EEF LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED

31st DECEMBER 2023

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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)
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

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
Eversheds Sutherland LLP

Company Number

05950172

CHAIR'S STATEMENT

I am proud to Chair the Board of Directors of EEF Ltd (trading as Make UK). Make UK is the sole organisation celebrating the brilliance of Britain's manufacturing. Manufacturers consistently demonstrate their ingenuity and resilience, providing technological solutions to the biggest societal challenges we face. From healthcare to climate change, clean transport and green energy, UK manufacturers are leading the way.

Collectively, the sector has, and is, helping to develop the solutions to the UK's big challenges and we are seeing the fruits of this labour with the UK manufacturing output now worth over £200 billion to the economy. Manufacturing is also leading on investment with a total of over £65bn injected into British industry in the last year alone.

As the National Employer Association representing 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.

More than just a representative body – Make UK also supports our sector through providing specialist employment law & HR and environmental, health & safety business services, operates three award-winning meeting venues and offers skills advice and training through our apprentice training centre in Birmingham. In the past year our apprentice training provision has been re-awarded its 'Good' status from the Office for Standards in Education (Ofsted), we have begun an expansion of our environmental, health and safety service into international markets, we have instilled a distinctive, refreshed brand identity into our venues spaces, and we have redefined our position in the market as one of the largest specialist employment law firms in the market.

In addition to our service provision, throughout 2023 Make UK has worked to support and champion UK manufacturers every step of the way. Our sector has faced significant setbacks: from record high labour shortages to escalating operational costs aggravated by a volatile supply chain. Throughout these challenges Make UK has worked hand in hand with our members to support them in creating good quality jobs, leading the transition to a net zero economy and all while producing essential goods and services to keep the economy moving.

Despite these headwinds, manufacturers continued to invest in the new technologies of tomorrow and nurtured the workforces of the future throughout 2023. We are proud to say that Make UK continues to be the largest community of manufacturers in the UK. In 2023, our member events and regional membership teams connected companies directly with peers from likeminded member companies and wider stakeholders across the UK. It is only with the insights and intelligence from our members that we can deliver impactful campaigns on behalf of the industry. Members' contributions through our survey work, Regional Advisory Boards, Policy Committees and our National Membership Board have been the backbone of our campaigning efforts.

Our campaigns are at the heart of our support for members. Our evidence-based approach took the insight and intelligence provided by our members through approximately 60 surveys, 35 policy papers, 400 high-level engagements, and collaboration through 50 advisory boards to make a real difference. Through our targeted 2023 campaigns, we secured remarkable policy wins, creating a future pathway where UK manufacturing stands resilient and poised for unprecedented growth.

Headlining our impactful policy campaigns we launched a game-changing Industrial Strategy paper; rallying political and business leaders to unite behind a long-term vision to give our industry the certainty and stability it needs to make long-term investment decisions in people, capital and innovation for the future. This strategy must direct policies in five key areas, skills, innovation, green transition, infrastructure and the business environment. We were proud to secure assurances from the Chancellor that Advanced Manufacturing would be at the heart of the Government's strategic growth sectors of the economy. This was reinforced as we secured multiple, notable policy wins in the Chancellor's Autumn Statement:

- £4.5 billion boost for clean growth in manufacturing;
- the full national roll out of Made Smarter;
- the making permanent of full expensing of capital allowances; and
- an extra £50 million to increase the availability of apprenticeships in engineering.

There is, however, more to do. Over half of manufacturers say they could grow by 20% in the next two years, but they need the right policy levers to do so. An increase in manufacturing GDP from 10% to 15% would generate £142bn into the economy.

In the coming year we will be pursuing the following core campaigns in the run up to the General Election:

Campaign 1: Developing and delivering a robust, long term Industrial Strategy, focusing on both regional and national manufacturing.
Campaign 2: unlocking innovation and driving technology.
Campaign 3: creating a sustainable workforce.
Campaign 4: maximising the opportunities of a net zero economy.

The last few years have been a rollercoaster for manufacturers with significant political turbulence through which they have more than demonstrated their resilience. We are now seeing some signs that conditions may be improving, amid a more supportive and stable policy environment. While undoubted challenges remain, the accelerating use of digital technologies, our strength in innovation and expansion into new markets sets the scene for manufacturing to be at the heart of efforts to boost growth.

To achieve this potential manufacturers need to see a long-term vision from Government that has enterprise, growth, and innovation at its heart to encourage boardrooms to make the crucial decision to invest in the UK and not overseas and this is the message that we will continue taking to the government and the opposition over 2024 as we approach the General Election.

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 as Chair.

The Rt Hon Lord Hutton of Furness
Chair
23 May 2024

CHIEF EXECUTIVE'S REVIEW

2023 saw Make UK deal with a number of external events including a pandemic-delayed Ofsted inspection at our Apprentice Training Centre. We were delighted to be re-rated as a 'Good' training provider by Ofsted in its most recent inspection subsequent to a dispute earlier in the year (more details can be found in the Directors report on pages 9-12). This recognised the extremely high quality of training and education we provide to our 1500+ students in developing the next generation of manufacturers to help fill the growing skills gap our sector is facing. Operating a private apprentice training provision can be challenging at times, but I am proud of the investment we have made in our next generation manufacturers, and I am grateful to all of our staff and students for their resilience and commitment throughout the past year.

In the course of 2023 we have developed our offer to our clients, members and students including through the following key programmes of work:

- A new curriculum rolled out as well as enhancements to our safeguarding measures at our Apprentice Training Centre;
- New training management software for our Environmental, Health & Safety and HR training provision;
- Continued property renovations across our three venues – including renovations to the hotel rooms at our Woodland Grange site and new dining and breakout facilities at our London Broadway House location;
- Information systems improvements, including the award of our Cyber Essentials Plus accreditation and internal work to build our resilience to attempted cyber-attacks including phishing training for all staff.

We are continuing into 2024 a review of our Employment Law and HR service to ensure our product and sales approach is the best available in this fast moving market. A key element of this will be to look at how our clients access our support with a view to offering greater flexibility including through the use of increased digitalisation.

2023 was a challenging year for member representative bodies and it was prudent for all of us to ensure we were holding ourselves to the high standards we expect of all of our member companies. Make UK refreshed its Code of Conduct for Members and formalised a Code of Conduct for Events to provide a safe and welcoming environment to convene our members.

In trading terms, we faced unexpected but essential costs which impacted our overall performance against the ambitious targets we had set for ourselves. Nevertheless, encouragingly, in 2023 we grew our revenue position year-on-year by 6% from £36.4m to £38.5m. Operating profit before exceptional items in 2023 was £0.6m (2022: £0.9m), a lower apprentice population number than planned and a downturn in training and consultancy activity in the HR & Legal business contributed to the year-on-year decrease. The company also brought forward pay increases for all staff from April to January in response to the cost of living and inflation crisis. The Venues and UK Defence divisions were standout performers in 2023. The Venues division recorded a 15% year on year increase in revenue and a 37% increase in operating profit. The UK Defence division's revenue grew 47% year-on-year and operating profit grew by 793%.

Net operating profit was £0.1m in 2023 (2022: £0.2m), this is due primarily to £0.8m worth of unforeseen legal fees the company incurred in its dispute with Ofsted. These costs were offset to some extent as exit provisions relating to the company's Edgbaston Property were released. The company continued to consolidate its property portfolio in 2023 and recognised impairment reversals on its Warrington and Edgbaston properties. The company sold its freehold property in Warrington in January 2024 and heads of terms have been agreed for the sale of the leasehold Edgbaston property as of 23 May 2024. Further details can be found in note 11 on page 34-35.

2023 saw an improvement in global financial markets after the headwinds of 2022 and the company's investment portfolio reflected this sentiment giving rise to a £2m unrealised gain (2022: £4.2m unrealised loss). Investment income performance also showed a good year-on-year improvement.

The Company's balance sheet net asset position declined year on year with net assets of £50.4m (2022: £58.6m) as the defined benefit pension scheme moved from a surplus in 2022 to a deficit in 2023. The movement in the scheme is driven by the 2023 triennial actuarial valuation which has increased the value placed on the defined benefit obligation over the period combined with lower corporate bond yields and higher inflation than expected. Further details on the defined benefit pension scheme can be found in note 16 on page 38-41.

Despite a challenging 2023, the company focused on strengthening the quality of our service offering to clients and members. This has built the foundation for us to further develop the organisation in 2024 to maintain our strategic position as the pre-eminent representative organisation for UK Manufacturing.

In 2023 our members continued to receive exclusive access to insight and analysis tailored for manufacturers. 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. 2024 will be more important than ever with an impending election and the need for political stability after these turbulent years in the leadership of our country. We have made substantial progress with both the government and the opposition parties which positions us well for 2024 and where we must keep manufacturing at the heart of the debate.

There are both low cost and no cost steps that government can take now and in the future to help manufacturers to thrive and not just survive in the immediate term. But if they want to be bold and ambitious and ensure that the UK is the top manufacturing nation in the world, then we must take this moment to secure a long-term Government commitment to a strategy setting set out how they will back UK manufacturing to compete and lead for decade after decade on the international stage.

Looking ahead for us as a business, in line with our sector our focus is on continuing our strategy of steady growth for 2024, including through enhancing our business systems and processes as well as reviewing our asset portfolio to ensure we are leveraging these in the best interests of our members.

We continue to invest in our staff as our headcount grows gradually and cautiously to meet the demand of our increased revenue and 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 commitment during a challenging but rewarding year for our Company.

Stephen Phipson CBE
Chief Executive
23 May 2024

NATIONAL MEMBERSHIP, REGIONAL ADVISORY BOARDS AND POLICY COMMITTEES

as at 23 May 2024 were as follows:

National Membership Board (Chair)

Rowan Crozier	National

Regional Advisory Boards (Chairs)

Graham Hartley	North West
Sam Handley	East of England
Austen Adams	East Midlands
Mike Evans	Wales North
Mike Evans	Wales South
Sharon Lane	North East
Mike Maddock	Yorkshire & Humber
Laura McBrown	South East
Brian Cutts	South West
Rowan Crozier	West Midlands
Peter Williamson	Affiliate Board Chair
Patrick Heskins	Affiliate Vice Chair

Policy Committees (Chairs)

Bonnie Dean	Economic Policy Committee
Steve George	Environment Sustainability Policy Committee
Shaun Lundy	Health, Safety & Wellbeing 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 2023.

Results

The Company reported a profit for the year before taxation amounting to £4.8m (2022 – £2.6m loss). The year-on-year improvement is largely due to the profit on remeasuring the company's investments held at fair value which amounted to £2m (2022 - £4.2m loss). Such unrealised investment gains were due to the recovery and improvement of financial markets during the year. The company also recorded £0.4m of additional investment income from its investment portfolio in 2023 when compared to 2022.

An impairment reversal of £0.5m was recognised in 2023 in respect of the freehold property in Warrington following the sale of the building in early 2024 for £1.4m, thereby raising the carrying value from £0.8m to £1.3m. A smaller gain on the sale of the property, reflecting the difference between net sales proceeds and the carrying value, will be recognised in the 2024 financial statements.

The company also recognised an impairment reversal in 2023 of £0.2m on its St. James House Property in Edgbaston, Birmingham. This property is held on a leasehold basis and as of 23 May 2024, the company has agreed heads of terms to transfer the lease this property to a third party. An additional smaller gain is expected to be recognised in the 2024 financial statements should the transfer of the property be concluded. The company has adjusted the related onerous lease and dilapidations provisions in 2023 as a result of this probable transaction.

Operating profits before exceptional items amounted to £0.6m (2022 - £0.9m profit) with a small overall operating profit generated for the year of £0.1m (2022 - £0.2m profit). The year-on-year reduction in operating profit is largely due to £0.8m worth of unforeseen legal fees relating to a dispute with the Ofsted. 2023 also saw a lower apprentice intake than planned and a reduction in business activity within the company's HR and Legal division.

During the year the reinstatement works to the EEF Technical Training Centre in Birmingham, following the announcement of its closure in 2021, were completed and the company exited the lease for this building in August 2023. The company's apprentice operations are now delivered from one facility, the Technology Hub in Aston, Birmingham.

The total comprehensive loss for the year was £8.1m (2022 - £5.6m loss). £9.7m of the loss related to remeasurements of the Company's defined benefit pension scheme. The scheme has moved from a surplus of £4.1m in 2022 to a deficit of £7.2m in 2023 on a FRS 102 basis. This is as a result of allowing for actual experience from the actuarial valuation as at 31 March 2023, which has moved to increase the value placed on the defined benefit obligation over the period. More detail on the accounting for the Company's defined benefit pension scheme can be found in note 16 on pages 38-41.

At 31st December 2023 the Company had net assets of £50.4m (2022 - £58.6m).

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		#	#	
B A Holliday		#		
D E Jones	Ch.#			
F G Morris			Ch. #	
S Phipson CBE			#	Ch. #
A Watson (Appointed 9 March 2023)	#			

Key:
\# - member
Ch - Chair

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 23 May 2024 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 (2022 - £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 2023 and 31 December 2022 was as follows:

	2023		2022	
Type of Activity	Energy Usage (kWh)	GHG emissions (tCO2e)	Energy Usage (kWh)	GHG emissions (tCO2e)
Grid electricity	1,788,951	370.4	1,982,897	383.5
Natural Gas	2,208,928	404.3	2,514,848	459.1
Transport	668,194	154.4	548,262	136.7
Total	**4,666,073**	**929.1**	**5,046,007**	**979.2**

	2023		2022	
Scope	Energy Usage (kWh)	GHG emissions (tCO2e)	Energy Usage (kWh)	GHG emissions (tCO2e)
Scope 1 (Natural Gas & Transport)	2,232,354	409.9	2,545,353	466.8
Scope 2 (Grid electricity)	1,788,951	370.4	1,982,897	383.5
Scope 3 (Transport)	644,767	148.8	517,757	128.9
Total	**4,666,073**	**929.1**	**5,046,007**	**979.2**

The Company uses an intensity ratio based on the GHG emissions and the average number of full time equivalent (FTE) employees during the year. 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	2023	2022
tCO2e	929.1	979.2
FTE Employees	341	350
tCO2e per FTE	2.72	2.80

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 2023 and 2022 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. Scope 1 transport emissions have decreased while Scope 3 transport emissions have increased. This is because the company has reduced the number of company vehicles. Scope 3 transport has increased as expected due to increased business mileage after a reduction in the company fleet and business activity growing year-on-year.

Emissions from gas consumption and electricity consumption have decreased as two sites were exited in 2023, St. James House and the Technical Training Centre.

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
23 May 2024

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 2023.

Review of the Business and Future Developments

2023 proved to be a mixed picture with notable successes achieved across several areas of the business contrasting with the significant litigation costs incurred.

From a trading perspective the overall picture was extremely positive and one of good organic growth across several areas.

The membership area of the business performed extremely well overall with notable growth achieved in the core membership of Make UK, reflecting the increasing influence the Company has from a policy and engagement perspective, and also in the sectoral area of Make UK Defence, an area that is undoubtedly in greater focus given the ongoing geo-political difficulties.

The commercial arm of the business, whilst more of a mixed picture across the portfolio, also delivered significant growth in several areas with Make Venues once again delivering a record year of top and bottom-line achievement following investments into the product offering, and Environmental, Health & Safety also delivering strong growth from a concerted focus on core offerings.

The HR & Employment law area of the business continues to be the biggest contributor to Company finances at both top and bottom line, but equally continues to find it difficult to achieve net growth, with a small decline in income and profitability year on year.

The business is accordingly undertaking a period of review in the early part of 2024 to better understand the HR and legal marketplace, and the Company offerings within this market to ensure that the offered product remains relevant and can deliver sustainable growth over the coming years.

The Apprentice training centre in the meantime had a challenging year. From a trading perspective student numbers were lower than that planned, resulting in a financial shortfall for the year. This was partly due to management attention being absorbed initially by the Ofsted inspection in January 2023, and thereafter supporting the complaints process which followed.

With a concerted and continued focus on cost control the Company delivered a net operating profit before exceptional items of £0.6m.

2024 in the meantime has got off to a good start to the year continuing in the vein of net organic growth across the portfolio on a trading basis. The Company has now finalised the sale of its freehold interest in its property in Warrington and is at advanced stages in relation to the disposal of the leasehold interest in St James's House in Birmingham.

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 including any 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.

Given the experience of 2023, the Board considers the risk surrounding any adverse Ofsted inspection to be high. The Directors are satisfied that appropriate actions have been put in place to mitigate this risk.

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 has invested 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 plus accreditation was achieved in the autumn of 2023 as a result of the increased focus on this area.

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.

Dispute with Ofsted

As highlighted in the Directors report, the Company proceeded with a course of legal action against Ofsted following the inspection in January 2023.

Whilst this course of action incurred considerable time and expense, the Company considered this to be justified when taking into consideration the interests of its wider stakeholders, notably the Apprentices and its staff.

Defined Benefit Pension Scheme investment de-risking

As at March 2023 the Company's defined benefit pension scheme was subjected to its latest triennial valuation, with the previous valuation being at the outset of the Covid pandemic in 2020 which resulted in a material downwards shock to financial markets.

Furthermore, between these valuation dates financial markets, and specifically gilt markets and LDI investments, which the pension scheme heavily relies upon, was also subjected to financial shock as a result of the mini budget delivered by a new government leadership.

Since these events financial markets have subsequently recovered, and the pension scheme on an actuarial basis is in a much more beneficial position when compared to the points in time that the market shocks took place.

Accordingly, the Company considered not just its own position but also that of the members of the pension scheme, and so worked with the Trustee of the scheme to adopt an alternative investment strategy that removes a degree of risk that the scheme could materially deteriorate as seen previously.

Whilst not all risk can be eliminated it is much reduced and the Company Directors are confident of fulfilling their obligations under the scheme.

By Order of the Corporate Board

R I Greenway
Chief Financial Officer
23 May 2024

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 2023 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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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: 28/05/24

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
TURNOVER					
Subscriptions	2	15,073		14,367	
Other income	3	23,470		22,016	
			38,543		36,383
COST OF SALES			(20,585)		(18,742)
GROSS PROFIT			17,958		17,641
ADMINISTRATION COSTS					
Ongoing Administrative Expenses		(17,382)		(16,746)	
Exceptional Items	4	(505)		(669)	
			(17,887)		(17,415)
OPERATING PROFIT					
Before exceptional items		576		895	
Exceptional items	4	(505)		(669)	
Total operating profit			71		226
Income from investments	5		1,457		1,092
Gain on disposal of fixed assets			16		-
Impairments	11		683		(179)
Other Interest receivable and similar income	6i		714		483
Gain/(Loss) on listed investments at fair value through profit and loss account			2,014		(4,188)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST PAYABLE AND TAX			4,955		(2,566)
Interest payable and similar charges	6ii		(106)		(43)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX	7		4,849		(2,609)
TAX ON ORDINARY ACTIVITIES	10		(3,248)		(795)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR			1,601		(3,404)

The accounting policies and notes on pages 26-43 form part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st DECEMBER 2023

		2023 £'000	2023 £'000	2022 £'000	2022 £'000
PROFIT/(LOSS) FOR THE FINANCIAL YEAR			1,601		(3,404)
Other comprehensive income/(expense):					
Remeasurements of net defined benefit obligation	16	(12,990)		(2,991)	
Total tax on components of other comprehensive income/(expense)	10	3,248		795	
Other comprehensive income for the year, net of tax			(9,742)		(2,196)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			(8,141)		(5,600)

The accounting policies and notes on pages 26-43 form part of these Financial Statements.

BALANCE SHEET AS AT 31st DECEMBER 2023

Company number 05950172

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
FIXED ASSETS					
Tangible Assets	11	18,444		18,425	
Investments	12	41,691		40,677	
			60,135		59,102
CURRENT ASSETS					
Stock		6		6	
Debtors	13	11,858		10,564	
Cash at bank and in hand		1,206		1,788	
		13,070		12,358	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(14,429)		(13,868)	
NET CURRENT LIABILITIES			(1,359)		(1,510)
TOTAL ASSETS LESS CURRENT LIABILITIES			58,776		57,592
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14		(802)		(1,049)
PROVISIONS FOR LIABILITIES AND CHARGES	15		(360)		(2,157)
POST-EMPLOYMENT BENEFITS	16		(7,185)		4,184
NET ASSETS			50,429		58,570
CAPITAL AND RESERVES					
Retained Earnings			50,429		58,570
TOTAL EQUITY			50,429		58,570

The accounting policies and notes on pages 26-43 form part of these Financial Statements.

Approved by the Corporate Board of EEF Limited on 23 May 2024 and signed on its behalf by:

Stephen Phipson CBE
Chief Executive

Richard Greenway
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY AS AT 31ST DECEMBER 2023

	Note	Profit & Loss Account £'000	Total Equity £'000
BALANCE AT 1 JANUARY 2022		64,170	64,170
Profit / (Loss) for the year		(3,404)	(3,404)
Other comprehensive income for the year		(2,196)	(2,196)
BALANCE AT 31 DECEMBER 2022 AND 1 JANUARY 2023		58,570	58,570
Profit / (Loss) for the year		1,601	1,601
Other comprehensive income for the year	16 & 10	(9,742)	(9,742)
BALANCE AT 31 DECEMBER 2023		50,429	50,429

The accounting policies and notes on pages 26-43 form part of these Financial Statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st DECEMBER 2023

Reconciliation of net profit to net cash inflow from operating activities	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Profit/(Loss) for the year		1,601		(3,404)
Tax on ordinary activities	3,248		795	
Investment income	(1,457)		(1,092)	
Gain on the sale of fixed assets	(16)		-	
Net finance costs	(608)		(440)	
Change in fair value of listed investments	(2,014)		4,188	
Pension fund administration expenses	710		665	
Pension fund past service cost / (credit)	298		(242)	
(Decrease)/Increase in provisions	(1,796)		196	
Impairment (reversal)/charge	(683)		179	
Depreciation on fixed assets	1,109		1,027	
Decrease/(Increase) in trade and other debtors	(1,293)		(1,803)	
Decrease/(Increase) in stocks	-		4	
Increase in trade and other creditors	562		2,300	
		(1,941)		5,777
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(340)		2,373
CASH FROM FINANCING ACTIVITIES				
Repayment of loan amounts	(247)		(247)	
Interest paid	(106)		(43)	
		(353)		(290)
CASH USED BY INVESTING ACTIVITIES				
Investment income proceeds	1,457		1,093	
Net proceeds from purchase and sale of investments	1,000		-	
Net proceeds from sale of fixed assets	16		-	
Interest received	466		372	
Payments to acquire tangible fixed assets	(446)		(2,318)	
Payments to defined benefit pension schemes	(2,381)		(2,308)	
		111		(3,161)
NET INCREASE/(DECREASE) IN CASH		(582)		(1,078)

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31st DECEMBER 2023 (continued)

Reconciliation of net cash flow to movement in net debt

	2023 £'000	2022 £'000
NET (DECREASE) IN CASH	(582)	(1,078)
Cash at bank and in hand less overdrafts at beginning of the year	1,788	2,866
Cash at bank and in hand less overdrafts at end of the year	1,206	1,788

	As at 1 January 2023 £'000	Cash flows £'000	Non-cash changes £'000	As at 31 December 2023 £'000
Analysis of change in net debt				
Cash at bank	1,788	(582)	-	1,206
Debt due within one year	(247)	247	(247)	(247)
Debt due after more than year	(1,049)	-	247	(802)
Total net debt	492	(335)	-	157

The accounting policies and notes on pages 26-43 form part of these Financial Statements

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023

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 2023, 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 any surplus arising 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 37.

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 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 and growing annually. Based upon the expected net recoverable amount the Directors do not believe there is an impairment impact.

The company's apprentice centre operates from the EEF Technology Hub in Noble Way, Birmingham. Student intake levels have returned to pre-pandemic levels and future intakes are expected to stabilise. 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 cost of borrowing that the Company could be expected to incur if it went direct to financial markets.

On 29 January 2024 the company sold its interest in the freehold property in Warrington for £1.4m. The property had a carrying value of £0.8m which had been subject to a previous impairment loss of £0.5m that had been recognised in the 2018 financial statements. This impairment loss has been reversed in full in 2023 as a result of this transaction. An additional smaller gain is expected to be recognised in the 2024 financial statements reflecting the difference between proceeds received less costs to sell and the adjusted carrying value of £1.3m.

As of 23 May 2024, the company has agreed heads of terms to sell the lease of its St. James House Property in Edgbaston, Birmingham. The property had a carrying value of zero which included a £0.2m impairment loss recognised in the 2022 financial statements. This impairment loss has been reversed in 2023 as a result of this transaction. An additional smaller gain is expected to be recognised in the 2024 financial statements reflecting the difference between proceeds received less costs to sell and the adjusted carrying value of £0.2m. See Notes 11 and 22 for further details.

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
Plant and equipment	10%-33.3%	per annum on cost
Other office equipment	15%-33.3%	per annum on cost
Computer equipment	33.3%	per annum on cost
Motor Vehicles	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

The Company 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

	2023 £'000	2022 £'000
Make UK Members' subscriptions	14,262	13,983
Steel levy income	811	384
	15,073	14,367

3. OTHER INCOME

Consultancy	1,645	1,716
Training	5,951	5,881
Conference hire	8,269	7,173
Government funded training	5,342	5,169
Other income	2,263	2,078
	23,470	22,016

4. EXCEPTIONAL ITEMS

Exceptional items includes the following charges/(credits)		
Onerous lease provision adjustments	(149)	369
Dilapidation provision adjustments	(215)	300
Legal fees	869	-
	505	669

The dilapidations and onerous lease provision adjustments relate to the probable sale of the company's Edgbaston leasehold property. See note 11 on page 34-35 and note 15 on page 37-38 for more details.

Legal fees shown in exceptional items were unforeseen and incurred in relation to the company's dispute with Ofsted. See the report of the directors on page 9-12 for more details.

5. INCOME FROM INVESTMENTS

Dividend income	1,260	949
Management Fee Rebate	197	143
	1,457	1,092

	2023 £'000	2022 £'000

6. INTEREST RECEIVABLE AND PAYABLE

i) INTEREST RECEIVABLE

	2023 £'000	2022 £'000
Interest on defined pension scheme	248	111
Interest received from Investments	466	372
	714	483

ii) INTEREST PAYABLE AND SIMILAR CHARGES

	2023 £'000	2022 £'000
Bank, other loans, and overdrafts	106	43
	106	43

7. PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2023 £'000	2022 £'000
The profit/(loss) on ordinary activities is stated after charging/(crediting):		
Depreciation on Fixed Assets	1,109	1,027
Impairment (Reversal)/Charge	(683)	179
Fee payable to auditors:		
Audit	50	48
Non-audit	13	9
Pension fund past service cost/(credit)	298	(242)
Pension fund administration expenses	710	665
Changes in fair value of listed investments	(2,014)	4,189

8. EMPLOYEE COSTS

	2023 £'000	2022 £'000
Employee costs for the year were as follows:		
Wages and salaries	17,524	16,480
Social security costs	1,883	1,799
Other pension costs	882	838
Other employee costs	151	89
	20,440	19,206

8. EMPLOYEE COSTS (continued)

In addition to the above the Company made a payment of £2,381k (2022: £2,335k) to the multi-employer defined benefit scheme (see *Note 16 on pages 38-41)*.

Key Management personnel include members of the Executive Board, and remuneration in the year was £1,804k (2022: £1,475k).

Redundancy costs of £87k (2022: £29k) 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:

	2023	**2022**
Management	11	11
Operations	316	323
Administration	43	36
	370	370

9. DIRECTORS' REMUNERATION

	2023 £'000	**2022 £'000**
Remuneration	1,204	1,082
Contributions to money purchase pension schemes	34	38
Total directors' remuneration	1,238	1,120

Retirement benefits were accruing for three directors throughout the year (2022: three directors).

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

Remuneration	425	393
Total remuneration – highest paid director	425	393

10. CORPORATION TAX

The taxation charge for the year comprises:	**2023 £'000**	**2022 £'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 23.52% (2022 – 19%)	-	-
Deferred tax		
Originating and reversing temporary differences	3,248	974
Effect of changes in tax rates	-	(179)
Tax charge / (credit) for the year	3,248	795
Tax included in other comprehensive income		
Deferred tax:		
Originating and reversing temporary differences	3,248	974
Effect of changes in tax rates	-	(179)
Total tax income/(expense) included in other comprehensive income	3,248	795

(b) Reconciliation of effective tax rate:

Net profit/(loss) on ordinary activities before taxation	4,849	(2,609)
Net profit/(loss) on ordinary activities at rate of tax	1,141	(496)
Fixed asset differences	(16)	114
Expenditure not allowed for taxation purposes	7	491
Income not taxable for tax purposes	(372)	-
Exempt dividend income	(296)	(180)
Chargeable gains/(losses)	127	(486)
Deferred tax not recognised	(628)	(11)
Deferred tax relating to other comprehensive income	3,248	1,542
Remeasurement for deferred tax for changes in tax rates	37	(179)
Tax charge / (credit) for the year	3,248	795
Deferred Tax (Asset)/Liability not recognised	(8,673)	(9,302)

11. FIXED ASSETS

	Freehold Land & Buildings	Short Leasehold Property	Long Leasehold Property	Plant & Machinery, Equipment & Systems	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
COST						
At 1st January 2023	12,682	9,808	1,300	16,911	-	40,701
Additions	2	59	-	371	14	446
Disposals	-	(2,301)	-	(218)	-	(2,519)
AT 31st DECEMBER 2023	12,684	7,566	1,300	17,064	14	38,628
DEPRECIATION						
At 1st January 2023	784	6,898	-	14,595	-	22,277
Charge for the year	20	225	-	864	-	1,109
Impairment (Reversal)/Charge	(518)	(165)	-	-	-	(683)
Disposals	-	(2,301)	-	(218)	-	(2,519)
AT 31st DECEMBER 2023	286	4,657	-	15,241	-	20,184
NET BOOK VALUE						
AT 31st DECEMBER 2023	12,398	2,909	1,300	1,823	14	18,444
AT 1st JANUARY 2023	11,898	2,911	1,300	2,316	-	18,425

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 (Sold on 29 January 2024)
- Woodland Grange, Old Milverton Lane, Leamington Spa CV32 6RN

11. FIXED ASSETS (CONTINUED)

On 29 January 2024 the company sold its freehold interest in Mount Pleasant, Warrington for £1.4m. The property had a carrying value of £0.8m which had been subject to a previous impairment loss of £0.5m that had been recognised in the 2018 financial statements. This impairment loss has been reversed in full in 2023 as a result of this transaction. An additional smaller gain is expected to be recognised in the 2024 financial statements reflecting the difference between proceeds received less costs to sell and the adjusted carrying value of £1.3m.

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 B15 1JJ. A long lease expiring in 2053.
- The EEF Technology Hub, Noble Way, Birmingham, B6 7EU. The lease expires in 2032.

As of 23 May 2024, the company has agreed heads of terms to sell the lease of its St. James House Property in Edgbaston, Birmingham. The property had a carrying value of zero which included a £0.2m impairment loss which was recognised in the 2022 financial statements. This impairment loss, less a depreciation charge, has been reversed in 2023 as a result of this probable transaction. An additional smaller gain is expected to be recognised in the 2024 financial statements reflecting the difference between proceeds received less costs to sell and the adjusted carrying value of £0.2m. The company has recognised provisions for an onerous contract relating to the exit from St James's House and is based on an estimate of unavoidable costs to be incurred until June 2024 when the transaction is expected to complete. A dilapidations provision was initially recognised in 2022 which has now been subsequently reversed in full in 2023 due to this probable transaction.

The company has recognised a final dilapidations provision relating to the EEF Technology Training Centre, Unit 3 Nexus Point, Gavin Way, Birmingham, B6 7AF. The company announced the closure of this facility in 2021 and exited the lease in August 2023. The company fully impaired the carrying value of this building worth £0.5m in the 2021 financial statements. Such provisions are shown in note 15 on page 37.

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 2023 at £2.2m, as explained in Note 16.
- A legal charge over Woodland Grange included in the Balance Sheet at 31st December 2023 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 2023 at £0.2m, as shown in Note 16.

12. LISTED INVESTMENTS

	2023 £'000	2022 £'000
At 1st January	40,677	44,865
Disposals	(1,000)	-
Fair value adjustment	2,014	(4,188)
At 31st December	41,691	40,677

The Company has granted a floating charge of £15m over listed investments, as shown in Note 16 on pages 38-41, and a further £5m against any overdraft facility it may arrange. As of 31 December 2023, an overdraft facility of £2m was in place but unutilised.

13. DEBTORS

Amounts falling due within one year:		
Trade debtors	5,456	5,496
Other debtors	113	86
Prepayments and other accrued income	6,289	4,982
	11,858	10,564

14. CREDITORS

Amounts falling due within one year:		
Bank loans	247	247
Trade creditors	3,645	1,771
Other taxation and social security	1,108	1,105
Other creditors	976	1,017
Accruals and deferred income	8,453	9,728
	14,429	13,868
Amounts falling due after one year:		
Bank loans	802	1,049
	802	1,049

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. Interest is charged using the Sterling Overnight Index Average (SONIA), a Cessation Sterling Adjustment Spread and an applicable margin. At 31 December 2023, the effective interest rate was 6.57% (2022:4.81%). It is secured by a legal charge over Woodland Grange.

	2023 £'000	2022 £'000
Capital will be repaid as follows:		
Within one year	247	247
Between 1 and 5 years	802	1,049
	1,049	1,296

15. PROVISIONS FOR LIABILITIES AND CHARGES

	2023	2022
Onerous Lease	155	822
Dilapidations	85	1,335
Other Provisions	120	-
	360	2,157

	Deferred Taxation	Onerous Lease	Dilapidations	Other	Total
At 1st January 2023	-	822	1,335	-	2,157
Profit and loss account	3,248	(149)	(215)	120	3,004
Utilised	-	(518)	(1,035)	-	(1,553)
Taxation on components of other comprehensive income	(3,248)	-	-	-	(3,248)
At 31st December 2023	-	155	85	120	360

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 obligation in 2023. 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.

In 2022 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 relating to the exit from St James's House. As of 23 May 2024, the company has agreed heads of terms to sell the lease for this property. The provision for an onerous contract is an estimate of unavoidable costs to be incurred until June 2024 when the transaction is expected to conclude. A dilapidations provision was also originally recognised in 2022 and has now been reversed in full in 2023 due to this probable transaction.

15. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

In 2021 the company announced the closure of the EEF Technical Training Centre (TTC) in Aston, Birmingham and exited the lease in August 2023. 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. A dilapidations provision of £1.0m was raised in the 2021 financial statements and this provision has been fully utilised. A final provision of £0.1m was raised in 2023 based on final exit negotiations with the landlord.

Other provisions consist of an outstanding £50k legal cost provision in relation to the legal dispute during the year (see Director's report on page 16) and a £70k holiday pay provision.

In 2023, the Supreme Court handed down its judgment in the Chief Constable of the Police Service of Northern Ireland and another v Agnew and others case ("Agnew"). The ruling stated that employers that provide overtime, commission and other similar additional payments should complete a review of their holiday pay calculations and ensure that they factor in these additions on top of the basic salary. The provision factors how holiday pay has been calculated historically by the Company and is an estimate of the liability based on the Agnew case ruling. The provision was calculated with reference to the relevant employees' earnings for the last 2 years.

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.

Since 1 January 2021, the Company has been able to identify its share of the underlying assets and liabilities of the pension scheme and as such has since accounted for it as a Defined Benefit Scheme under FRS 102, paragraphs 28.11B and 28.11C.

The FRS 102 valuation is undertaken annually and is based upon a best estimate of the liabilities rather than the more prudent actuarial basis. The actuarial valuation of the scheme is done triennially, and the company finalised the most recent valuation using a spot point date of 31 March 2023 in December 2023 which showed an actuarial deficit as at 31 December 2023. The FRS 102 valuation also shows a deficit position, and the company has recognised such a deficit of £7.2m in 2023 as contrasted to the surplus position of £4.2m in 2022.

The movement from a surplus in 2022 to a deficit in 2023 is due to the following:

- The FRS 102 Valuation allows for actual experience between actuarial valuations at 31 March 2020 and 31 March 2023, which has moved to increase the value placed on the defined benefit obligation over the period.
- A decrease in corporate bond yields underlying the discount rate assumption.
- Higher than expected inflation experience over the year.

16. POST-EMPLOYMENT BENEFITS (continued)

The most recent triennial actuarial valuation used a spot point date of 31 March 2023 with the previous valuation in March 2020 being significantly and adversely impacted by the onset of the Covid pandemic and resulting impact on financial markets.

The actuarial valuation position has improved markedly since 2020, with the result being that the Company has been able to renegotiate its deficit repair contributions downwards paying £2m per annum from 2024, increasing by 5% annually. Deficit repair contributions are now envisaged to cease in 2031, which is down on the previous valuation whereby contributions extended out to 2038.

The Company has continued to grant the pension Trustee uncapped security over 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 2023 at £11.0m (see note 11), and a floating charge of £15m over the Company's investments (see note 12).

	2023	2022
	£'000	£'000
Amounts recognised in the Balance Sheet:		
Present value of funded defined benefit obligations	128,842	117,149
(Fair value of scheme assets)	(121,657)	(121,333)
Deficit/(surplus) in scheme	7,185	(4,184)
Amounts recognised in the Profit & Loss Account:		
Past service cost/(credit)	298	(242)
Net interest on the defined benefit liability/(asset)	(248)	(111)
Scheme administration expenses	710	665
Total cost/(credit)	760	312
Amounts recognised in the Statement of Comprehensive Income:		
(Return on plan assets in excess of interest income)	261	65,801
Actuarial loss/(gain) on demographic assumptions	(1,765)	(519)
Actuarial loss/(gain) on financial assumptions	4,886	(68,833)
Actuarial loss/(gain) on experience adjustment	9,608	6,542
Total loss/(gain)	12,990	2,991
Change in defined benefit obligation during the year:		
Opening defined benefit obligation	117,149	184,144
Past service cost/(credit)	298	(242)
Interest cost	5,629	3,340
Benefit payments	(6,963)	(7,283)
Actuarial loss/(gain) on demographic assumptions	(1,765)	(519)
Actuarial loss/(gain) on financial assumptions	4,886	(68,833)
Actuarial loss/(gain) on experience adjustment	9,608	6,542
Closing defined benefit obligation	128,842	117,149

16. POST-EMPLOYMENT BENEFITS (continued)

	2023 £'000	2022 £'000
Change in fair value of assets during the year:		
Opening assets	121,333	189,323
Interest income	5,877	3,451
Company contributions	2,381	2,308
Benefit payments	(6,963)	(7,283)
Expenses paid	(710)	(665)
Return on plan assets in excess of interest income	(261)	(65,801)
Closing assets	121,657	121,333

	2024 £'000	2023 £'000
Projected Profit & Loss Account:		
Interest cost	5,768	5,621
Interest income	(5,469)	(5,870)
Administration expenses	710	665
Total charge	1,009	416

	2023 £'000	2022 £'000
Fair value of scheme assets in each category:	Quoted market price in active market	
Absolute Return Bonds	32,188	-
Liability Driven Investment	59,998	25,764
Infrastructure Equity	-	43,320
Private Market Credit	12,668	13,761
Direct Lending	13,698	13,081
Semi-liquid Credit	-	23,318
Cash	3,105	2,089
Total	121,657	121,333

Market values of the Plan's assets, which are not intended to be realised in the short-term, may be subject to significant changes before they are realised. The Fund assets include no assets from the Company's own financial instruments, no property occupied by, or other assets used by, the Company.

16. POST-EMPLOYMENT BENEFITS (continued)

Key assumptions and sensitivity:

	2023	2022	Sensitivity	Potential Impact on Pension Obligation
Discount rate	4.60% p.a.	4.95% p.a.	+0.25%	-£3.3m
Inflation:				
RPI inflation	3.10% p.a.	3.15% p.a.	+0.25%	+£1.4m
CPI inflation	2.50% p.a.	2.55% p.a.	+0.25%	+£1.4m
Pension increases				
• Fixed 3%	3.00% p.a.	3.00% p.a.		
• RPI max 5%	2.90% p.a.	2.85% p.a.		
• RPI min 3%, max 5%	3.75% p.a.	3.75% p.a.		
• CPI max 2.5%	1.80% p.a.	1.70% p.a.		
• CPI max 5%	2.50% p.a.	2.50% p.a.		
Mortality				
• Life expectancy (male aged 63)	86.0	86.4	All Increased by 1 year	+£5.7m
• Life expectancy (male aged 43)	87.0	87.4		
• Life expectancy (female aged 63)	88.7	89.1		
• Life expectancy (female aged 43)	89.8	90.2		

At the reporting date, reasonable possible changes to one of the relevant actuarial assumptions, with the other assumptions held constant, would have affected the defined benefit obligation by the amounts shown above. The change to the inflation sensitivity allow for changes to pension increases in deferment and in payment. Although the analysis does not take account of the full distribution of cash flows expected, it does provide an approximation of the sensitivity of the assumptions shown.

17. OPERATING LEASES

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

	2023 £’000	2022 £’000
Amounts payable:		
Within one year	461	626
In two to five years	1,814	1,822
Greater than five years	1,962	2,401
Total payable	4,237	4,849

17. OPERATING LEASES (continued)

	2023 £'000	2022 £'000
Amounts receivable (sublet rental income):		
Within one year	112	109
In two to five years	272	384
Total receivable	384	493

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

	2023 £'000	2022 £'000
Financial assets measured at fair value through profit or loss		
Investments	41,691	40,677
Financial assets measured at amortised cost		
Trade debtors	5,456	5,496
Other debtors	113	86
Accrued income	4,323	3,670
Financial Asset measured at fair value through other comprehensive income		
Post-Employment Benefits		4,184
Financial liabilities measured at fair value through profit or loss		
Post-Employment Benefits	(7,185)	-
Financial liabilities measured at amortised cost		
Bank loans	(1,049)	(1,296)
Trade creditors	(3,645)	(1,771)
Accruals	(3,563)	(4,589)
Other creditors	(2,083)	(2,122)

21. COMPANY STATUS

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

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

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 29 January 2024 the company sold its interest in the freehold property in Warrington for £1.4m. The property had a carrying value of £0.8m which had been subject to a previous impairment loss of £0.5m that had been recognised in the 2018 financial statements. This impairment loss has been reversed in full in 2023 as a result of this transaction. An additional smaller gain is expected to be recognised in the 2024 financial statements reflecting the difference between proceeds received less costs to sell and the adjusted carrying value of £1.3m.

As of 23 May 2024, the company has agreed heads of terms to transfer the lease of its St. James House Property in Edgbaston, Birmingham to a third party. The property had a carrying value of zero which included a £0.2m impairment loss recognised in the 2022 financial statements. This impairment loss, less a depreciation charge, has been reversed in 2023 as a result of this probable transaction. An additional smaller gain is expected to be recognised in the 2024 financial statements reflecting the difference between proceeds received less costs to sell and the adjusted carrying value should the transaction reach completion.