Revenues increased year on year by 22% from £29.8m to £36.4m resulting in an operating profit before exceptional items of just under £0.9m, a record for EEF Limited since it was formed as part of the regional federation amalgamation back in 2008. Year on year growth was, not unexpectedly, realised predominantly in our Venues business, now free of the pandemic trading restrictions, with associated conference income increasing by £3.7m to £7.2m. Training and consultancy volumes also increased generating top line growth of £2.7m, along with growth in government funded training income of £0.9m following an upturn in demand for apprentice numbers.

Despite the much-improved operating performance, resulting in a net operating profit of £0.2m (contrasted to the £1.8m loss in 2021), the volatility and uncertainty in financial markets during the year resulted in a reduction and write-down in the value of the company's financial investments, giving rise to a £4.2m unrealised loss on these investments and resulting in an overall loss for the year of £3.4m.

Accordingly, the Company balance sheet net asset position has also declined year on year with net assets of £58.6m at the year-end (2021 - £64.2m) with reductions in the value of financial investments and additionally a reduction in the surplus recognised in relation to the defined benefit pension scheme. The reduction in pension surplus follows market turmoil, increases in gilt yields and the impact the autumn gilts crisis had on the pension scheme investment values. Further details as to the impact of the change in accounting assumptions for the defined benefit pension scheme can be found in note 16 on page 39-42.

Encouragingly, our membership retention and acquisition rates continued to hold strong, which demonstrated the ongoing value of our offer. In 2023 we will look to extend our services subscriptions base with a challenging acquisition target, particularly for HR Legal subscriptions.

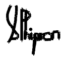
In 2022 our members continued to receive exclusive access to insight and analysis tailored for manufacturers. Our annual conference in May was an opportunity for our members to meet our new Chair, The Rt Hon The Lord Hutton of Furness, who joined us in the spring. That flagship event set the tone for a triumphant return of in-person events between our members, MPs, and stakeholders where we took full advantage of the opportunities to showcase our sector and support our members to connect face-to-face again with buyers, suppliers and decision makers.

Make UK has continued to engage with MPs and decision makers from across the political spectrum and across the country on a range of different issues impacting the manufacturing sector. This year by backing UK manufacturing and its people, we have sought to increase productivity and wealth creation across every region, boosting our economy and helping to deliver the much-needed economic recovery.

By backing manufacturing and making the views of our members heard, we have shown that it is manufacturers who are leading the charge in adopting digitalisation, it is manufacturers who are developing the green technologies and innovations to protect our planet, and it is manufacturers who are recruiting and training the next generation of talent to lead our businesses. Laying the foundations for economic growth begins with supporting manufacturers to; reduce the cost of doing business, increase competitiveness at home and abroad, and reboot business confidence.

Looking ahead for us as a business, in line with our sector our focus is on continuing our path of steady growth for 2023, with even more ambitious targets to stretch both our product range in existing markets, but taking those products into new markets. We are investing in our staff, our buildings and our technology to ensure we can build our capability in line with growing demand for our services. I am confident we have the skills and resources we need to anticipate and pursue the growing demand for both our representation and services.

I would like to thank each of our members for their continued support and especially the staff for their determined, hard work during a challenging but rewarding year for our Company. I would also like to thank The Rt Hon Lord Hutton of Furness who in his first year as Chair has provided significant support to me personally as well as the Board of Directors and the organisation as a whole.



**Stephen Phipson CBE**
**Chief Executive**
11 May 2023

## NATIONAL MEMBERSHIP, REGIONAL ADVISORY BOARDS AND POLICY COMMITTEES

## as at 11 May 2023 were as follows:

**National Membership Board (Chair)**

| | |
|---|---|
| Rowan Crozier | National |

**Regional Advisory Boards (Chairs)**

| | |
|---|---|
| Graham Hartley | North West |
| Nick Hurt | East of England |
| Austen Adams | East Midlands |
| Mike Evans | Wales North |
| Mike Evans | Wales South |
| Sharon Lane | North East |
| David Goater | Yorkshire & Humber |
| Laura McBrown | South East |
| Brian Cutts | South West |
| Rowan Crozier | West Midlands |
| Steve Bramley | Affiliate Members |

**Policy Committees (Chairs)**

| | |
|---|---|
| Bonnie Dean | Economic Policy Committee |
| Luis Sanz | UK Steel Management Committee |
| Mandy Ridyard | Labour Market & Skills Policy Committee |
| Steve George | Environment Sustainability Policy Committee |
| Shaun Lundy | Health, Safety & Wellbeing Policy Committee |
| Rosa Wilkinson | Technology, Innovation and Digitalisation Policy Committee |
| Dave Sheridan | Make UK Modular Board |

## 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 2022.

### Results

The Company reported a loss for the year before taxation amounting to £2.6m (2021 – £1.9m profit). This is largely due the losses on remeasuring the company's investments held at fair value which amounted to a £4.2m reduction. Such investment losses, although unrealised, were due to market uncertainty and economic headwinds caused by the geo-political situation and global cost of living crisis.

Operating profits before exceptional items amounted to £0.9m (2021 - £0.2m profit) with an overall operating profit generated for the year of £0.2m (2021 - £1.8m loss). The year-on-year growth in operating profit is largely due to the Venues division recovery in 2022 due to improved trading conditions and the easing of Covid restrictions, along with increases in training and consultancy volumes.

The Company continued to reflect on its cost base and associated property portfolio and as such reached a decision to vacate its St James's House premises in Edgbaston, Birmingham and additionally to look to dispose of its long leasehold property interest in Gateshead. The Edgbaston property is leased through a long-term agreement and commercial options are being considered to exit the lease. Consequently £0.2m of leasehold impairments and £0.7m of exceptional cost provisions have been recognised in relation to the planned exit. The Gateshead office continues to be utilised for office purposes until such time that a sale or exit agreement is reached, and alternative premises in the region are found.

During the year the company completed a £1.4m upgrade to its Technology Hub facility in Aston, Birmingham in 2022. This follows the announcement in 2021 of the company's decision to close the smaller of its of two apprentice facilities, the EEF Technical Training Centre in Nexus Point, Birmingham and consolidate its apprentice operations at the Technology Hub. The reinstatement works related to the exit of Nexus Point is well underway and is expected to conclude in the summer of 2023.

The total comprehensive loss for the year was £5.6m (2021 - £23.2m income). £2.2m of the loss related to remeasurements of the Company's defined benefit pension scheme following turmoil in the gilts market in the autumn which added to the £3.4m loss for the year after tax, which itself was primarily as a result of a downturn in financial markets and related investments. More detail on the accounting for the Company's defined benefit pension scheme can be found in note 16 on pages 39-42.

At 31st December 2022 the Company had net assets of £58.6m (2021 - £64.2m).

### 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:

| | Membership of Committees | | | |
|---|---|---|---|---|
| Director | Audit and Risk | Nominations & Remuneration | Finance & Investment | Ethics |
| B Fletcher | | | | # |
| R C Fletcher | | Ch.# | | |
| J R Greenham | | | # | |
| R I Greenway | | | # | # |
| Rt Hon Lord J Hutton of Furness (appointed 1 April 2022) | | # | # | |
| B A Holliday | | # | | |
| D E Jones | Ch. # | | | |
| F G Morris | | | Ch. # | |
| S Phipson CBE | | | # | Ch. # |

**Key:**
# - member
Ch - chairman

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 boards 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 11 May 2023 were as follows:

| | |
|---|---|
| Stephen Phipson CBE (Chair)* | Chief Executive |
| Ben Fletcher* | Chief Operating Officer |
| Richard Greenway* | Chief Financial Officer |
| Matthew Corkan | HR Director |
| Gareth Stace | Director General, UK Steel |
| Jenny McMillan | Director of Performance & Company Secretary |
| Helen Bowler | Commercial Director |

***Key***
** Director of the Company*

**Donations**

The Company made charitable donations during the year totalling £Nil (2021 - £Nil).

## 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 2022 and 31 December 2021 was as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| Type of Activity | Energy Usage (kWh) | GHG emissions (tCO2e) | Energy Usage (kWh) | GHG emissions (tCO2e) |
| Grid electricity | 1,982,897 | 383.5 | 1,784,266 | 378.9 |
| Natural Gas | 2,514,848 | 459.1 | 2,682,439 | 491.3 |
| Transport | 548,262 | 136.7 | 300,167 | 77.4 |
| **Total** | **5,046,007** | **979.2** | **4,766,873** | **944.6** |

| | 2022 | | 2021 | |
|---|---|---|---|---|
| Scope | Energy Usage (kWh) | GHG emissions (tCO2e) | Energy Usage (kWh) | GHG emissions (tCO2e) |
| Scope 1 (Natural Gas & Transport) | 2,545,353 | 466.8 | 2,714,199 | 499.2 |
| Scope 2 (Grid electricity) | 1,982,897 | 383.5 | 1,784,266 | 378.9 |
| Scope 3 (Transport) | 517,757 | 128.9 | 268,407 | 66.5 |
| **Total** | **5,046,007** | **979.2** | **4,766,873** | **944.6** |

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 | 2022 | 2021 |
|---|---|---|
| Square Feet | 264,368 | 264,368 |
| Kg CO2e | 979,200 | 944,600 |
| Kg CO2e per square foot | 3.70 | 3.57 |

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 2022 and 2021 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. The Kg CO2e per square foot ratio has increased year on year as a result of office opening hours increasing and more business travel being undertaken in line with increasing business volumes and the relaxation of Covid restrictions.

## 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**
**Chief Financial Officer**
11 May 2023

## 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 2022.

### Review of the Business and Future Developments

For the first time since the 2019 financial year, 2022 proved to be the longest and most consistent period in which the Company was able to operate without Covid related restrictions, although the initial months of January & February were still subject to some of those restrictions, resulting in our Venues and training operations getting off to a slow start.

The acceleration of restriction easing in the Spring saw business activity rapidly increase, notably for our conferencing Venues business, with confidence increasing among clients, and Covid related distancing and mask restrictions becoming a distant memory that made it easier to do business as a result.

Conferencing Venues revenues doubled in contrast to 2021, with training revenues also increasing by two thirds. Whilst this increase in business activity placed further pressure on the cost base, principally on headcount resource to deliver the volumes present, costs were still kept under close scrutiny to ensure that sufficient margins were delivered.

The net effect of this increasing activity and the rationalised cost base from work conducted in prior years was to deliver a net operating profit before exceptional items of £1m. This is the highest operating profit performance since EEF Limited was formed from the previous regional federations and commenced trading as a company back in 2008.

This result was achieved despite the backdrop of the high energy and cost of living crisis that has engulfed the UK economy in the latter half of the year. The Company was protected against the significant increase in energy costs that arose in 2022 thanks to a fixed price agreement arranged in 2020 that remains in place until December 2023. Whilst other costs were subject to increases, this has been mitigated to some extent by passing such costs onto customers with associated price increases.

As for staff, the Company continued to operate a hardship fund for those most in need, and in addition brought forward its pay review date in 2023 from April 1st to January 1st to assist staff during the colder winter spell.

In the meantime, the Company still continues to consider ways to operate more efficiently and effectively and accordingly took a decision in late 2022 to further consolidate into the Technology Hub at Aston with the announced closure of its Edgbaston offices, with a view to disposing of the lease and reducing its overhead base accordingly.

In addition, the Gateshead office was also assessed as being larger in size than required for business needs, and as such whilst this facility continues to be used, options are being explored to move to more suitable office accommodation and exit the long leasehold on the existing site, dependent upon a suitable commercial agreement.

In contrast, the Company continues to also consider appropriate investments where necessary. Investments were made in 2022 in its Venues operations, with a programme of redecoration and reconfiguration in several sites to ensure that the product is kept relevant and desirable to customers in what is a highly competitive and price/quality based marketplace.

Furthermore, a programme of IT upgrade works are underway to ensure the Company has a much stronger cyber resilience platform in place on the back of increasing external threats in the general IT/Cyber environment. On the back of these works the Company obtained Cyber Essentials accreditation in the summer of 2022, with the aim of achieving Cyber Essentials Plus accreditation in the autumn of 2023.

The Company's forecasts and projections for the next 12 months from the date of the approval of these financial statements, take account of any expected ongoing risks notably the inflationary and macro-economic conditions and the reasonably possible changes in trading performance as well as the mitigating actions taken by, or available to us. These forecasts and projections show that the Company will be able to continue 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 Chair's Statement and Chief Executive's Review, which contain details of the activities carried out on behalf of members.

**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 a key potential risk for Make UK at this time continues to be the potential impact of the high inflationary, macro-economic and geo-political environment which is specifically subject to high levels of uncertainty in terms of duration and scale of indirect impact. Some of the key impacts are likely to be:

- Directly impacting on the business such as:
    - Increasing pressure on the cost base from the Company's supply chain.
    - Increasing pressure for cost-of-living increases from employees.
    - The ability or otherwise to pass such cost increases onto end customers.
- Indirectly from the wider economic impact:
    - Possible customer insolvencies and other general macro-economic conditions restricting the Company's ability to grow its products and services.
    - Downturns in financial markets impacting both the pension scheme liability and Company investments.
    - Reduced dividend income from investments due to economic reasons.

The Company is looking to mitigate such risks as far as possible by continuing to monitor the direct impacts on its cost base as a result of inflation and consider to what extent price adjustments to members and customers are required including a potential mid-year increase in standard rate cards for services. Furthermore, KPI's which are already monitored, such as attrition, will continue to be closely monitored to establish whether an increasing trend of resignations emerges.

Additionally, given the uncertainty, the Company continues to carefully monitor its cost base, notably ensuring headcount is controlled and any recruitment is subject to stringent business cases.

In relation to any changes in the market value of investments which impacts both the carrying value of equity investments held by the Company, and additionally the 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.

A further risk which the Company views as an increasing threat is that of a Cyber event/attack, whether direct or indirect. The Company is investing in further upgrades to IT systems and associated infrastructure, as well as investing in staff training to ensure the Company is as well protected as it could possibly be to thwart any attempts from potential threat actors. Cyber Essentials accreditation was achieved in summer 2022, with Cyber Essentials plus accreditation targeted for autumn 2023.

**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 stakeholders 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, and
- Local Communities.

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

Inflation and the Energy/Cost of living crisis

Since Spring of 2022 inflation has taken hold within the UK economy, firstly through the energy crisis and secondly on the general products and services used in the wider economy.

The Company has faced price increases from its supply chain because of these inflationary pressures, although it has been shielded from the direct impact of energy price increases through the fixed price arrangement that was in place prior to such increases and remains in place until December 2023.

Whilst the Company is cognisant that its members, many of whom are high energy users, will be facing increased costs in its supply chain from both energy and raw material inputs, the Company, despite absorbing much of its supply chain price pressure, decided to raise membership fees by 6% effective from late 2022, on the basis that there was only a limited amount of supply side increases that could not be passed onto our end customers.

Whilst directly this adds additional cost to our members cost base, equally the Company needs to ensure it is able to continue providing the high-quality products, services and representation that our members need and want, especially in the current volatile economic and political landscape.

Furthermore, the cost of living pressures on our staff, notably the increases in energy and food prices were very much forefront of mind for management.

A pay rise was awarded as normal in April 2022 just ahead of inflationary pressures. By the time winter of 2022/23 had arrived energy and other costs had skyrocketed. The Company undertook several actions to assist employees in this regard:

1. To make all staff aware of a hardship scheme for those who were struggling financially.
2. To signpost staff to sources of information which could assist in managing day to day expenses, including use of Company benefits such as discount voucher schemes.
3. To bring forward the April 2023 payrise to January 2023 in order to assist with the high energy costs during the winter period.
4. To engage with the National Staff Forum on any other ideas that staff may have.

Management will continue to monitor the ongoing inflationary pressures within the market and will give consideration to other alternative actions as necessary.

Further consolidation of office properties

During the year the Company decided to seek an exit from two of its office locations, at Edgbaston in Birmingham and Gateshead.

The Company considered the financial impact of such decisions, but equally engaged staff fully at the outset of proposals as to the rationale, and in the case of Edgbaston staff moving to the Technology Hub at Aston, the configuration and desired layout of office seating areas and other logistical aspects.

One of the key non-financial considerations was that of the working environment whereby both properties provided far more capacity than the actual utilisation of those facilities which resulted in a poor and disparate working environment when attending an office, when many staff are working in a hybrid manner at both home and office.

In addition, members local to the regions of these properties were considered. Edgbaston is not intended to be replaced, given that the Technology Hub will continue to provide a Midlands presence, but alternative, smaller and more appropriate accommodation will be sought in the Gateshead and North East region once and if an exit from the existing Gateshead property can be realised.

By Order of the Corporate Board

**R I Greenway**
**Chief Financial Officer**
11 May 2023

## 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 2022 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 2022 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 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 in particular, the valuation of the company's defined benefit pension scheme and particular judgements surrounding impairment of property assets and onerous lease

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Thomas Wilson
Senior Statutory Auditor
For and on behalf of Haysmacintyre LLP
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 15/05/23

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 2022**

| | Notes | **2022 £'000** | **2022 £'000** | **2021 £'000** | **2021 £'000** |
|---|---|---|---|---|---|
| TURNOVER | | | | | |
| Subscriptions | 2 | 14,367 | | 14,787 | |
| Other income | 3 | 22,016 | | 15,034 | |
| | | | 36,383 | | 29,821 |
| COST OF SALES | | | (18,742) | | (14,845) |
| GROSS PROFIT | | | 17,641 | | 14,977 |
| ADMINISTRATION COSTS | | | | | |
| Ongoing Administrative Expenses | | (16,746) | | (14,766) | |
| Exceptional Costs | 4 | (669) | | (1,961) | |
| | | | (17,415) | | (16,727) |
| OPERATING PROFIT | | | | | |
| Before exceptional costs | | 895 | | 210 | |
| Exceptional costs | 4 | (669) | | (1,961) | |
| Total operating profit / (loss) | | | 226 | | (1,751) |
| Income from investments | 5 | | 1,092 | | 1,003 |
| Impairments | 11 | | (179) | | (1,339) |
| Other Interest receivable and similar income | 6i | | 483 | | 418 |
| (Loss)/Gain on listed investments at fair value through profit and loss account | 12 | | (4,188) | | 3,778 |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST PAYABLE AND TAX | | | (2,566) | | 2,110 |
| Interest payable and similar charges | 6ii | | (43) | | (178) |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX | 7 | | (2,609) | | 1,932 |
| TAX ON ORDINARY ACTIVITIES | 10 | | (795) | | 1,295 |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR | | | (3,404) | | 3,227 |

The accounting policies and notes on pages 27-44 form part of these Financial Statements.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st DECEMBER 2022

| | Notes | 2022 £'000 | 2022 £'000 | 2021 £'000 | 2021 £'000 |
|---|---|---|---|---|---|
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR | | | (3,404) | | 3,227 |
| **Other comprehensive income/(expense):** | | | | | |
| Remeasurement of Post-Employment Benefits: Opening Balance Adjustment due to change of basis | 16 | - | | 6,120 | |
| Remeasurement of Post-Employment Benefits: Actuarial (loss)/gain for the year | 16 | (2,991) | | 15,116 | |
| Total tax on components of other comprehensive income/(expense) | 10 | 795 | | (1,295) | |
| Other comprehensive (loss)/ income for the year, net of tax | | | (2,196) | | 19,941 |
| TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR | | | (5,600) | | 23,168 |

The accounting policies and notes on pages 27-44 form part of these Financial Statements.

**BALANCE SHEET AS AT 31st DECEMBER 2022**

**Company number 05950172**

| | Notes | **2022 £'000** | **2022 £'000** | **2021 £'000** | **2021 £'000** |
|---|---|---|---|---|---|
| FIXED ASSETS | | | | | |
| Tangible Assets | 11 | 18,425 | | 17,313 | |
| Investments | 12 | 40,677 | | 44,865 | |
| | | | 59,102 | | 62,178 |
| CURRENT ASSETS | | | | | |
| Stock | | 6 | | 10 | |
| Debtors | 13 | 10,564 | | 8,762 | |
| Cash at bank and in hand | | 1,788 | | 2,866 | |
| | | 12,358 | | 11,638 | |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 14 | (13,868) | | (11,568) | |
| NET CURRENT LIABILITIES | | | (1,510) | | 70 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 57,592 | | 62,248 |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 14 | | (1,049) | | (1,296) |
| PROVISIONS FOR LIABILITIES AND CHARGES | 15 | | (2,157) | | (1,961) |
| POST-EMPLOYMENT BENEFITS | 16 | | 4,184 | | 5,179 |
| NET ASSETS | | | 58,570 | | 64,170 |
| CAPITAL AND RESERVES | | | | | |
| Retained Earnings | | | 58,570 | | 64,170 |
| TOTAL EQUITY | | | 58,570 | | 64,170 |

The accounting policies and notes on pages 27-44 form part of these Financial Statements.

**Approved by the Corporate Board of EEF Limited on 11 May 2023 and signed on its behalf by:**

S Phipson

Stephen Phipson CBE
Chief Executive

Richard Greenway
Chief Financial Officer

## STATEMENT OF CHANGES IN EQUITY AS AT 31ST DECEMBER 2022

| | Retained E rnings £'000 | Total Equity £'000 |
|---|---|---|
| BALANCE AT 1 JANUARY 2021 | 41,002 | 41,002 |
| Profit for the year | 3,227 | 3,227 |
| Other comprehensive income for the year | 19,941 | 19,941 |
| BALANCE AT 31 DECEMBER 2021 AND 1 JANUARY 2022 | 64,170 | 64,170 |
| (Loss) for the year | (3,404) | (3,404) |
| Other comprehensive income for the year | (2,196) | (2,196) |
| BALANCE AT 31 DECEMBER 2022 | 58,570 | 58,570 |

The accounting policies and notes on pages 27-44 form part of these Financial Statements.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st DECEMBER 2022**

| | 2022 | 2022 | 2021 | 2021 |
|---|---|---|---|---|
| Reconciliation of net profit to net cash inflow from operating activities | £'000 | £'000 | £'000 | £'000 |
| (Loss)/Profit for the year | | (3,404) | | 3,227 |
| Tax on ordinary activities | 795 | | (1,295) | |
| Investment income | (1,092) | | (1,003) | |
| Net finance costs | (440) | | (240) | |
| Change in fair value of listed investments | 4,188 | | (3,778) | |
| Pension fund administration expenses | 665 | | 490 | |
| Pension fund past service credit | (242) | | - | |
| Increase in provisions | 196 | | 1,961 | |
| Depreciation & Impairment | 1,206 | | 2,467 | |
| (Increase) in trade and other debtors | (1,803) | | (714) | |
| Decrease/(Increase) in stocks | 4 | | (4) | |
| Increase/(Decrease) in trade and other creditors | 2,300 | | (328) | |
| | | 5,777 | | (2,445) |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | | 2,373 | | 782 |
| CASH FROM FINANCING ACTIVITIES | | | | |
| Repayment of loan amounts | (247) | | (184) | |
| Interest paid | (43) | | (29) | |
| | | (290) | | (213) |
| CASH USED BY INVESTING ACTIVITIES | | | | |
| Investment income proceeds | 1,093 | | 1,003 | |
| Interest received | 372 | | 418 | |
| Payments to acquire tangible fixed assets | (2,318) | | (683) | |
| Payments to defined benefit pension schemes | (2,308) | | (2,901) | |
| | | (3,161) | | (2,163) |
| NET (DECREASE) IN CASH | | (1,078) | | (1,594) |

**STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31st DECEMBER 2022 (continued)**

**Reconciliation of net cash flow to movement in net debt**

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| NET (DECREASE) IN CASH | (1,078) | (1,594) |
| Cash at bank and in hand less overdrafts at beginning of the year | 2,866 | 4,460 |
| Cash at bank and in hand less overdrafts at end of the year | 1,788 | 2,866 |

| | As at 1 January 2022 £'000 | Cash flows £'000 | Non-cash changes £'000 | As at 31 December 2022 £'000 |
|---|---|---|---|---|
| **Analysis of change in net debt** | | | | |
| Cash at bank | 2,866 | (1,078) | - | 1,788 |
| Debt due within one year | (247) | 247 | (247) | (247) |
| Debt due after more than year | (1,296) | - | 247 | (1,049) |
| **Total net debt outstanding** | 1,323 | (893) | - | 492 |

The accounting policies and notes on pages 27-44 form part of these Financial Statements

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2022

## 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 2022, EEF had the following wholly owned subsidiaries:

- 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:

- **Post-Employment Benefits**

The company operates a multi-employer defined benefit scheme. Prior to 2021, the company was unable to identify its share of the assets and liabilities of the scheme and so it was accounted for as a defined contribution scheme where the net present value of the deficit contributions were recognised in the financial statements as creditors falling within and more than one year.

Since 1 January 2021, because of additional information becoming available, the company is now able to split the pension liability by employer which has resulted in the scheme being accounted for as a Defined Benefit scheme in accordance with FRS 102, paragraphs 28.11B and 28.11C.

The FRS 102 valuation involves making assumptions about discount rates, inflation, 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 UK. Future pension increases are based on expected future inflation rates for the UK.

The company has applied paragraph 28.11 of FRS 102 and it is considered that it has an unconditional right to a refund of surplus from the Fund.

- **Dilapidations Provision**

This requires management's best estimate of the expenditure that will be incurred based on contractual requirements under the terms of the lease following a decision to exit a leasehold property. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement. For further details, see note 15 on page 39.

## 1. ACCOUNTING POLICIES (continued)

- **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.

The company has impaired the full carrying value of £0.2m relating to the St James's House property in Edgbaston, Birmingham due to the company informing the landlord of its intention to vacate the premises and exit the long-term lease contract.

The Company also performed impairment tests in two notable areas, namely our Venues and Apprentice centres. These areas of the business are directly linked to the company's freehold and leasehold properties.

With respect to our Venues business, it has returned to pre-pandemic profitability levels in 2022 and is expected to grow in 2023. Based upon the expected net recoverable amount the Directors do not believe there is an impairment impact.

In respect of the Apprentice centres, the full carrying value of £0.5m relating the EEF Technical Training Centre in Nexus Point, Birmingham was impaired and recorded in the 2021 financial statements due to the company announcing its closure. The company's apprentice centre operates from the EEF Technology Hub in Noble Way, Birmingham. The company completed a £1.4m upgrade to this property in 2022 and an impairment review was undertaken. The 2022 intake returned to pre-pandemic levels and future intakes are expected to stabilise at these levels. Whilst intake numbers are subject to fluctuation, the Directors believe that this is a suitable and reasonable assumption when considering the impairment review and because of this review, there is no impairment impact on the carrying value of the Technology Hub.

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.

### Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably. Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

### 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.

### Post-Employment Benefits (Defined Benefit Pension Scheme)

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation in accordance with FRS 102. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'remeasurement of net defined benefit obligation'.

The administration cost of the defined benefit plan is recognised in profit or loss as ongoing administrative expenses.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'interest payable and similar charges'.

### 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

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Make UK Members' subscriptions | 13,983 | 14,045 |
| Steel levy income | 384 | 742 |
| | 14,367 | 14,787 |

## 3. OTHER INCOME

| | | |
|---|---|---|
| Consultancy | 1,716 | 1,339 |
| Training | 5,881 | 3,521 |
| Conference hire | 7,173 | 3,543 |
| Government funded training | 5,169 | 4,309 |
| Government Grant income | - | 579 |
| Other income | 2,078 | 1,743 |
| | 22,016 | 15,034 |

## 4. EXCEPTIONAL COSTS

| | | |
|---|---|---|
| Onerous lease provision costs | 369 | 926 |
| Dilapidation provision costs | 300 | 1,035 |
| | 669 | 1,961 |

## 5. INCOME FROM INVESTMENTS

| | | |
|---|---|---|
| Dividend income | 949 | 856 |
| Management Fee Rebate | 143 | 147 |
| | 1,092 | 1,003 |

| | 2022 £'000 | 2021 £'000 |
|---|---|---|

## 6. INTEREST RECEIVABLE AND PAYABLE

### i) INTEREST RECEIVABLE

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Interest on defined pension scheme | 111 | - |
| Interest received from Investments | 372 | 418 |
| | 483 | 418 |

### ii) INTEREST PAYABLE AND SIMILAR CHARGES

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Bank, other loans, and overdrafts | 43 | 29 |
| Interest on defined pension scheme | - | 149 |
| | 43 | 178 |

## 7. (LOSS)/ PROFIT ON ORDINARY ACTIVITIES

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

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Depreciation & Impairment on Tangible Fixed Assets | 1,206 | 2,467 |
| Hire of plant and machinery | - | 212 |
| Fee payable to auditors: | | |
| Audit | 48 | 43 |
| Non-audit | 9 | 19 |
| Pension fund past service credit | (242) | - |
| Pension fund administration expenses | 665 | 490 |
| Changes in fair value of listed investments | 4,189 | (3,778) |

## 8. EMPLOYEE COSTS

Employee costs for the year were as follows:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Wages and salaries | 16,480 | 14,498 |
| Social security costs | 1,799 | 1,549 |
| Other pension costs | 838 | 785 |
| Other employee costs | 89 | 142 |
| | 19,206 | 16,974 |

## 8. EMPLOYEE COSTS (continued)

In addition to the above the Company made a payment of £2,335k (2021: £2,901k) to the multi-employer defined benefit scheme (see *Note 16 on pages 39-42)*.

Key Management personnel include members of the Executive Board, and remuneration in the year was £1,475k (2021: £1,133k).

Redundancy costs of £29k (2021: £16k) 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:

| | **2022** | **2021** |
|---|---|---|
| Management | 11 | 9 |
| Operations | 323 | 259 |
| Administration | 36 | 47 |
| | 370 | 315 |

## 9. DIRECTORS' REMUNERATION

| | **2022**<br>**£'000** | **2021**<br>**£'000** |
|---|---|---|
| Remuneration | 1,082 | 817 |
| Contributions to money purchase pension schemes | 38 | 38 |
| Total directors' remuneration | 1,120 | 855 |

Retirement benefits were accruing for three directors throughout the year (2021: three directors)

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

| | | |
|---|---|---|
| Remuneration | 393 | 286 |
| Total remuneration - highest paid director | 393 | 286 |

## 10. CORPORATION TAX

| The taxation charge for the year comprises: | **2022 £'000** | **2021 £'000** |
|---|---|---|
| (a) Analysis of charge in the year | | |
| **Tax included in profit and loss account** | | |
| Current tax: | | |
| UK corporation tax based upon the results for the year at 19% (2021 – 19%) | - | - |
| Deferred tax: | | |
| Originating and reversing temporary differences | 974 | (1,295) |
| Effect of changes in tax rates | (179) | - |
| Tax charge / (credit) for the year | 795 | (1,295) |
| **Tax included in other comprehensive income** | | |
| Deferred tax: | | |
| Originating and reversing temporary differences | 974 | (1,295) |
| Effect of changes in tax rates | (179) | - |
| Total tax income/(expense) included in other comprehensive income | 795 | (1,295) |

(b) Reconciliation of effective tax rate:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Net profit/(loss) on ordinary activities before taxation | (2,609) | 1,932 |
| Net profit/(loss) on ordinary activities at rate of tax | (496) | 367 |
| Fixed asset differences | 114 | 209 |
| Expenditure not allowed for taxation purposes | 491 | 3 |
| Income not taxable for tax purposes | - | (756) |
| Adjustments to brought forward values | - | (2,318) |
| Amounts relating to other comprehensive income or otherwise transferred | - | 6,352 |
| Exempt dividend income | (180) | (163) |
| Chargeable gains/(losses) | (486) | 754 |
| Deferred tax not recognised | (11) | (2,393) |
| Deferred tax relating to other comprehensive income | 1,542 | (1,295) |
| Remeasurement for deferred tax for changes in tax rates | (179) | (2,055) |
| Movement on investments | - | - |
| Tax charge / (credit) for the year | 795 | (1,295) |

## 11. FIXED ASSETS

| | Freehold Land & Buildings £'000 | Short Leasehold Property £'000 | Long Leasehold Property £'000 | Plant & Machinery, Equipment & Systems £'000 | Total £'000 |
|---|---|---|---|---|---|
| COST | | | | | |
| At 1st January 2022 | 12,131 | 8,372 | 1,300 | 16,062 | 37,865 |
| Additions | 33 | 1,436 | | 849 | 2,318 |
| Disposals | - | - | - | - | - |
| AT 31st DECEMBER 2022 | 12,164 | 9,808 | 1,300 | 16,911 | 40,183 |
| DEPRECIATION | | | | | |
| At 1st January 2022 | 237 | 6,554 | - | 13,761 | 20,552 |
| Charge for the year | 28 | 165 | - | 834 | 1,027 |
| Impairment | - | 179 | - | - | 179 |
| Disposals | - | - | - | - | - |
| **AT 31st DECEMBER 2022** | 265 | 6,898 | - | 14,595 | 21,758 |
| NET BOOK VALUE | | | | | |
| AT 31st DECEMBER 2022 | 11,899 | 2,910 | 1,300 | 2,316 | 18,425 |
| AT 1st JANUARY 2022 | 11,894 | 1,818 | 1,300 | 2,301 | 17,313 |

During the year, the Company vacated its St James's House property and adjacent conference centre situated in Edgbaston, Birmingham. The property is leased through a long-term agreement expiring in 2053. The company has impaired the full carrying value of £0.2m as this leasehold property could not support the carrying value of the leasehold asset.

In addition, the company has recognised provisions for an onerous contract and dilapidations relating to the exit from St James's House. The provision for an onerous contract is an estimate of unavoidable costs to be incurred for the next 3 years. The Directors believe that this is a reasonable time to conclude negotiations with relevant parties. The dilapidation provision is an estimate of costs required to reinstate the property to its original state at the commencement of the lease – this provision will be established over the next 3 years based on the outcome of commercial negotiations. Such provisions are shown in note 15 on page 38.

## 11. 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. The company announced the closure of this facility in 2021 and will exit this lease when the break clause is effective in August 2023. The company fully impaired the carrying value of this building worth £0.5m in the 2021 financial statements. In addition, the company raised a provision for an onerous contract and dilapidations. These are shown in note 15 on page 38.
- The EEF Technology Hub, Noble Way, Birmingham, B6 7EU. The company completed a £1.4m upgrade to this premises in 2022. The lease expires in 2032.

The company has granted the following charges over its freehold land and buildings:

- An uncapped charge in favour of the Trustees of the EEF Staff Pension Fund over Broadway House, Tothill Street, London, included in the Balance Sheet at 31st December 2022 at £2.2m, as explained in Note 16.
- A legal charge over Woodland Grange included in the Balance Sheet at 31st December 2022 at £8.8m, as explained in Note 14 and in note 16.
- 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 14.
- An uncapped charge in favour of the Trustees of the EEF Staff Pension Fund over Engineers House, Clifton Downs, Bristol, included in the Balance Sheet at 31st December 2022 at £0.2m, as shown in Note 16.

## 12. LISTED INVESTMENTS

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| At 1st January | 44,865 | 41,087 |
| Fair value adjustment | (4,188) | 3,778 |
| At 31st December | 40,677 | 44,865 |

The Company has granted a floating charge of £15m over listed investments, as shown in Note 16 on pages 39-42, and a further £5m against any overdraft facility it may arrange. As of 31 December 2022, an overdraft facility of £2m was in place but unutilised.

## 13. DEBTORS

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Amounts falling due within one year: | | |
| Trade debtors | 5,496 | 4,083 |
| Other debtors | 86 | 69 |
| Prepayments and other accrued income | 4,982 | 4,610 |
| | 10,564 | 8,762 |

## 14. CREDITORS

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Amounts falling due within one year: | | |
| Bank loans | 247 | 247 |
| Trade creditors | 1,771 | 1,106 |
| Other taxation and social security | 1,105 | 910 |
| Other creditors | 1,017 | 482 |
| Accruals and deferred income | 9,728 | 8,823 |
| | 13,868 | 11,568 |
| Amounts falling due after one year: | | |
| Bank loans | 1,049 | 1,296 |
| | 1,049 | 1,296 |

## 14. 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. From 1 January 2022 interest is charged using the Sterling Overnight Index Average (SONIA), a Cessation Sterling Adjustment Spread and an applicable margin. At 31 December 2022, the effective interest rate was 4.81%. Interest was charged at a rate of 1.35% over LIBOR until 31 December 2021. It is secured by a legal charge over Woodland Grange.

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Capital will be repaid as follows: | | |
| Within one year | 247 | 247 |
| Between 1 and 5 years | 1,049 | 1,296 |
| | 1,296 | 1,543 |

## 15. PROVISIONS FOR LIABILITIES AND CHARGES

| | 2022 | 2021 |
|---|---|---|
| Onerous Lease | 822 | 926 |
| Dilapidations | 1,335 | 1,035 |
| | 2,157 | 1,961 |

| | De erred Ta: ation | Onerous Lease | Dilapidations | Total |
|---|---|---|---|---|
| At 1st January 2022 | - | 926 | 1,035 | 1,961 |
| Profit and loss account | (795) | 369 | 300 | 1,464 |
| Utilised | - | (473) | - | (473) |
| Taxation on components of other comprehensive income | 795 | - | - | (795) |
| At 31st December 2022 | - | 822 | 1,335 | 2,157 |

The timing of any resulting tax payments is not known.

A reduction of a deferred tax liability has been recognised in other comprehensive income on the remeasurement of the pension scheme surplus in 2022. An equal reduction in a deferred tax asset has been recognised in the profit and loss account with the deferred tax asset representing sufficient tax losses available for use by the Company.

During the year, the Company vacated its St James's House property and adjacent conference centre situated in Edgbaston, Birmingham. The company has recognised provisions for an onerous contract and dilapidations relating to the exit from St James's House. The provision for an onerous contract is an estimate of unavoidable costs to be incurred for the next 3 years. The Directors believe that this is a reasonable time to conclude negotiations with relevant parties. The dilapidation provision is an estimate of costs required to reinstate the property to its original state at the commencement of the lease – this provision will be established over the next 3 years based on the outcome of commercial negotiations.

## 15. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

In 2021 the company announced the closure of the EEF Technical Training Centre (TTC) in Aston, Birmingham. The company raised an onerous lease provision for all unavoidable costs relating to the closure of the TTC, net of anticipated income, to the effective date of the lease break clause in August 2023 and this provision is expected to be utilised over this remaining term.

As part of the company's leasing arrangements for the TTC, there is an obligation to reinstate the property to its original state at the commencement of the lease. The full estimated cost has been charged to profit and loss in 2021 and the provision is expected to be utilised over the remaining term of the lease until the break clause is effective in August 2023.

Due to the difficulties in predicting expenditure that will be required on return of a property to the landlord, the dilapidations provision is considered a source of significant estimation uncertainty. The provision has been calculated using historical experience of actual expenditure incurred on dilapidations and estimated lease termination dates.

## 16. POST-EMPLOYMENT BENEFITS

The company operates a multi-employer defined benefit scheme. 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 several autonomous but related employers to operate a scheme through the sharing of risk within a wider membership base. 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. It should be noted that the defined benefit scheme was closed to all future accruals during 2011.

Prior to 2021, it was 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 FRS 102 requires that EEF Limited account for its share of the present value of the agreed pension contributions payable to the scheme and where contributions are affected by a surplus or deficit in the scheme, to disclose information about the surplus or deficit and the implications of the surplus or deficit to EEF Limited.

The Company finalised the triennial pension deficit actuarial valuation using a spot point date of 31st March 2020 in July 2022. This valuation enabled the Company to identify its share of the underlying assets and liabilities. The spot date was a point in time when the COVID-19 pandemic was responsible for a significant shock in financial markets. As a result of the significant fall in financial markets, and a corresponding fall in bond yields, the actuarial pension deficit increased materially and significantly as disclosed in the 2020 financial statements as a non-adjusting post balance sheet date event.

To address this increase in the actuarial deficit, the Company 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 up to 2038. The company is paying £2.3m annually from 1st April 2022 until 31st March 2038. This amount increases by 2% every April and the company continues to meet its obligations under this plan.

Additionally, the Company has granted the pension Trustee uncapped security over additional freehold buildings as referenced in note 11, as well as additional contingent payments based upon achieving certain profit levels in future years. The Company has granted a charge to the Trustee of the Fund, over freehold properties included in the Balance Sheet at 31st December 2022 at £11.0m (see note 11), and a floating charge of £15m over the Company's investments (see note 12).

As a result of the Company now being able to identify its share of the underlying assets and liabilities of the pension scheme, it has now accounted for it as a Defined Benefit Scheme under FRS 102 from 1 January 2021 onwards. In accordance with FRS 102, paragraphs 28.11B and 28.11C.

## 16. POST-EMPLOYMENT BENEFITS (continued)

The FRS 102 valuation is based upon a best estimate of the liabilities rather than the more prudent actuarial basis, and whilst there would have been an actuarial deficit as at 31 December 2022, there was a surplus under FRS 102, and in accordance with paragraph 28.11 of FRS 102 and applying IFRIC 14, the Company as a participating employer to the scheme has included a surplus within the financial statements of £4.2m.

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Amounts recognised in the Balance Sheet: | | |
| Present value of funded defined benefit obligations | 117,149 | 184,144 |
| (Fair value of scheme assets) | (121,333) | (189,323) |
| Deficit (surplus) Recognised in scheme | (4,184) | (5,179) |

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Amounts recognised in the Profit & Loss Account: | | |
| Past service cost/(credit) | (242) | - |
| Net interest on the defined benefit liability/(asset) | (111) | 149 |
| Scheme administration expenses | 665 | 490 |
| Total cost/(credit) | 312 | 639 |

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Amounts recognised in the Statement of Comprehensive Income: | | |
| (Return on plan assets in excess of interest income) | 65,801 | (6,828) |
| Actuarial loss/(gain) on demographic assumptions | (519) | - |
| Actuarial loss/(gain) on financial assumptions | (68,833) | (8,289) |
| Actuarial loss/(gain) on experience adjustment | 6,542 | - |
| Total loss/(gain) | 2,991 | (15,117) |

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Change in defined benefit obligation during the year: | | |
| Opening defined benefit obligation | 184,144 | 196,620 |
| Past service cost/(credit) | (242) | - |
| Interest cost | 3,340 | 2,609 |
| Benefit payments | (7,283) | (6,796) |
| Actuarial loss/(gain) on demographic assumptions | (519) | - |
| Actuarial loss/(gain) on financial assumptions | (68,833) | (8,289) |
| Actuarial loss/(gain) on experience adjustment | 6,542 | - |
| Closing defined benefit obligation | 117,149 | 184,144 |

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Change in fair value of assets during the year: | | |
| Opening assets | 189,323 | 184,420 |
| Interest income | 3,451 | 2,460 |
| Company contributions | 2,308 | 2,901 |
| Benefit payments | (7,283) | (6,796) |
| Expenses paid | (665) | (490) |
| Return on plan assets in excess of interest income | (65,801) | 6,828 |
| Closing assets | 121,333 | 189,323 |

## 16. POST-EMPLOYMENT BENEFITS (continued)

| | 2022<br>£'000 | 2021<br>£'000 |
|---|---|---|
| Projected Profit & Loss Account: | | |
| Interest cost | 5,621 | 3,344 |
| Interest income | (5,870) | (3,462) |
| Administration expenses | 665 | 490 |
| Total charge | 416 | 372 |

| Fair value of scheme assets in each category | 2022<br>£'000<br>Quoted market price in active market | 2021<br>£'000 |
|---|---|---|
| Absolute Return Bonds | - | 40,128 |
| Liability Driven Investment | 43,320 | 50,779 |
| Alpha Opportunities | - | 16,835 |
| Infrastructure Equity | 25,764 | 24,697 |
| Private Market Credit | 13,761 | 15,362 |
| Direct Lending | 13,081 | 13,434 |
| Semi-liquid Credit | 23,318 | 25,508 |
| Cash | 2,089 | 2,580 |
| Total | 121,333 | 189,323 |

The net benefit asset/(obligation) moved over the period from a surplus of £5.2m to £4.2m. The main drivers of the movement over the period are:

- An increase in corporate bond yields underlying the discount rate assumption leading to a discount rate that is 3.1% higher as at 31 December 2022 compared to 31 December 2021. This has had the effect of reducing the value placed on the defined benefit obligation over the period.
- Negative investment returns, which were largely driven the 'matching' elements of the investment portfolio. The increase in corporate bond yields also reduced the value of credit assets held by the Scheme during the period.
- Higher than expected inflation experience during the year.

## 16. POST-EMPLOYMENT BENEFITS (continued)

Key assumptions:

| | **2022** | **2021** | Sensitivity | Potential Impact on Pension Obligation |
|---|---|---|---|---|
| Discount rate | 4.95% p.a. | 1.85% p.a. | 0.25% | -£3.6m |
| Inflation: | | | | |
| RPI inflation | 3.15% p.a. | 3.30% p.a. | 0.25% | +£1.7m |
| CPI inflation | 2.55% p.a. | 2.75% p.a. | 0.25% | +£1.7m |
| Pension increases | | | | |
| • Fixed 3% | 3.00% p.a. | 3.00% p.a. | | |
| • RPI max 5% | 2.85% p.a. | 3.20% p.a. | | |
| • RPI min 3%, max 5% | 3.75% p.a. | 3.65% p.a. | | |
| • CPI max 2.5% | 1.70% p.a. | 2.15% p.a. | | |
| • CPI max 5% | 2.50% p.a. | 2.75% p.a. | | |
| Mortality | | | | |
| • Life expectancy (male aged 63) | 86.4 | 86.4 | All Increased by 1 year | +£4.1m |
| • Life expectancy (male aged 43) | 87.4 | 87.4 | | |
| • Life expectancy (female aged 63) | 89.1 | 89.1 | | |
| • Life expectancy (female aged 43) | 90.2 | 90.2 | | |

## 17. 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:

| | **2022 £'000** | **2021 £'000** |
|---|---|---|
| Amounts payable: | | |
| Within one year | 626 | 665 |
| In two to five years | 1,822 | 2,441 |
| Greater than five years | 2,401 | 2,806 |
| Total payable | 4,849 | 5,912 |

| | **2022 £'000** | **2021 £'000** |
|---|---|---|
| Amounts receivable (sublet rental income): | | |
| Within one year | 109 | 107 |
| In two to five years | 384 | 295 |
| Greater than five years | - | 79 |
| Total receivable | 493 | 481 |

## 18. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

## 19. 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 the company's 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 defined benefit pension scheme, which is revalued every year in accordance with FRS 102. The valuation is influenced by several factors including interest rates which affect future funding requirements 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.

## 20. FINANCIAL ASSETS AND LIABILITIES

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| **Financial assets measured at fair value through profit or loss** | | |
| Investments | 40,677 | 44,865 |
| **Financial assets measured at amortised cost** | | |
| Trade debtors | 5,496 | 4,083 |
| Other debtors | 86 | 68 |
| Accrued income | 3,670 | 3,579 |
| **Financial Asset measured at fair value through other comprehensive income** | | |
| Post-Employment Benefits | 4,184 | 5,179 |
| **Financial liabilities measured at fair value through profit or loss** | | |
| Post-Employment Benefits | - | - |
| **Financial liabilities measured at amortised cost** | | |
| Bank loans | (1,296) | (1,543) |
| Trade creditors | (1,771) | (1,106) |
| Accruals | (4,589) | (4,146) |
| Other creditors | (2,122) | (1,392) |

## 21. CAPITAL COMMITMENTS

At 31 December, the company had the following capital commitments:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Contracts for future capital expenditure not provided in the financial statements – Fixed Assets | - | 1,000 |

The capital commitment related to the company's announcement of the consolidation of its apprentice training centres in Aston, Birmingham resulting in additional investment committed to the upgrade of the EEF Technology Hub.

## 22. 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.

## 23. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Corporate Board's strategy, given the improved pension deficit position on an actuarial basis is to de-risk the post-employment benefit scheme in order to substantially reduce the risk of the deficit materially worsening. To achieve the 100% hedge within the scheme, whereby liability movements due to changes in gilt yields are matched by movements in assets, and lock-in the improved position, the company has agreed on 10 May 2023 to provide a short-term and temporary revolving credit facility for cash collateral purposes of up to £26m until July 2023 when £26m worth of pension scheme assets will be realised by the scheme. The company's investments will be used to provide the facility, it is repayable on demand and it ceases in July 2023. During the time the facility is available to the scheme, the pension trustees will waive their security on the £15m secured investments in the event the company needs emergency access to cash and any loan facility would be repayable on demand by the Company in the event of a material adverse event.