

NCFE

England & Wales · Charity number 1034808

Details

Status Registered

Legal form Charitable company

Company number [02896700](#)

Registered 1994-03-10

Register [View on the Charity Commission register](#)

Contact

Address Ncfe
Q6
Quorum Park
Benton Lane
Newcastle Upon Tyne
NE12 8BT

Phone 01912398000

Email companysecretary@ncfe.org.uk

Website www.ncfe.org.uk

Activities

Objects: THE OBJECTS FOR WHICH NCFE IS ESTABLISHED ARE TO PROMOTE AND ADVANCE EDUCATION AND TRAINING OF YOUNG PERSONS AND ADULTS

Activities: National Awarding Organisation offering qualifications, awards, accreditation of bespoke learning and associated materials and services

Classification

- **How:** Provides Services
- **What:** Education/training
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** IN PRACTICE ENGLAND AND EUROPE
- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-07-31	£49,492,000	£50,563,000	£31,555,000	1709
2024-07-31	£48,596,000	£50,232,000	£31,935,000	1438
2023-07-31	£43,034,000	£50,851,000	£31,782,000	1014
2022-07-31	£39,095,000	£41,906,000	£39,692,000	900
2021-07-31	£38,792,000	£37,777,000	£44,941,000	804

Trustees

Name	Role	Appointed
DEBORAH JENKINS MBE	Chair	2017-03-28
ANA SOFIA VAZ PIRES		2026-01-06
Amanda Elizabeth Bromley Mrs		2024-03-19
Jack Garner		2026-01-06
Jane Brightman		2026-01-06
Joanne Whitfield		2020-07-08
Michael James Love		2024-03-19
Michael Smith		2023-02-27
Purnima Murthy Tanuku		2026-01-06
Robin Ghurbhurun		2022-12-05

NCFE

England & Wales - Charity number 1034808

Accounts

Company registration number: 02896700

Charity registration number: 1034808

NCFE

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 July 2025

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NCFE

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NCFE

Reference and Administrative Details

Trustees

Ms D M Jenkins MBE DL, Chair
Mrs J Whitfield
Mr M A Smith
Mr R Ghurbhurun
Mr D. Wilson (resigned 22 July 2025)
Mrs A E Bromley
Mr M Love
Ms A S V Pires (appointed 6 January 2026)
Mr J Garner (appointed 6 January 2026)
Mrs J E Brightman (appointed 6 January 2026)
Mrs P M Tanuku (appointed 6 January 2026)

Secretary

E J Hoare

Key Management Personnel

D Gallagher, Chief Executive Officer
K Todd, Chief Financial Officer
S Foster, Chief Regulatory Officer
P Le Feuvre, Chief Operating Officer
H Ketteringham, Chief People Officer

Registered Office

Q6 Quorum Park
Benton Lane
Newcastle upon Tyne
NE12 8BT

The charity is incorporated in England and Wales.

NCFE

Reference and Administrative Details

Company Registration Number 02896700

Charity Registration Number 1034808

Solicitors Womble Bond Dickinson
The Spark
Draymans Way
Helix
Newcastle upon Tyne
NE4 5DE

Bates Wells
10 Queen Street Place
London
EC4R 1BE

Bankers Barclays Bank
Percy Street
Newcastle upon Tyne
NE1 4QL

Lloyds Bank PLC
King Street
Manchester
M2 4LQ

Auditor Azets Audit Services
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Investment Managers Brewin Dolphin Ltd
Time Central
Gallowgate
Newcastle Upon Tyne
NE1 4SR

Barclays Private Bank
Level 27
1 Churchill Place
London
E14 5HP

NCFE

Trustees' Report

The Trustees present their annual directors' report and the audited financial statements of the charity for the year ending 31 July 2025.

The financial statements comply with current statutory requirements, the Articles of Association and the Charities Statement of Recommended Practice ("Charities SORP") applicable to charities preparing their accounts in accordance with FRS 102.

Purpose and aims

NCFE is the most historic technical and vocational awarding organisation in the UK, originally established in 1848, forged in the furnace of innovation and progress of the first industrial revolution. Whilst much has changed since this time, some things have not. We are still a charity, centred on our purpose of 'promoting and advancing learning', helping 'to create a fairer, more inclusive society'. We continue to be synonymous with technical and vocational education, awarding and assessment, and this is where our core business activities are still focused today. Our role spans from tapping the 'source code' of what employers need to build productive and sustainable workforces for the future, from designing and developing qualifications that meet the diverse needs of all learners, to quality assuring and supporting our centres to deliver transformational learning experiences. Finally, our most important role is to recognise outcomes for learners, providing robust, reliable and valid assessments, and certifying their achievements - essentially providing learners with a 'passport to progression' and hopefully future success.

Strategy 2030

In recent years we have sought to look beyond the bounds of a traditional awarding organisation to seek out opportunities that deliver greater impact for our beneficiaries. We have done this through investing in innovation, strategic partnerships and initiatives, developing new products and services, and finding new and better ways to set up our centres, educators and learners for success.

This increasingly holistic, innovative and collaborative outlook has had a significant influence on our new strategy which we launched in 2024 and expect to run to 2030. While our charitable purpose 'to promote and advance learning' endures, our vision for this strategy is 'everyone has the opportunity, means and motivation to access the highest quality learning experiences.' We aim to achieve this through the following strategic goals:

- *Greater reach and impact*

We will reach more learners each year and enable them to experience transformational learning experiences that will equip them to flourish in their careers and lives. We'll hold ourselves to account for delivering positive impacts for learners by measuring the difference we make to their choices, experiences and outcomes. We will continuously seek better ways to create inclusive, fair and high-quality learning and assessment for all. To do this, we'll focus on finding creative ways to engage with those who are most under-served and have the greatest needs.

- *Specialised and Expert*

We will increasingly specialise in aspects and areas of learning where we know we can deliver the maximum value to learners. We'll do this by developing and maintaining deep expertise and sector networks and focusing on meeting sector specific needs. Our specialisms will enable us to concentrate our resources on supporting learners over their career and a lifetime of learning through delivering coherent and high-quality progression pathways. We'll build upon existing areas of deep domain specialism and strengthen NCFE's position as experts in assessment. We'll also continue to support our customers and learners with existing high-quality products and services outside of our specialisms.

NCFE

Trustees' Report

- *Diversified*

We will continue to strive to find new, different and better ways to support learners to experience transformational learning experiences and achieve best possible outcomes. This will be achieved, in part, through diversification of our products and services to create new opportunities outside of our core qualification and end-point assessment services. Through achieving this objective we'll also reduce our dependency on government funded, regulated qualifications, providing us with a healthier mix and balance of income that will enable the charity to have a more stable, secure and sustainable future.

- *Centred on people*

We will place the people we serve at the heart of our decision-making. We'll continue to draw on the parallels between wanting every NCFE learner and colleague to flourish throughout their working career, enabled by our high-quality learning and development opportunities and solutions. We will continue to build rich and deep design into what is needed to enable people and businesses to prosper and fulfil their potential, and we'll utilise this insight to inform the development of products and services that will deliver maximum value for all customers and beneficiaries within our reach.

- *An influential voice for skills*

We will leverage our position as one of the largest vocational and technical awarding organisations, advocating for what is best for learners through using our vast experience, heritage, deep expertise, and rich sources of data and insight. We'll build an even stronger understanding of employers, respond to their needs and support them to create healthy vibrant and productive workplaces. Our approach will be evidence-based to 'what works', whilst also challenging current practices through research and innovation. We'll collaborate with like-spirited organisations and people, seeking to harness the collective intelligence and resources from our sector and beyond, helping to shape a system that is a fair, inclusive, high-quality and fit for the future.

We are hugely excited to launch our new strategy to 2030 and incredibly grateful to all those colleagues and partners who have invested their time in helping shape our path to the future. The collaborative effort, the clear connection to our purpose and the commitment to the success of the millions of learners that we'll support over the coming years, has been both humbling and inspiring.

STRATEGIC REPORT

Achievements and performance

As we enter a new academic year, it is important for us to reflect on what we have achieved over the past 12 months and review our impact on learners, institutions and educators, the education system and wider society. We are proud to have recently published our second Impact Report, designed to assess whether NCFE's activities are having the intended outcomes, from delivering learning and progression opportunities to tackling disadvantaged and influencing wider educational policy. A copy of our Impact Report can be found at <https://www.ncfe.org.uk/social-impact-report-2024> and we have included some of our key achievements in this report.

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Trustees' Report

Learners



of providers state that learners are well-prepared for further learning



of providers feel NCFE learners will have good employment opportunities

Over 11,000

NCFE learners applied for Higher Education helping drive future success in academic and professional pursuits

453,000

learners registered with NCFE in 2023/24



89% of our CACME Alumni members who had studied on NCFE course in Child Development, had moved on into employment within Early Years or Education

Institutions and educators

Over 60%

of our providers are located in the most deprived areas of the UK, meaning NCFE's reach directly impacts those most in need



of institutions report strong relationships with NCFE

- Our partnership with WorldSkills UK is enhancing education delivery. 40 providers are taking part in WorldSkillsUK Centre of Excellence with a potential to reach 81,000 learners.
- Our partnership with the Skills Partnership is enhancing education delivery. 40 providers are taking part in the Skills Partnership Centre of Excellence with a potential to reach 81,000 learners.

Sector leadership

£1 million

invested in assessment innovation reshaping educational assessment



NCFE operates in 21 countries, contributing to raising global education standards



More than 75% of our staff feel proud to work for NCFE

3,289 learners and

206 educators across

49 Institutions

took part in the Assessment Innovation Fund this year driving sector wide change

Society and economic



of our providers believe NCFE learners positively impact society



Over 76% of providers report that NCFE learners contribute to the economy



NCFE's Assessment Innovation Fund generates **£1.70 in Social Value for every £1 invested**



Our head office is based in the North East which is the most deprived region in England. We are a Real Living Wage employer, employing over 750 employees who go on to contribute to the local economy.

NCFE

Trustees' Report

Energy and Carbon Report

We report under the UK energy and carbon reporting requirements ('SECR') and have set out in the table below our direct emissions.

GHG emission and energy data

	Year to 31 July 2025	Year to 31 July 2024
ENERGY CONSUMPTION TO CALCULATE EMISSIONS		
Gas combustion Kilowatt Hours (kWh)	55,925	58,428
Purchased electricity kWh	205,544	220,420
Transport fuel * kWh	280,379	354,662
Total energy consumption kWh	541,848	633,510
EMISSIONS		
Gas combustion tonnes CO2 equivalent (tCO2e) (Scope 1)	10.2	10.7
Company vehicles tCO2e (Scope 1) Note 1	1.7	11.5
Purchased electricity tCO2e (Scope 2)	42.1	45.2
Business travel in employee-owned vehicles where the organisation is responsible for purchasing the fuel *tCO2e (Scope 3) Note 2	75.9	83.7
Business travel associated with company cars, rail, air and hotels *tCO2e (scope 3)	28.3	37.9
Total gross emissions tCO2e based on above	158.2	189
INTENSITY RATIOS		
tCO2e per £m revenue	3.26	4.03
tCO2e per m2 of floorspace	0.04	0.06

• Note 1: represents company vehicles owned by Active IQ, a subsidiary acquired by NCFE in November 2022.

• Note 2: represents fuel used in personal cars on business use for which the organisation reimburses its employees following claims for business mileage.

Quantification and reporting methodology

We have followed the 2025 HM Government Environmental Guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2023 UK Government's Conversion Factors for Company Reporting.

NCFE

Trustees' Report

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e.

NCFE has continued to utilise a range of energy efficient measures including.

- All lights are low-energy LED lighting throughout the building.
- All lighting is fitted with Passive Infrared Sensors (PIR) in office spaces.
- Lighting in stairwells and reception are fitted with "dusk til dawn" sensors.
- Timers are used on the Fan Coil units (FCU's) to accommodate shorter working days.
- Changed Hot Water Tanks from domestic to commercial tanks for improved efficiency and consumption reduction.

NCFE purchases 100% renewable electricity and natural gas for our Q6 Office and recognised by the REGOs and GOOs certification schemes which validate that the energy is from appropriately accredited renewable sources.

Additional voluntary reporting activities

The majority of NCFE's carbon footprint comprises Scope 3 emissions from business travel i.e. fuel associated with transport (personal cars on business use) where the organisation does not operate the vehicle / service. Although this data is outside the mandatory requirements of the 'Energy and Carbon Report, the organisation voluntarily reports a full carbon emissions data set (including all Scope 3 emissions from business travel) on an annual basis.

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Trustees' Report

FINANCIAL REVIEW

In recent years, NCFE has navigated challenging financial conditions: cost of living pressures, National Insurance increases, developing and delivering large and demanding qualifications such as T Levels, responding to qualification and apprenticeship reforms and continuing to invest in and strengthen our Awarding Organisation. After reporting two consecutive years of deficits, we embarked on a multi-year financial recovery plan that would see us return to generating a positive surplus without compromising on our ambition or the investments we plan to make.

After reporting a small surplus in 2024, we are pleased with our continued progress, and our underlying business remains on track with our recovery plan.

During the year our income grew to £48.8m with our NCFE and Active IQ Awarding Organisations performing well both nationally and internationally.

Total expenditure was well controlled during the period, although has been impacted by the recent publication of the Government's Post-16 education and skills white paper. We support the intent of this reform and are genuinely excited about the benefits and opportunities it will generate but having worked hard on producing high quality qualifications in response to the most recent qualification reforms, it is disappointing that these products are unlikely to be given the opportunity to support learners and employers in the way we intended. We have taken the decision to impair these products and is the principle reason we are reporting a loss of £0.4m for the year.

It was pleasing to see continued progress on our Transformation Programme during the year. This Programme replaces our core systems in Finance, Customer Management and Assessment and Awarding Platforms. In March we saw the introduction of our new Finance system. This system not only improves the governance and controls surrounding the charity's finances but also supports us with a much deeper understanding of the financial investments and resources required to develop, deliver and maintain our products and services. The end of our year also saw the launch of the first phase of our new Customer Management system. As we build out the functionality of this new system, we believe it will significantly improve our centres' experience of working with us and are excited about the opportunities it will present to better understand and support them and their learners. We'd like to thank our colleagues at NCFE and our external partners for their continued hard work and support on these complex and demanding projects.

NCFE

Trustees' Report

Investment policy, objectives and performance

Under its Articles of Association, the Trustees have the authority to invest as they see fit in order to meet the charity's purpose. We invest our long-term reserves through a 'managed funds' approach overseen by Barclays Private Bank and RBC Brewin Dolphin.

The headline objective of our investment portfolios is to protect its capital value in real terms and maximise the return on investment for the acceptable and agreed level of risk. To achieve this, our fund managers are permitted to invest in the following assets and allocations:

Fund Manager	Strategic Asset Allocation Ranges	
	RBC Brewin Dolphin	Barclays Private Bank
Investment Horizon	10+ years	5+ years
Fixed Interest	0% - 14%	
Developed Government Bonds		5%
Investment Grade Bonds		2%
High Yield and Emerging Market Bonds		7%
UK Equities	21% - 27%	
Overseas Equities	45% - 62%	
Developed Market Equities		70%
Emerging Market Equities		10%
Alternative Investments	0% - 14%	
Alternative Trading Strategies		2%
Commodities		3%
Property	0% - 10%	
Cash	0% - 10%	1%

The performance of the portfolios is monitored by the Audit, Risk and Investment Committee on behalf of the main Board of Trustees. Following particularly strong performance during 2024 our portfolios have generated a lower gain in 2025, and a level of return that is more consistent with their risk profiles. Although the markets remain relatively volatile, the Trustees are pleased with the performance during 2025, and are satisfied that given the long-term investment horizons, our investment portfolios should generate a better level of return than would have been achieved had the monies been held as cash.

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Trustees' Report

PRINCIPAL RISKS AND UNCERTAINTIES

Our principal risks are recorded on the Strategic Risk Register and updated and reviewed regularly by the Executive and the Audit, Risk and Investment Committee. The register captures risk ratings and controls in place to mitigate risks where possible.

• *Impact of changes in Government policy*

NCFE relies on indirect government funding via colleagues, independent training providers and schools and therefore is exposed to changes in government policy direction and funding for education. Examples of this is the Department for Education's reform of Level 2 and Level 3 qualifications and more recently, its publication of its Post-16 skills and education reform white paper. This is mitigated to some extent with NCFE winning tenders for the development and delivery of T-Level qualifications which grants NCFE an exclusive licence to deliver the T Levels awarded. NCFE continues to work closely with government bodies, regulators, stakeholders and customers to ensure influence in decision making and be as proactive as possible in relation to changes to policy and regulatory direction.

• *Financial pressure within the education sector*

The disruption and volatility caused by high levels of inflation and interest rates have placed considerable financial pressures on our sector. Our centres are having to carefully manage their finances and without support, some may struggle to continue to trade. This in turn presents a risk to NCFE either through loss of income and surplus or by monies due from customers becoming uncollectable. We manage this exposure through credit monitoring and regular credit control meetings to identify customers that may present a risk.

Furthermore, our market for qualifications and assessments is changing with a shift towards larger, more complicated, and costly qualifications which is impacting on gross margins. We manage this through robust business planning, budget setting, performance monitoring and cash-flow forecasting processes, ensuring our cost base is aligned to our income levels and our businesses are sustainable.

An increasing reliance on data

Due to changes in the regulatory frameworks, and a need for data sharing between the different aspects of the educational system to be improved, there has been a focus from educational regulators on the collection of significant volumes of often complex data sets. In response to this we have invested in a dedicated regulatory data team, which oversees the management of timely submission of data returns and leads on improving the data that is collected to ensure appropriate support and management is maintained.

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Trustees' Report

Delivery of Transformation Projects within NCFE

The Transformation programme comprises several projects, designed to elevate NCFE's position within the education sector, align different parts of the NCFE organisation, improve the quality and efficiency of underlying business processes and develop innovative ways to address educational challenges. The programme requires significant investment from NCFE, with the projects being at various stages of discovery or implementation and there is a risk that the intended benefits of the programme are not delivered. In order to mitigate this, a number of controls have been put in place, including; a programme management structure including boards at workstream, project, programme and executive level, named accountable owners and leads for each of the projects and the requirement for investment to be business cased and approved by the board of Trustees.

RESERVES POLICY AND GOING CONCERN

The Trustees have reviewed the Charity's needs for reserves in line with guidance issued by the Charity Commission. At 31 July 2025, the Group had reserves of £31.5m (2024: £31.9m). All reserves are unrestricted funds.

The Reserves policy sets out a minimum level of reserves of £22.1m to satisfy the Group's commitments and protect it from any significant financial shocks. The remaining reserves will be available for the delivery of the strategic plan aimed at maximising our social impact and ensuring a sustainable future for the Group.

Going Concern

The Trustees have considered the company's current and future prospects and its availability of financing and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason, the Trustees continue to adopt the going concern basis of preparation for these financial statements.

STRUCTURE, GOVERNANCE AND MANAGEMENT

NCFE is a company limited by guarantee, governed by its Articles of Association dated 10 February 1994 and last amended on 19 August 2020. It is a registered charity with the Charity Commission. Anyone over the age of 18 can become a member of the company and there are currently 6 members (2024: 6), each of whom agrees to contribute £1 in the event of the Charity winding up.

The members of the Board of Trustees, who are directors for the purposes of company law, are listed on page 1.

Method of appointment or election of Trustees

The management of the company and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

The Chair and Deputy Chair of the Trustees is nominated in line with the Articles of Association by Trustees.

Individual Trustees are sought when a vacancy arises on the Board. The Board seeks to maintain a reasonable balance of gender, ethnicity, skills and work backgrounds. They will target individuals who have the requisite mix for any specific vacancy. The Board makes a positive effort to remove, reduce or prevent obstacles to people being trustees, allocating budgets, where necessary, to achieve this within the charity's available resources.

NCFE

Trustees' Report

Trustees serve a 3 year term, at the end of which they may seek re-election. There is no outside party who can appoint trustees.

In accordance with the Articles of Association (14.2) no Director shall serve in office for more than nine consecutive years provided that a Director may be reappointed annually thereafter by the Board if there are exceptional circumstances.

Trustee induction and training

All new Trustees undergo a detailed induction at which members of the Executive brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and the recent financial performance of the charity. During the induction they are also introduced to numerous key members of staff.

The Trustees undertake an annual self-assessment of performance which will either take the form of a one-to-one meeting with the Chair or Deputy Chair (for the Chair of Trustees) or a survey. A skills assessment will be undertaken at junctures where it is required for succession planning purposes or new members of the board join.

Organisational structure and decision making

The Board of Trustees, which can have up to 12 members, administers the charity.

The Board meets at least 4 times a year, at least one meeting of which is extended to enable members to give greater consideration to the future strategic direction of the organisation, as well as ensuring that the organisation's charitable purposes, and its external environment in which it works, continue to be relevant and valid.

Members also meet with the Executive between quarterly formal meetings to exchange views and receive updates on the organisation's progress. As stated above, none of the Trustees are directly involved in the operational activity of the Group. Where there are any conflicts, these are carefully reported, recorded and managed.

A Chief Executive is appointed by the Trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and education-related activity.

The Chief Executive manages the Executive who have Directorate level responsibility. Within each Directorate there are a number of teams each of which has a manager who sits as part of the Management team group with responsibility for operational activity.

Charity Governance Code

The Board applies the Charity Governance Code as an internal framework to review and monitor its own performance and governance. Compliance against the Code is scrutinised by the Audit, Risk and Investment Committee and reported to the main Board on an annual basis. The charity can demonstrate it has adopted the Code with an action plan in place for 2025 which will ensure there is continuous improvements.

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Trustees' Report

Related parties

The links between Board members and the organisations in which they hold senior positions are disclosed in note 24.

Pay policy for senior staff

The company's approach for determining salaries is set out in its Pay and Reward policy, which is published on the charity's website aligning to the requirements of the Charity Governance Code. All salaries are set and approved as follows:

- For the CEO, their remuneration is agreed by Trustees
- Executives' remuneration is set by the CEO in consultation with Trustees.
- Salaries for other colleagues are guided by external benchmarking and proposed by Leaders in line with the Pay and Reward Policy and within the confines of departmental budgets agreed by the Board of Trustees each year.

Colleague involvement and employment of disabled people

The company conducts a colleague engagement survey quarterly in order to give colleagues the opportunity to provide feedback and suggestions. All line managers further engage colleagues in engagement plans, to promote continuous improvement. There are numerous communication channels used across the business, including the People Committee and the Equality, Diversity and Inclusion (ED&I) Committee. There is a regular internal newsletter to communicate key messages and colleagues are offered an exit interview upon leaving the organisation.

In accordance with the company's Equality, Diversity and Inclusion policy, there are long established fair employment practices in place regarding the recruitment, selection, retention and training of disabled colleagues. The company has become a Disability Confident Employer, guaranteeing interviews to all disabled candidates, subject to meeting the essential requirements of a vacant role. This data is monitored to ensure fairness and positive impact. All colleagues complete mandatory training in relation to employment matters and adhere to company policies in that regard. Full details of these policies are available from the company.

Disclosure of information to auditor

Each of the persons who are Trustees at the time when the Report of the Board of Trustees is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

NCFE

Trustees' Report

Statement of Responsibilities (within Trustees Report)

The trustees (who are also the directors of NCFE for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 parent charitable company and the group and of the incoming resources and application of resources, including its income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

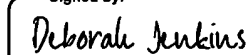
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the parent charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that can disclose with reasonable accuracy at any time the financial position of the parent charitable company and the group 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 parent charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the trustees of the charity on 31 March 2026 and signed on its behalf by:

Signed by:



3C9048BED1AE45A.....
Ms D M Jenkins MBE DL
Trustee

NCFE

Independent Auditor's Report to the Members of NCFE

Opinion

We have audited the financial statements of NCFE (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 July 2025, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Balance Sheet, Consolidated 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 July 2025 and of the group's incoming resources and application of resources, including its income and expenditure 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 responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 trustees 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 group's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue.

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

Other information

The trustees 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.

NCFE

Independent Auditor's Report to the Members of NCFE

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the and the Trustees' Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Responsibilities (within Trustees Report) (set out on page 14), the trustees 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 trustees 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 trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor 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:

NCFE

Independent Auditor's Report to the Members of NCFE

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Qualifications and examinations regulations, and compliance with the UK Companies Act and Charities Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

NCFE

Independent Auditor's Report to the Members of NCFE

Use of our report

This report is made solely to the charitable parent company's trustees, 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 group's trustees 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 charitable parent company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

Simon Brown

A919E10F4B2841D.....

Simon Brown BA ACA DChA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 02 April 2026

Azets Audit Services is a trading name of Azets Audit Services Limited..

NCFE

Consolidated Statement of Financial Activities for the Year Ended 31 July 2025 (Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Total 2025 £ 000	Total 2024 £ 000
Income and Endowments from:			
Charitable activities	3	48,824	48,003
Investment income	4	668	593
Total Income		<u>49,492</u>	<u>48,596</u>
Expenditure on:			
Raising funds	5	(30)	(68)
Charitable activities	6	<u>(50,533)</u>	<u>(50,164)</u>
Total Expenditure		<u>(50,563)</u>	<u>(50,232)</u>
Gains/losses on investment assets		<u>691</u>	<u>1,789</u>
Net (expenditure)/income		<u>(380)</u>	<u>153</u>
Net movement in funds		(380)	153
Reconciliation of funds			
Total funds brought forward		<u>31,935</u>	<u>31,782</u>
Total funds carried forward	21	<u><u>31,555</u></u>	<u><u>31,935</u></u>

All of the group's activities derive from continuing operations during the above two periods.

The funds in both years are unrestricted funds only.

NCFE

(Registration number: 02896700)

Consolidated Balance Sheet as at 31 July 2025

	Note	2025 £ 000	2024 £ 000
Fixed assets			
Intangible assets	12	5,340	4,842
Tangible assets	13	1,826	1,974
Investments	14	16,018	15,431
		<u>23,184</u>	<u>22,247</u>
Current assets			
Stocks	15	26	49
Debtors	16	5,101	5,877
Cash at bank and in hand	17	8,058	9,456
		<u>13,185</u>	<u>15,382</u>
Creditors: Amounts falling due within one year	18	<u>(4,814)</u>	<u>(5,694)</u>
Net current assets		<u>8,371</u>	<u>9,688</u>
Net assets		<u>31,555</u>	<u>31,935</u>
Funds of the group:			
Unrestricted income funds			
Designated funds		22,100	24,300
General funds		<u>9,455</u>	<u>7,635</u>
Total unrestricted funds		<u>31,555</u>	<u>31,935</u>
Total funds	21	<u>31,555</u>	<u>31,935</u>

The financial statements on pages 19 to 47 were approved by the trustees, and authorised for issue on 31 March 2026 and signed on their behalf by:

Signed by:

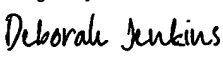
 3C9648BED1AE45A.....
 Ms D M Jenkins MBE DL
 Trustee

NCFE

(Registration number: 02896700) Balance Sheet as at 31 July 2025

	Note	2025 £ 000	2024 £ 000
Fixed assets			
Intangible assets	12	3,642	2,621
Tangible assets	13	1,825	1,970
Investments	14	16,018	18,975
		<u>21,485</u>	<u>23,566</u>
Current assets			
Stocks	15	3	4
Debtors	16	5,049	5,419
Cash at bank and in hand	17	8,005	9,161
		<u>13,057</u>	<u>14,584</u>
Creditors: Amounts falling due within one year	18	<u>(4,585)</u>	<u>(5,341)</u>
Net current assets		<u>8,472</u>	<u>9,243</u>
Net assets		<u>29,957</u>	<u>32,809</u>
Funds of the charity:			
Unrestricted income funds			
Designated funds		22,100	24,300
Unrestricted funds		<u>7,857</u>	<u>8,509</u>
Total unrestricted funds		<u>29,957</u>	<u>32,809</u>
Total funds	21	<u>29,957</u>	<u>32,809</u>

The financial statements on pages 19 to 47 were approved by the trustees, and authorised for issue on 31 March 2026 and signed on their behalf by:

Signed by:

 Ms D M Jenkins MBE DL
 Trustee

NCFE

Consolidated Statement of Cash Flows for the Year Ended 31 July 2025

	Note	2025 £ 000	2024 £ 000
Cash flows from operating activities			
Net cash (expenditure)/income		(380)	153
Adjustments to cash flows from non-cash items			
Depreciation	13	303	343
Amortisation	12	1,174	1,138
Investment income	4	(668)	(593)
Loss on disposal of intangible fixed assets		362	180
Revaluation of investments		(417)	-
FA inv - UK unlisted other shs provision charge		200	118
		<u>574</u>	<u>1,339</u>
Working capital adjustments			
Decrease in stocks	15	23	209
Decrease in debtors	16	776	300
Decrease in creditors	18	(865)	(418)
(Decrease)/increase in deferred income	18	<u>(15)</u>	<u>67</u>
Net cash flows from operating activities		<u>493</u>	<u>1,497</u>
Cash flows from investing activities			
Interest receivable and similar income	4	668	593
Purchase of intangible fixed assets	12	(2,035)	(1,700)
Purchase of tangible fixed assets	13	(155)	(129)
Purchase of investments	14	(2,687)	(200)
Sale of investments	14	<u>2,318</u>	<u>3,760</u>
Net cash flows from investing activities	14	<u>(1,891)</u>	<u>2,324</u>
Net (decrease)/increase in cash and cash equivalents		(1,398)	3,821
Cash and cash equivalents at 1 August		<u>9,456</u>	<u>5,635</u>
Cash and cash equivalents at 31 July		<u><u>8,058</u></u>	<u><u>9,456</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

1 Charity status

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is: Q6 Quorum Park, Benton Lane, Newcastle upon Tyne, NE12 8BT

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)) (issued in January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1,000.

Basis of preparation

NCFE meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 July 2025.

No statement of financial activities is presented for the charity as permitted by section 408 of the Companies Act 2006. The charity made a surplus after tax for the financial year of £692k (2024 - £382k).

During December 2024 most of the trade in Active IQ was transferred to the parent, NCFE. In line with group reorganisation accounting rules—under which no loss of value arises to the group—the Investment on NCFE's Balance Sheet was transferred to Goodwill at the point of the transfer of trade from Active IQ to NCFE. The amortisation of this newly created Goodwill, to the date of the transfer, is not considered to be a prior-period adjustment, and this accumulated amortisation of £3,544k has been adjusted directly to reserves within the parent's own Balance Sheet. In summary, the original Investment (In Active IQ) has been removed from the parent's own Balance Sheet and reflected in the parent's own reserves. As there is no change in value to the group overall, and the Investment is not included in the Consolidated Balance Sheet, there is no impact on the group's consolidated results or position.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

A subsidiary is an entity controlled by the charity. Control is achieved where the charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the statement of financial activities from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the charity and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Going concern

The trustees consider that there are no material uncertainties about the group's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the group.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

Estimation uncertainty and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Estimates included within these financial statements include depreciation and amortisation charges based upon the useful economic lives of both tangible and intangible assets, and provisions against debtors. None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical areas of judgement

Judgement is also required in the assessment of the carrying values of fixed assets and investments, in the performing impairment tests. The impairment test calculations make assumptions around future trading performance, customer retention, cost rationalisation and external factors such as government funding. No material uncertainty is considered to exist in relation to this key area of judgement.

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Grants are of a revenue nature, and as such are credited to income to match them with the expenditure to which they relate.

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Investment income

Interest receivable is included when receivable by the company.

Charitable activities

Income

Income from charitable activities represents the values of fees for the provision of examinations and assessments and related services.

Registration income is included within income resources in the period in which the relevant registration is made as all performance obligations have been met.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

Other income

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All expenditure is accounted for on an accruals basis. All expenses, including support costs are allocated to the applicable expenditure heading on a basis consistent with the use of resources.

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Charitable activities

Charitable expenditure include expenditure relating to the provision of examination and assessment services and include both the direct costs and support costs relating to these activities.

Grant expenditure

Grants payable are payments made to third parties in the furtherance of the charity's objects. Grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the Charity.

Support costs

Support costs are those costs incurred directly in support of expenditure on the objects of the group and include project management carried out at the head office.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees meetings and reimbursed expenses.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Goodwill

Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Intangible assets

Intangible assets are stated in the Balance Sheet at cost less accumulated amortisation and impairment. They are amortised on a straight line basis over their estimated useful lives.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Brands acquired are valued as the difference between the identifiable net assets of the purchase, and the consideration paid.

Product development costs are recognised as intangible assets measured at cost.

Intellectual property is capitalised at cost on acquisition and amortised over their estimated useful lives using an amortisation method that reflects the pattern of their consumption.

Intangible assets are reviewed for impairment where market conditions or other factors indicate a reduction in future economic benefits. Impairment losses are recognised in the statement of financial activities where an asset's realisable amount exceeds its carrying value.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Brands	5 Years straight line
Software and Intellectual property	2- 5 Years straight line
Product development	4 Years straight line

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

Tangible fixed assets

Individual fixed assets costing £1,000.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Costs include the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Long Term Leasehold	Over Term of Lease
Furniture and Equipment	5-15 years straight line
Computer Equipment	3-5 years straight line

Impairment of fixed assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of financial activities.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of financial activities.

Investments

Investments in subsidiaries and associates are measured at cost paid less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

During December 2024 most of the trade in Active IQ was transferred to the parent, NCFE. In line with group reorganisation accounting rules—under which no loss of value arises to the group— the Investment on NCFE's Balance Sheet was transferred to Goodwill at the point of the transfer of trade from Active IQ to NCFE. The amortisation of this newly created Goodwill, to the date of the transfer, is not considered to be a prior-period adjustment, and this accumulated amortisation has been adjusted directly to reserves within the parent's own Balance Sheet. In summary, the original Investment (In Active IQ) has been removed from the parent's own Balance Sheet and reflected in the parent's own reserves. As there is no change in value to the group overall, and the Investment is not included in the Consolidated Balance Sheet, there is no impact on the group's consolidated results or position.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

Fixed asset investments

Listed investments, which have been classified as fixed asset investments, are measured initially at cost and subsequently at fair value. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Fixed asset investments in unquoted companies are stated at cost less impairment.

Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow moving stocks.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Other liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the group.

The aim and use of each designated fund, is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund

Pensions and other post retirement obligations

The group operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet.

NCFE makes an employer's contribution on pensionable pay, provided that the employee makes a minimum contribution. These amounts are paid over to the fund on a monthly basis.

Employee benefits

Short term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

3 Income from charitable activities

	Unrestricted funds General £ 000	Total 2025 £ 000
Educational resources	48,824	48,824
	Unrestricted funds General £ 000	Total 2024 £ 000
Educational resources	48,003	48,003

4 Investment income

	Unrestricted funds General £ 000	Total 2025 £ 000	Total 2024 £ 000
Interest receivable on bank deposits	398	398	79
Other income from fixed asset investments	128	128	385
Income from rents	142	142	129
	668	668	593

All investment income in 2024 was unrestricted.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

5 Expenditure on raising funds

a) Investment management costs

	Unrestricted funds General £ 000	Total 2025 £ 000	Total 2024 £ 000
Other investment management costs;			
Administration of the investments	30	30	68
	<u>30</u>	<u>30</u>	<u>68</u>

All expenditure on raising funds in 2024 was unrestricted.

6 Expenditure on charitable activities

	Activity undertaken directly £ 000	Activity support costs £ 000	2025 £ 000
Examination and assessment activities	<u>44,533</u>	<u>6,000</u>	<u>50,533</u>
	Activity undertaken directly £ 000	Activity support costs £ 000	2024 £ 000
Examination and assessment activities	<u>43,394</u>	<u>6,770</u>	<u>50,164</u>

In addition to the expenditure analysed above, there are also governance costs of £292,000 (2024 - £281,000) which relate directly to charitable activities. See note 7 for further details.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

7 Analysis of governance and support costs

Support costs allocated to charitable activities

	Governance costs £ 000	Staff costs £ 000	Total 2025 £ 000	Total 2024 £ 000
Board Meetings	63	-	63	33
Audit Fees - Governance	30	-	30	31
Subsidiary Audit- Governance	13	-	13	13
Other Fees	186	-	186	204
Salaries	-	4,724	4,724	5,490
Employers NI	-	509	509	514
Pension Costs	-	475	475	485
	<u>292</u>	<u>5,708</u>	<u>6,000</u>	<u>6,770</u>

8 Net incoming/outgoing resources

Net outgoing resources for the year include:

	2025 £ 000	2024 £ 000
Operating leases - other assets	66	51
Audit fees	43	44
Other non-audit services	6	2
Loss on disposal of intangible fixed assets	360	180
Depreciation of fixed assets	303	343
Amortisation of intangibles and goodwill	1,174	1,138
Loss on disposal of investments	<u>200</u>	<u>-</u>

9 Trustees remuneration and expenses

During the year 3 (2024: 5) trustees were reimbursed travelling expenses amounting to £1,227 (2024: £2,248). The amount owed at the year end amounted to £Nil (2024: £10).

No trustees, nor any persons connected with them, have received any remuneration from the group during the year.

No trustees have received any other benefits from the charity during the year.

NCFE**Notes to the Financial Statements for the Year Ended 31 July 2025****10 Staff costs**

The aggregate payroll costs were as follows:

	2025 £ 000	2024 £ 000
Staff costs during the year were:		
Wages and salaries	31,143	29,947
Social security costs	3,073	2,865
Pension costs	2,823	3,217
	<u>37,039</u>	<u>36,029</u>

During the year, redundancy payments totalling £147,427 (2024: £408,586) were paid as part of the continuing restructuring of the business. These are included within staff costs.

The monthly average number of persons (including senior management / leadership team) employed by the group during the year was as follows:

	2025 No	2024 No
Employees	<u>1,709</u>	<u>1,438</u>

The number of employees whose emoluments fell within the following bands was:

	2025 No	2024 No
£60,001 - £70,000	14	19
£70,001 - £80,000	16	12
£80,001 - £90,000	3	3
£90,001 - £100,000	4	6
£100,001 - £110,000	8	4
£110,001 - £120,000	-	1
£120,001 - £130,000	2	1
£150,001 - £160,000	2	1
£160,001 - £170,000	-	1
Over £200,000	<u>1</u>	<u>1</u>

The total employee benefits of the Key Management Personnel of the group were £961,457 (2024 - £1,335,505).

NCFE**Notes to the Financial Statements for the Year Ended 31 July 2025****11 Auditors' remuneration**

	2025 £ 000	2024 £ 000
Audit of the financial statements	43	44
Other fees to auditors		
Taxation compliance services	2	2
All other non-audit services	3	-
	<u>5</u>	<u>2</u>

12 Intangible fixed assets**Group**

	Goodwill and brands £ 000	Software and Intellectual Property £ 000	Research and development £ 000	Total £ 000
Cost				
At 1 August 2024	7,814	1,914	3,080	12,808
Additions	-	-	2,035	2,035
Disposals	-	(280)	(303)	(583)
Transfers	-	2,091	(2,092)	(1)
At 31 July 2025	<u>7,814</u>	<u>3,725</u>	<u>2,720</u>	<u>14,259</u>
Amortisation				
At 1 August 2024	5,889	1,472	605	7,966
Charge for the year	578	341	255	1,174
Eliminated on disposals	-	(46)	(175)	(221)
At 31 July 2025	<u>6,467</u>	<u>1,767</u>	<u>685</u>	<u>8,919</u>
Net book value				
At 31 July 2025	<u>1,347</u>	<u>1,958</u>	<u>2,035</u>	<u>5,340</u>
At 31 July 2024	<u>1,925</u>	<u>442</u>	<u>2,475</u>	<u>4,842</u>

NCFE**Notes to the Financial Statements for the Year Ended 31 July 2025****Charity**

	Goodwill and brands £ 000	Software and Intellectual Property £ 000	Research and development £ 000	Total £ 000
Cost				
At 1 August 2024	4,926	1,376	2,756	9,058
Additions and transfers	3,544	-	1,834	5,378
Disposals and reorganisation	(3,544)	(280)	(39)	(3,863)
Transfers	-	2,091	(2,092)	(1)
At 31 July 2025	<u>4,926</u>	<u>3,187</u>	<u>2,459</u>	<u>10,572</u>
Amortisation				
At 1 August 2024	4,926	1,065	446	6,437
Charge for the year	-	341	198	539
Eliminated on disposals	-	(46)	-	(46)
At 31 July 2025	<u>4,926</u>	<u>1,360</u>	<u>644</u>	<u>6,930</u>
Net book value				
At 31 July 2025	<u>-</u>	<u>1,827</u>	<u>1,815</u>	<u>3,642</u>
At 31 July 2024	<u>-</u>	<u>311</u>	<u>2,310</u>	<u>2,621</u>

During December 2024 most of the trade in Active IQ was transferred to the parent, NCFE. In line with group reorganisation accounting rules-under which no loss of value arises to the group- the Investment on NCFE's Balance Sheet was transferred to Goodwill at the point of the transfer of trade from Active IQ to NCFE. The amortisation of this newly created Goodwill, to the date of the transfer, is not considered to be a prior-period adjustment, and this accumulated amortisation of £3,544k has been adjusted directly to reserves within the parent's own Balance Sheet. In summary, the original Investment (In Active IQ) has been removed from the parent's own Balance Sheet and reflected in the parent's own reserves. As there is no change in value to the group overall, and the Investment is not included in the Consolidated Balance Sheet, there is no impact on the group's consolidated results or position.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

13 Tangible fixed assets

Group

	Leasehold Land and buildings £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost				
At 1 August 2024	1,419	2,823	1,923	6,165
Additions	-	44	111	155
Disposals	-	(62)	(178)	(240)
At 31 July 2025	<u>1,419</u>	<u>2,805</u>	<u>1,856</u>	<u>6,080</u>
Depreciation				
At 1 August 2024	324	2,129	1,738	4,191
Charge for the year	26	185	92	303
Eliminated on disposals	-	(62)	(178)	(240)
At 31 July 2025	<u>350</u>	<u>2,252</u>	<u>1,652</u>	<u>4,254</u>
Net book value				
At 31 July 2025	<u>1,069</u>	<u>553</u>	<u>204</u>	<u>1,826</u>
At 31 July 2024	<u>1,095</u>	<u>694</u>	<u>185</u>	<u>1,974</u>

Charity

	Leasehold Land and buildings £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost				
At 1 August 2024	1,419	2,735	1,913	6,067
Additions	-	44	111	155
Disposals	-	-	(167)	(167)
At 31 July 2025	<u>1,419</u>	<u>2,779</u>	<u>1,857</u>	<u>6,055</u>
Depreciation				
At 1 August 2024	323	2,047	1,727	4,097
Charge for the year	26	182	92	300
Eliminated on disposals	-	-	(167)	(167)
At 31 July 2025	<u>349</u>	<u>2,229</u>	<u>1,652</u>	<u>4,230</u>
Net book value				
At 31 July 2025	<u>1,070</u>	<u>550</u>	<u>205</u>	<u>1,825</u>
At 31 July 2024	<u>1,096</u>	<u>688</u>	<u>186</u>	<u>1,970</u>

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

14 Fixed asset investments

Group

	2025 £ 000	2024 £ 000
Investments	<u>16,018</u>	<u>15,431</u>

Shares in group undertakings and participating interests

Investments

	Listed investments £ 000	Other investments £ 000	Total £ 000
Cost or Valuation			
At 1 August 2024	15,231	318	15,549
Revaluation	416	-	416
Additions	2,687	-	2,687
Disposals	<u>(2,316)</u>	<u>-</u>	<u>(2,316)</u>
At 31 July 2025	<u>16,018</u>	<u>318</u>	<u>16,336</u>
Provision for impairment			
At 1 August 2024	-	118	118
Charge for year	<u>-</u>	<u>200</u>	<u>200</u>
At 31 July 2025	<u>-</u>	<u>318</u>	<u>318</u>
Net book value			
At 31 July 2025	<u>16,018</u>	<u>-</u>	<u>16,018</u>
At 31 July 2024	<u>15,231</u>	<u>200</u>	<u>15,431</u>

The historical cost of the portfolio is £14,714,900 (2024: £14,339,788).

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

Significant holdings

There was no holding in the portfolio greater than 5%

Type	2025	2024
UK Bonds	593	1,012
Overseas Bonds	1,159	649
UK Equities	1,957	1,616
Overseas Equities	10,651	10,935
Pooled Funds	1,658	1,019
Total	16,018	15,231

All listed investments are held in funds managed by Brewin Dolphin Investment Management and Barclays Private Bank on behalf of the company.

Charity

	2025 £ 000	2024 £ 000
Shares in group undertakings and participating interests	-	3,544
Investments	16,018	15,431
	16,018	18,975

Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000	Total £ 000
Cost		
At 1 August 2024	3,544	3,544
Transfers	(3,544)	(3,544)
At 31 July 2025	-	-
Net book value		
At 31 July 2025	-	-
At 31 July 2024	3,544	3,544

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held		Principal activity
			2025	2024	
Subsidiary undertakings					
Active IQ Limited	England and Wales	Ordinary share capital	100%	100%	Developing and providing fitness qualifications

Subsidiaries

The retained loss for the financial period of Active IQ Limited was £421,537 (2024 - profit of £350,894) and the aggregate amount of capital and reserves at the end of the period was £387,605 (2024 - £742,585).

The company was purchased on 22 November 2022. The consideration was £3,544,000 which includes goodwill of £2,888,000.

During December 2024 most of the trade in Active IQ was transferred to the parent, NCFE. In line with group reorganisation accounting rules—under which no loss of value arises to the group— the Investment on NCFE's Balance Sheet was transferred to Goodwill at the point of the transfer of trade from Active IQ to NCFE. The amortisation of this newly created Goodwill, to the date of the transfer, is not considered to be a prior-period adjustment, and this accumulated amortisation has been adjusted directly to reserves within the parent's own Balance Sheet. In summary, the original Investment (In Active IQ) has been removed from the parent's own Balance Sheet and reflected in the parent's own reserves. As there is no change in value to the group overall, and the Investment is not included in the Consolidated Balance Sheet, there is no impact on the group's consolidated results or position.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

Investments

	Listed investments £ 000	Other investments £ 000	Total £ 000
Cost or Valuation			
At 1 August 2024	16,018	318	16,336
At 31 July 2025	16,018	318	16,336
Provision for impairment			
At 1 August 2024	-	118	118
Charge for year	-	200	200
At 31 July 2025	-	318	318
Net book value			
At 31 July 2025	16,018	-	16,018
At 31 July 2024	16,018	200	16,218

The market value of the listed investments at 31 July 2025 was £14,715,000 (2024 - £15,231,000).

15 Stock

	Group		Charity	
	2025 £ 000	2024 £ 000	2025 £ 000	2024 £ 000
Stocks	26	49	3	4

16 Debtors

	Group		Charity	
	2025 £ 000	2024 £ 000	2025 £ 000	2024 £ 000
Trade debtors	4,034	4,951	3,675	4,349
Due from group undertakings	-	-	458	282
Prepayments	1,021	887	870	776
Other debtors	46	39	46	12
	5,101	5,877	5,049	5,419

Included within trade debtors above is a group bad debt provision of £509,000 (2024: £724,000) and a charity only bad debt provision of £402,000 (2024: £547,000).

17 Cash and cash equivalents

	Group		Charity	
	2025 £ 000	2024 £ 000	2025 £ 000	2024 £ 000
Cash at bank	8,058	9,456	8,005	9,161

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

18 Creditors: amounts falling due within one year

	Group		Charity	
	2025 £ 000	2024 £ 000	2025 £ 000	2024 £ 000
Trade creditors	1,022	1,187	889	1,089
Other taxation and social security	976	799	946	749
VAT	96	152	96	148
Other creditors	342	520	336	520
Accruals	2,295	2,938	2,251	2,746
Deferred income	83	98	67	89
	<u>4,814</u>	<u>5,694</u>	<u>4,585</u>	<u>5,341</u>

Deferred income

Group

	2025 £ 000	2024 £ 000
Deferred income at 1 August 2024	98	31
Resources deferred in the period	83	98
Amounts released from previous periods	<u>(98)</u>	<u>(31)</u>
Deferred income at year end	<u>83</u>	<u>98</u>

Charity

	2025 £ 000	2024 £ 000
Deferred income at 1 August 2024	89	21
Resources deferred in the period	67	89
Amounts released from previous periods	<u>(89)</u>	<u>(21)</u>
Deferred income at year end	<u>67</u>	<u>89</u>

NCFE**Notes to the Financial Statements for the Year Ended 31 July 2025****19 Obligations under leases and hire purchase contracts****Operating lease commitments**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Charity	
	2025	2024	2025	2024
	£ 000	£ 000	£ 000	£ 000
Land and buildings				
Within one year	14	23	14	23
Between one and five years	11	96	11	96
	<u>25</u>	<u>119</u>	<u>25</u>	<u>119</u>
Other				
Within one year	32	43	21	22
Between one and five years	12	44	12	33
	<u>44</u>	<u>87</u>	<u>33</u>	<u>55</u>

20 Pension and other schemes**Defined contribution pension scheme**

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £2,823,000 (2024 : £3,217,000).

Contributions totalling £278,000 (2024 : £255,000) were payable to the scheme at the end of the year and are included in creditors.

NCFE**Notes to the Financial Statements for the Year Ended 31 July 2025****21 Funds****Group**

	Balance at 1 August 2024 £ 000	Incoming resources £ 000	Resources expended and Net investment gains/losses £ 000	Transfers £ 000	Balance at 31 July 2025 £ 000
Unrestricted					
General	7,635	49,492	(49,872)	2,200	9,455
Designated	<u>24,300</u>	<u>-</u>	<u>-</u>	<u>(2,200)</u>	<u>22,100</u>
Total funds	<u>31,935</u>	<u>49,492</u>	<u>(49,872)</u>	<u>-</u>	<u>31,555</u>

Charity

	Balance at 1 August 2024 £ 000	Incoming resources £ 000	Resources expended and Net investment gains/losses £ 000	Transfers £ 000	Balance at 31 July 2025 £ 000
Unrestricted funds					
General	8,509	47,029	(46,337)	(1,344)	7,857
Designated	<u>24,300</u>	<u>-</u>	<u>-</u>	<u>(2,200)</u>	<u>22,100</u>
Total funds	<u>32,809</u>	<u>47,029</u>	<u>(46,337)</u>	<u>(3,544)</u>	<u>29,957</u>

The total funds of the charitable company include the following designated fund which has been set aside out of unrestricted funds by the Trustees to ensure that the Charity remains financially sound in the case of any significant changes to the market.

During December 2024 most of the trade in Active IQ was transferred to the parent, NCFE. In line with group reorganisation accounting rules—under which no loss of value arises to the group—the Investment on NCFE's Balance Sheet was transferred to Goodwill at the point of the transfer of trade from Active IQ to NCFE. The amortisation of this newly created Goodwill, to the date of the transfer, is not considered to be a prior-period adjustment, and this accumulated amortisation has been adjusted directly to reserves within the parent's own Balance Sheet. In summary, the original Investment (In Active IQ) has been removed from the parent's own Balance Sheet and reflected in the parent's own reserves. As there is no change in value to the group overall, and the Investment is not included in the Consolidated Balance Sheet, there is no impact on the group's consolidated results or position.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

22 Analysis of net assets between funds

Group

	Unrestricted General £ 000	Total funds £ 000
Intangible fixed assets	5,340	5,340
Tangible fixed assets	1,826	1,826
Fixed asset investments	16,018	16,018
Net current assets/(liabilities)	8,371	8,371
Total net assets	31,555	31,555

	Unrestricted General £ 000	Total funds at 31 July 2024 £ 000
Intangible fixed assets	4,842	4,842
Tangible fixed assets	1,974	1,974
Fixed asset investments	15,431	15,431
Net current assets/(liabilities)	9,688	9,688
Total net assets	31,935	31,935

Charity

	Unrestricted General £ 000	Total funds £ 000
Intangible fixed assets	3,642	3,642
Tangible fixed assets	1,825	1,825
Fixed asset investments	16,018	16,018
Net current assets/(liabilities)	8,472	8,472
Total net assets	29,957	29,957

	Unrestricted General £ 000	Total funds at 31 July 2024 £ 000
Intangible fixed assets	2,621	2,621
Tangible fixed assets	1,970	1,970
Fixed asset investments	18,975	18,975
Net current assets/(liabilities)	9,243	9,243
Total net assets	32,809	32,809

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2025

23 Analysis of net funds

Group

	At 1 August 2024 £ 000	Financing cash flows £ 000	At 31 July 2025 £ 000
Cash at bank and in hand	9,456	(1,398)	8,058
Net funds	9,456	(1,398)	8,058

24 Related party transactions

Group

During the year the group made the following related party transactions:

Active IQ Limited

(This is a 100% Subsidiary)

The charity charged Active IQ Limited £120,000 (2024: £120,000) for administration support.. At the balance sheet date the amount due to Active IQ Limited was £458,031 (2024 - £282,035).

Charity

During the year the charity made the following related party transactions:

Kindling Limited

(Ms D M Jenkins MBE DL, a Trustee is also a Director of Kindling Limited which invoiced NCFE for Chair's remuneration.)

The entity was invoiced £18,676 (2024: £18,040) for chair remuneration. At the balance sheet date the amount due to/from Kindling Limited was £Nil (2024 - £Nil).

NCFE

Comparative Consolidated Statement of Financial Activities for the Year Ended 31 July 2024 (Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted £ 000	Total 2024 £ 000
Income and Endowments from:			
Charitable activities	3	48,003	48,003
Investment income	4	593	593
Total income		<u>48,595</u>	<u>48,595</u>
Expenditure on:			
Raising funds	5	(68)	(68)
Charitable activities	6	<u>(50,164)</u>	<u>(50,164)</u>
Total expenditure		(50,232)	(50,232)
(Gain)/loss on programme related investments		<u>1,789</u>	<u>1,789</u>
Net income		<u>153</u>	<u>153</u>
Net movement in funds		153	153
Reconciliation of funds			
Total funds brought forward		<u>31,782</u>	<u>31,782</u>
Total funds carried forward	21	<u><u>31,934</u></u>	<u><u>31,934</u></u>

NCFE

England & Wales - Charity number 1034808

Accounts

Company registration number: 02896700

Charity registration number: 1034808

NCFE

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 July 2024

NCFE

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NCFE

Reference and Administrative Details

Trustees

Ms D M Jenkins MBE DL, Chair
Ms B H Ashton (resigned 31 March 2024)
Mrs J Whitfield
Mr M A Smith
Mr R Ghurbhurun
Mr D. Wilson
Mr C Hoggert (resigned 12 September 2023)
Mrs A E Bromley (appointed 19 March 2024)
Mr M Love (appointed 19 March 2024)

Secretary

E J Hoare

Key Management Personnel

D Gallagher, Chief Executive Officer
K Todd, Chief Financial Officer
S Foster, Chief Regulatory Officer
P Le Feuvre, Chief Operating Officer
H Ketteringham, Chief People Officer

Registered Office

Q6 Quorum Park
Benton Lane
Newcastle upon Tyne
NE12 8BT
The charity is incorporated in Wales.

NCFE

Reference and Administrative Details

Company Registration Number	02896700
Charity Registration Number	1034808
Solicitors	Womble Bond Dickinson The Spark Draymans Way Helix Newcastle upon Tyne NE4 5DE Bates Wells 10 Queen Street Place London EC4R 1BE
Bankers	Barclays Bank Percy Street Newcastle upon Tyne NE1 4QL Lloyds Bank PLC King Street Manchester M2 4LQ
Auditor	Azets Audit Services Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
Investment Managers	Brewin Dolphin Ltd Time Central Gallowgate Newcastle Upon Tyne NE1 4SR Barclays Private Bank Level 27 1 Churchill Place London E14 5HP

NCFE

Trustees' Report

The Trustees present their annual directors' report and the audited financial statements of the charity for the year ending 31 July 2024.

The financial statements comply with current statutory requirements, the Articles of Association and the Charities Statement of Recommended Practice ("Charities SORP") applicable to charities preparing their accounts in accordance with FRS 102.

OBJECTIVES AND ACTIVITIES

Purpose and aims

NCFE is the most historic technical and vocational awarding organisation in the UK, originally established in 1848, forged in the furnace of innovation and progress of the first industrial revolution. Whilst much has changed since this time, some things have not. We are still a charity, centred on our purpose of 'promoting and advancing learning', helping 'to create a fairer, more inclusive society'. We continue to be synonymous with technical and vocational education, awarding and assessment, and this is where our core business activities are still focused today. Our role spans from tapping the 'source code' of what employers need to build productive and sustainable workforces for the future, from designing and developing qualifications that meet the diverse needs of all learners, to quality assuring and supporting our centres to deliver transformational learning experiences. Finally, our most important role is to recognise outcomes for learners, providing robust, reliable and valid assessments, and certifying their achievements - essentially providing learners with a 'passport to progression' and hopefully future success.

Strategy 2030

In recent years we have sought to look beyond the bounds of a traditional awarding organisation to seek out opportunities that deliver greater impact for our beneficiaries. We have done this through investing in innovation, strategic partnerships and initiatives, developing new products and services, and finding new and better ways to set up our centres, educators and learners for success.

This increasingly holistic, innovative and collaborative outlook has had a significant influence on our new strategy which we launched in 2024 and expect to run to 2030. While our charitable purpose 'to promote and advance learning' endures, our vision for this strategy is 'everyone has the opportunity, means and motivation to access the highest quality learning experiences.' We aim to achieve this through the following strategic goals:

- *Greater reach and impact*

We will reach more learners each year and enable them to experience transformational learning experiences that will equip them to flourish in their careers and lives. We'll hold ourselves to account for delivering positive impacts for learners by measuring the difference we make to their choices, experiences and outcomes. We will continuously seek better ways to create inclusive, fair and high-quality learning and assessment for all. To do this, we'll focus on finding creative ways to engage with those who are most under-served and have the greatest needs.

- *Specialised and Expert*

We will increasingly specialise in aspects and areas of learning where we know we can deliver the maximum value to learners. We'll do this by developing and maintaining deep expertise and sector networks and focusing on meeting sector specific needs. Our specialisms will enable us to concentrate our resources on supporting learners over their career and a lifetime of learning through delivering coherent and high-quality progression pathways. We'll build upon existing areas of deep domain specialism and strengthen NCFE's position as experts in assessment. We'll also continue to support our customers and learners with existing high-quality products and services outside of our specialisms.

NCFE

Trustees' Report

• *Diversified*

We will continue to strive to find new, different and better ways to support learners to experience transformational learning experiences and achieve best possible outcomes. This will be achieved, in part, through diversification of our products and services to create new opportunities outside of our core qualification and end-point assessment services. Through achieving this objective we'll also reduce our dependency on government funded, regulated qualifications, providing us with a healthier mix and balance of income that will enable the charity to have a more stable, secure and sustainable future.

• *Centred on people*

We will place the people we serve at the heart of our decision-making. We'll continue to draw on the parallels between wanting every NCFE learner and colleague to flourish throughout their working career, enabled by our high-quality learning and development opportunities and solutions. We will continue to build rich and deep design into what is needed to enable people and businesses to prosper and fulfil their potential, and we'll utilise this insight to inform the development of products and services that will deliver maximum value for all customers and beneficiaries within our reach.

• *An influential voice for skills*

We will leverage our position as one of the largest vocational and technical awarding organisations, advocating for what is best for learners through using our vast experience, heritage, deep expertise, and rich sources of data and insight. We'll build an even stronger understanding of employers, respond to their needs and support them to create healthy vibrant and productive workplaces. Our approach will be evidence-based to 'what works', whilst also challenging current practices through research and innovation. We'll collaborate with like-spirited organisations and people, seeking to harness the collective intelligence and resources from our sector and beyond, helping to shape a system that is a fair, inclusive, high-quality and fit for the future.

We are hugely excited to launch our new strategy to 2030 and incredibly grateful to all those colleagues and partners who have invested their time in helping shape our path to the future. The collaborative effort, the clear connection to our purpose and the commitment to the success of the millions of learners that we'll support over the coming years, has been both humbling and inspiring.

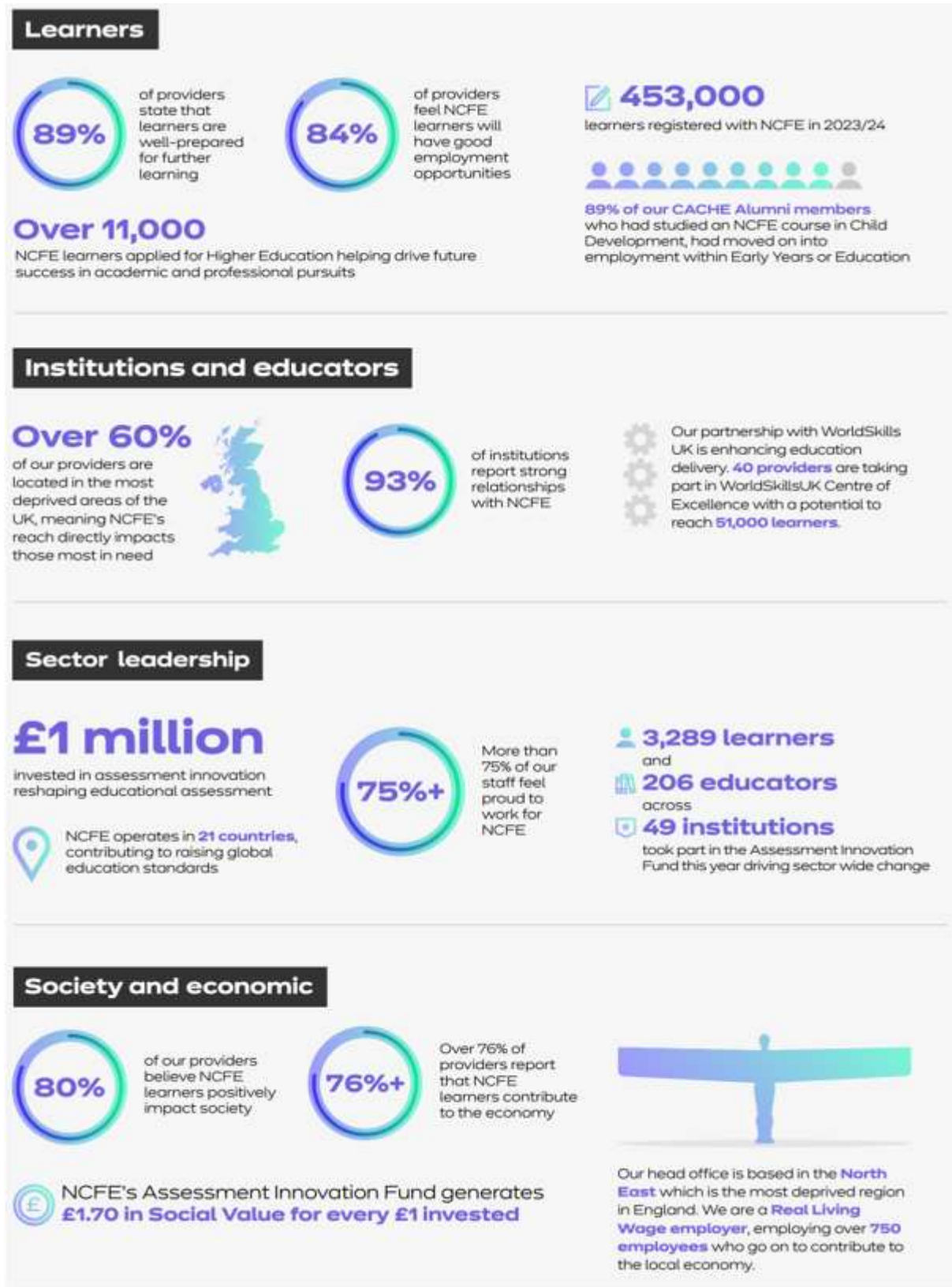
STRATEGIC REPORT

Achievements and performance

As we enter a new academic year, it is important for us to reflect on what we have achieved over the past 12 months and review our impact on learners, institutions and educators, the education system and wider society. We are proud to have recently published our second Impact Report, designed to assess whether NCFE's activities are having the intended outcomes, from delivering learning and progression opportunities to tackling disadvantaged and influencing wider educational policy. A copy of our Impact Report can be found at <https://www.ncfe.org.uk/social-impact-report-2024> and we have included some of our key achievements in this report.

NCFE

Trustees' Report



NCFE

Trustees' Report

Energy and Carbon Report

We report under the UK energy and carbon reporting requirements ('SECR') and have set out in the table below our direct emissions.

GHG emission and energy data

	Year to 31 July 2024	Year to 31 July 2023
<u>ENERGY CONSUMPTION TO CALCULATE EMISSIONS</u>		
Gas combustion Kilowatt Hours (kWh)	58,428	42,337
Purchased electricity kWh	220,420	224,524
Transport fuel * kWh	354,662	348,391
Total energy consumption kWh	633,510	615,252
<u>EMISSIONS</u>		
Gas combustion tonnes CO2 equivalent (tCO2e) (Scope 1)	10.7	7.7
Company vehicles tCO2e (Scope 1) Note 1	11.5	10.8
Purchased electricity tCO2e (Scope 2)	45.2	46.0
Business travel in employee-owned vehicles where the organisation is responsible for purchasing the fuel *tCO2e (Scope 3) Note 2	83.7	82.6
Business travel associated with company cars, rail, air and hotels *tCO2e (scope 3)	37.9	29.6
Total gross emissions tCO2e based on above	189	176.7
<u>INTENSITY RATIOS</u>		
tCO2e per £m revenue	4.03	3.97
tCO2e per m2 of floorspace	0.06	0.05

- Note 1: represents company vehicles owned by Active IQ, a subsidiary acquired by NCFE in November 2022.
- Note 2: represents fuel used in personal cars on business use for which the organisation reimburses its employees following claims for business mileage.

Quantification and reporting methodology

We have followed the 2024 HM Government Environmental Guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2023 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e.

NCFE

Trustees' Report

Measures taken to improve energy efficiency

NCFE has continued to utilise a range of energy efficient measures including.

- All lights are low-energy LED lighting throughout the building.
- All lighting is fitted with Passive Infrared Sensors (PIR) in office spaces.
- Lighting in stairwells and reception are fitted with “dusk til dawn” sensors.
- Timers are used on the Fan Coil units (FCU's) to accommodate shorter working days.
- Changed Hot Water Tanks from domestic to commercial tanks for improved efficiency and consumption reduction.

NCFE purchases 100% renewable electricity and natural gas for our Q6 Office and recognised by the REGOs and GOOs certification schemes which validate that the energy is from appropriately accredited renewable sources.

Additional voluntary reporting activities

The majority of NCFE's carbon footprint comprises Scope 3 emissions from business travel i.e. fuel associated with transport (personal cars on business use) where the organisation does not operate the vehicle / service. Although this data is outside the mandatory requirements of the 'Energy and Carbon Report, the organisation voluntarily reports a full carbon emissions data set (including all Scope 3 emissions from business travel) on an annual basis.

FINANCIAL REVIEW

During the last two years, NCFE has navigated challenging financial conditions: cost of living pressures, developing and delivering large and demanding qualifications such as T Levels, responding to the Level 2 and Level 3 qualification reforms and continuing to invest in and strengthen our Awarding Organisation. After reporting two consecutive years of deficits, we embarked on a multi-year financial recovery plan that would see us return to generating a positive surplus without compromising on our ambition or the investments we plan to make.

We are delighted that to report that we have made significant progress against this plan, with a reported net surplus of £0.2m (2023: £7.9m deficit) in 2024.

During the year, our income grew £5.4m (12.7%) to £48.1m. This was, in part, due to the inclusion of a full-year's results of our subsidiary company Active IQ which was acquired in November 2022 and 12% growth in our Awarding Organisation.

Despite the growth in income, our total expenditure during the year was down £0.7m to £50.1m (2023: £50.8m). This is the result of hard work, a restructure and realignment of some of our teams and resources early in the year and focused cost control. This cost control has not compromised the investments we continue to make in our Awarding Organisation in key areas such as: Leadership and Management, Governance, Dedicated Expertise and Capacity and a series of Transformation Programmes that will see us replace our core Finance, Customer Management and Assessment and Awarding platforms.

NCFE

Trustees' Report

Investment policy, objectives and performance

Under its Articles of Association, the Trustees have the authority to invest as they see fit in order to meet the charity's purpose. We invest our long-term reserves through a 'managed funds' approach and during the year, we appointed Barclays Private Bank as an additional fund manager to Brewin Dolphin.

The headline objective of our investment portfolios is to protect its capital value in real terms and maximise the return on investment for the acceptable and agreed level of risk. To achieve this, our fund managers are permitted to invest in the following assets and allocations:

Fund Manager	Strategic Asset Allocation Ranges	
	Brewin Dolphin	Barclays Private Bank
Investment Horizon	10+ years	5+ years
Fixed Interest		
Developed Government Bonds	0% - 14%	5%
Investment Grade Bonds		2%
High Yield and Emerging Market Bonds		7%
UK Equities	21% - 27%	
Overseas Equities		
Developed Market Equities	45% - 62%	70%
Emerging Market Equities		10%
Alternative Investments		
Alternative Trading Strategies	0% - 14%	2%
Commodities		3%
Property	0% - 10%	
Cash	0% - 10%	1%

NCFE

Trustees' Report

The performance of the portfolios is monitored by the Board of Trustees and the Audit, Risk and Investment Committee. Having experienced a few years of volatility, the Trustees are pleased with the performance during 2024, with the portfolio having recovered its initial losses and are satisfied that given the long-term investment horizons, our investment portfolios should generate a better level of return than would have been achieved had the monies been held as cash.

PRINCIPAL RISKS AND UNCERTAINTIES

Our principal risks are recorded on the Strategic Risk Register and updated and reviewed regularly by the Executive and the Audit, Risk and Investment Committee. The register captures risk ratings and controls in place to mitigate risks where possible.

- *Impact of changes in Government policy*

NCFE relies on indirect government funding via colleagues, independent training providers and schools and therefore is exposed to changes in government policy direction and funding for education. A recent example of this is the Department for Education's reform of Level 2 and Level 3 qualifications and the removal of funding for some of our qualifications. This is mitigated to some extent with NCFE winning tenders for the development and delivery of T-Level qualifications which grants NCFE an exclusive licence to deliver the T Levels awarded. NCFE continues to work closely with government bodies, regulators, stakeholders and customers to ensure influence in decision making and be as proactive as possible in relation to changes to policy and regulatory direction.

- *Financial pressure within the education sector*

The disruption and volatility caused by high levels of inflation and interest rates have placed considerable financial pressures on our sector. Our centres are having to carefully manage their finances and without support, some may struggle to continue to trade. This in turn presents a risk to NCFE either through loss of income and surplus or by monies due from customers becoming uncollectable. We manage this exposure through credit monitoring and regular credit control meetings to identify customers that may present a risk.

Furthermore, our market for qualifications and assessments is changing with a shift towards larger, more complicated, and costly qualifications which is impacting on gross margins. We manage this through robust business planning, budget setting, performance monitoring and cash-flow forecasting processes, ensuring our cost base is aligned to our income levels and our businesses are sustainable.

- *An increasing reliance on data*

Due to changes in the regulatory frameworks, and a need for data sharing between the different aspects of the educational system to be improved, there has been a focus from educational regulators on the collection of significant volumes of often complex data sets. In response to this we have invested in a dedicated regulatory data team, which oversees the management of timely submission of data returns and leads on improving the data that is collected to ensure appropriate support and management is maintained.

NCFE

Trustees' Report

Delivery of Transformation Projects within NCFE

The Transformation programme comprises several projects, designed to elevate NCFE's position within the education sector, align different parts of the NCFE organisation, improve the quality and efficiency of underlying business processes and develop innovative ways to address educational challenges. The programme requires significant investment from NCFE, with the projects being at various stages of discovery or implementation and there is a risk that the intended benefits of the programme are not delivered. In order to mitigate this, a number of controls have been put in place, including; a programme management structure including boards at workstream, project, programme and executive level, named accountable owners and leads for each of the projects and the requirement for investment to be business cased and approved by the board of Trustees.

RESERVES POLICY AND GOING CONCERN

The Trustees have reviewed the Charity's needs for reserves in line with guidance issued by the Charity Commission. At 31 July 2024, the Group had reserves of £31.9m (2023: £31.8m). All reserves are unrestricted funds.

The Reserves policy sets out a minimum level of reserves of £24.3m to satisfy the Group's commitments and protect it from any significant financial shocks. The remaining reserves will be available for the delivery of the strategic plan aimed at maximising our social impact and ensuring a sustainable future for the Group.

Going Concern

The Trustees have considered the company's current and future prospects and its availability of financing and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason, the Trustees continue to adopt the going concern basis of preparation for these financial statements.

STRUCTURE, GOVERNANCE AND MANAGEMENT

NCFE is a company limited by guarantee, governed by its Articles of Association dated 10 February 1994 and last amended on 19 August 2020. It is a registered charity with the Charity Commission. Anyone over the age of 18 can become a member of the company and there are currently 6 members (2023: 6), each of whom agrees to contribute £1 in the event of the Charity winding up.

The members of the Board of Trustees, who are directors for the purposes of company law, are listed on page 1.

Method of appointment or election of Trustees

The management of the company and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

The Chair and Deputy Chair of the Trustees is nominated in line with the Articles of Association by Trustees.

Individual Trustees are sought when a vacancy arises on the Board. The Board seeks to maintain a reasonable balance of gender, ethnicity, skills and work backgrounds. They will target individuals who have the requisite mix for any specific vacancy. The Board makes a positive effort to remove, reduce or prevent obstacles to people being trustees, allocating budgets, where necessary, to achieve this within the charity's available resources.

NCFE

Trustees' Report

Trustees serve a 3 year term, at the end of which they may seek re-election. There is no outside party who can appoint trustees.

In accordance with the Articles of Association (14.2) no Director shall serve in office for more than nine consecutive years provided that a Director may be reappointed annually thereafter by the Board if there are exceptional circumstances.

Trustee induction and training

All new Trustees undergo a detailed induction at which members of the Executive brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and the recent financial performance of the charity. During the induction they are also introduced to numerous key members of staff.

The Trustees undertake an annual self-assessment of performance which will either take the form of a one-to-one meeting with the Chair or Deputy Chair (for the Chair of Trustees) or a survey. A skills assessment will be undertaken at junctures where it is required for succession planning purposes or new members of the board join.

Organisational structure and decision making

The Board of Trustees, which can have up to 12 members, administers the charity.

The Board meets at least 4 times a year, at least one meeting of which is extended to enable members to give greater consideration to the future strategic direction of the organisation, as well as ensuring that the organisation's charitable purposes, and its external environment in which it works, continue to be relevant and valid.

Members also meet with the Executive between quarterly formal meetings to exchange views and receive updates on the organisation's progress. As stated above, none of the Trustees are directly involved in the operational activity of the Group. Where there are any conflicts, these are carefully reported, recorded and managed.

A Chief Executive is appointed by the Trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and education-related activity.

The Chief Executive manages the Executive who have Directorate level responsibility. Within each Directorate there are a number of teams each of which has a manager who sits as part of the Management team group with responsibility for operational activity.

Charity Governance Code

The Board applies the Charity Governance Code as an internal framework to review and monitor its own performance and governance. Compliance against the Code is scrutinised by the Audit, Risk and Investment Committee and reported to the main Board on an annual basis. The charity can demonstrate it has adopted the Code with an action plan in place for 2025 which will ensure there is continuous improvements.

NCFE

Trustees' Report

Related parties

The links between Board members and the organisations in which they hold senior positions are disclosed in note 24.

Pay policy for senior staff

The company's approach for determining salaries is set out in its Pay and Reward policy, which is published on the charity's website aligning to the requirements of the Charity Governance Code. All salaries are set and approved as follows:

- For the CEO, their remuneration is agreed by Trustees
- Executives' remuneration is set by the CEO in consultation with Trustees.
- Salaries for other colleagues are guided by external benchmarking and proposed by Leaders in line with the Pay and Reward Policy and within the confines of departmental budgets agreed by the Board of Trustees each year.

Colleague involvement and employment of disabled people

The company conducts a colleague engagement survey quarterly in order to give colleagues the opportunity to provide feedback and suggestions. All line managers further engage colleagues in engagement plans, to promote continuous improvement. There are numerous communication channels used across the business, including the People Committee and the Equality, Diversity and Inclusion (ED&I) Committee. There is a regular internal newsletter to communicate key messages and colleagues are offered an exit interview upon leaving the organisation.

In accordance with the company's Equality, Diversity and Inclusion policy, there are long established fair employment practices in place regarding the recruitment, selection, retention and training of disabled colleagues. The company has become a Disability Confident Employer, guaranteeing interviews to all disabled candidates, subject to meeting the essential requirements of a vacant role. This data is monitored to ensure fairness and positive impact. All colleagues complete mandatory training in relation to employment matters and adhere to company policies in that regard. Full details of these policies are available from the company.

Disclosure of information to auditor

Each of the persons who are Trustees at the time when the Report of the Board of Trustees is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

NCFE

Trustees' Report

Statement of Responsibilities (within Trustees Report)

The trustees (who are also the directors of NCFE for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

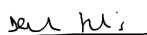
Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the parent charitable company and the group and of the incoming resources and application of resources, including its income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the parent charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that can disclose with reasonable accuracy at any time the financial position of the parent charitable company and the group 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 parent charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the trustees of the charity on 18 December 2024 Signed on its behalf by:



Deborah Jenkins 18 Dec 2024 13:44:10 GMT (UTC +0)

Ms D M Jenkins MBE DL
Trustee

NCFE

Independent Auditor's Report to the Members of NCFE

Opinion

We have audited the financial statements of NCFE (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 July 2024, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Balance Sheet, Consolidated 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 July 2024 and of the group's incoming resources and application of resources, including its income and expenditure 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 responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 trustees 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 group's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue.

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

Other information

The trustees 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.

NCFE

Independent Auditor's Report to the Members of NCFE

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the and the Trustees' Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Responsibilities (within Trustees Report) (set out on page 13), the trustees 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 trustees 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 trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor 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:

NCFE

Independent Auditor's Report to the Members of NCFE

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Qualifications and examinations regulations, and compliance with the UK Companies Act and Charities Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

NCFE

Independent Auditor's Report to the Members of NCFE

Use of our report

This report is made solely to the charitable parent company's trustees, 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 group's trustees 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 charitable parent company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brown 20 Dec 2024 11:16:15 GMT (UTC +0)

Simon Brown BA ACA DChA (Senior Statutory Auditor)

For and on behalf of Azets Audit Services

Chartered Accountants

Statutory Auditor

Bulman House

Regent Centre

Gosforth

Newcastle upon Tyne

NE3 3LS

Date: 20 December 2024

Azets Audit Services is a trading name of Azets Audit Services Limited..

NCFE

**Consolidated Statement of Financial Activities for the Year Ended
31 July 2024
(Including Consolidated Income and Expenditure Account and
Statement of Total Recognised Gains and Losses)**

	Note	Total 2024 £ 000	Total 2023 £ 000
Income and Endowments from:			
Charitable activities	3	48,003	42,480
Investment income	4	<u>593</u>	<u>554</u>
Total Income		<u>48,596</u>	<u>43,034</u>
Expenditure on:			
Raising funds	5	(68)	(74)
Charitable activities	6	<u>(50,164)</u>	<u>(50,777)</u>
Total Expenditure		<u>(50,232)</u>	<u>(50,851)</u>
Gains/losses on investment assets		<u>1,789</u>	<u>(93)</u>
Net income/(expenditure)		<u>153</u>	<u>(7,910)</u>
Net movement in funds		153	(7,910)
Reconciliation of funds			
Total funds brought forward		<u>31,782</u>	<u>39,692</u>
Total funds carried forward	21	<u><u>31,935</u></u>	<u><u>31,782</u></u>

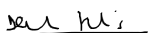
All of the group's activities derive from continuing operations during the above two periods.

The funds in both years are unrestricted funds only.

NCFE**(Registration number: 02896700)
Consolidated Balance Sheet as at 31 July 2024**

	Note	2024 £ 000	2023 £ 000
Fixed assets			
Intangible assets	12	4,842	4,461
Tangible assets	13	1,974	2,188
Investments	14	15,431	19,108
		<u>22,247</u>	<u>25,757</u>
Current assets			
Stocks	15	49	258
Debtors	16	5,877	6,177
Cash at bank and in hand	17	9,456	5,635
		<u>15,382</u>	<u>12,070</u>
Creditors: Amounts falling due within one year	18	<u>(5,694)</u>	<u>(6,045)</u>
Net current assets		<u>9,688</u>	<u>6,025</u>
Net assets		<u>31,935</u>	<u>31,782</u>
Funds of the group:			
Unrestricted income funds			
Designated funds		24,300	19,500
General funds		<u>7,635</u>	<u>12,282</u>
Total unrestricted funds		<u>31,935</u>	<u>31,782</u>
Total funds	21	<u>31,935</u>	<u>31,782</u>

The financial statements on pages 18 to 45 were approved by the trustees, and authorised for issue on 18 December 2024 and signed on their behalf by:



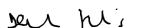
Deborah Jenkins 18 Dec 2024 13:44:10 GMT (UTC +0)

Ms D M Jenkins MBE DL
Trustee

NCFE**(Registration number: 02896700)
Balance Sheet as at 31 July 2024**

	Note	2024 £ 000	2023 £ 000
Fixed assets			
Intangible assets	12	2,621	1,611
Tangible assets	13	1,970	2,177
Investments	14	18,975	22,652
		<u>23,566</u>	<u>26,440</u>
Current assets			
Stocks	15	4	212
Debtors	16	5,419	6,150
Cash at bank and in hand	17	9,161	5,230
		<u>14,584</u>	<u>11,592</u>
Creditors: Amounts falling due within one year	18	<u>(5,341)</u>	<u>(5,605)</u>
Net current assets		<u>9,243</u>	<u>5,987</u>
Net assets		<u>32,809</u>	<u>32,427</u>
Funds of the charity:			
Unrestricted income funds			
Designated funds		24,300	19,500
Unrestricted funds		<u>8,509</u>	<u>12,927</u>
Total unrestricted funds		<u>32,809</u>	<u>32,427</u>
Total funds	21	<u>32,809</u>	<u>32,427</u>

The financial statements on pages 18 to 45 were approved by the trustees, and authorised for issue on 18 December 2024 signed on their behalf by:



Deborah Jenkins 18 Dec 2024 13:44:10 GMT (UTC +0)

Ms D M Jenkins MBE DL
Trustee

NCFE**Consolidated Statement of Cash Flows for the Year Ended 31 July 2024**

	Note	2024 £ 000	2023 £ 000
Cash flows from operating activities			
Net cash income/(expenditure)		153	(7,910)
Adjustments to cash flows from non-cash items			
Depreciation	13	343	452
Amortisation	12	1,138	2,790
Investment income	4	(593)	(554)
Loss on disposal of intangible fixed assets		180	2,556
Revaluation of investments		-	99
FA inv - UK unlisted other shs provision charge		118	-
		<u>1,339</u>	<u>(2,567)</u>
Working capital adjustments			
Decrease in stocks	15	209	142
Decrease/(increase) in debtors	16	300	(252)
(Decrease)/increase in creditors	18	(418)	744
Increase in deferred income	18	<u>67</u>	<u>7</u>
Net cash flows from operating activities		<u>1,497</u>	<u>(1,926)</u>
Cash flows from investing activities			
Interest receivable and similar income	4	593	554
Purchase of intangible fixed assets	12	(1,700)	(5,803)
Purchase of tangible fixed assets	13	(129)	(139)
Purchase of investments	14	(200)	(1,608)
Sale of investments	14	<u>3,760</u>	<u>3,904</u>
Net cash flows from investing activities	14	<u>2,324</u>	<u>(3,092)</u>
Net increase/(decrease) in cash and cash equivalents		3,821	(5,018)
Cash and cash equivalents at 1 August		<u>5,635</u>	<u>10,653</u>
Cash and cash equivalents at 31 July		<u><u>9,456</u></u>	<u><u>5,635</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

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Notes to the Financial Statements for the Year Ended 31 July 2024

1 Charity status

The charity is limited by guarantee, incorporated in Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is: Q6 Quorum Park, Benton Lane, Newcastle upon Tyne, NE12 8BT

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)) (issued in January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1,000.

Basis of preparation

NCFE meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 July 2024.

No statement of financial activities is presented for the charity as permitted by section 408 of the Companies Act 2006. The charity made a surplus after tax for the financial year of £382k (2023 - deficit of £6,850k).

On 22 November 2022, Active IQ limited became part of the group and the trading period 23 November to 31 July 2023 was consolidated in the prior year. The full year of results to the year to 31 July 2024 is included in the current year financial statements.

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Notes to the Financial Statements for the Year Ended 31 July 2024

A subsidiary is an entity controlled by the charity. Control is achieved where the charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the statement of financial activities from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the charity and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Going concern

The trustees consider that there are no material uncertainties about the group's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the group.

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Notes to the Financial Statements for the Year Ended 31 July 2024

Estimation uncertainty and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Estimates included within these financial statements include depreciation and amortisation charges based upon the useful economic lives of both tangible and intangible assets, and provisions against debtors. None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical areas of judgement

Judgement is also required in the assessment of the carrying values of fixed assets and investments, in the performing impairment tests. The impairment test calculations make assumptions around future trading performance, customer retention, cost rationalisation and external factors such as government funding. No material uncertainty is considered to exist in relation to this key area of judgement.

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Grants are of a revenue nature, and as such are credited to income to match them with the expenditure to which they relate.

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Investment income

Interest receivable is included when receivable by the company.

Charitable activities

Income

Income from charitable activities represents the values of fees for the provision of examinations and assessments and related services.

Registration income is included within income resources in the period in which the relevant registration is made as all performance obligations have been met.

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Notes to the Financial Statements for the Year Ended 31 July 2024

Other income

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All expenditure is accounted for on an accruals basis. All expenses, including support costs are allocated to the applicable expenditure heading on a basis consistent with the use of resources.

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Charitable activities

Charitable expenditure include expenditure relating to the provision of examination and assessment services and include both the direct costs and support costs relating to these activities.

Grant expenditure

Grants payable are payments made to third parties in the furtherance of the charity's objects. Grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the Charity.

Support costs

Support costs are those costs incurred directly in support of expenditure on the objects of the group and include project management carried out at the head office.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees meetings and reimbursed expenses.

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Notes to the Financial Statements for the Year Ended 31 July 2024

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Goodwill

Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Intangible assets

Intangible assets are stated in the Balance Sheet at cost less accumulated amortisation and impairment. They are amortised on a straight line basis over their estimated useful lives.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Brands acquired are valued as the difference between the identifiable net assets of the purchase, and the consideration paid.

Product development costs are recognised as intangible assets measured at cost.

Intellectual property is capitalised at cost on acquisition and amortised over their estimated useful lives using an amortisation method that reflects the pattern of their consumption.

Intangible assets are reviewed for impairment where market conditions or other factors indicate a reduction in future economic benefits. Impairment losses are recognised in the statement of financial activities where an asset's realisable amount exceeds its carrying value.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Brands	5 Years straight line
Software and Intellectual property	2- 5 Years straight line
Product development	4 Years straight line

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Notes to the Financial Statements for the Year Ended 31 July 2024

Tangible fixed assets

Individual fixed assets costing £1,000.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Costs include the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Long Term Leasehold	Over Term of Lease
Fixtures and Fittings	5-15 years straight line
Office and Computer Equipment	3-5 years straight line

Impairment of fixed assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of financial activities.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of financial activities.

Investments

Investments in subsidiaries and associates are measured at cost paid less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Fixed asset investments

Listed investments, which have been classified as fixed asset investments, are measured initially at cost and subsequently at fair value. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Fixed asset investments in unquoted companies are stated at cost less impairment.

Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow moving stocks.

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Notes to the Financial Statements for the Year Ended 31 July 2024

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Other liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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Notes to the Financial Statements for the Year Ended 31 July 2024

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the group.

The aim and use of each designated fund, is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund

Pensions and other post retirement obligations

The group operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet.

NCFE makes an employer's contribution on pensionable pay, provided that the employee makes a minimum contribution. These amounts are paid over to the fund on a monthly basis.

Employee benefits

Short term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2024

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

3 Income from charitable activities

	Unrestricted funds General £ 000	Total 2024 £ 000
Educational resources	48,003	48,003
	Unrestricted funds General £ 000	Total 2023 £ 000
Educational resources	42,480	42,480

4 Investment income

	Unrestricted funds General £ 000	Total 2024 £ 000	Total 2023 £ 000
Interest receivable on bank deposits	79	79	75
Other income from fixed asset investments	385	385	346
Income from rents	129	129	133
	593	593	554

5 Expenditure on raising funds

a) Investment management costs

	Unrestricted funds General £ 000	Total 2024 £ 000	Total 2023 £ 000
Other investment management costs; Administration of the investments	68	68	74
	68	68	74

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2024

6 Expenditure on charitable activities

	Activity undertaken directly £ 000	Activity support costs £ 000	2024 £ 000
Examination and assessment activities	43,394	6,770	50,164
	Activity undertaken directly £ 000	Activity support costs £ 000	2023 £ 000
Examination and assessment activities	44,463	6,314	50,777

In addition to the expenditure analysed above, there are also governance costs of £281,000 (2023 - £193,000) which relate directly to charitable activities. See note 7 for further details.

7 Analysis of governance and support costs

Support costs allocated to charitable activities

	Governance costs £ 000	Staff costs £ 000	Total 2024 £ 000	Total 2023 £ 000
Board Meetings	33	-	33	40
Audit Fees - Governance	31	-	31	28
Subsidiary Audit- Governance	13	-	13	14
Other Fees	204	-	204	111
Salaries	-	5,490	5,490	5,139
Employers NI	-	514	514	512
Pension Costs	-	485	485	470
	281	6,489	6,770	6,314

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Notes to the Financial Statements for the Year Ended 31 July 2024

8 Net incoming/outgoing resources

Net outgoing resources for the year include:

	2024 £ 000	2023 £ 000
Operating leases - other assets	51	73
Audit fees	44	40
Other non-audit services	2	2
Loss on disposal of intangible fixed assets	180	2,556
Depreciation of fixed assets	343	898
Amortisation of intangibles and goodwill	<u>1,138</u>	<u>2,460</u>

9 Trustees remuneration and expenses

During the year 5 (2023: 5) trustees were reimbursed travelling expenses amounting to £2,248 (2023: £1,705). The amount owed at the year end amounted to £10 (2023: £49).

No trustees, nor any persons connected with them, have received any remuneration from the group during the year.

No trustees have received any other benefits from the charity during the year.

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Notes to the Financial Statements for the Year Ended 31 July 2024

10 Staff costs

The aggregate payroll costs were as follows:

	2024 £ 000	2023 £ 000
Staff costs during the year were:		
Wages and salaries	30,432	28,477
Social security costs	2,865	2,724
Pension costs	2,732	2,521
	<u>36,029</u>	<u>33,722</u>

During the year, redundancy payments totalling £408,586 (2023: £189,000) were paid as part of the continuing restructuring of the business. These are included within staff costs.

The monthly average number of persons (including senior management / leadership team) employed by the group during the year was as follows:

	2024 No	2023 No
Employees	<u>1,438</u>	<u>1,014</u>

The number of employees whose emoluments fell within the following bands was:

	2024 No	2023 No
£60,001 - £70,000	19	18
£70,001 - £80,000	12	9
£80,001 - £90,000	3	2
£90,001 - £100,000	6	4
£100,001 - £110,000	4	3
£110,001 - £120,000	1	1
£120,001 - £130,000	1	2
£130,001 - £140,000	-	1
£150,001 - £160,000	1	-
£160,001 - £170,000	1	-
£170,001 - £180,000	-	1
£190,001 - £200,000	-	1
Over £200,000	<u>1</u>	<u>-</u>

The total employee benefits of the Key Management Personnel of the group were £1,335,505 (2023 - £1,116,886).

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Notes to the Financial Statements for the Year Ended 31 July 2024

11 Auditors' remuneration

	2024 £ 000	2023 £ 000
Audit of the financial statements	44	40
Other fees to auditors		
Taxation compliance services	2	2

12 Intangible fixed assets

Group

	Goodwill and brands £ 000	Software and Intellectual Property £ 000	Research and development £ 000	Total £ 000
Cost				
At 1 August 2023	7,814	1,909	1,895	11,618
Additions	-	5	1,695	1,700
Disposals	-	-	(510)	(510)
At 31 July 2024	7,814	1,914	3,080	12,808
Amortisation				
At 1 August 2023	5,311	1,246	601	7,158
Charge for the year	578	226	334	1,138
Eliminated on disposals	-	-	(330)	(330)
At 31 July 2024	5,889	1,472	605	7,966
Net book value				
At 31 July 2024	1,925	442	2,475	4,842
At 31 July 2023	2,503	663	1,294	4,460

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Notes to the Financial Statements for the Year Ended 31 July 2024

Charity

	Goodwill and brands £ 000	Software and Intellectual Property £ 000	Research and development £ 000	Total £ 000
Cost				
At 1 August 2023	4,926	1,371	1,349	7,646
Additions	-	5	1,579	1,584
Disposals	-	-	(172)	(172)
At 31 July 2024	4,926	1,376	2,756	9,058
Amortisation				
At 1 August 2023	4,926	839	270	6,035
Charge for the year	-	226	176	402
At 31 July 2024	4,926	1,065	446	6,437
Net book value				
At 31 July 2024	-	311	2,310	2,621
At 31 July 2023	-	532	1,079	1,611

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2024

13 Tangible fixed assets

Group

	Leasehold Land and buildings £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost				
At 1 August 2023	1,419	2,806	1,811	6,036
Additions	-	17	112	129
At 31 July 2024	1,419	2,823	1,923	6,165
Depreciation				
At 1 August 2023	295	1,913	1,640	3,848
Charge for the year	29	216	98	343
At 31 July 2024	324	2,129	1,738	4,191
Net book value				
At 31 July 2024	1,095	694	185	1,974
At 31 July 2023	1,124	893	171	2,188

Charity

	Leasehold Land and buildings £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost				
At 1 August 2023	1,419	2,718	1,801	5,938
Additions	-	17	112	129
At 31 July 2024	1,419	2,735	1,913	6,067
Depreciation				
At 1 August 2023	294	1,838	1,629	3,761
Charge for the year	29	209	98	336
At 31 July 2024	323	2,047	1,727	4,097
Net book value				
At 31 July 2024	1,096	688	186	1,970
At 31 July 2023	1,125	880	172	2,177

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Notes to the Financial Statements for the Year Ended 31 July 2024

14 Fixed asset investments

Group

	2024 £ 000	2023 £ 000
Other investments	<u>15,431</u>	<u>19,108</u>

Shares in group undertakings and participating interests

Other investments

	Listed investments £ 000	Other investments £ 000	Total £ 000
Cost or Valuation			
At 1 August 2023	18,990	118	19,108
Additions	-	200	200
Disposals	<u>(3,759)</u>	<u>-</u>	<u>(3,759)</u>
At 31 July 2024	<u>15,231</u>	<u>318</u>	<u>15,549</u>
Provision for impairment			
Charge for year	<u>-</u>	<u>118</u>	<u>118</u>
At 31 July 2024	<u>-</u>	<u>118</u>	<u>118</u>
Net book value			
At 31 July 2024	<u>15,231</u>	<u>200</u>	<u>15,431</u>
At 31 July 2023	<u>18,990</u>	<u>118</u>	<u>19,108</u>

The historical cost of the portfolio is £14,339,788 (2023: £20,612,000).

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Notes to the Financial Statements for the Year Ended 31 July 2024

Significant holdings

There was no holding in the portfolio greater than 5%

Type	2024	2023
UK Bonds	1,012	1,230
Overseas Bonds	649	2,712
UK Equities	1,616	2,733
Overseas Equities	10,935	7,708
Pooled Funds	1,019	4,607
Total	<u>15,231</u>	<u>18,990</u>

All listed investments are held in funds managed by Brewin Dolphin Investment Management and Barclays Private Bank on behalf of the company.

Charity

	2024 £ 000	2023 £ 000
Shares in group undertakings and participating interests	3,544	3,544
Other investments	<u>15,431</u>	<u>19,108</u>
	<u>18,975</u>	<u>22,652</u>

Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000	Total £ 000
Cost		
At 1 August 2023	<u>3,544</u>	<u>3,544</u>
At 31 July 2024	<u>3,544</u>	<u>3,544</u>
Net book value		
At 31 July 2024	<u>3,544</u>	<u>3,544</u>
At 31 July 2023	<u>3,544</u>	<u>3,544</u>

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2024

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held		Principal activity
			2024	2023	
Subsidiary undertakings					
Active IQ Limited	England and Wales	Ordinary share capital	100%	100%	Developing and providing fitness qualifications

Subsidiaries

The profit for the financial period of Active IQ Limited was £350,894 (2023 - £264,320) and the aggregate amount of capital and reserves at the end of the period was £742,585 (2023 - £391,701). The company was purchased on 22 November 2022. The consideration was £3,544,000 which includes goodwill of £2,888,000.

Other investments

	Listed investments £ 000	Other investments £ 000	Total £ 000
Cost or Valuation			
At 1 August 2023	18,990	118	19,108
Additions	-	200	200
Disposals	(3,759)	-	(3,759)
At 31 July 2024	15,231	318	15,549
Provision for impairment			
Charge for year	-	118	118
At 31 July 2024	-	118	118
Net book value			
At 31 July 2024	15,231	200	15,431
At 31 July 2023	18,990	118	19,108

The market value of the listed investments at 31 July 2024 was £15,231,000 (2023 - £18,990,000).

NCFE**Notes to the Financial Statements for the Year Ended 31 July 2024****15 Stock**

	Group		Charity	
	2024 £ 000	2023 £ 000	2024 £ 000	2023 £ 000
Stocks	<u>49</u>	<u>258</u>	<u>4</u>	<u>212</u>

16 Debtors

	Group		Charity	
	2024 £ 000	2023 £ 000	2024 £ 000	2023 £ 000
Trade debtors	4,951	5,168	4,349	4,397
Due from group undertakings	-	-	282	814
Prepayments	887	982	776	912
Other debtors	<u>39</u>	<u>27</u>	<u>12</u>	<u>27</u>
	<u>5,877</u>	<u>6,177</u>	<u>5,419</u>	<u>6,150</u>

Included within trade debtors above is a group bad debt provision of £724,000 (2023: £876,000) and a charity only bad debt provision of £547,000 (2023: £777,000).

17 Cash and cash equivalents

	Group		Charity	
	2024 £ 000	2023 £ 000	2024 £ 000	2023 £ 000
Cash at bank	<u>9,456</u>	<u>5,635</u>	<u>9,161</u>	<u>5,230</u>

18 Creditors: amounts falling due within one year

	Group		Charity	
	2024 £ 000	2023 £ 000	2024 £ 000	2023 £ 000
Trade creditors	1,187	1,315	1,089	1,245
Other taxation and social security	799	801	749	752
VAT	152	192	148	147
Other creditors	520	278	520	241
Accruals	2,938	3,428	2,746	3,199
Deferred income	<u>98</u>	<u>31</u>	<u>89</u>	<u>21</u>
	<u>5,694</u>	<u>6,045</u>	<u>5,341</u>	<u>5,605</u>

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2024

Deferred income

Group

	2024 £ 000	2023 £ 000
Deferred income at 1 August 2023	31	24
Resources deferred in the period	98	31
Amounts released from previous periods	(31)	(24)
Deferred income at year end	<u>98</u>	<u>31</u>

Charity

	2024 £ 000	2023 £ 000
Deferred income at 1 August 2023	21	24
Resources deferred in the period	89	21
Amounts released from previous periods	(21)	(24)
Deferred income at year end	<u>89</u>	<u>21</u>

19 Obligations under leases and hire purchase contracts

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Charity	
	2024 £ 000	2023 £ 000	2024 £ 000	2023 £ 000
Land and buildings				
Within one year	23	28	23	28
Between one and five years	<u>96</u>	<u>25</u>	<u>96</u>	<u>25</u>
	<u>119</u>	<u>53</u>	<u>119</u>	<u>53</u>
Other				
Within one year	43	48	22	30
Between one and five years	<u>44</u>	<u>28</u>	<u>33</u>	<u>7</u>
	<u>87</u>	<u>76</u>	<u>55</u>	<u>37</u>

20 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £2,732,000 (2023 : £2,004,000).

Contributions totalling £255,000 (2023 : £277,810) were payable to the scheme at the end of the year and are included in creditors.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2024

21 Funds

Group

	Balance at 1 August 2023 £ 000	Incoming resources £ 000	Resources expended and Net investment gains/losses £ 000	Transfers £ 000	Balance at 31 July 2024 £ 000
Unrestricted					
General	12,282	48,596	(48,443)	(4,800)	7,635
Designated	19,500	-	-	4,800	24,300
Total funds	<u>31,782</u>	<u>48,596</u>	<u>(48,443)</u>	<u>-</u>	<u>31,935</u>

Charity

	Balance at 1 August 2023 £ 000	Incoming resources £ 000	Resources expended and Net investment gains/losses £ 000	Transfers £ 000	Balance at 31 July 2024 £ 000
Unrestricted funds					
General	12,927	44,252	(43,870)	(4,800)	8,509
Designated	19,500	-	-	4,800	24,300
Total funds	<u>32,427</u>	<u>44,252</u>	<u>(43,870)</u>	<u>-</u>	<u>32,809</u>

The total funds of the charitable company include the following designated fund which has been set aside out of unrestricted funds by the Trustees to ensure that the Charity remains financially sound in the case of any significant changes to the market.

On 1 December 2021 the assets and liabilities of the subsidiary undertaking Skills Forward Limited were transferred to NCFE at net book value. On transfer the investment cost was recognised as a merger reserve. The Trustees made the decision to eliminate the merger reserve by means of a transfer in the 31 July 2023 year end.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2024

22 Analysis of net assets between funds

Group

	Unrestricted General £ 000	Total funds £ 000
Intangible fixed assets	4,842	4,842
Tangible fixed assets	1,974	1,974
Fixed asset investments	15,431	15,431
Net current assets/(liabilities)	9,688	9,688
Total net assets	<u>31,935</u>	<u>31,935</u>

	Unrestricted General £ 000	Total funds at 31 July 2023 £ 000
Intangible fixed assets	4,461	4,461
Tangible fixed assets	2,188	2,188
Fixed asset investments	19,108	19,108
Net current assets/(liabilities)	6,025	6,025
Total net assets	<u>31,782</u>	<u>31,782</u>

Charity

	Unrestricted General £ 000	Total funds £ 000
Intangible fixed assets	2,621	2,621
Tangible fixed assets	1,970	1,970
Fixed asset investments	18,975	18,975
Net current assets/(liabilities)	9,243	9,243
Total net assets	<u>32,809</u>	<u>32,809</u>

	Unrestricted General £ 000	Total funds at 31 July 2023 £ 000
Intangible fixed assets	1,611	1,611
Tangible fixed assets	2,177	2,177
Fixed asset investments	22,652	22,652
Net current assets/(liabilities)	5,987	5,987
Total net assets	<u>32,427</u>	<u>32,427</u>

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2024

23 Analysis of net funds

Group

	At 1 August 2023 £ 000	Financing cash flows £ 000	At 31 July 2024 £ 000
Cash at bank and in hand	5,635	3,821	9,456
Net debt	5,635	3,821	9,456
	At 1 August 2022 £ 000	Financing cash flows £ 000	At 31 July 2023 £ 000
Cash at bank and in hand	10,653	(5,018)	5,635
Net funds	10,653	(5,018)	5,635

24 Related party transactions

Group

During the year the group made the following related party transactions:

Active IQ Limited

(This is a 100% Subsidiary)

The charity charged Active IQ Limited £120,000 (2023: £80,000) for administration support.. At the balance sheet date the amount due to Active IQ Limited was £282,035 (2023 - £813,529).

Charity

During the year the charity made the following related party transactions:

Kindling Limited

(Ms D M Jenkins MBE DL, a Trustee is also a Director of Kindling Limited which invoiced NCFE for Chair's remuneration.)

The entity was invoiced £18,040 (2023: £20,347) for chair remuneration. At the balance sheet date the amount due to/from Kindling Limited was £Nil (2023 - £Nil).

NCFE

**Comparative Consolidated Statement of Financial Activities for the
Year Ended 31 July 2023
(Including Consolidated Income and Expenditure Account and
Statement of Total Recognised Gains and Losses)**

	Note	Unrestricted £ 000	Total 2023 £ 000
Income and Endowments from:			
Charitable activities	3	42,480	42,480
Investment income	4	554	554
Total income		<u>43,034</u>	<u>43,034</u>
Expenditure on:			
Raising funds	5	(74)	(74)
Charitable activities	6	<u>(50,777)</u>	<u>(50,777)</u>
Total expenditure		(50,851)	(50,851)
(Gain)/loss on programme related investments		<u>(93)</u>	<u>(93)</u>
Net expenditure		<u>(7,910)</u>	<u>(7,910)</u>
Net movement in funds		(7,910)	(7,910)
Reconciliation of funds			
Total funds brought forward		<u>39,692</u>	<u>39,692</u>
Total funds carried forward	21	<u><u>31,782</u></u>	<u><u>31,782</u></u>

NCFE

England & Wales - Charity number 1034808

Accounts

Company registration number: 02896700

Charity registration number: 1034808

NCFE

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 July 2023

NCFE

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Reference and Administrative Details

Trustees	Ms D M Jenkins MBE DL, Chair Ms B H Ashton Mrs J Whitfield Mr M A Smith (appointed 27 February 2023) Mr R Ghurbhurun (appointed 5 December 2022) Mr D. Wilson Mr C M V Peel (resigned 21 March 2023) Ms R A Cushieri (resigned 21 March 2023) Mr C Hoggert (appointed 27 February 2023 and resigned 12 September 2023)
Secretary	E J Hoare
Key Management Personnel	D Gallagher, Chief Executive Officer K Todd, Chief Financial Officer S Foster, Chief Regulatory Officer P Le Feurve, Chief Operating Officer S Brown, Chief Commercial Officer H Ketteringham, Chief People Officer
Registered Office	Q6 Quorum Park Benton Lane Newcastle upon Tyne NE12 8BT The charity is incorporated in Wales.

NCFE

Reference and Administrative Details

Company Registration Number 02896700

Charity Registration Number 1034808

Solicitors Womble Bond Dickinson
The Spark
Draymans Way
Helix
Newcastle upon Tyne
NE4 5DE

Bates Wells
10 Queen Street Place
London
EC4R 1BE

Bankers Barclays Bank
Percy Street
Newcastle upon Tyne
NE1 4QL

Lloyds Bank PLC
King Street
Manchester
M2 4LQ

Auditor Azets Audit Services
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Investment Managers Brewin Dolphin Ltd
Time Central
Gallowgate
Newcastle Upon Tyne
NE1 4SR

NCFE

Trustees' Report

The Trustees present their annual directors' report and the audited financial statements of the charity for the year ending 31 July 2023.

The financial statements comply with current statutory requirements, the Articles of Association and the Charities Statement of Recommended Practice ("Charities SORP") applicable to charities preparing their accounts in accordance with FRS 102.

OBJECTIVES AND ACTIVITIES

Purpose and aims

As we celebrate our 175th anniversary we look back at our heritage, beginning in 1848 when the UK was experiencing a golden age of industry and growth, fuelled by technological and scientific advancements. To satisfy the high demand for skilled workers, the Northern Union of Mechanics Institutes established what would later become known as NCFE to "become a centre from whence the elements of knowledge and civilisation shall go on with an unceasing progress, conferring intellectual, scientific and moral blessings throughout the length and breadth of the Northern Counties."

175 years and a name change or two later, it is humbling to see how this core purpose has endured and inspired our people. New digital technologies and the increasingly prevalent adoption of artificial intelligence is disrupting not only what and how we learn, but also the shape of our careers and the skills we need to be successful. In that respect NCFE fulfils a very similar role to its early days - supporting the training and re-skilling of workers by promoting and advancing learning to help create a fairer society.

We are serious about changing education for the better, backed by a promise to support the delivery of the highest possible quality of learning experiences for our learners – our ultimate beneficiaries. For colleagues at NCFE, our purpose is one of our greatest motivations. Employees not only make a positive social impact – influencing the lives of hundreds of thousands of learners each year – their contributions affect what people learn and the way that learning is developed and delivered.

We believe that through shaping smarter learning, we can help to build a fairer society, create opportunities to progress and ensure that no learner is left behind. This means helping more individuals to realise their true potential and in turn, establishing more sustainable communities.

The strategies employed to achieve the charity's aims and objectives are:

1. *Developing deep and credible insight into need*

We use our deep understanding of the needs of learners, communities and the economy to focus resources on making the biggest difference.

2. *Creating brilliant qualifications and content*

We develop and deliver brilliant learning content that equips educators with the skillsets and resources to deliver the highest quality, transformational learning experiences.

3. *Assessing learner need, progress and attainment*

We are market leaders in the forms of assessment we specialise in, using advanced analytics to create richer, more personalised, lifelong learner journeys.

4. *Cultivating a purposeful and high-performance culture*

We cultivate a purpose-led collaborative, vibrant and high-performance culture where our people are connected with and aligned to achieving our ambitious goals.

NCFE

Trustees' Report

5. *Leading digital disruption in education*

We are a lean, digitally-enabled organisation that delivers innovative products and personalised experiences to every type of customer.

The Trustees review the aims, objectives and activities of the charity each year and ensure compliance with the Charities Act to have due regard to the Charity Commission's general guidance on public benefit. This report looks at what the charity has achieved and the outcomes of its work in the reporting period, including the benefits the charity has brought to its beneficiaries.

STRATEGIC REPORT

Achievements and performance

During 2022-23, the Group's products and services supported over 400,000 (2021-22: 375,000) learners to progress onto the next stage of their education, training or career.

Our core assessment products and services are tailored to support three key segments:

- ***Learning for Work***

This comprises a range of products, services and resources to support adult (19+) learners reach their potential, through either securing employment, supporting career development and/or progression to higher-skilled roles.

The core beneficiaries of the Learning for Work portfolio are funded adult learners, including community learners, unemployed and underemployed adults, offenders and ex-offenders, adults looking to up-skill, re-skill or change career, Armed Forces Service Members and Service Leavers and economically inactive individuals.

In delivering the Learning for Work portfolio to adult learners, NCFE works with approximately 1,500 centres, including Further Education Colleges, Training Providers, Schools, Employers and Local Authorities across the UK and internationally.

The volume of adult learners enrolling on regulated qualifications accessed by Adult Funding budgets has continued to steadily decline over the last decade. This, compounded by an increasingly competitive and price sensitive market, has resulted in challenging trading conditions. That said our Learning for Work portfolio grew 3% year on year with our Level 3+ qualifications performing well and we were delighted to retain our status as the number one Awarding Organisation for adult funded enrolments.

- ***Apprenticeships***

Our Apprenticeships portfolio supports learners, providers, and employers from the beginning to the end of their apprenticeship journey through a range of educational technology solutions, on programme mandatory and non-mandatory qualifications, supporting resources and an end point assessment service.

We recognise the sector continues to face challenges including apprentice recruitment, retention and achievement rates and the underutilisation of the levy. Furthermore, apprenticeships are still not being promoted equally to students alongside academic qualifications restricting social mobility and progression. Through our customer-focused and employer/labour market-led approach to product and solution development we continue to support the sector with this.

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In 2022-23 our End Point Assessment Organisation had its best performing year, supporting 9,084 apprentices (2022: 7,030) through gateway assessment and achievement representing 29% growth on previous year. In the same period, new apprenticeship standards were added in Data Technician, Data Analyst and Fundraising and a new Digital Functional Skills qualification was introduced to the qualification portfolio. We secured a national contract to deliver assessments for the Department of Education's Multiply programme and in October were delighted to be awarded both 'EPAO of the year' and 'Learner of the Year' at the FAB 2022 Awards.

- **Technical Education**

Our Technical Education portfolio is split into three main product focus areas: V Cert Technical Awards (vocational alternative to GCSEs), Entry to Level 2 qualifications, and Level 3 to Level 5 qualifications (including T-Levels and HTQs). Aside from V Certs, our qualifications are primarily used in 16-19 study programmes in the Health and Social Care, Early Years, Sport, Public Services, and Travel and Tourism sectors.

Our products and services in this portfolio are navigating a particularly turbulent period. Technical qualification reforms continue in England following the introduction of T-Levels, and a review of qualifications at Level 3 and below, primarily those that overlap with T-Levels and do not map to qualification standards. Until this process concludes, recruitment and enrolment on T-Level programmes, which are more robust than the legacy qualifications they are designed to replace, remains challenging while funding remains available for the legacy qualifications. As a result, the financial performance of our T Level qualifications has been below our estimates and expectations and is considered further in the Financial Review of this report.

Outside of our core Awarding and End Point Assessment Organisations, we continue to extend the charity's reach and impact through a range of new initiatives:

Assessment Innovation

In the summer of 2021, we launched the Assessment Innovation Fund ("AIF"). Recognising the need for evidence-based advancements, the AIF fills a gap in existing research by supporting organisations to test innovative approaches and explore the transformative potential of technology within the assessment landscape.

To date, we have committed £1m of funding through our Social Investment Strategy to support the AIF. This commitment translates into five funding windows, offering organisations the opportunity to secure Feasibility Project grants of up to £25,000 or Impact Project grants of up to £200,000.

To ensure the robustness of proposals and maximise the impact on learners, each project is evaluated against the AIF Evaluation Framework by an expert panel. The framework assesses each proposal against core principles: tangible learner benefit, project feasibility and thoroughness, and robust evaluation methodology.

By July 2023, through our AIF we had successfully:

- Generated £1.59m in Social Value and a Social Return On Investment of 1.7x. This means that for every £1 invested £1.70 was generated in Social Value.
- Worked with 12 organisations to involve over 3,289 learners, 206 educators, 2 continents and 49 institutions in the evaluation of proposals to ensure solutions provide a robust and reliable evidence base.

NCFE

Trustees' Report

- Launched 5 application windows where we received 114 applications from organisations with an innovative proposal that supports NCFE's ongoing horizon scanning and supported 12 innovative projects to test the boundaries of assessment.
- Further strengthened our strategic partnership Ufi VocTech Trust, including securing co-funding of £250,000 to deliver AIF Window 6 and a campaign for changes in assessment.
- Managed the applications and interests of 114 individual projects and organisations which are now feeding into NCFE in a formal way as insight into market trends.
- Involved over 126 individuals in our evaluation process for proposals which has included key strategic partners such as JISC, AoC, VTCT, AlphaPlus, Edge Foundation and NESTA.
- Collaborated with and supported leadership within the education sector through conference appearances such as The FE Collective, co-chairing the JCQ group for AI in assessment, and co-authoring future of assessment articles with JISC.

The Assessment Innovation Fund (AIF) stands as a transformational and collaborative initiative in assessment practices. Through the strategic allocation of funding, expert guidance, and dedicated time, the AIF is leading the way towards better assessment practices based on real evidence, supporting NCFE to shape the future of learning and assessment.

Social Investments

NCFE has made several social investments which are highly aligned with our purpose and strategy. We work closely with each of our partners as we seek to extend our charity's reach and impact, tracking the performance of our investment through a clear set of KPIs. During 2022-23 we supported the following programmes:

- We've collaborated with **WorldSkills UK** to create the innovative Centre of Excellence programme to advance vocational learning practice. The WorldSkills UK Centre of Excellence has developed from an award-winning workforce development programme into a sector-leading innovation space, equipping leaders and teaching practitioners with the knowledge and skills to raise the quality and standards of Technical and Vocational Learning within their provision.

Following the highly successful pilot and further investment, the Centre of Excellence has now expanded, with more than 140,000 young people and nearly 5,000 educators set to benefit from this first-of-its-kind initiative over the next three years. Alongside FE Colleges, all independent training providers and Higher Educational Institutions throughout the UK are now able to join.

Drawing on 70 years of experience in international skills benchmarking, members of the Centre of Excellence will benefit from access to: world-class teacher training based on international insights and best practices in the field of technical education and skills development; industry-led networks for innovation and communities of practice exploring priority skill sectors and a Global community for thought leadership driving forward research and shaping future policy, championing the demand for UK skills excellence.

- We're proud to be partnered with **Good for ME Good for FE**, a unique social impact project looking to create a sustainable programme of community action across the UK. Through encouraging staff and students to undertake a wide range of volunteering and fundraising activities, the pioneering initiative is having a real impact on the lives of people up and down the UK.

Having exceeded its initial £1m funding target, the campaign has generated over £3.7m of social value and is now focused on ensuring continued impact by growing and developing opportunities across the UK.

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- The **Research Further initiative** was established collaboratively by the **Association of Colleges** and NCFE to support, drive and encourage college-centred research that can help influence policy and practice. In early 2023 Research Further was joined by two additional funders, Education Training Foundation (ETF) and Edge.

To date, the programme has supported 16 FE practitioners to undertake post-graduate research in an area where evidence is currently lacking. Scholars are part of a supportive community of peers, and the topics that these scholars are investigating currently range from the regional impact of further education colleges to CPD and subject-specific pedagogy.

In addition to Research Further, AoC and NCFE also run the **Think Further partnership** which is a thought-leadership initiative that offers a platform for the FE sector to provide deep insight and informed debate on a range of topics. It brings together research-led think pieces and blogs steeped in the experience and expertise of the further education and skills sector.

- Data released by the Office for National Statistics in 2021 showed that only 22% of autistic adults are in any kind of employment. The National Autistic Society states that 60% of employers are worried about getting support for an autistic employee wrong, and the same proportion didn't know where to go for help or advice about employing an autistic person.

That's why we partnered with the **Greater Manchester Learning Provider Network (GMLPN)**. As a network of over 115 training providers, including independent, FE colleges, universities, and voluntary providers, it works to achieve closer alignment between the needs of employers, individuals, communities, and the suppliers of skills.

Together we've implemented a project to increase apprenticeship opportunities for autistic young people, helping to equip them with the technical and employability skills to progress into employment and improve the links between schools/colleges, training providers, referral agencies and employers to improve progression routes.

- At NCFE our core purpose is to promote and advance learning, helping to shape a fairer and more inclusive society. This is just one of the reasons that we're proud to be one of the several organisations supporting the **Helena Kennedy Foundation** to offer bursaries to learners to help with their education. Over the past 25 years, the Helena Kennedy Foundation has supported over 2,000 learners to progress from further education to higher education through their bursary scheme.

Energy and Carbon Report

We report under the UK energy and carbon reporting requirements ('SECR') and have set out in the table below our direct emissions.

GHG emission and energy data

	Year to 31 July 2023	Year to 31 July 2022
ENERGY CONSUMPTION TO CALCULATE EMISSIONS		
Gas combustion Kilowatt Hours (kWh)	42,337	43,234
Purchased electricity kWh	224,524	211,750
Transport fuel * kWh (Note 1)	348,391	94,617
Total energy consumption kWh	615,252	349,601
EMISSIONS		

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Gas combustion tonnes CO2 equivalent (tCO2e) (Scope 1)	7.7	7.9
Company vehicles tCO2e (Scope 1) (Note 2)	10.8	
Purchased electricity tCO2e (Scope 2)	46.0	40.9
Business travel in employee-owned vehicles where the organisation is responsible for purchasing the fuel *tCO2e (Scope 3)	82.6	21.3
Total gross emissions tCO2e based on above	147.1	70.1
INTENSITY RATIOS		
tCO2e per £m revenue	3.75	1.41
tCO2e per m2 of floorspace	0.05	0.02

**Represents fuel used in personal cars on business use for which the organisation reimburses its employees following claims for business mileage*

Note 1 – The kWh for transport fuel has increased in 2023 as business activities return onsite following the pandemic.

Note 2 - Represents company vehicles owned by Active IQ, following acquisition in November 2022.

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2023 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e.

Measures taken to improve energy efficiency

NCFE has continued to utilise a range of energy efficient measures including:

- All light are low-energy LED lighting throughout the building
- All lighting is fitted with Passive Infrared Sensors (PIR) in office spaces
- Lighting in stairwells and reception are fitted with 'dusk til dawn' sensors
- Timers are used on the Fan Coil Units (FCU's) to accommodate shorter working days

NCFE purchases 100% renewable electricity and natural gas for our Q6 Office. This is procured backed by recognised certification schemes (i.e. REGOs, GOOs), which provide evidence that the energy is from appropriately accredited renewable sources.

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Additional voluntary reporting activities

The majority of NCFE's carbon footprint comprises Scope 3 emissions from business travel i.e. fuel associated with transport (personal cars on business use) where the organisation does not operate the vehicle / service. Although this data is outside the mandatory requirements of the 'Energy and Carbon Report, the organisation voluntarily reports a full carbon emissions data set (including all Scope 3 emissions from business travel) on an annual basis.

FINANCIAL REVIEW

2022-23 represented a period of continued growth and investment in NCFE. In November, we were delighted with the successful acquisition of Active IQ Limited, the Awarding and End Point Assessment Organisation specialising in active leisure, fitness and well-being. Active IQ has performed well since its acquisition, making a positive contribution and providing access to a new sector for the Group.

Despite continued challenging trading conditions, our income for the year increased by over 10% to £43.0m (2021-22: £39.1m) thanks to the continued growth of our End Point Assessment Organisation, stable performance from our Awarding Organisation in a contracting market and the part-year contribution from Active IQ.

Total Expenditure during the year was £50.9m (2021-22: 41.9m) an increase of 21% compared to the prior year which, in addition to the incremental costs of delivering higher volumes of products and services, also reflects:

- The financial performance of our T Level contracts. T Levels are the Government's flagship alternative to A Levels and other 16-19 courses. We hold multiple contracts with the Institute for Apprenticeships and Technical Education for the development and delivery of T Level qualifications. These contracts represent a multi-year investment from NCFE but, to date, student enrolments have fallen below expectations. As a result, we have written down our development investment relating to T Levels which has resulted in an impairment charge of £2.5m in the year.
- The impact of a changing market and a shift towards larger, more complicated, and costly qualifications which is impacting on gross margins.
- The cost base of Active IQ which we owned for part of the financial year.
- Our ongoing Transformation programme which will deliver significant improvements in our business processes, systems and data and customer service levels and experience. We are currently implementing a new finance system which will go-live in 2024 and are finalising planning for a replacement CRM system; and
- The provision of funding for initiatives such as the Assessment Innovation Fund and Social Investments which, as outlined above, have helped to make significant contributions to our charitable purpose.

Our Net movement in funds for the year was a deficit of £7.9m, which was in-line with Budget with the exception of the T Level impairment charge. As our investment programmes are delivered, we anticipate the charity returning to generating surpluses within the next two years.

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Trustees' Report

Investment policy, objectives and performance

Under its Articles of Association, the Trustees have the authority to invest as they see fit in order to meet the charity's purpose. The investment policy agreed by the Trustees has continued to follow a 'managed funds' approach, based on a progressive risk profile. Day to day investment decisions are delegated to NCFE's investment advisors at Brewin Dolphin. This approach allows for tactical asset allocation across a range of investment types:

	Asset Allocation Ranges		
	Strategy Fund	Trading Fund Shock	Legacy Fund
Investment Horizon	Up to 4 years	5 years	10 years +
Fixed Interest	36% - 52%	17% - 33%	0% - 14%
UK Equities	0% - 14%	11% - 26%	21% - 27%
Overseas Equities	4% - 20%	26% - 42%	45% - 62%
Alternative Investments	15% - 30%	7% - 23%	0% - 14%
Property	0% - 15%	0% - 13%	0% - 10%
Cash	0% - 15%	0% - 10%	0% - 10%

The discrete funds have differing investment time horizons based on the charity's expectations on when they will be utilised. The Trustees' objective is to protect the capital value of its Reserves in real terms and maximise the return on investment for the acceptable and agreed level of risk.

Following a difficult year for our investment portfolio managed by Brewin Dolphin in 2021-22, our investment portfolio returned a modest loss during 2022-23 of £0.1m. The markets continue to be volatile, reacting to high levels of inflation and a number of global conflicts.

The performance of the portfolios is monitored by the Board of Trustees and the Audit, Risk and Investment Committee. The Trustees are disappointed with the performance of the portfolios over the last two years but understand this is in line with the wider investment market trends and is satisfied that given the longer-term investment horizons our portfolios should generate a better level of return than would have been achieved had the monies been held as cash.

PRINCIPAL RISKS AND UNCERTAINTIES

Our principal risks are recorded on the Strategic Risk Register and updated and reviewed regularly by the Executive and the Audit, Risk and Investment Committee. The register captures risk ratings and controls in place to mitigate risks where possible.

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Trustees' Report

Impact of changes in Government policy

NCFE relies on indirect government funding via colleges, training providers and schools and therefore is exposed to changes in government policy direction and funding for education. A recent example of this has been outlined in the Skills and Post-16 Education Bill where the Department for Education is proposing to remove the availability of funding from some Level 3 qualifications. This is mitigated to some extent with NCFE winning tenders for the development and delivery of T-Level Qualifications which grants NCFE an exclusive license to deliver the T-Levels awarded. NCFE continues to work closely with government bodies, regulators, stakeholders and customers to ensure influence in decision making and to be as proactive as possible in relation to changes to policy and regulatory direction.

Financial pressures within the education sector

The disruption and volatility caused by the COVID-19 pandemic, followed immediately by significant increases in inflation and interest rates have placed considerable financial pressures on our sector. Our centres are having to carefully manage their finances and without support, some may struggle to continue to trade. This in turn presents a risk to NCFE either through loss of income and surplus or by monies due from customers becoming uncollectable. We manage this exposure through credit monitoring and regular credit control meetings to identify customers that may present a risk.

Furthermore, our market for qualifications and assessments is changing with a shift towards larger, more complicated, and costly qualifications which is impacting on gross margins. We manage this through robust business planning, budget setting, performance monitoring and cash-flow forecasting processes, ensuring our cost base is aligned to our income levels and our businesses are sustainable.

An increasing reliance on data

Due to changes in the regulatory frameworks, and identification that data sharing between the different aspects of the educational system needs improvement, there has been a focus from educational regulators on the collection of data, with a 5-fold increase in the number of returns compared to the previous year. In response to this we have invested in establishing a dedicated regulatory data team, led by the Head of Regulatory Reporting, which oversees the management of timely submission of data returns and leads on improving the data that is collected to ensure appropriate support and management is maintained.

Delivery of Transformation Projects within NCFE

The Transformation programme comprises several projects, designed to elevate NCFE's position within the education sector, align different parts of the NCFE organisation, improve the quality and efficiency of underlying business processes and develop innovative ways to address educational challenges. The programme requires significant investment from NCFE, with the projects being at various stages of discovery or implementation and there is a risk that the intended benefits of the programme are not delivered. In order to mitigate this, a number of controls have been put in place, including; a programme management structure including boards at workstream, project, programme and executive level, named accountable owners and leads for each of the projects and the requirement for investment to be business cased and approved by the board of Trustees.

NCFE

Trustees' Report

RESERVES POLICY AND GOING CONCERN

The Trustees have reviewed the Charity's needs for reserves in line with guidance issued by the Charity Commission. At 31 July 2023, the Group had reserves of £31.8m (2021: £39.6m). All reserves are unrestricted funds.

The Reserves policy sets out a minimum level of reserves of £19.5m to satisfy the Group's commitments and protect it from any significant financial shocks. The remaining reserves will be available for the delivery of the strategic plan aimed at maximising our social impact and ensuring a sustainable future for the Group.

Going Concern

The Trustees have considered the company's current and future prospects and its availability of financing and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason, the Trustees continue to adopt the going concern basis of preparation for these financial statements.

STRUCTURE, GOVERNANCE AND MANAGEMENT

NCFE is a company limited by guarantee, governed by its Articles of Association dated 10 February 1994 and last amended on 19 August 2020. It is a registered charity with the Charity Commission. Anyone over the age of 18 can become a member of the company and there are currently 6 members (2022: 6), each of whom agrees to contribute £1 in the event of the Charity winding up.

The members of the Board of Trustees, who are directors for the purposes of company law, are listed on page 1.

Method of appointment or election of Trustees

The management of the company and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

The Chair and Deputy Chair of the Trustees is nominated in line with the Articles of Association by Trustees.

Individual Trustees are sought when a vacancy arises on the Board. The Board seeks to maintain a reasonable balance of gender, ethnicity, skills and work backgrounds. They will target individuals who have the requisite mix for any specific vacancy. The Board makes a positive effort to remove, reduce or prevent obstacles to people being trustees, allocating budgets, where necessary, to achieve this within the charity's available resources.

Trustees serve a 3 year term, at the end of which they may seek re-election. There is no outside party who can appoint trustees.

In accordance with the Articles of Association (14.2) no Director shall serve in office for more than nine consecutive years provided that a Director may be reappointed annually thereafter by the Board if there are exceptional circumstances.

NCFE

Trustees' Report

Trustee induction and training

All new Trustees undergo a detailed induction at which members of the Executive brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and the recent financial performance of the charity. During the induction they are also introduced to numerous key members of staff.

The Trustees undertake an annual self-assessment of performance which will either take the form of a one-to-one meeting with the Chair or Deputy Chair (for the Chair of Trustees) or a survey. A skills assessment will be undertaken at junctures where it is required for succession planning purposes or new members of the board join.

Organisational structure and decision making

The Board of Trustees, which can have up to 12 members, administers the charity.

The Board meets at least 4 times a year, at least one meeting of which is extended to enable members to give greater consideration to the future strategic direction of the organisation, as well as ensuring that the organisation's charitable purposes, and its external environment in which it works, continue to be relevant and valid.

Members also meet with the Executive between quarterly formal meetings to exchange views and receive updates on the organisation's progress. As stated above, none of the Trustees are directly involved in the operational activity of the Group. Where there are any conflicts, these are carefully reported, recorded and managed.

A Chief Executive is appointed by the Trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and education-related activity.

The Chief Executive manages the Executive who have Directorate level responsibility. Within each Directorate there are a number of teams each of which has a manager who sits as part of the Management team group with responsibility for operational activity.

Charity Governance Code

The Board applies the Charity Governance Code as an internal framework to review and monitor its own performance and governance. Compliance against the Code is scrutinised by the Audit, Risk and Investment Committee and reported to the main Board on an annual basis. The charity can demonstrate it has adopted the Code with an action plan in place for 2024 which will ensure there is continuous improvements.

Related parties

The links between Board members and the organisations in which they hold senior positions are disclosed in note 25.

NCFE

Trustees' Report

Pay policy for senior staff

The company's approach for determining salaries is set out in its Pay and Reward policy, which is published on the charity's website aligning to the requirements of the Charity Governance Code. All salaries are set and approved as follows:

- For the CEO, their remuneration is agreed by Trustees.
 - Executives' remuneration is set by the CEO in consultation with Trustees.
- Salaries for other colleagues are guided by external benchmarking and proposed by Leaders
- in line with the Pay and Reward Policy and within the confines of departmental budgets agreed by the Board of Trustees each year.

Colleague involvement and employment of disabled people

The company conducts a colleague engagement survey quarterly in order to give colleagues the opportunity to provide feedback and suggestions. All line managers further engage colleagues in engagement plans, to promote continuous improvement. There are numerous communication channels used across the business, including the People Vision Committee and the Equality, Diversity and Inclusion Committee. There is a regular internal newsletter to communicate key messages and colleagues are offered an exit interview upon leaving the organisation.

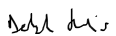
In accordance with the company's Equality, Diversity and Inclusion policy, there are long established fair employment practices in place regarding the recruitment, selection, retention and training of disabled colleagues. The company has become a Disability Confident Employer, guaranteeing interviews to all disabled candidates, subject to meeting the essential requirements of a vacant role. This data is monitored to ensure fairness and positive impact. All colleagues complete mandatory training in relation to employment matters and adhere to company policies in that regard. Full details of these policies are available from the company.

Disclosure of information to auditor

Each of the persons who are Trustees at the time when the Report of the Board of Trustees is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

The annual report was approved by the trustees of the charity on 05/02/2024.... and signed on its behalf by:



Deborah Jenkins 05 Feb 2024 11:59:31 GMT (UTC +0)

Ms D M Jenkins MBE DL
Trustee

NCFE

Independent Auditor's Report to the Members of NCFE

Opinion

We have audited the financial statements of NCFE (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 July 2023, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Balance Sheet, Consolidated 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 July 2023 and of the group's incoming resources and application of resources, including its income and expenditure 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 responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 trustees 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 group's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue.

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

Other information

The trustees 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.

NCFE

Independent Auditor's Report to the Members of NCFE

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the and the Trustees' Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the (set out on page), the trustees 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 trustees 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 trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor 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:

NCFE

Independent Auditor's Report to the Members of NCFE

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); Qualifications and examinations regulations, General Data Protection regulations and compliance with the UK Companies Act and Charities Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

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.

NCFE

Independent Auditor's Report to the Members of NCFE

Use of our report

This report is made solely to the charitable parent company's trustees, 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 group's trustees 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 charitable parent company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brown 06 Feb 2024 08:40:55 GMT (UTC +0)

Simon Brown BA ACA DChA (Senior Statutory Auditor)

For and on behalf of Azets Audit Services

Chartered Accountants

Statutory Auditor

Bulman House

Regent Centre

Gosforth

Newcastle upon Tyne

NE3 3LS

Date: 06/02/2024

Azets Audit Services is a trading name of Azets Audit Services Limited..

NCFE

**Consolidated Statement of Financial Activities for the Year Ended
31 July 2023
(Including Consolidated Income and Expenditure Account and
Statement of Total Recognised Gains and Losses)**

	Note	Total 2023 £ 000	Total 2022 £ 000
Income and Endowments from:			
Charitable activities	3	42,480	38,140
Investment income	4	554	423
Other income	5	-	532
Total Income		<u>43,034</u>	<u>39,095</u>
Expenditure on:			
Raising funds	6	(74)	(90)
Charitable activities	7	(50,777)	(41,415)
Other expenditure		-	(401)
Total Expenditure		<u>(50,851)</u>	<u>(41,906)</u>
Gains/losses on investment assets		<u>(93)</u>	<u>(2,438)</u>
Net expenditure		<u>(7,910)</u>	<u>(5,249)</u>
Net movement in funds		(7,910)	(5,249)
Reconciliation of funds			
Total funds brought forward		<u>39,692</u>	<u>44,941</u>
Total funds carried forward	22	<u><u>31,782</u></u>	<u><u>39,692</u></u>

All of the group's activities derive from continuing operations during the above two periods.

The funds in both years are unrestricted funds only.

NCFE

**Comparative Consolidated Statement of Financial Activities for the
Year Ended 31 July 2022
(Including Consolidated Income and Expenditure Account and
Statement of Total Recognised Gains and Losses)**

	Note	Unrestricted £ 000	Total 2022 £ 000
Income and Endowments from:			
Charitable activities	3	38,140	38,140
Investment income	4	423	423
Other income	5	532	532
Total income		<u>39,095</u>	<u>39,095</u>
Expenditure on:			
Raising funds	6	(90)	(90)
Charitable activities	7	(41,415)	(41,415)
Other expenditure		<u>(401)</u>	<u>(401)</u>
Total expenditure		(41,906)	(41,906)
(Gain)/loss on programme related investments		<u>(2,438)</u>	<u>(2,438)</u>
Net expenditure		<u>(5,249)</u>	<u>(5,249)</u>
Net movement in funds		(5,249)	(5,249)
Reconciliation of funds			
Total funds brought forward		<u>44,941</u>	<u>44,941</u>
Total funds carried forward	22	<u><u>39,692</u></u>	<u><u>39,692</u></u>

NCFE**(Registration number: 02896700)
Consolidated Balance Sheet as at 31 July 2023**

	Note	2023 £ 000	2022 £ 000
Fixed assets			
Intangible assets	13	4,461	4,004
Tangible assets	14	2,188	2,501
Investments	15	19,108	21,503
		<u>25,757</u>	<u>28,008</u>
Current assets			
Stocks	16	258	400
Debtors	17	6,177	5,925
Cash at bank and in hand	18	5,635	10,653
		<u>12,070</u>	<u>16,978</u>
Creditors: Amounts falling due within one year	19	<u>(6,045)</u>	<u>(5,294)</u>
Net current assets		<u>6,025</u>	<u>11,684</u>
Net assets		<u>31,782</u>	<u>39,692</u>
Funds of the group:			
Unrestricted income funds			
Designated funds		19,500	15,000
General funds		12,282	25,620
Merger reserve		-	(928)
Total unrestricted funds		<u>31,782</u>	<u>39,692</u>
Total funds	22	<u>31,782</u>	<u>39,692</u>

The financial statements on pages 19 to 47 were approved by the trustees, and authorised for issue on 05/02/2024.... and signed on their behalf by:



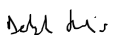
Deborah Jenkins 05 Feb 2024 11:59:31 GMT (UTC +0)

Ms D M Jenkins MBE DL
Chair

NCFE**(Registration number: 02896700)
Balance Sheet as at 31 July 2023**

	Note	2023 £ 000	2022 £ 000
Fixed assets			
Intangible assets	13	1,611	4,004
Tangible assets	14	2,177	2,501
Investments	15	22,652	21,503
		<u>26,440</u>	<u>28,008</u>
Current assets			
Stocks	16	212	400
Debtors	17	6,150	5,925
Cash at bank and in hand	18	5,230	10,528
		<u>11,592</u>	<u>16,853</u>
Creditors: Amounts falling due within one year	19	<u>(5,605)</u>	<u>(5,584)</u>
Net current assets		<u>5,987</u>	<u>11,269</u>
Net assets		<u>32,427</u>	<u>39,277</u>
Funds of the charity:			
Unrestricted income funds			
Designated funds		19,500	15,000
Unrestricted funds		12,927	25,205
Merger reserve		-	(928)
Total unrestricted funds		<u>32,427</u>	<u>39,277</u>
Total funds	22	<u>32,427</u>	<u>39,277</u>

The financial statements on pages 19 to 47 were approved by the trustees, and authorised for issue on 05/02/2024.... and signed on their behalf by:



Deborah Jenkins 05 Feb 2024 11:59:31 GMT (UTC +0)

Ms D M Jenkins MBE DL
Chair

NCFE**Consolidated Statement of Cash Flows for the Year Ended 31 July 2023**

	Note	2023 £ 000	2022 £ 000
Cash flows from operating activities			
Net cash expenditure		(7,910)	(5,249)
Adjustments to cash flows from non-cash items			
Depreciation	14	452	562
Amortisation	13	2,790	852
Investment income	4	(554)	(423)
Loss on disposal of intangible fixed assets		2,556	136
Revaluation of investments		99	2,438
		<u>(2,567)</u>	<u>(1,684)</u>
Working capital adjustments			
Decrease/(increase) in stocks	16	142	(382)
Increase in debtors	17	(252)	(707)
Increase in creditors	19	744	560
Increase in deferred income	19	7	24
Net cash flows from operating activities		<u>(1,926)</u>	<u>(2,189)</u>
Cash flows from investing activities			
Interest receivable and similar income	4	554	423
Purchase of intangible fixed assets	13	(5,803)	(1,686)
Purchase of tangible fixed assets	14	(139)	(137)
Purchase of investments	15	(1,608)	(24,820)
Sale of investments	15	3,904	9,968
Net cash flows from investing activities	15	<u>(3,092)</u>	<u>(16,252)</u>
Net decrease in cash and cash equivalents		(5,018)	(18,441)
Cash and cash equivalents at 1 August		<u>10,653</u>	<u>29,094</u>
Cash and cash equivalents at 31 July		<u>5,635</u>	<u>10,653</u>

All of the cash flows are derived from continuing operations during the above two periods.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2023

1 Charity status

The charity is limited by guarantee, incorporated in Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is: Q6 Quorum Park, Benton Lane, Newcastle upon Tyne, NE12 8BT

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)) (issued in January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1,000.

Basis of preparation

NCFE meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 July 2023.

No statement of financial activities is presented for the charity as permitted by section 408 of the Companies Act 2006. The charity made a deficit after tax for the financial year of £6,849,501 (2022 - deficit of £4,960,863).

On 22 November 2022, Active IQ limited became part of the group and the trading period 23 November to 31 July 2023 has been consolidated this year.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2023

A subsidiary is an entity controlled by the charity. Control is achieved where the charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the statement of financial activities from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the charity and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Going concern

The trustees consider that there are no material uncertainties about the group's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the group.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2023

Estimation uncertainty and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Estimates included within these financial statements include depreciation and amortisation charges based upon the useful economic lives of both tangible and intangible assets, and provisions against debtors. None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical areas of judgement

Judgement is also required in the assessment of the carrying values of fixed assets and investments, in the performing impairment tests. The impairment test calculations make assumptions around future trading performance, customer retention, cost rationalisation and external factors such as government funding. No material uncertainty is considered to exist in relation to this key area of judgement.

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Grants are of a revenue nature, and as such are credited to income to match them with the expenditure to which they relate.

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Investment income

Interest receivable is included when receivable by the company.

Charitable activities

Income

Income from charitable activities represents the values of fees for the provision of examinations and assessments and related services.

Registration income is included within income resources in the period in which the relevant registration is made as all performance obligations have been met.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2023

Other income

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All expenditure is accounted for on an accruals basis. All expenses, including support costs are allocated to the applicable expenditure heading on a basis consistent with the use of resources.

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Charitable activities

Charitable expenditure include expenditure relating to the provision of examination and assessment services and include both the direct costs and support costs relating to these activities.

Grant expenditure

Grants payable are payments made to third parties in the furtherance of the charity's objects. Grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the Charity.

Support costs

Support costs are those costs incurred directly in support of expenditure on the objects of the group and include project management carried out at the head office.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

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Notes to the Financial Statements for the Year Ended 31 July 2023

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Goodwill

Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Intangible assets

Intangible assets are stated in the Balance Sheet at cost less accumulated amortisation and impairment. They are amortised on a straight line basis over their estimated useful lives.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Brands acquired are valued as the difference between the identifiable net assets of the purchase, and the consideration paid.

Product development costs are recognised as intangible assets measured at cost.

Intellectual property is capitalised at cost on acquisition and amortised over their estimated useful lives using an amortisation method that reflects the pattern of their consumption.

Intangible assets are reviewed for impairment where market conditions or other factors indicate a reduction in future economic benefits. Impairment losses are recognised in the statement of financial activities where an asset's realisable amount exceeds its carrying value.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Brands	5 Years straight line
Software and Intellectual property	2- 5 Years straight line
Product development	4 Years straight line

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Notes to the Financial Statements for the Year Ended 31 July 2023

Tangible fixed assets

Individual fixed assets costing £1,000.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Costs include the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Long Term Leasehold	Over Term of Lease
Fixtures and Fittings	5-15 years straight line
Office and Computer Equipment	3-5 years straight line

Impairment of fixed assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of financial activities.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of financial activities.

Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Fixed asset investments

Listed investments, which have been classified as fixed asset investments, are measured initially and subsequently at fair value. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Fixed asset investments in unquoted companies are stated at cost less impairment.

Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow moving stocks.

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Notes to the Financial Statements for the Year Ended 31 July 2023

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Other liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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Notes to the Financial Statements for the Year Ended 31 July 2023

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the group.

The aim and use of each designated fund, is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund

Hire purchase and finance leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

Pensions and other post retirement obligations

The group operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet.

NCFE makes an employer's contribution on pensionable pay, provided that the employee makes a minimum contribution. These amounts are paid over to the fund on a monthly basis.

Employee benefits

Short term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

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Notes to the Financial Statements for the Year Ended 31 July 2023

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

3 Income from charitable activities

	Unrestricted funds General £ 000	Total 2023 £ 000
Educational resources	42,480	42,480
	Unrestricted funds General £ 000	Total 2022 £ 000
Educational resources	38,140	38,140

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Notes to the Financial Statements for the Year Ended 31 July 2023

4 Investment income

	Unrestricted funds General £ 000	Total 2023 £ 000	Total 2022 £ 000
Interest receivable on bank deposits	75	75	4
Other income from fixed asset investments	346	346	293
Income from rents	133	133	126
	<u>554</u>	<u>554</u>	<u>423</u>

5 Other income

Other income consists of other trading activities. This amounted to £nil (2022; £532,000).

6 Expenditure on raising funds

a) Investment management costs

	Unrestricted funds General £ 000	Total 2023 £ 000	Total 2022 £ 000
Other investment management costs;			
Administration of the investments	74	74	90
	<u>74</u>	<u>74</u>	<u>90</u>

NCFE**Notes to the Financial Statements for the Year Ended 31 July 2023****7 Expenditure on charitable activities**

	Activity undertaken directly £ 000	Activity support costs £ 000	2023 £ 000
Examination and assessment activities	<u>44,463</u>	<u>6,314</u>	<u>50,777</u>
	Activity undertaken directly £ 000	Activity support costs £ 000	2022 £ 000
Examination and assessment activities	<u>35,647</u>	<u>5,768</u>	<u>41,415</u>

In addition to the expenditure analysed above, there are also governance costs of £193,000 (2022 - £132,000) which relate directly to charitable activities. See note 8 for further details.

8 Analysis of governance and support costs**Support costs allocated to charitable activities**

	Governance costs £ 000	Staff costs £ 000	Total 2023 £ 000	Total 2022 £ 000
Board Meetings	40	-	40	28
Audit Fees - Governance	28	-	28	48
Subsidiary Audit- Governance	14	-	14	-
Other Fees	111	-	111	56
Salaries	-	5,139	5,139	4,587
Employers NI	-	512	512	505
Pension Costs	-	470	470	544
	<u>193</u>	<u>6,121</u>	<u>6,314</u>	<u>5,768</u>

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Notes to the Financial Statements for the Year Ended 31 July 2023

9 Net incoming/outgoing resources

Net outgoing resources for the year include:

	2023 £ 000	2022 £ 000
Operating leases - other assets	73	73
Audit fees	40	48
Other non-audit services	2	-
Loss on disposal of intangible fixed assets	2,556	136
Depreciation of fixed assets	898	562
Amortisation of intangibles and goodwill	<u>2,460</u>	<u>852</u>

10 Trustees remuneration and expenses

During the year 5 (2022: 3) trustees were reimbursed travelling expenses amounting to £1,705 (2022: £687). The amount owed at the year end amounted to £49 (2022: £nil).

No trustees, nor any persons connected with them, have received any remuneration from the group during the year.

No trustees have received any other benefits from the charity during the year.

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Notes to the Financial Statements for the Year Ended 31 July 2023

11 Staff costs

The aggregate payroll costs were as follows:

	2023 £ 000	2022 £ 000
Staff costs during the year were:		
Wages and salaries	28,477	24,668
Social security costs	2,724	2,497
Pension costs	2,521	2,286
	<u>33,722</u>	<u>29,451</u>

During the year, redundancy payments totalling £189,000 (2022: £2,000) were paid as part of the continuing restructuring of the business. These are included within staff costs.

The monthly average number of persons (including senior management / leadership team) employed by the group during the year expressed as full time equivalents was as follows:

	2023 No	2022 No
Employees	<u>1,014</u>	<u>900</u>

The number of employees whose emoluments fell within the following bands was:

	2023 No	2022 No
£60,001 - £70,000	18	19
£70,001 - £80,000	9	7
£80,001 - £90,000	2	2
£90,001 - £100,000	4	4
£100,001 - £110,000	3	2
£110,001 - £120,000	1	2
£120,001 - £130,000	2	-
£130,001 - £140,000	1	-
£140,001 - £150,000	-	2
£170,001 - £180,000	1	-
£190,001 - £200,000	1	-
Over £200,000	<u>-</u>	<u>1</u>

The total employee benefits of the Key Management Personnel of the group were £834,000 (2022 - £821,000).

NCFE**Notes to the Financial Statements for the Year Ended 31 July 2023****12 Auditors' remuneration**

	2023 £ 000	2022 £ 000
Audit of the financial statements	<u>40</u>	<u>48</u>
Other fees to auditors		
Taxation compliance services	<u>2</u>	<u>-</u>

13 Intangible fixed assets**Group**

	Goodwill and brands £ 000	Software and Intellectual Property £ 000	Research and development £ 000	Total £ 000
Cost				
At 1 August 2022	7,827	2,101	3,942	13,870
Additions	2,888	1,469	1,446	5,803
Disposals	<u>(2,901)</u>	<u>(1,661)</u>	<u>(3,493)</u>	<u>(8,055)</u>
At 31 July 2023	<u>7,814</u>	<u>1,909</u>	<u>1,895</u>	<u>11,618</u>
Amortisation				
At 1 August 2022	7,827	1,420	619	9,866
Charge for the year	385	1,455	950	2,790
Eliminated on disposals	<u>(2,901)</u>	<u>(1,629)</u>	<u>(969)</u>	<u>(5,499)</u>
At 31 July 2023	<u>5,311</u>	<u>1,246</u>	<u>600</u>	<u>7,157</u>
Net book value				
At 31 July 2023	<u>2,503</u>	<u>663</u>	<u>1,295</u>	<u>4,461</u>
At 31 July 2022	<u>-</u>	<u>681</u>	<u>3,323</u>	<u>4,004</u>

Included in Software additions is the brought Forward cost from Active IQ limited of £1,819,000 and in the charge for the year accumulated depreciation £1,384,000.

NCFE**Notes to the Financial Statements for the Year Ended 31 July 2023****Charity**

	Goodwill and brands £ 000	Software and Intellectual Property £ 000	Research and development £ 000	Total £ 000
Cost				
At 1 August 2022	4,926	1,242	3,942	10,110
Additions	-	129	864	993
Disposals	-	-	(3,457)	(3,457)
At 31 July 2023	<u>4,926</u>	<u>1,371</u>	<u>1,349</u>	<u>7,646</u>
Amortisation				
At 1 August 2022	4,926	561	619	6,106
Charge for the year	-	278	620	898
Eliminated on disposals	-	-	(969)	(969)
At 31 July 2023	<u>4,926</u>	<u>839</u>	<u>270</u>	<u>6,035</u>
Net book value				
At 31 July 2023	<u>-</u>	<u>532</u>	<u>1,079</u>	<u>1,611</u>
At 31 July 2022	<u>-</u>	<u>681</u>	<u>3,323</u>	<u>4,004</u>

Development costs

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated as a deficit to the charity.

NCFE**Notes to the Financial Statements for the Year Ended 31 July 2023****14 Tangible fixed assets****Group**

	Leasehold Land and buildings £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost				
At 1 August 2022	1,419	2,781	1,723	5,923
Additions	-	51	88	139
Disposals	-	(26)	-	(26)
At 31 July 2023	<u>1,419</u>	<u>2,806</u>	<u>1,811</u>	<u>6,036</u>
Depreciation				
At 1 August 2022	265	1,647	1,510	3,422
Charge for the year	30	292	130	452
Eliminated on disposals	-	(26)	-	(26)
At 31 July 2023	<u>295</u>	<u>1,913</u>	<u>1,640</u>	<u>3,848</u>
Net book value				
At 31 July 2023	<u>1,124</u>	<u>893</u>	<u>171</u>	<u>2,188</u>
At 31 July 2022	<u>1,154</u>	<u>1,134</u>	<u>213</u>	<u>2,501</u>

Charity

	Leasehold Land and buildings £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost				
At 1 August 2022	1,419	2,718	1,713	5,850
Additions	-	-	88	88
At 31 July 2023	<u>1,419</u>	<u>2,718</u>	<u>1,801</u>	<u>5,938</u>
Depreciation				
At 1 August 2022	264	1,586	1,499	3,349
Charge for the year	30	252	130	412
At 31 July 2023	<u>294</u>	<u>1,838</u>	<u>1,629</u>	<u>3,761</u>
Net book value				
At 31 July 2023	<u>1,125</u>	<u>880</u>	<u>172</u>	<u>2,177</u>
At 31 July 2022	<u>1,155</u>	<u>1,132</u>	<u>214</u>	<u>2,501</u>

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Notes to the Financial Statements for the Year Ended 31 July 2023

15 Fixed asset investments

Group

	2023 £ 000	2022 £ 000
Other investments	<u>19,108</u>	<u>21,503</u>

Shares in group undertakings and participating interests

Other investments

	Listed investments £ 000	Other investments £ 000	Total £ 000
Cost or Valuation			
At 1 August 2022	21,385	118	21,503
Revaluation	(99)	-	(99)
Additions	1,608	-	1,608
Disposals	<u>(3,904)</u>	<u>-</u>	<u>(3,904)</u>
At 31 July 2023	<u>18,990</u>	<u>118</u>	<u>19,108</u>
Net book value			
At 31 July 2023	<u>18,990</u>	<u>118</u>	<u>19,108</u>
At 31 July 2022	<u>21,385</u>	<u>118</u>	<u>21,503</u>

The historical cost of the portfolio is £20,612,000 (2022: £23,156,000).

Significant holdings

There was no holding in the portfolio greater than 5%

Type	2023	2022
UK Bonds	1,230	1,660
Overseas Bonds	2,712	3,438
UK Equities	2,733	3,801
Overseas Equities	7,708	7,949
Pooled Funds	4,607	4,537
Total	<u>18,990</u>	<u>21,385</u>

All listed investments are held in funds managed by Brewin Dolphin Investment Management on behalf of the company.

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Notes to the Financial Statements for the Year Ended 31 July 2023

Charity

	2023 £ 000	2022 £ 000
Shares in group undertakings and participating interests	3,544	-
Other investments	19,108	21,503
	<u>22,652</u>	<u>21,503</u>

Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000	Total £ 000
Cost		
Additions	<u>3,544</u>	<u>3,544</u>
At 31 July 2023	<u>3,544</u>	<u>3,544</u>
Net book value		
At 31 July 2023	<u>3,544</u>	<u>3,544</u>

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held		Principal activity
			2023	2022	
Subsidiary undertakings					
Active IQ Limited	England and Wales	Ordinary share capital	100%	0%	Developing and providing fitness qualifications
NCFE Trading	England and Wales	Ordinary share capital	0%	100%	Dissolved
Skills Forward Limited	England and wales	Ordinary share capital	0%	100%	Dissolved
Peer Tutor Limited	England and Wales	Ordinary share capital	0%	100%	Dissolved

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Notes to the Financial Statements for the Year Ended 31 July 2023

Subsidiaries

The loss for the financial period of Active IQ Limited was £264,063 (2022 - £Nil) and the aggregate amount of capital and reserves at the end of the period was £391,701 (2022 - £Nil).

The company was purchased on 22 November 22. The consideration was £3,544,000 which includes goodwill of £2,888,000. The period consolidated in these accounts is 23 November 22 to 31 July 23.

Other investments

	Listed investments £ 000	Other investments £ 000	Total £ 000
Cost or Valuation			
At 1 August 2022	21,385	118	21,503
Revaluation	(99)	-	(99)
Additions	1,608	-	1,608
Disposals	<u>(3,904)</u>	<u>-</u>	<u>(3,904)</u>
At 31 July 2023	<u>18,990</u>	<u>118</u>	<u>19,108</u>
Net book value			
At 31 July 2023	<u>18,990</u>	<u>118</u>	<u>19,108</u>
At 31 July 2022	<u>21,385</u>	<u>118</u>	<u>21,503</u>

The market value of the listed investments at 31 July 2023 was £18,990,000 (2022 - £21,385,000).

NCFE**Notes to the Financial Statements for the Year Ended 31 July 2023****16 Stock**

	Group		Charity	
	2023 £ 000	2022 £ 000	2023 £ 000	2022 £ 000
Stocks	<u>258</u>	<u>400</u>	<u>212</u>	<u>400</u>

17 Debtors

	Group		Charity	
	2023 £ 000	2022 £ 000	2023 £ 000	2022 £ 000
Trade debtors	5,168	5,144	4,397	5,144
Due from group undertakings	-	-	814	-
Prepayments	982	757	912	757
Other debtors	<u>27</u>	<u>24</u>	<u>27</u>	<u>24</u>
	<u>6,177</u>	<u>5,925</u>	<u>6,150</u>	<u>5,925</u>

Included within trade debtors above is a group bad debt provision of £876,000 (2022: £456,000) and a charity only bad debt provision of £777,000 (2022: £456,000).

18 Cash and cash equivalents

	Group		Charity	
	2023 £ 000	2022 £ 000	2023 £ 000	2022 £ 000
Cash at bank	<u>5,635</u>	<u>10,653</u>	<u>5,230</u>	<u>10,528</u>

19 Creditors: amounts falling due within one year

	Group		Charity	
	2023 £ 000	2022 £ 000	2023 £ 000	2022 £ 000
Trade creditors	1,315	659	1,245	659
Due to group undertakings	-	-	-	290
Other taxation and social security	801	710	752	710
VAT grant repayable	192	351	147	351
Other creditors	278	452	241	452
Accruals	3,428	3,098	3,199	3,098
Deferred income	<u>31</u>	<u>24</u>	<u>21</u>	<u>24</u>
	<u>6,045</u>	<u>5,294</u>	<u>5,605</u>	<u>5,584</u>

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Notes to the Financial Statements for the Year Ended 31 July 2023

Deferred income

Group

	2023 £ 000	2022 £ 000
Deferred income at 1 August 2022	24	26
Resources deferred in the period	31	126
Amounts released from previous periods	(24)	(128)
Deferred income at year end	<u>31</u>	<u>24</u>

Charity

	2023 £ 000	2022 £ 000
Deferred income at 1 August 2022	24	23
Resources deferred in the period	21	126
Amounts released from previous periods	(24)	(125)
Deferred income at year end	<u>21</u>	<u>24</u>

20 Obligations under leases and hire purchase contracts

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Charity	
	2023 £ 000	2022 £ 000	2023 £ 000	2022 £ 000
Land and buildings				
Within one year	28	28	28	28
Between one and five years	<u>25</u>	<u>83</u>	<u>25</u>	<u>83</u>
	<u>53</u>	<u>111</u>	<u>53</u>	<u>111</u>
Other				
Within one year	48	46	30	46
Between one and five years	<u>28</u>	<u>-</u>	<u>7</u>	<u>-</u>
	<u>76</u>	<u>46</u>	<u>37</u>	<u>46</u>

21 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £2,004,000 (2022 : £2,286,000).

Contributions totalling £277,810 (2022 : £427,000) were payable to the scheme at the end of the year and are included in creditors.

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Notes to the Financial Statements for the Year Ended 31 July 2023

22 Funds

Group

	Balance at 1 August 2022 £ 000	Incoming resources £ 000	Resources expended £ 000	Transfers £ 000	Balance at 31 July 2023 £ 000
Unrestricted					
General	25,620	43,034	(50,944)	(5,428)	12,282
Designated	15,000	-	-	4,500	19,500
Merger Reserve	(928)	-	-	928	-
Total funds	<u>39,692</u>	<u>43,034</u>	<u>(50,944)</u>	<u>-</u>	<u>31,782</u>

Charity

	Balance at 1 August 2022 £ 000	Incoming resources £ 000	Resources expended £ 000	Transfers £ 000	Balance at 31 July 2023 £ 000
Unrestricted funds					
General	25,205	40,450	(47,300)	(5,428)	12,927
Designated	15,000	-	-	4,500	19,500
Merger reserve	(928)	-	-	928	-
Total funds	<u>39,277</u>	<u>40,450</u>	<u>(47,300)</u>	<u>-</u>	<u>32,427</u>

The total funds of the charitable company include the following designated fund which has been set aside out of unrestricted funds by the Trustees to ensure that the Charity remains financially sound in the case of any significant changes to the market.

On 1 December 2021 the assets and liabilities of the subsidiary undertaking Skills Forward Limited were transferred to NCFE at net book value. On transfer the investment cost was recognised as a merger reserve. The Trustees made the decision to eliminate the merger reserve by means of a transfer in the 31 July 2023 year end.

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2023

23 Analysis of net assets between funds

Group

	Unrestricted General £ 000	Total funds £ 000
Intangible fixed assets	4,461	4,461
Tangible fixed assets	2,188	2,188
Fixed asset investments	19,108	19,108
Net current assets/(liabilities)	6,025	6,025
Total net assets	31,782	31,782

	Unrestricted General £ 000	Total funds at 31 July 2022 £ 000
Intangible fixed assets	4,004	4,004
Tangible fixed assets	2,501	2,501
Fixed asset investments	21,503	21,503
Net current assets/(liabilities)	11,684	11,684
Total net assets	39,692	39,692

Charity

	Unrestricted General £ 000	Total funds £ 000
Intangible fixed assets	1,611	1,611
Tangible fixed assets	2,177	2,177
Fixed asset investments	22,652	22,652
Net current assets/(liabilities)	5,987	5,987
Total net assets	32,427	32,427

	Unrestricted General £ 000	Total funds at 31 July 2022 £ 000
Intangible fixed assets	4,004	4,004
Tangible fixed assets	2,501	2,501
Fixed asset investments	21,503	21,503
Net current assets/(liabilities)	11,269	11,269
Total net assets	39,277	39,277

NCFE

Notes to the Financial Statements for the Year Ended 31 July 2023

24 Analysis of net funds

Group

	At 1 August 2022 £ 000	Financing cash flows £ 000	At 31 July 2023 £ 000
Cash at bank and in hand	10,653	(5,018)	5,635
Net funds	10,653	(5,018)	5,635
	At 1 August 2021 £ 000	Financing cash flows £ 000	At 31 July 2022 £ 000
Cash at bank and in hand	29,094	(18,441)	10,653
Net funds	29,094	(18,441)	10,653

25 Related party transactions

Group

During the year the group made the following related party transactions:

Active IQ Limited

(This is a 100% Subsidiary)

The charity charged Active IQ Limited £80,000 for administration support from 23 November 2022. At the balance sheet date the amount due to Active IQ Limited was £814,000 (2022 - £Nil).

Charity

During the year the charity made the following related party transactions:

Kindling Limited

(Ms D M Jenkins MBE DL, a Trustee is also a Director of Kindling Limited which invoiced NCFE for Chair's remuneration.)

The entity was invoiced £20,347 (2022: £18,000) for chair remuneration. At the balance sheet date the amount due to/from Kindling Limited was £Nil (2022 - £Nil).

The Derwent Initiative (tdi)

(Ms D M Jenkins MBE DL, is the CEO.)

The entity was invoiced at arms length for Podcasts amounting to £5,000 (2022: £Nil). At the balance sheet date the amount due to/from The Derwent Initiative (tdi) was £Nil (2022 - £Nil).

NCFE

England & Wales - Charity number 1034808

Accounts

NCFE

Trustees' Report and Financial Statements

31 July 2022

Reference and administrative information

Charity Registration No. 1034808
Company Registration No. 02896700

Registered office and operational address

NCFE Quorum Park
Benton Lane
Newcastle upon Tyne
Tyne and Wear
NE12 8BT

Auditor

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

Barclays Bank
Percy Street
Newcastle upon Tyne
NE1 4QL

Lloyds Bank PLC
King Street
Manchester
M2 4LQ

Investment managers

Brewin Dolphin Ltd
Time Central
Gallowgate
Newcastle upon Tyne
NE1 4SR

Solicitors

Womble Bond Dickinson LLP
The Spark
Draymans Way
Newcastle Helix
Newcastle upon Tyne
NE4 5DE

Bates Wells Braithwaite
10 Queen Street Place
London
EC4R 1BE

Reference and administrative information

Charity Registration No. 1034808

Company Registration No. 02896700

Trustees

Ms B Ashton – Deputy Chair

Ms R Cuschieri

Ms D Jenkins - Chair

Mr C Peel

Mr D Wilson

Mrs J Whitfield

Company Secretary

E Hoare

Chief Executive Officer

D Gallagher

Chief Financial Officer

K Todd

Chief Regulatory Officer

S Foster

Chief Strategy Officer

P Le Feuvre

Chief Operating Officer

A Goldstein

Chief Commercial Officer

S Brown

Executive Director of People

H Ketteringham (appointed 7 November 2022)

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2022

The Trustees present their annual directors' report and the audited financial statements of the charity for the year ending 31 July 2022.

The financial statements comply with current statutory requirements, the Articles of Association and the Charities Statement of Recommended Practice ("Charities SORP") applicable to charities preparing their accounts in accordance with FRS 102.

OBJECTIVES AND ACTIVITIES

Purposes and aims

NCFE's core purpose is to promote and advance learning to help create a fairer society, and it is a goal that has inspired our people for more than 170 years. We are serious about changing education for the better, backed by a promise to support the delivery of the highest possible quality of learning experiences for our learners – our ultimate beneficiaries.

For colleagues at NCFE, our purpose is one of our greatest motivations. Employees not only make a positive social impact – influencing the lives of thousands of learners – their contributions affect what people learn, and the way that learning is developed and delivered.

We believe that through shaping smarter learning, we can help to build a fairer society, create opportunities to progress, and ensure that no learner is left behind. This means helping more individuals to realise their true potential and in turn, establishing more sustainable communities.

The strategies employed to achieve the charity's aims and objectives are

- 1. Developing deep and credible insight into need*
We use our deep understanding of the needs of learners, communities and the economy to focus resources on making the biggest difference.
- 2. Creating brilliant qualifications and content*
We develop and deliver brilliant learning content that equips educators with the skillsets and resources to deliver the highest quality, transformational learning experiences.
- 3. Assessing learner need, progress and attainment*
We are market leaders in the forms of assessment we specialise in, using advanced analytics to create richer, more personalised, lifelong learner journeys.
- 4. Cultivating a purposeful and high-performance culture*
We cultivate a purpose-led collaborative, vibrant and high-performance culture where our people are connected with and aligned to achieving our ambitious goals.
- 5. Leading digital disruption in education*
We are a lean, digitally-enabled organisation that delivers innovative products and personalised experiences to every type of customer.

The Trustees review the aims, objectives and activities of the charity each year and ensure compliance with the Charities Act to have due regard to the Charity Commission's general guidance on public benefit. This report looks at what the charity has achieved and the outcomes of its work in the reporting period, including the benefits the charity has brought to its beneficiaries.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2022

STRATEGIC REPORT

Achievements and Performance

For over 170 years, NCFE has created qualifications and assessments that are designed to help provide learners with the skills and knowledge they require to succeed in their careers. During 2021-22, through our three core business streams: Learning for Work, Apprenticeships and Technical Education, our products and services supported over 375,000 (2020-21: 380,000) learners to progress onto the next stage of their education, training or career.

Learning for Work

NCFE's Learning for Work business stream delivers a range of products and services which include qualifications, content, and resources/solutions to support adult (18+) learners reach their potential, through either securing employment, supporting career development and/or progression to higher skilled roles.

The core beneficiaries of the Learning for Work portfolio are funded adult learners, including community learners, unemployed and underemployed adults, offenders and ex-offenders, adults looking to up-skill, re-skill or change career, Armed Forces Service Members and Service Leavers and economically inactive individuals.

In delivering the Learning for Work portfolio to adult learners, NCFE works with approximately 1,500 centres, including Further Education Colleges, Training Providers, Schools, Employers, Local authorities across the UK and internationally.

The Learning for Work portfolio has experienced a challenging 12 months against a backdrop of declining year on year learner volumes, with customers reporting challenges with learner recruitment. Several factors have contributed to this, including high unemployment, changes to sub-contracting rules exposing lack of recruitment capability across primes, changes to funding and the aftermath of COVID-19.

The volume of adult learners enrolling on regulated qualifications accessed by Adult Funding budgets has steadily declined over the last decade, with learner volumes falling from 2.2m per annum in 2013-14, to 1.0m by 2020-21. Despite this decline, NCFE has grown its market share and now delivers qualifications to 24% of all enrolments to the Adult Funding stream, with our Level 2 qualifications (44% market share) and our Cache-branded Health & Social Care (59% market share) doing particularly well.

The Lifetime Skills Guarantee is transforming the adult learning landscape, and we are proud to be the number one awarding organisation for enrolments within the Health and Social Care, and Childcare and early years sectors with 37 qualifications on the free level 3 qualifications list.

Learning for Work's market-leading adult education products support individuals to enter or re-enter the workplace and progress and excel within their careers, providing employers with a highly skilled and productive workforce.

Apprenticeships

Our Apprenticeships business stream supports learners, providers, and employers from the beginning to the end of their apprenticeship journey through a range of educational technology solutions, on programme mandatory and non-mandatory qualifications, supporting resources and an end point assessment service.

The business stream was formed from a range of disparate products and services as we brought them together into a cohesive, comprehensive and customer-focused offer. This has enabled us to better understand our customers and learners' requirements and devise and promote appropriate solutions and support to enhance their learning experience and outcomes.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2022

Apprenticeships (continued)

We recognise that the sector continues to face significant challenges including apprentice retention and achievement rates, underutilisation of the levy, the health and social care apprenticeship market is in flux post-COVID-19 and apprenticeships are still not being promoted equally to students alongside academic qualifications restricting social mobility and progression. Through our customer-focused and employer/labour market-led approach to product and solution development however, we have completed a successful year for our Apprenticeships business stream.

In 2021-22 our End Point Assessment service had its best performance year, supporting 7,300 apprentices through gateway assessment and representing 28% growth on the previous year. In the same period, new apprenticeship standards were developed in Accountancy, Payroll, Health and Care and new partnerships built with high profile providers and employers including Health Education England and Association of Taxation Technicians. The business stream created a unique bundle of products called 'FAST' which offers Functional Skills along with Initial Assessment and maths and English teaching and learning resources with a view to reaching and supporting more learners to achieve functional skills which is a fundamental part of their apprenticeship programme. This programme is being marketed now to our customers and has generated a great amount of interest.

Technical Education

The Technical Education reforms continue in England, in particular with the awarding of contracts to deliver T-Level qualifications in Further Education. 2021-22 saw our first cohort of T-Level students complete their T-Level in Education and Childcare with over a 97% success rate and it has been inspiring to see how these learners have progressed, with 71% of T-Level students who applied to continue their learning in Higher Education being accepted onto their course.

In the same year we have also welcomed the first cohorts of learners as they enrolled on our Health and Science and Digital T-Level qualifications. These are large, challenging qualifications and designed to stretch learners and equip them for careers in their respective curriculum areas. The release of the Year 1 mid-programme results for the Health and Science cohorts however highlighted that although the grade profile was within normal bounds, it was low. Furthermore, the results left learners concerned about their ability to obtain the grade necessary to continue with their learning and training once the T-Level was complete. As a result, we have been working closely with the Institute for Apprenticeships and Technical Education and our customers to ensure that learners receive the support they need. We have also been supporting our regulator, Ofqual, in its investigation into this matter, providing undertakings and assurances over the delivery of the T-Level assessments.

Outside of our three core business streams we are extending the charity's reach and impact through a range of new initiatives:

Assessment Innovation

In the summer of 2021, we launched the Assessment Innovation Fund (AIF) to lead innovation within assessment across the sector in a controlled process that delivers robust results and evidence. We committed £1m of funding through our social investment strategy to support this initiative. Any organisation who has an innovative idea can apply for up to £100,000. Applicants are evaluated using the AIF Evaluation Framework, focusing on alignment to the Assessment Innovation principles: benefit to learner; project rigour and feasibility; and research methodology.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2022

By July 2022, we had successfully:

- Launched 3 application windows where we received 46 applications from organisations with an innovative proposal that supports NCFE's ongoing horizon scanning and supported 8 innovative projects to test the boundaries of assessment.
- Secured match funding of £215,000, exceeding our £150,000 target and in the process, helping to extend investments event further.
- Worked with 8 organisations to involve over 1,000 learners in the evaluation of proposals to ensure solutions provide a robust and reliable evidence base.
- Strengthened our relationship and reputation with Ufi VocTech, including securing co-funding for Easy Correct pilot in Window 3.
- Partnered with Skills Development Scotland to share and exploit our innovation findings.
- Managed the applications and interests of 83 individual projects and organisations which are now feeding into NCFE in a formal way as insight into market trends.
- Involved over 12 organisations in our evaluation process for proposals which has included key strategic partners such as JISC, AoC, VTCT, AlphaPlus, Edge Foundation and NESTA.

The launch of our Assessment Innovation Fund has proven to be a popular and impactful initiative for NCFE, tangibly improving our relationships and reputation in the sector as well as generating income and attracting other organisations to support projects with a social purpose and we are genuinely excited to see what is achieved by this fund in the future.

Social Investments

NCFE has made several social investments which are highly aligned with our purpose and strategy. We work closely with each of our partners as we seek to extend our charity's reach and impact, tracking the performance of our investment through a clear set of KPIs. During 2021-22 we supported the following programmes:

- We believe it is not possible to have world class education without world class educators, and we are delighted with the ongoing success of our partnership with WorldSkills UK to create the innovative Centre of Excellence programme to advance vocational learning practice. The programme works directly with educators to help them become artful and inspiring world-class teaching practitioners, enabling thousands more learners to benefit from world-class learning experiences. So far, more than 1,400 educators and 32,000 learners have already benefited from the Centre of Excellence. Recent research also showed that over 90% of educators rated a session they took part in as "good or excellent", and 83% of learners said the training they took part in was "extremely or very relevant to their course or apprenticeship". As we plan for Phase Two of the Centre of Excellence NCFE and WorldSkills UK are delighted with the progress made and look forward to welcoming new partners such as the Department for Education to support the initiative.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2022

Social Investments (continued)

- Through our partnership with the mental fitness platform Fika, we launched the sector's first ever mental fitness mobile app, allowing us to truly champion and improve these skills within Further Education. Since its rollout in March 2021, Fika has had a huge real-world impact, helping to equip learners for life with crucial skills such as resilience, confidence and motivation. Plus, more than 6,000 staff across Further Education have seen their mental fitness scores increase by an average of 15% when regularly using the app.
- We are proud to be supporting a robust piece of longitudinal research by the Association of Colleges that will capture the impact of funding cuts but also identify effective models to help mitigate this. This research will review the current state of enrichment activities delivered across the sector while evidencing impact at individual and institutional levels and we look forward to sharing its findings and recommendations with the sector.
- We are also working with the AoC on our “Research Further” project – designed to facilitate and encourage more high-quality Further Education-centred research that can inform policy, implementation, and practice.
- Research from the National Autistic Society states that only 16% of autistic people are in full-time paid work, whilst 77% of autistic unemployed people say that they want to work. It is vital to provide extra employability support to increase opportunities for autistic young people, which is what our work with the Greater Manchester Learning Provider Network (GMLPN) is focused on. Together, we’ve launched a new project to increase apprenticeship opportunities for autistic young people, helping to equip them with the technical and employability skills to progress into employment and improve the links between schools/colleges, training providers, referral agencies and employers to improve progression routes.
- With NCFE support, Good For Me, Good For FE (‘GFMGFFE’) has recruited 140 participant colleges to their volunteering campaign. It has three core strands: supporting local communities by co-ordinating and encouraging donations to foodbanks; capturing volunteering hours spent on this and other voluntary activity.
- The Helena Kennedy Foundation this year has seen 15 students accessing Further Education and 10 students accessing Higher Education.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2022

Energy and Carbon Report

We report under the UK energy and carbon reporting requirements ('SECR') and have set out in the table below our direct emissions.

GHG emission and energy data

	Year to 31 July 2022	Year to 31 July 2021
<u>ENERGY CONSUMPTION TO CALCULATE EMISSIONS</u>		
Gas combustion Kilowatt Hours (kWh)	43,234	45,706
Purchased electricity kWh	503,725	537,881
Transport fuel * kWh	94,617	19,461
Total energy consumption kWh	641,576	603,048
<u>EMISSIONS</u>		
Gas combustion tonnes CO2 equivalent (tCO2e) (Scope 1)	7.9	8.4
Purchased electricity tCO2e (Scope 2)	97.7	114.2
Business travel in employee-owned vehicles where the organisation is responsible for purchasing the fuel *tCO2e (Scope 3)	21.3	4.3
Total gross emissions tCO2e based on above	126.9	126.9
<u>INTENSITY RATIOS</u>		
tCO2e per £m revenue	3.24	3.26
tCO2e per m2 of floorspace	0.04	0.04

**Represents fuel used in personal cars on business use for which the organisation reimburses its employees following claims for business mileage*

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e.

Measures taken to improve energy efficiency

NCFE has continued to utilise a range of energy efficient measures including:

- All light are low-energy LED lighting throughout the building
- All lighting is fitted with Passive Infrared Sensors (PIR) in office spaces
- Lighting in stairwells and reception are fitted with 'dusk til dawn' sensors
- Timers are used on the Fan Coil Units (FCU's) to accommodate shorter working days

NCFE purchases 100% renewable electricity and natural gas for our Q6 Office. This is procured backed by recognised certification schemes (i.e. REGOs, GOOs), which provide evidence that the energy is from appropriately accredited renewable sources.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2022

Additional voluntary reporting activities

The majority of NCFE's carbon footprint comprises Scope 3 emissions from business travel i.e. fuel associated with transport (personal cars on business use) where the organisation does not operate the vehicle / service. Although this data is outside the mandatory requirements of the 'Energy and Carbon Report, the organisation voluntarily reports a full carbon emissions data set (including all Scope 3 emissions from business travel) on an annual basis.

FINANCIAL REVIEW

2021-22 represented a challenging year for NCFE, and more broadly in the educational and skills sector, as we transitioned from a prolonged series of lockdowns and restrictions during the COVID-19 pandemic, tentatively back towards a more open economy and society.

Our income for the year was £39.1m, slightly ahead of the prior year (2020-21: £38.8m) but behind our Budget and reflective of the difficult trading conditions, with our customers experiencing significant uncertainty over learner enrolment levels.

Total Expenditure during the year was £41.9m (2020-21: £37.8m) an increase of 11% compared to the prior year. We had always budgeted to generate a Net Deficit in 2021-22 as a result of our planned and significant investment by NCFE in three areas:

- The development of three new T-Level qualifications in Media, Broadcast & Production, Craft and Design and Hair, Beauty and Aesthetics which are planned to go live in September 2023.
- Our ongoing Transformation programme which will deliver significant improvements in our business process and systems, productivity, service levels, customer experience and for the learner.
- The provision of funding for initiatives such as the Assessment Innovation Fund and Social Investments.

Against a backdrop of a turbulent market, adopting hybrid ways of working, rising levels of inflation and switching back to a more traditional assessment approach after two years of adopting centre assessed and teacher assessed grading models, we are pleased with how we have controlled our costs during the year.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2022

Investment policy, objectives and performance

Under its Articles of Association, the Trustees have the authority to invest as they see fit in order to meet the charity's purpose. The investment policy agreed by the Trustees has continued to follow a 'managed funds' approach, based on a progressive risk profile. Day to day investment decisions are delegated to NCFE's investment advisors at Brewin Dolphin. This approach allows for tactical asset allocation across a range of investment types:

	Asset Allocation Ranges		
	Strategy Fund	Trading Shock Fund	Legacy Fund
Investment Horizon	Up to 4 years	5 years	10 years +
Fixed Interest	36% - 52%	17% - 33%	0% - 14%
UK Equities	0% - 14%	11% - 26%	21% - 27%
Overseas Equities	4% - 20%	26% - 42%	45% - 62%
Alternative Investments	15% - 30%	7% - 23%	0% - 14%
Property	0% - 15%	0% - 13%	0% - 10%
Cash	0% - 15%	0% - 10%	0% - 10%

The discrete funds have differing investment time horizons based on the charity's expectations on when they will be utilised. The Trustees' objective is to protect the capital value of its Reserves in real terms and maximise the return on investment for the acceptable and agreed level of risk.

In the summer of 2021, we invested £27.8m of its reserves in managed portfolios overseen by our advisors at Brewin Dolphin. Our investments showed a promising start in the first half of 2021-22 but have, like most investments, suffered since January 2022 principally due to the investment market's growing nervousness over rapidly rising levels of inflation and interest rates and the ongoing crisis caused by the war in Ukraine. As a result, our portfolios lost £2,438,000 over the year.

The performance of the portfolios is monitored by the Board of Trustees and the Audit, Risk and Investment Committee. The Trustees are disappointed with the performance of the portfolios since January but understand this is in line with the wider investment market trends and is satisfied that given the longer-term investment horizons our portfolios should generate a better level of return than would have been achieved had the monies been held as cash.

PRINCIPAL RISKS AND UNCERTAINTIES

Our principal risks are recorded on the Strategic Risk Register and updated and reviewed regularly by the Executive and Audit, Risk and Investment Committee. The register captures risk ratings and controls in place to mitigate risks where possible.

Impact of changes in Government policy

NCFE relies on indirect government funding via colleges, training providers and schools and therefore is exposed to changes in government policy direction and funding for education. A recent example of this has been outlined in the Skills and Post-16 Education Bill where the Department for Education is proposing to remove the availability of funding from some Level 3 qualifications. This is mitigated to some extent with NCFE winning tenders for the development and delivery of 9 T-Level Qualifications which grants NCFE an exclusive license to deliver the T-Levels awarded. NCFE continues to work closely with government bodies, regulators, stakeholders and customers to ensure influence in decision making and to be as proactive as possible in relation to changes to policy and regulatory direction.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2022

Financial pressures within the education sector

The disruption and volatility caused by the COVID-19 pandemic, followed immediately by significant increases in inflation and interest rates have placed considerable financial pressures on our sector. Our centres are having to carefully manage their finances and without support, some may struggle to continue to trade. This in turn presents a risk to NCFE either through loss of income and surplus or by monies due from customers becoming uncollectable. We manage this risk through our credit monitoring and regular credit control meetings to identify customers that may present a risk.

An increasing reliance on data

Due to changes in the regulatory frameworks, and identification that data sharing between the different aspects of the educational system needs improvement, there has been a focus from educational regulators on the collection of data, with a 5-fold increase in the number of returns compared to the previous year. Regulators informed NCFE that this increased level would continue for the foreseeable future which increased the risks in relation to resourcing these requests and in ensuring their accuracy. To mitigate this NCFE's Head of Provider Data role oversees the management of data returns and leads on improving the data that is collected to ensure appropriate support and management is maintained. This also fits into NCFE's wider data strategy under the remit of a new role of Director of Data and Analytics.

COVID-19 recovery

Since 2020, the global economy has been hugely impacted by the pandemic outbreak of the Coronavirus (COVID-19). The restrictive lockdowns created a significant challenge for Awarding Organisations and resulted in Centre and Teacher Assessed grading models for two academic sessions. The disruption this has caused the sector is considerable but as global economies emerge from the lockdowns, Awarding Organisations are returning to their more standard assessment models. NCFE is supporting its customers and learners transition back to this standard form of assessment. As the COVID-19 pandemic slowly becomes endemic, the financial, cultural and societal impact is likely to be felt for the foreseeable future.

Significant investment in Transformation projects within NCFE

The Transformation programme was created to elevate NCFE's position within the education sector, align different parts of the NCFE organisation and develop innovative ways to address educational challenges. The programme requires significant investment and there is therefore a risk that the return on investment is not achieved. In order to mitigate this a number of controls have been put in place, including; a programme management structure including boards at workstream, project, programme and executive level, named accountable owners and leads for each of the projects and the requirement for investment to be business cased and approved by the board of Trustees.

RESERVES POLICY AND GOING CONCERN

The Trustees have reviewed the Charity's needs for reserves in line with guidance issued by the Charity Commission. At 31 July 2022, the Group had reserves of £39.7m (2021: £44.9m). All reserves are unrestricted funds.

The Reserves policy sets out minimum level of reserves to protect the Group from any significant financial shocks of £15m. The remaining reserves will be available for the delivery of the strategic plan aimed at maximising our social impact and ensuring a sustainable future for the Group.

Going Concern

The Trustees have considered the company's current and future prospects and its availability of financing and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason, the Trustees continue to adopt the going concern basis of preparation for these financial statements.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

NCFE is a company limited by guarantee, governed by its Articles of Association dated 10 February 1994 and last amended on 19 August 2020. It is a registered charity with the Charity Commission. Anyone over the age of 18 can become a member of the company and there are currently 6 members (2021: 6), each of whom agrees to contribute £1 in the event of the Charity winding up.

The members of the Board of Trustees, who are directors for the purposes of company law, are listed on page 2.

Method of appointment or election of Trustees

The management of the company and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

The Chair and Deputy Chair of the Trustees is nominated in line with the Articles of Association by Trustees.

Individual Trustees are sought when a vacancy arises on the Board. The Board seeks to maintain a reasonable balance of gender, ethnicity, skills and work backgrounds. They will target individuals who have the requisite mix for any specific vacancy. The Board makes a positive effort to remove, reduce or prevent obstacles to people being trustees, allocating budgets, where necessary, to achieve this within the charity's available resources.

Trustees serve a 3 year term, at the end of which they may seek re-election. There is no outside party who can appoint trustees.

In accordance with the Articles of Association (14.2) no Director shall serve in office for more than nine consecutive years provided that a Director may be reappointed annually thereafter by the Board if there are exceptional circumstances.

Trustee induction and training

All new Trustees undergo a detailed induction at which members of the Executive brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and the recent financial performance of the charity. During the induction they are also introduced to numerous key members of staff.

The Trustees undertake an annual self-assessment of performance which will either take the form of a one-to-one meeting with the Chair or Deputy Chair (for the Chair of Trustees) or a survey. A skills assessment will be undertaken at junctures where it is required for succession planning purposes or new members of the board join.

Organisational structure and decision making

The Board of Trustees, which can have up to 12 members, administers the charity.

The Board meets at least 4 times a year, at least one meeting of which is extended to enable members to give greater consideration to the future strategic direction of the organisation, as well as ensuring that the organisation's charitable purposes, and its external environment in which it works, continue to be relevant and valid.

The Board applies the Charity Governance Code as an internal framework to review and monitor its own performance and compliance via the Audit, Risk and Investment Committee, reporting back to the Board through the NCFE Group Assurance document.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2022

Organisational structure and decision making (continued)

The Board look to comply with the code in most parts except for the follow two principles which are not applicable to the business:

2.6.2 Where individual board members are also involved in operational activities, for example as volunteers, they are clear about the capacity in which they are acting at any given time and understand what they are and are not authorised to do and to whom they report. – No Board member is active operationally or volunteers for the business (as the business has no volunteers).

7.7 Member engagement (where trustees are appointed by an organisational membership wider than the trustees) - Not currently applicable as membership to the charity is linked to the appointment as a trustee and Board Membership is self-contained.

The charity has noted the revisions made to the Code at the end of 2020 for the Integrity Principle (Principle 3) and Equality, Diversity and Inclusion (Principle 6) and in year have been working towards adopting the changes recommended in the revised framework. They have set up an EDI Forum with colleagues and undertaken an independent audit. An EDI Plan has been drafted internally and continues to be implemented following the recommendations from the independent audit.

Members also meet with the Executive between quarterly formal meetings to exchange views and receive updates on the organisation's progress. As stated above, none of the Trustees are directly involved in the operational activity of the Group. Where there are any conflicts, these are carefully reported, recorded and managed.

A Chief Executive is appointed by the Trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and education-related activity.

The Chief Executive manages the Executive who have Directorate level responsibility. Within each Directorate there are a number of teams each of which has a manager who sits as part of the Management team group with responsibility for operational activity.

Related parties

The links between Board members and the organisations in which they hold senior positions are disclosed in note 21.

Pay policy for senior staff

The company undertakes independent benchmarking of remuneration for all staff.

- For the CEO, their remuneration is agreed by Trustees.
- Executives' remuneration is set by the CEO in consultation with Trustees.
- Salaries for the senior leadership team and colleagues are set by the Executive Team within parameters defined by the budgets approved by Trustees.

Trustees set out the process for setting the remuneration of senior staff, and their remuneration levels, and are currently reviewing the scope of the People Committee. On completion of this the policy it will be published on the charity's website aligning to the requirements of the Charity Governance Code.

Risk management

The Trustees have a risk management strategy which comprises:

- Continuous review of the strategic risks the charity may face.
- The establishment of systems and procedures to mitigate those risks identified in the plan.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2022

Employee involvement and employment of disabled people

A full review of all employee focused forums and committees has been undertaken and the new structure is being set up to ensure that employees have the opportunity to contribute towards the running of the charity and also be consulted with on various initiatives and issues.

Employees continue to be communicated with through many communication channels used across the business. The company carry out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees on common themes and issues that arise as a result of these interviews.

The company have implemented a number of detailed policies and training in relation to all aspects of personnel matters. In accordance with the company and the group's equal opportunities policy, the company and the group has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

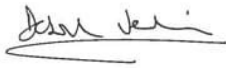
Full details of these policies are available from the company and the Group's offices.

Disclosure of information to auditor

Each of the persons who are Trustees at the time when the Report of the Board of Trustees is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

This report was approved by the Trustees on 25 April 2023 and signed on their behalf by:



Ms D Jenkins MBE DL
Chair

Statement of Trustees' responsibilities

The Trustees (who are also directors of NCFE for the purpose of company law) are responsible for preparing the Report of the Board of Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 charitable company and the group and of the net income and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of NCFE

Opinion

We have audited the financial statements of NCFE ("the Company") and its subsidiaries ("the Group") for the year ended 31 July 2022 which comprise the Group statement of financial activities, Group balance sheet, Company balance sheet, Group statement of cash flows and the related notes 1 to 26, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- ▶ give a true and fair view of the Group's and the company's affairs as at 31 July 2022 and of the Group's net expenditure and application of resources, including its income and expenditure, 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 Group 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 Trustees' 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 Group and Company's ability to continue as a going concern for the period to 30 April 2024.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and Company's ability to continue as a going concern.

Independent auditor's report

to the members of NCFE

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- ▶ the information given in the Trustees' report, which includes the directors' report and the strategic report prepared for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ The strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the company and its environment obtained in the course of the audit, we have identified no material misstatements in the strategic report or the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 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 company financial statements are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of Trustees' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit.

Independent auditor's report

to the members of NCFE

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 15, the Trustees (who are also the directors of the Group and the Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that give a true and fair view, and for such internal control as the Trustees 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 Trustees are responsible for assessing the Group's and 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 management either intend to liquidate the Group or 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are
 - Companies Act 2006, Charities Act 2011, the Charities SORP and FRS102
 - Tax legislation (governed by HM Revenue & Customs) and including furlough legislation
 - Qualifications and examinations regulations (regulated by Ofqual)
 - Health and Safety legislation
 - General Data Protection Regulation
- We understood how NCFE is complying with those frameworks by reading internal policies and codes of conduct and assessing the entity level control environment. We made enquiries of the Group's senior management of known instances of non-compliance or suspected non-compliance with laws and regulations, including any matters raised in whistleblowing. We also considered the oversight procedures of the Group's Board of Trustees.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of senior management, including the Chief Financial Officer. We obtained details of incidents and allegations of fraud raised internally and investigated by the Group's compliance team. We planned our audit to identify risks of management override or bias by agreeing journal entries in the areas involving significant estimation and judgement, recognition of revenue and profits on contracts, to supporting documentation.

Independent auditor's report

to the members of NCFE

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

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of board meetings and other committee minutes, including the Audit, Risk and Investment Committee, and incident reports to identify any non-compliance with laws and regulations. Our procedures also involved journal entry testing and data analytics, as set out above. Our testing also included consideration of compliance of employees with policies and codes of conduct.
- We reviewed reports from Ofqual, we discussed findings with management and those responsible for legal and compliance procedures, reviewed the findings of external legal advisors, assessing the reasonability of any action plans needed and put forward by management, understanding if potential regulatory findings and making enquiries of the Group's advisors as to their views on the matter.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink, appearing to read 'Ernst + Young W'.

Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
27 April 2023

Group statement of financial activities (incorporating an income and expenditure account)

for the year ended 31 July 2022

		2022	2021
	Notes	£000	£000
Income from:			
Investment income	2	423	303
Other trading activities		532	1,385
Charitable activities:			
Examination and assessment		38,140	36,808
Other income	3	-	296
Total income		<u>39,095</u>	<u>38,792</u>
Expenditure			
Raising funds:			
Trading		401	2,023
Investment management costs	4	90	54
Charitable activities:			
Examination and assessment	5	41,415	35,700
Total expenditure		<u>41,906</u>	<u>37,777</u>
Net (expenditure)/income before other recognised gains and losses		(2,811)	1,015
(Losses)/gains on revaluations of investment assets	12	(2,438)	520
Net movement in funds for the year		<u>(5,249)</u>	<u>1,535</u>
Reconciliation of funds:			
Total funds brought forward		44,941	43,406
Total funds carried forward		<u>39,692</u>	<u>44,941</u>

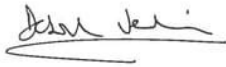
All funds are unrestricted.

Group balance sheet

at 31 July 2022

	Notes	2022 £000	2021 £000
Fixed assets			
Intangible assets	10	4,004	3,306
Tangible assets	11	2,501	2,926
Investments	12	21,503	9,089
		<u>28,008</u>	<u>15,321</u>
Current assets			
Stocks	13	400	18
Debtors	14	5,925	5,218
Cash at bank and in hand		<u>10,653</u>	<u>29,094</u>
		16,978	34,330
Creditors: amounts falling due within one year	15	<u>(5,294)</u>	<u>(4,710)</u>
Net current assets		<u>11,684</u>	<u>29,620</u>
Total assets less current liabilities		<u>39,692</u>	<u>44,941</u>
Net assets		<u>39,692</u>	<u>44,941</u>
Charity funds			
Unrestricted funds:			
Unrestricted funds	16	40,620	44,941
Merger reserve	16	(928)	-
Total funds		<u>39,692</u>	<u>44,941</u>

The financial statements were approved by the Trustees on 25 April 2023 and signed on their behalf by:



Ms D Jenkins MBE DL

Company balance sheet

at 31 July 2022

	Notes	2022 £000	2021 £000
Fixed assets			
Intangible assets	10	4,004	3,020
Tangible assets	11	2,501	2,900
Investments	12	21,503	10,017
		<u>28,008</u>	<u>15,937</u>
Current assets			
Stocks	13	400	2
Debtors	14	5,925	5,004
Cash at bank and in hand		<u>10,528</u>	<u>28,739</u>
		16,853	33,745
Creditors: amounts falling due within one year	15	<u>(5,584)</u>	<u>(4,517)</u>
Net current assets		<u>11,269</u>	<u>29,228</u>
Total assets less total liabilities		<u>39,277</u>	<u>45,165</u>
Net assets		<u>39,277</u>	<u>45,165</u>
Charity funds			
Unrestricted funds:			
Unrestricted funds		40,205	45,165
Merger reserve		(928)	-
Total funds		<u>39,277</u>	<u>45,165</u>

The financial statements were approved by the Trustees on 25 April 2023 and signed on their behalf by:



Ms D Jenkins MBE DL

Group statement of cash flows

for the year ended 31 July 2022

	<i>Notes</i>	<i>2022</i> <i>£000</i>	<i>2021</i> <i>£000</i>
Cash flows from operating activities:			
Net cash (used in)/provided by operating activities	17	<u>(2,189)</u>	<u>2,798</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		423	303
Purchase of tangible fixed assets		(137)	(398)
Purchase of intangible fixed assets		(1,686)	(1,659)
Proceeds from sale of investments		9,968	4,831
Purchase of listed investments		(24,791)	(2,655)
Purchase of other investments		(29)	(89)
Net cash used in investing activities		<u>(16,252)</u>	<u>333</u>
Change in cash and cash equivalents in the year		(18,441)	3,131
Cash and cash equivalents brought forward		29,094	25,963
Cash and cash equivalents carried forward	18	<u>10,653</u>	<u>29,094</u>

Notes to the financial statements

for the year ended 31 July 2022

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1,000.

NCFE meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised as historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

Basis of consolidation

The financial statements consolidate the accounts of NCFE and its subsidiary undertakings, NCFE Trading Limited, Skills Forward Limited and Peer Tutor Limited up to 31 July 2022. The results of the subsidiaries are consolidated on a line by line basis.

No separate SOFA has been presented for the parent company alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP. The net income and expenditure for the year dealt within the accounts of the company was a deficit of £5.0m (2021: income of £2.3m).

Company status

The charity is a company limited by guarantee, incorporated in England and Wales with Company number: 02896700. The members of the charity are the Trustees named on page 2. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

Going concern

The Trustees have considered the company's current and future prospects and its availability of financing and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason, the Trustees continue to adopt the going concern basis of preparation for these financial statements.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund, is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

Notes to the financial statements

for the year ended 31 July 2022

1. Accounting policies (continued)

Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from charitable activities represents the values of fees for the provision of examinations and assessments and related services.

Registration income is included within income resources in the period in which the relevant registration is made as all performance obligations have been met.

Certification income is recognised in the period in which the certificate is issued.

Interest receivable is included when receivable by the company.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Grants are of a revenue nature, and as such are credited to income to match them with the expenditure to which they relate.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs are allocated to the applicable expenditure heading on a basis consistent with the use of resources.

Charitable activity costs include expenditure relating to the provision of examination and assessment services and include both the direct costs and support costs relating to these activities.

Support costs are those costs incurred directly in support of expenditure on the objects of the group and include project management carried out at the head office.

Grants payable are payments made to third parties in the furtherance of the charity's objects. Grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the Charity.

Notes to the financial statements

for the year ended 31 July 2022

1. Accounting policies (continued)

Intangible fixed assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Brands acquired are valued as the difference between the identifiable net assets of the purchase, and the consideration paid.

Product development costs are recognised as intangible assets measured at cost.

Intellectual property is capitalised at cost on acquisition and amortised over their estimated useful lives using an amortisation method that reflects the pattern of their consumption.

Amortisation is provided on all intangible assets so as to write off the cost of an asset over its estimated useful life as follows:

Brands	-	5 years straight line
Software	-	2 - 5 years straight line
Product development	-	4 years straight line
Intellectual property	-	4 years straight line

Intangible assets are reviewed for impairment where market conditions or other factors indicate a reduction in future economic benefits. Impairment losses are recognised in the statement of financial activities where an asset's realisable amount exceeds its carrying value.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Costs include the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

Long-term leasehold property	Over the term of the lease
Fixtures and fittings	5 – 15 years straight line
Office and computer equipment	3 – 5 years straight line

Assets residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively. Assets under construction are not depreciated until the related assets are complete.

Notes to the financial statements

for the year ended 31 July 2022

1. Accounting policies (continued)

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of financial activities.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of financial activities.

Fixed asset investments

Listed investments, which have been classified as fixed asset investments, are measured initially and subsequently at fair value. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Fixed asset investments in unquoted companies are stated at cost less impairment.

Leases

All of the group's leasing arrangements are operating leases. Rental payments under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term, even if payments are not made on such a basis.

Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Notes to the financial statements

for the year ended 31 July 2022

1. Accounting policies (continued)

Financial instruments

The group only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances and loans to or from related parties. All such instruments are due within one year, and are measured, initially and subsequently at the transaction price.

Employee benefits

Short term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Defined contribution pension plan

The group operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet.

NCFE makes an employer's contribution of 9% of pensionable pay, provided that the employee makes a minimum contribution of 3% and 6% provided that the employee contributes 2%. These amounts are paid over to the fund on a monthly basis.

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Estimates included within these financial statements include depreciation and amortisation charges based upon the useful economic lives of both tangible and intangible assets, and provisions against debtors. None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical areas of judgement

A critical area of judgement is considered to be the amount of income deferred in relation to annual fees received at the start of the academic year, which relies upon judgement over the rate of drop out of students, and hence the amount of income that will not be collected. No material uncertainty is considered to exist in relation to this key area of judgement.

Judgement is also required in the assessment of the carrying values of fixed assets and investments, in the performing impairment tests. The impairment test calculations make assumptions around future trading performance, customer retention, cost rationalisation and external factors such as government funding. No material uncertainty is considered to exist in relation to this key area of judgement.

2. Investment income

	2022	2021
	£000	£000
Rent receivable	126	133
Dividends	293	161
Interest receivable	4	9
	<u>423</u>	<u>303</u>

Notes to the financial statements

for the year ended 31 July 2022

3. Other income

Government grants of £nil (2021: £296,000) have been recognised in the Group Statement of Financial Activities and relate to claims under the COVID-19 job retention scheme.

4. Investment management costs

	2022 £000	2021 £000
Investment management fees	90	54

5. Analysis of expenditure by activities

	<i>Activities undertaken directly</i> 2022 £000	<i>Support costs</i> 2022 £000	<i>Total</i> 2022 £000	<i>Total</i> 2021 £000
Examination and assessment activities	35,647	5,768	41,415	35,700

6. Direct costs

	2022 £000	2021 £000
Examination and assessment costs	11,832	11,343
Wages and salaries	20,081	16,534
National insurance	1,992	1,549
Pension costs	1,742	1,304
	35,647	30,730

7. Support costs

	2022 £000	2021 £000
Governance	132	137
Wages and salaries	4,587	3,957
National insurance	505	423
Pension costs	544	453
	5,768	4,970

Support costs all relate to the provision of examination and assessment support, in undertaking the objectives of the charitable company.

Notes to the financial statements

for the year ended 31 July 2022

8. Net income

This is stated after charging:

	2022 £000	2021 £000
Depreciation of tangible fixed assets:		
- owned by the charity	562	533
Loss on disposal of intangible assets	136	-
Operating lease rentals:		
- IT equipment	40	43
- other operating leases	33	48
Amortisation of intangible assets	852	883
Impairment of intangible assets	-	380
Auditor's remuneration	48	58
Auditor's remuneration – non-audit services	8	8

9. Staff costs

Staff costs were as follows:

	2022 £000	2021 £000
Wages and salaries	24,668	21,799
Social security costs	2,497	2,104
Other pensions costs	2,286	1,815
	<u>29,451</u>	<u>25,718</u>

The average monthly number of employees, expressed as headcount figures (including casual and part time staff), was 900 (2021: 804).

The number of higher paid employees was:

	2022 No.	2021 No.
In the band £60,001 - £70,000	19	5
In the band £70,001 - £80,000	7	8
In the band £80,001 - £90,000	2	3
In the band £90,001 - £100,000	4	3
In the band £100,001 - £110,000	2	1
In the band £110,001 - £120,000	2	2
In the band £130,001 - £140,000	-	2
In the band £140,001 - £150,000	2	1
In the band £180,001 - £190,000	-	1
In the band £230,001 - £240,000	1	-

During the year, redundancy payments totalling £2,000 (2021: £46,000) were paid as part of the continuing restructuring of the business. These are included within staff costs.

Notes to the financial statements

for the year ended 31 July 2022

9. Staff costs (continued)

None of the employees whose emoluments exceed £60,000 have retirement benefits accruing under defined benefit schemes. All of the above members of staff are members of the company's defined contribution scheme.

The increase in employee numbers from prior year are a result of investment across the Group to allow delivery of the strategy and meet the increasing challenges of the market.

Remuneration and benefits received by key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees for planning, directing and controlling the activities of the charity. The aggregate remuneration of the executive team who were considered by the Trustees to be the key management of the charity totalled £821,000 (2021: £686,000).

10. Intangible fixed assets

	<i>Negative goodwill</i> £000	<i>Brands</i> £000	<i>Software</i> £000	<i>Product development</i> £000	<i>Intellectual property</i> £000	<i>Total</i> £000
Group						
Cost						
At 1 August 2021	(42)	7,869	1,794	2,700	-	12,321
Additions	-	-	257	1,379	50	1,686
Disposals	-	-	-	(137)	-	(137)
At 31 July 2022	(42)	7,869	2,051	3,942	50	13,870
Amortisation						
At 1 August 2021	(42)	7,869	1,081	107	-	9,015
Disposals	-	-	-	(1)	-	(1)
Charge for the year	-	-	328	513	11	852
At 31 July 2022	(42)	7,869	1,409	619	11	9,866
Net book value						
At 31 July 2022	-	-	642	3,323	39	4,004
At 1 August 2021	-	-	713	2,593	-	3,306

Notes to the financial statements

for the year ended 31 July 2022

10. Intangible fixed assets (continued)

	<i>Brands</i>	<i>Software</i>	<i>Product development</i>	<i>Intellectual property</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Company					
Cost					
At 1 August 2021	4,926	725	2,700	-	8,351
Additions	-	467	1,379	50	1,896
Disposals	-	-	(137)	-	(137)
At 31 July 2022	4,926	1,192	3,942	50	10,110
Amortisation					
At 1 August 2021	4,926	298	107	-	5,331
Disposals	-	-	(1)	-	(1)
Charge for the year	-	252	513	11	776
At 31 July 2022	4,926	550	619	11	6,106
Net book value					
At 31 July 2022	-	642	3,323	39	4,004
At 1 August 2021	-	427	2,593	-	3,020

Included in the group cost of additions is £709,000 (2021: £1,113,000) (Company - £709,000 (2021: £990,000)) from internal development.

11. Tangible fixed assets

	<i>Long-term leasehold property</i>	<i>Fixtures and fittings</i>	<i>Office equipment</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Group				
Cost				
At 1 August 2021	1,419	2,747	1,633	5,799
Additions	-	34	103	137
Disposals	-	-	(13)	(13)
At 31 July 2022	1,419	2,781	1,723	5,923
Depreciation				
At 1 August 2021	237	1,357	1,279	2,873
Disposals	-	-	(13)	(13)
Charge for the year	28	290	244	562
At 31 July 2022	265	1,647	1,510	3,422
Net book value				
At 31 July 2022	1,154	1,134	213	2,501
At 1 August 2021	1,182	1,390	354	2,926

Notes to the financial statements

for the year ended 31 July 2022

11. Tangible fixed assets (continued)

	<i>Long-term leasehold property £000</i>	<i>Fixtures and fittings £000</i>	<i>Office equipment £000</i>	<i>Total £000</i>
Company				
Cost				
At 1 August 2021	1,419	2,671	1,619	5,709
Additions	-	47	107	154
Disposals	-	-	(13)	(13)
At 31 July 2022	1,419	2,718	1,713	5,850
Depreciation				
At 1 August 2021	236	1,304	1,269	2,809
Disposals	-	-	(13)	(13)
Charge for the year	28	282	243	553
At 31 July 2022	264	1,586	1,499	3,349
Net book value				
At 31 July 2022	1,155	1,132	214	2,501
At 1 August 2021	1,183	1,367	350	2,900

12. Fixed asset investments

	<i>Listed securities £000</i>	<i>Other investments £000</i>	<i>Total £000</i>
Group			
Market value			
At 1 August 2021	9,000	89	9,089
Additions	24,791	29	24,820
Disposals	(9,968)	-	(9,968)
Revaluations	(2,438)	-	(2,438)
At 31 July 2022	21,385	118	21,503
Historical cost	23,156	118	23,274

Notes to the financial statements

for the year ended 31 July 2022

12. Fixed asset investments (continued)

Valuation

Listed investments are valued at the market rate at the year-end date.

	<i>Listed securities</i>	<i>Subsidiary undertakings</i>	<i>Other investments</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Company				
Market value				
At 1 August 2021	9,000	928	89	10,017
Additions	24,791	-	29	24,820
Disposals	(9,968)	-	-	(9,968)
Revaluations	(2,438)	-	-	(2,438)
Transfer to merger reserve	-	(928)	-	(928)
At 31 July 2022	<u>21,385</u>	<u>-</u>	<u>118</u>	<u>21,503</u>
Historical cost	<u>23,156</u>	<u>-</u>	<u>118</u>	<u>23,274</u>

Listed investments held

	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>
UK bonds	1,660	389
Overseas bonds	3,438	580
UK equities	3,801	1,708
Overseas equities	7,949	-
Pooled funds	4,537	6,323
	<u>21,385</u>	<u>9,000</u>

All listed investments are held in funds managed by Brewin Dolphin Investment Management on behalf of the company.

The charity owns one £1 ordinary share, 100% of the voting capital in NCFE Trading Limited, a company incorporated and registered in England and Wales. The company has not traded during the year.

The company holds 100% of the voting capital in Skills Forward Limited, a company incorporated and registered in England and Wales. The principal activity of the company up to 30 November 2021 was the provision of online assessments, diagnostics and e-learning resources. On 1 December 2021 all of the assets and liabilities were transferred to the parent company NCFE and Skills Forward Limited ceased to trade.

The company holds 100% of the voting capital in Peer Tutor Limited, a company incorporated and registered in England and Wales. The company has not traded during the year.

13. Stocks

	<i>Group</i>	<i>Company</i>
	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>
Finished goods and goods for resale	<u>400</u>	<u>18</u>
	<u>400</u>	<u>2</u>

Notes to the financial statements

for the year ended 31 July 2022

14. Debtors

	<i>Group</i>		<i>Company</i>	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade debtors	5,144	4,023	5,144	3,834
Amounts due from subsidiary undertakings	-	-	-	11
Other debtors	24	46	24	22
Prepayments and accrued income	757	1,149	757	1,137
	<u>5,925</u>	<u>5,218</u>	<u>5,925</u>	<u>5,004</u>

15. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade creditors	659	716	659	707
Amounts due to subsidiary undertakings	-	-	290	-
Other taxation and social security	1,061	721	1,061	627
Other creditors	453	258	453	226
Accruals and deferred income	3,121	3,015	3,121	2,957
	<u>5,294</u>	<u>4,710</u>	<u>5,584</u>	<u>4,517</u>

Deferred income

	<i>Group</i>		<i>Company</i>	
	2022	2021	2022	2021
	£000	£000	£000	£000
Deferred income at 1 August 2021	26	58	23	23
Resources deferred during the year	126	3,125	126	3,125
Amounts released during the year	(128)	(3,157)	(125)	(3,125)
Deferred income at 31 July 2022	<u>24</u>	<u>26</u>	<u>24</u>	<u>23</u>

Notes to the financial statements

for the year ended 31 July 2022

16. Statement of funds

Group

	<i>Brought forward</i>	<i>Income</i>	<i>Expenditure</i>	<i>Investment losses</i>	<i>Transfer</i>	<i>Carried forward</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Designated funds						
Resilience fund	15,000	-	-	-	-	15,000
	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
General funds						
General funds	29,941	39,095	(41,906)	(2,438)	928	25,620
	<u>29,941</u>	<u>39,095</u>	<u>(41,906)</u>	<u>(2,438)</u>	<u>928</u>	<u>25,620</u>
Total unrestricted funds	<u>44,941</u>	<u>39,095</u>	<u>(41,906)</u>	<u>(2,438)</u>	<u>928</u>	<u>40,620</u>
Merger reserve	-	-	-	-	(928)	(928)
Total funds	<u>44,941</u>	<u>39,095</u>	<u>(41,906)</u>	<u>(2,438)</u>	<u>-</u>	<u>39,692</u>

The income funds of the charitable company include the following designated fund which has been set aside out of unrestricted funds by the Trustees for specific purposes:

The Resilience fund is used to ensure that the Charity remains financially sound in the case of any significant changes in the market.

On 1 December 2021 the assets and liabilities of the subsidiary undertaking Skills Forward Limited were transferred to NCFE at net book value. On transfer, the investment cost is recognised as a merger reserve.

Notes to the financial statements

for the year ended 31 July 2022

17. Reconciliation of net income to net cash flow from operating activities

	2022	2021
	£000	£000
Net (expenditure)/income for the year before investment gains/(losses) (as per Statement of Financial Activities)	(2,811)	1,015
Adjustment for:		
Depreciation charges	562	533
Amortisation charges	852	883
Loss on disposal of intangible assets	136	-
Impairment of fixed assets	-	380
Dividends, interest and rents from investments	(423)	(303)
Increase in stocks	(382)	-
Increase in debtors	(707)	(295)
Increase in creditors	584	586
Net cash (used in)/provided by operating activities	(2,189)	2,798

18. Analysis of cash and cash equivalents

	2022	2021
	£000	£000
Cash in hand	6,425	10,246
Notice deposits (less than 3 months)	4,228	18,848
	<u>10,653</u>	<u>29,094</u>

19. Pension commitments

NCFE operates a defined contribution pension scheme, the Group Personal Pension Scheme. The assets of the scheme are held separately from those of the charitable company in a separately administered fund.

The pension costs charge represents contributions payable by the group to the fund and amounted to £2,286,000 (2021: £1,815,000). Contributions totalling £427,000 (2021: £203,000) were payable to the fund at the balance sheet date and are included within creditors.

20. Operating lease commitments

Future minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£000	£000
Group and Company		
Not later than 1 year	74	78
Later than 1 year and not later than 5 years	83	-
	<u>157</u>	<u>78</u>

Notes to the financial statements

for the year ended 31 July 2022

21. Related party transactions

During the year, transactions were carried out at full market value with the following individuals or organisations in which directors of NCFE also held senior positions or held shares, as follows.

	<i>Value of transactions</i>	<i>Outstanding at the year end</i>	<i>Value of transactions</i>	<i>Outstanding at the year end</i>
	<i>2022</i>	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Kindling Limited	18	-	16	-

Ms D M Jenkins MBE DL, a Trustee is also a Director of Kindling Limited which invoiced NCFE for Chair's remuneration.

Three Trustees were reimbursed travelling expenses in the year totalling £687 (2021: none).

22. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
NCFE Trading Limited	UK	100%	Non trading company
Skills Forward Limited	UK	100%	Provision of online assessments, diagnostics and e-learning resources. Dormant from 1 December 2021.
Peer Tutor Limited	UK	100%	Non trading company

23. Controlling party

The charitable company is controlled by the Board of Trustees.

24. Financial instruments

	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>
Financial assets measured at fair value through income and expenditure	21,385	9,000
Financial assets measured as amortised cost	15,830	33,278
	<u>37,215</u>	<u>42,278</u>
Financial liabilities measured at amortised cost	<u>4,209</u>	<u>3,962</u>

Financial assets measured at fair value through income and expenditure comprise listed investments.

Financial assets measured at amortised cost comprise trade debtors, other debtors, accrued income and cash.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

Notes to the financial statements

for the year ended 31 July 2022

25. Contingent liability

Following feedback from this summer's T-Level results in Health and Science, Ofqual is conducting an investigation into the delivery of our assessments. It is possible that Ofqual may find NCFE to be in breach of its conditions and impose a fine or penalty as a result. We are unable to quantify the likelihood or value of this happening at the Balance Sheet date.

26. Post balance sheet event

NCFE acquired 100% of the issued share capital of Active IQ Limited on 22 November 2022 for a consideration of £3,306,000.

NCFE

England & Wales - Charity number 1034808

Accounts

NCFE

Trustees' Report and Financial Statements

31 July 2021

Reference and administrative information

Charity Registration No. 1034808
Company Registration No. 02896700

Registered office and operational address

NCFE Quorum Park
Benton Lane
Newcastle upon Tyne
Tyne and Wear
NE12 8BT

Auditor

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

Barclays Bank
Percy Street
Newcastle upon Tyne
NE1 4QL

Lloyds Bank PLC
King Street
Manchester
M2 4LQ

Investment managers

Brewin Dolphin Ltd
Time Central
Gallowgate
Newcastle upon Tyne
NE1 4SR

Solicitors

Womble Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE99 1SB

Bates Wells Braithwaite
10 Queen Street Place
London
EC4R 1BE

Reference and administrative information

Charity Registration No. 1034808
Company Registration No. 02896700

Trustees

Ms B Ashton – Deputy Chair
Ms R Cuschieri
Ms D Jenkins - Chair
Mr C Peel
Mr D Wilson
Mrs J Whitfield

Company Secretary

L Forrest

Chief Executive Officer

D Gallagher

Chief Financial Officer

L Forrest

Chief Operating Officer

S Foster

Chief Strategy Officer

P Le Feuvre

Executive Director of Operations

S Brown

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2021

The Trustees present their annual report together with the audited financial statements of NCFE for the year ended 31 July 2021.

Purpose and objectives

The primary purpose of NCFE is to promote and advance learning, helping to create a fairer, more inclusive society.

We will promote learning through:

- Advocating for, raising the profile of and investment in, learning (education and training)
- Influencing the design, development and delivery of progressive and impactful learning
- Endorsing the creation and distribution of high-quality learning opportunities
- Engaging more people into learning, particularly those who need it the most, to support social mobility and prosperity

We will advance learning through:

- Creating high quality learning opportunities that will support the progression of learners/beneficiaries, improving their life and career opportunities
- Pioneering and investing in the creation and adoption of innovations that will improve learning outcomes and enhance the value of learning
- Facilitating the generation and fruition of new ideas and approaches that will improve learning, particularly technical and vocational education

Our strategic objectives which take us up to 2024 are:

1. Developing deep and credible insight into need: We will use our deep understanding of the needs of learners, communities, and the economy to focus resources on making the biggest difference.
2. Creating brilliant qualifications and content: We will develop and deliver brilliant learning content that equips educators with the skillsets and resources to deliver the highest quality, transformational learning experiences.
3. Assessing learner need, progress, and attainment: We will be market leaders in the forms of assessment we specialise in, using advanced analytics to create richer, more personalised, lifelong learner journeys.
4. Cultivating a purposeful and high-performance culture: We will cultivate a purpose-led, collaborative, vibrant and high-performance culture where our people are connected with and aligned to achieving our ambitious goals.
5. Leading digital disruption in education: We will be a lean, digitally enabled organisation that delivers innovative products and personalised experiences to every type of customer.

Main activities undertaken to further the charity's purposes for the public benefit

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2011, to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

NCFE's charitable purpose as enshrined in its objects is to promote and advance the education and training of young persons and adults. We aim to positively impact lives through our core activities:

1. Providing examinations and assessments in a range of subjects and sectors and at a variety of levels, making those examinations and assessments available through a very wide range of educational and training establishments to those persons for whom they are considered appropriate.
2. Awarding qualification certificates to those learners successful in meeting the examination or assessment requirements and awarding prizes to learners demonstrating outstanding achievement.
3. Making charitable donations to other organisations with a charitable purpose aligned to our own.
4. Lobbying for further improvements in the technical education sector.
5. Improving technical education through delivery of innovations including T-level qualifications.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2021

Achievements and performance

NCFE Trustees have complied with their legal duties to promote the success of the Company for the fair benefit of its members. The Trustees have ensured that they have determined the likely consequences of decisions being made, the interests of the company employees, relationships with customers and external organisations and the impact of the Company's operations on the community and the environment, whilst also maintaining a reputation of high standards in its business conduct. Further details of how compliance in these areas has been achieved are set out in the remainder of the report.

2020/21 has been a successful year for NCFE with the following particular highlights:

- We worked with around 4,500 providers to extend the delivery of our products and services, issuing more than 380,000 certificates to support learners to progress onto the next stage of their education, training or career. In 2020-21, this included around 60,000 Teacher Assessed Grades, achieved in an exceptionally challenging year.
- We registered nearly 10,000 apprentices who completed over 13,000 end-point assessments, with a 97% pass rate.
- We saw over 1.3m assessments completed through our skills assessment platforms in the post-16 employability and skills sector, helping providers to understand starting points and set learners up for success.
- We engaged with nearly 500 stakeholders in our T Level technical qualification development work to ensure learners will excel in their chosen career path.
- We had our five final Wave 2 T Levels publicly approved by the Institute for Apprenticeships and Technical Education (IfATE).
- We won a further three T Level contracts (awarded by government) including Hair, Beauty and Aesthetics, Creative and Broadcasting and Craft and Design and saw the first cohort of T Level students succeed.
- We were successful in a number of other high-profile bids and tenders, enabling us to offer apprenticeship standards in several areas to our customers.
- We championed learner and provider success in the media during the vocational and technical results period, with an overall reach of nearly 300 million people through our PR and media outreach work.
- We successfully launched a new brand to the sector with exceptional initial feedback.

Movements need collaborators – working across the sector for success:

- We have continued to partner with World Skills and we are now entering the second year of funding the WorldSkills UK Centre of Excellence which aims to develop a cadre of world-class technical educators. The three-year pilot will impact more than 160 educational institutions and nearly 1,000 educators, reaching more than 40,000 young people. In the first year of the programme alone, 55 applications were received from providers resulting in 20 providers being selected for the pilot, 9 of which were from areas of high deprivation, and 5 had 20% or more learners from BAME backgrounds. Within the first year, the Centre of Excellence saw 100 members of teaching staff enrolled on to the programme from the 20 providers, representing a wide range of technical and vocational specialisms. These educators have reported greater levels of confidence in their teaching practice, as well as greater clarity on competence and excellence and how this can be applied in different skill areas. There was also evidence of increased networking and communication within and between the providers involved in the pilot.
- We continue to support the work of Campaign for Learning, helping us to strengthen our position as a purpose-led and influential authority in the education sector. Notable highlights have included the delivery of the annual Family Learning Festival (the biggest of its kind) as well as the coordination and launch of Learning at Work week. Throughout its initiatives, Campaign for Learning is dedicated to championing the case for lifelong learning, engaging in partnerships and activities which promote active participation in education for learners of all ages, an endeavour which has immeasurable benefits for families and communities, society and the economy.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2021

Achievements and performance (continued)

- We successfully teamed up with Fika to bring an innovative mental fitness app into the FE sector, with the aim of improving outcomes and wellbeing for students and staff, at a time when it is most needed. Improving mental health in education settings is a huge priority for us and we have offered this app for free into 82 institutions with 23,869 registrations and 5,653 certificates earned. So far, 93% of users have said that Fika has had a positive impact on their educational life. We have also rolled out this resource internally to colleagues.
- We launched the assessment innovation fund where we will invest £1 million over the next 12 months to support external stakeholders in piloting new and innovative approaches to assessment. This includes testing out brand-new ideas and exploring the use of technology. In phase one of the project, the target was to get 5-6 applications and we received 20, with phase 2 opening this week.
- We supported the launch of the Association of Apprentices – a collaborative initiative aiming to create a community led by apprentices, for apprentices, to provide professional development, networking, and career guidance. The Association now has a growing membership and will provide a much-needed support network and will focus on the social and broader elements often missing from apprenticeships.
- For CACHE Alumni (our free, award-winning association in care, health and education), we have doubled our membership every year so far. We now have just under 17,000 members and were finalists in the Learning Excellence Awards this year for the platform.
- We also continue to support the Helena Kennedy Foundation through funding for bursaries and mentoring support.

Energy and Carbon Report

We are now reporting under the UK energy and carbon reporting requirements ('SECR') and have set out in the table on the next page our direct emissions.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2021

GHG emission and energy data

	Year to 31 July 2021
ENERGY CONSUMPTION TO CALCULATE EMISSIONS	
Gas combustion Kilowatt Hours (kWh)	45,706
Purchased electricity kWh	537,881
Transport fuel * kWh	19,461
Total energy consumption kWh	603,048
EMISSIONS	
Gas combustion tonnes CO2 equivalent (tCO2e) (Scope 1)	8.4
Purchased electricity tCO2e (Scope 2)	114.2
Business travel in employee-owned vehicles where the organisation is responsible for purchasing the fuel *tCO2e (Scope 3)	4.3
Total gross emissions tCO2e based on above	126.9
INTENSITY RATIOS	
tCO2e per £m revenue	3.26
tCO2e per m2 of floorspace	0.04

**Represents fuel used in personal cars on business use for which the organisation reimburses its employees following claims for business mileage*

Energy efficiency actions taken

Following an energy audit by an independent consultant a number of potential actions were identified and budget set aside to deliver these. Although there have been some delays due to lockdown during the pandemic, the following actions have been delivered:

- All light fittings replaced with low-energy LED lighting throughout the building
- All lighting fitted with Passive Infrared Sensors (PIR) in office spaces
- Lighting in stairwells and reception fitted with 'dusk til dawn' sensors
- Timers changed on the Fan Coil Units (FCU's) to accommodate shorter working days

Future initiatives will involve reviewing office space usage out of non-core office hours to reduce energy expended on heating, cooling and ventilation

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2021

Methodology

The emissions and energy data noted above has been collated, calculated and presented using the methodology set out in WRI / WBSCD The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), March 2004, including separate guidance on Scope 2 and Scope 3 emissions.

When reporting emissions related to electricity consumption, the appropriate years' Greenhouse gas reporting conversion 2021 factors have been applied to all electricity.

NCFE Energy and carbon report

The organisation purchases 100% renewable electricity and natural gas for our Q6 Office. This is procured backed by recognised certification schemes (i.e. REGOs, GOOs), which provide evidence that the energy is from appropriately accredited renewable sources.

Additional voluntary reporting activities

The majority of the organisation's carbon footprint comprises Scope 3 emissions from business travel i.e. fuel associated with transport (personal cars on business use) where the organisation does not operate the vehicle / service. Although this data is outside the mandatory requirements of the 'Energy and Carbon Report, the organisation voluntarily reports a full carbon emissions data set (including all Scope 3 emissions from business travel) on an annual basis.

Key financial performance indicators

In order to sustain the charity and reach more learners, we continued to measure our performance using the following key metrics:

- Income – our income is monitored in real time
- Earnings before interest, taxation, depreciation and amortisation ("EBITDA")
- Surplus before and after investment gains and losses
- Aged debtors – debtors have the greatest impact with EBITDA on our cash flows
- Cash flow

Going concern

The directors have considered the company's current and future prospects and its availability of financing and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason, the directors continue to adopt the going concern basis of preparation for these financial statements.

Beneficiaries of our services

We consider the beneficiaries of our services to be the learners undertaking study for our assessments, benefiting from any of our learning resources or more broadly benefiting from further education which we seek to advance and promote.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2021

Financial review

Income for the year was £38.8m (2020: £36.1m), and net income before investment gains was £1.0m (2020: £3.8m) which was ahead of our business plan which was cautious due to COVID-19 risks.

Operational earnings before interest, taxation, depreciation and amortisation, and adjusted for non-recurring items (“EBITDA”) for the year was £7.1m (2020 £6.8m) which was ahead of business plan reflecting our strong income performance and after significant investment in transformation.

At 31 July 2021 NCFE was in a financially strong position, with cash and investments totalling £38.2m (2020: £36.6m) and net assets of £44.9m (2020: £43.4m). Our debtors’ days improved by 8 days reflecting our focus on managing our debtors through COVID-19.

All of NCFE’s income is earned. As such, NCFE’s continued success is reliant upon continuing to meet the needs of customers by aligning its products and services to skills and Government priorities and seeking new opportunities within the education sector.

As further changes are expected it will be necessary for NCFE to continue investment in its qualification portfolio and infrastructure to allow ongoing provision of solutions to customers with exceptional service. NCFE will fund necessary investment from existing reserves and seek to raise borrowing as deemed appropriate.

Investment powers and policy

Under its Memorandum and Articles of Association, the Trustees have the power to invest as they see fit to meet the charitable purpose.

The investment policy agreed by the Trustees has continued to follow a ‘managed funds’ approach, based on a ‘progressive’ risk profile. All investment decisions are delegated to the judgement of the organisation’s investment advisors. The policy allows for tactical asset allocation across a range of investment types:

	Asset Allocation Ranges		
	Strategy Fund	Trading Shocks Fund	Legacy Fund
Fixed Interest	36% - 52%	17% - 33%	0% - 14%
UK Equities	0% - 14%	11% - 26%	21% - 27%
Overseas Equities	4% - 20%	26% - 42%	45% - 62%
Alternative Investments	15% - 30%	7% - 23%	0% - 14%
Property	0% - 15%	0% - 13%	0% - 10%
Cash	0% - 15%	0% - 10%	0% - 10%

The discrete funds have differing investment time horizons based on the charity’s expectations on when they will be utilised. The Trustees’ objective is to protect the capital value of its Reserves in real terms and maximise the return on investment for the acceptable and agreed level of risk.

The year to 31 July 2021 showed an unrealised gain of £520,000 (2020: loss of £602,000). The Trustees are satisfied that the portfolio has performed in line with expectations overall and, over time, has exceeded the level of return which would have been achieved had the monies been held as cash.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2021

Principal risks and uncertainties

In relation to long term Government funding and policy direction for education, our principal risk relates to the defunding and/or deregulation of qualifications, for which NCFE relies on indirect government funding via colleges, training providers and schools. In the form of Level 3 provision this has been outlined in the Skills and Post-16 Education Bill where the Department for Education are proposing to remove the funding of some Level 3 qualifications. This is mitigated to some extent with NCFE winning tenders for the development of the Technical Qualifications within 9 T level contracts, however this would not mitigate losses in areas where NCFE did not win the T level contract or in subject areas where a T level is not available. The risks that this presents to the sector as a whole also could lead to the consolidation of Awarding Organisations, which means NCFE could become an acquisition target but could also present opportunities for partnership and charitable merger.

Over the past 18+ months the regulatory framework for Awarding and End Point Assessment has changed multiple times with differing requirements put in place for each academic year and specific circumstances related to the pandemic. These changes in regulatory framework have increased the requirement and the potential for further changes, as the sector seeks to find equitable ways of delivering assessments to each new cohort, based on their own unique circumstances whilst considering the comparability against previous and future cohorts. The sector is also seeking a new 'normal' where flexibilities and technology that were introduced to support learners and centres are considered for suitability in the long term. The changing of regulatory frameworks and adaptations to qualifications and assessments is likely to continue whilst the pandemic is ongoing and present risks and uncertainties well beyond this timeframe. NCFE therefore continues to work closely with government bodies, regulators, stakeholders and customers to ensure influence in decision making and to be as proactive as possible in relation to changes to policy and regulatory direction.

NCFE customers have been supported throughout the pandemic as businesses, for example through the job retention scheme, and as training providers, for example through the discounting or refunding of fees in some cases. However, there is a risk that when support is withdrawn some customers may struggle financially, which may in turn present a risk to NCFE. To mitigate this NCFE continues to carry out credit monitoring and regular credit control meetings to identify customers that may present a risk.

Due to changes in the regulatory frameworks, and identification that data sharing between the different aspects of the educational system needs improvement, there has been a focus from educational regulators on the collection of data, with a 5-fold increase in the number of returns compared to the previous year. Regulators informed NCFE that this increased level would continue for the foreseeable future which increased the risks in relation to resourcing these requests and in ensuring their accuracy. To mitigate this NCFE created a Head of Provider Data role to oversee the management of data returns and lead on improving the data that is collected from customers to ensure appropriate support and management is maintained. This also fits into NCFE's wider data strategy under the remit of a new role of Director of Data and Analytics.

The final principal risk for NCFE relates to the Transformation programme which was created to elevate NCFE's position within the education sector, align different parts of the NCFE organisation and develop innovative ways to address educational challenges. Significant investment is planned for the Transformation programme, and there is therefore a risk that the return on investment is not achieved. In order to mitigate this a number of controls have been put in place, including; a programme management structure including boards at workstream, project, programme and executive level, named accountable owners and leads for each of the projects within the programme and the requirement for investment to be business cased and approved by the board of Trustees.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2021

COVID-19 risk

The global economy in 2020 has been, and is expected to continue to be, significantly impacted by the pandemic outbreak of the Coronavirus (COVID-19). The economic impact of COVID-19 will be severe and the duration of which will depend on how long it will take Government to contain the spread of COVID-19 and their ability to support the local economy to recover from it.

The Group created working groups to manage the risks associated with the COVID-19 virus and these procedures are now mainstreamed within the business. A group to manage the risks of returning to the workplace now meets regularly and consults with the wider business with the primary aim of maintaining safe operations and protection for employees as advised by local health authorities. In the first instance the Group is following the advice of the World Health Organisation (WHO) and local health authorities. NCFE has reserves and liquidity considered well in excess of the level considered to meet financial shocks over a 12 month period. The long-term impact of this crisis is uncertain and therefore no explicit statement can be made at this stage.

Reserves policy

The Trustees have reviewed the Charity's needs for reserves in line with guidance issued by the Charity Commission. At 31 July 2021, the Group had reserves of £44.9m. All reserves are unrestricted funds.

The Trustees consider the level of reserves and cash to be sufficient to meet the ongoing activities and obligations of the Charity for the next 12 months at least. The Reserves policy sets out a minimum level of reserves to protect the Group from any significant financial shocks of £15m. The remaining reserves will be available for the delivery of the 5 year strategic plan aimed at maximising our social impact and ensuring a sustainable future for the Group.

Plans for future periods

Our strategic objectives are:

1. Developing deep and credible insight into need: We will use our deep understanding of the needs of learners, communities, and the economy to focus resources on making the biggest difference.
2. Creating brilliant qualifications and content: We will develop and deliver brilliant learning content that equips educators with the skillsets and resources to deliver the highest quality, transformational learning experiences.
3. Assessing learner need, progress, and attainment: We will be market leaders in the forms of assessment we specialise in, using advanced analytics to create richer, more personalised, lifelong learner journeys.
4. Cultivating a purposeful and high-performance culture: We will cultivate a purpose-led, collaborative, vibrant and high-performance culture where our people are connected with and aligned to achieving our ambitious goals.
5. Leading digital disruption in education: We will be a lean, digitally enabled organisation that delivers innovative products and personalised experiences to every type of customer.

Structure, governance and management

Statement by the trustees in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of trustees of NCFE consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its stakeholders as a whole (having regard to the matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 July 2021.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2021

Statement by the trustees in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

The company continues to invest in operations and seeks to develop the business in existing and growing markets. We constantly review our operations with the goal of optimising efficiency. We adhere to strong ethical principles and expect our stakeholders to align to these principles.

Employees

The company promotes attractive job opportunities and invests in our personnel via training and support. NCFE is committed to a diverse workplace. We seek to actively recruit, continually develop and retain talented people from diverse backgrounds and origins.

Health and safety

A commitment to safety and occupational risk prevention are NCFE top corporate priorities. NCFE strives to minimise the risks of accidents or illness among its employees through managing a continuous improvement of occupational health and safety.

Customers

NCFE seeks to attract and retain customers by offering superior products and service levels and through fair and honest competition.

Suppliers

NCFE seeks good working relationships with our suppliers and expects them to adhere in full to the values and principles of legal compliance and ethical behaviour.

Community and environment

NCFE aims to contribute to the development and wellbeing of the communities in which we operate, by delivering our products and services profitably and efficiently. The prevention of pollution is a core management goal, and we are committed to the continuous improvement of our environmental behaviour.

The Group's intention is to behave responsibly toward our staff members and other stakeholders, and treat them fairly and equally, so they too will benefit from the successful delivery of our plan.

Governing document

NCFE is a Company limited by guarantee governed by its Memorandum and Articles of Association dated 10 February 1994 and last amended on 19 August 2020. It is registered as a charity with the Charity Commission. Anyone over the age of 18 can become a member of the company and there are currently 6 members (2020: 6), each of whom agrees to contribute £1 in the event of the Charity winding up.

The members of the Board of Trustees, who are also the directors for the purpose of company law, are listed on page 2.

Method of appointment or election of Trustees

The management of the company and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

As set out in the Articles of Association, the Chair of the Trustees is nominated from within the current membership by the Trustees. During the current accounting period, the Trustees have also appointed a Deputy Chair.

Individual Trustees are sought when a vacancy arises on the Board. The Board seeks to maintain a reasonable balance of gender, ethnicity, skills and work backgrounds. They will target individuals who have the requisite mix for any specific vacancy. The Board makes a positive effort to remove, reduce or prevent obstacles to people being trustees, allocating budgets, where necessary, to achieve this within the charity's available resources.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2021

Method of appointment or election of Trustees (continued)

Trustees serve a 3 year term, at the end of which they may seek re-election for a further 3 years. There is no outside party who can appoint trustees.

Trustee induction and training

All new Trustees undergo a detailed induction at which members of the Executive brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and the recent financial performance of the charity. During the induction they are also introduced to numerous key members of staff.

Trustee induction and training

Trustees are encouraged to attend appropriate training events and conferences where these will facilitate the undertaking of their role.

The Trustees undertake an annual self-assessment of performance and skills assessment when required for succession planning purposes.

Pay policy for senior staff

The company undertakes independent benchmarking of remuneration for executives and the senior leadership team. Salaries for executives are agreed by Trustees, with salaries for the senior leadership team being set by the executive team within parameters defined by the budgets approved by Trustees.

Trustees set out the process for setting the remuneration of senior staff, and their remuneration levels, and are currently reviewing the scope of the Remuneration Committee. On completion of this the policy it will be published on the charity's website.

Organisational structure and decision making

The Board of Trustees, which can have up to 12 members, administers the charity.

The Board meets at least 4 times a year, at least one meeting of which is extended to enable members to give greater consideration to the future strategic direction of the organisation, as well as ensuring that the organisation's charitable purposes, and its external environment in which it works, continue to be relevant and valid.

The Board applies the Charity Governance Code as an internal framework to review and monitor its own performance and compliance via the Audit, Risk and Investment Committee, reporting back to the Board through the NCFE Group Assurance document.

The Board look to comply with the code in most parts except for the follow two principles which are not applicable to the business:

2.6.2 Where individual board members are also involved in operational activities, for example as volunteers, they are clear about the capacity in which they are acting at any given time and understand what they are and are not authorised to do and to whom they report. – No Board member is active operationally or volunteers for the business (as the business has no volunteers).

7.7 Member engagement (where trustees are appointed by an organisational membership wider than the trustees) - Not currently applicable as membership to the charity is linked to the appointment as a trustee and Board Membership is self-contained.

Report of the Board of Trustees (incorporating the Strategic Report)

for the year ended 31 July 2021

Organisational structure and decision making (continued)

The charity has noted the revisions made to the Code at the end of 2020 for the Integrity Principle (Principle 3) and Equality, Diversity and Inclusion (Principle 6) and are working towards adopting the changes recommended in the revised framework.

Members also meet with the Executive between quarterly formal meetings to exchange views and receive updates on the organisation's progress. As stated above, none of the Trustees are directly involved in the operational activity of the Group.

A Chief Executive is appointed by the Trustees to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and education-related activity.

The Chief Executive manages the Executive who have Directorate level responsibility. Within each Directorate there are a number of teams each of which has a manager who sits as part of the Management team group with responsibility for operational activity.

Related parties

The links between Board members and the organisations in which they hold senior positions are disclosed in note 21.

Risk management

The Trustees have a risk management strategy which comprises:

- continuous review of the strategic risks the charity may face,
- the establishment of systems and procedures to mitigate those risks identified in the plan.

Employee involvement and employment of disabled people

Employees are periodically consulted with on issues of concern to them by means of regular Employee forums meetings made of elected representatives and through the Equality, Diversity and Inclusion forum and continue to be communicated with through many communication channels used across the business. The company and the group carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees on common themes and issues that arise as a result of these interviews.

The company and the group have implemented a number of detailed policies and training in relation to all aspects of personnel matters. In accordance with the company and the group's equal opportunities policy, the company and the group has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the company and the Group's offices.

Report of the Board of Trustees (incorporating the Strategic Report)

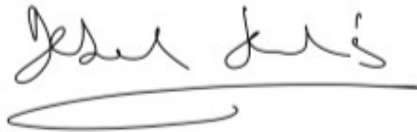
for the year ended 31 July 2021

Disclosure of information to auditor

Each of the persons who are Trustees at the time when the Report of the Board of Trustees is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

This report was approved by the Trustees on 6 December 2021 and signed on their behalf by:

A handwritten signature in dark ink, appearing to read 'D Jenkins', with a long horizontal flourish underneath.

Ms D Jenkins MBE DL
Chair

Statement of Trustees' responsibilities

The Trustees (who are also directors of NCFE for the purpose of company law) are responsible for preparing the Report of the Board of Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 charitable company and the group and of the net income and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of NCFE

Opinion

We have audited the financial statements of NCFE ("the Company") and its subsidiaries ("the Group") for the year ended 31 July 2021 which comprise the Group statement of financial activities, Group balance sheet, Company balance sheet, Group statement of cash flows and the related notes 1 to 26, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- ▶ give a true and fair view of the Group's and the Company's affairs as at 31 July 2021 and of the Group's net income and application of resources, including its income and expenditure, 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 Group 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 Trustees' 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 Group and Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditor's report

to the members of NCFE

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ▶ the information given in the Trustees' report, which includes the directors' report and the strategic report prepared for the purpose of company law, for the financial year for which the financial statements is prepared is consistent with the financial statements; and
- ▶ The strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the company and its environment obtained in the course of the audit, we have identified no material misstatements in the strategic report or the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 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 company financial statements are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of trustees' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 15, the Trustees (who are also the directors of the Group and the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the Group's and 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 trustees either intend to liquidate the Group or company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report

to the members of NCFE

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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are
 - Companies Act 2006, Charities Act 2011, the Charities SORP and FRS102
 - Tax legislation (governed by HM Revenue & Customs) and including furlough legislation
 - Health and Safety legislation
- We understood how NCFE is complying with those frameworks by reading internal policies and codes of conduct and assessing the entity level control environment. We made enquiries of the Group's senior management of known instances of non-compliance or suspected non-compliance with laws and regulations, including any matters raised in whistleblowing. We also considered the oversight procedures of the Group's Board of Trustees.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of senior management, including the Chief Financial Officer. We obtained details of incidents and allegations of fraud raised internally and investigated by the Group's compliance team. We planned our audit to identify risks of management override or bias by agreeing journal entries in the areas involving significant estimation and judgement, recognition of revenue and profits on contracts, to supporting documentation.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of board meetings and other committee minutes, including the Audit, Risk and Investment Committee, and incident reports to identify any non-compliance with laws and regulations. Our procedures also involved journal entry testing and data analytics, as set out above. Our testing also included consideration of compliance of employees with policies and codes of conduct.

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

Independent auditor's report

to the members of NCFE

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in dark ink, appearing to read 'Ernst + Young W'.

Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
13 December 2021

Group statement of financial activities (incorporating an income and expenditure account)

for the year ended 31 July 2021

		2021	2020
	Notes	£000	£000
Income from:			
Investment income	2	303	465
Other trading activities		1,385	1,191
Charitable activities:			
Examination and assessment		36,808	33,297
Other income	3	296	1,172
Total income		<u>38,792</u>	<u>36,125</u>
Expenditure			
Raising funds:			
Trading		2,023	1,700
Investment management costs	4	54	54
Charitable activities:			
Examination and assessment	5	35,700	30,564
Total expenditure		<u>37,777</u>	<u>32,318</u>
Net income before other recognised gains and losses		1,015	3,807
Gains/(losses) on revaluations of investment assets	12	520	(602)
Net movement in funds for the year		<u>1,535</u>	<u>3,205</u>
Reconciliation of funds:			
Total funds brought forward		43,406	40,201
Total funds carried forward		<u>44,941</u>	<u>43,406</u>

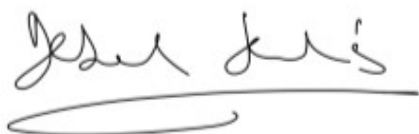
All funds are unrestricted.

Group balance sheet

at 31 July 2021

	Notes	2021 £000	2020 £000
Fixed assets			
Intangible assets	10	3,306	2,910
Tangible assets	11	2,926	3,061
Investments	12	9,089	10,655
		<u>15,321</u>	<u>16,626</u>
Current assets			
Stocks	13	18	18
Debtors	14	5,218	4,923
Cash at bank and in hand		<u>29,094</u>	<u>25,963</u>
		34,330	30,904
Creditors: amounts falling due within one year	15	<u>(4,710)</u>	<u>(4,124)</u>
Net current assets		<u>29,620</u>	<u>26,780</u>
Total assets less current liabilities		<u>44,941</u>	<u>43,406</u>
Net assets		<u>44,941</u>	<u>43,406</u>
Charity funds			
Unrestricted funds:			
Unrestricted funds	16	<u>44,941</u>	<u>43,406</u>
Total funds		<u>44,941</u>	<u>43,406</u>

The financial statements were approved by the Trustees on 6 December 2021 and signed on their behalf by:



Ms D Jenkins MBE DL

Company balance sheet

at 31 July 2021

	Notes	2021 £000	2020 £000
Fixed assets			
Intangible assets	10	3,020	1,931
Tangible assets	11	2,900	3,006
Investments	12	10,017	11,583
		<u>15,937</u>	<u>16,520</u>
Current assets			
Stocks	13	2	2
Debtors	14	5,004	4,713
Cash at bank and in hand		<u>28,739</u>	<u>25,605</u>
		33,745	30,320
Creditors: amounts falling due within one year	15	<u>(4,517)</u>	<u>(3,940)</u>
Net current assets		<u>29,228</u>	<u>26,380</u>
Total assets less total liabilities		<u>45,165</u>	<u>42,900</u>
Net assets		<u>45,165</u>	<u>42,900</u>
Charity funds			
Unrestricted funds:			
Unrestricted funds		45,165	42,900
Total funds		<u>45,165</u>	<u>42,900</u>

The financial statements were approved by the Trustees on 6 December 2021 and signed on their behalf by:



Ms D Jenkins MBE DL

Group statement of cash flows

for the year ended 31 July 2021

	<i>Notes</i>	<i>2021</i> <i>£000</i>	<i>2020</i> <i>£000</i>
Cash flows from operating activities:			
Net cash provided by operating activities	17	<u>2,798</u>	<u>6,221</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		303	465
Purchase of tangible fixed assets		(398)	(304)
Purchase of intangible fixed assets		(1,659)	(2,157)
Proceeds from sale of investments		4,831	3,789
Purchase of listed investments		(2,655)	(3,777)
Purchase of other investments		(89)	-
Net cash used in investing activities		<u>333</u>	<u>(1,984)</u>
Change in cash and cash equivalents in the year		3,131	4,237
Cash and cash equivalents brought forward		25,963	21,726
Cash and cash equivalents carried forward	18	<u><u>29,094</u></u>	<u><u>25,963</u></u>

Notes to the financial statements

for the year ended 31 July 2021

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1,000.

NCFE meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised as historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

Basis of consolidation

The financial statements consolidate the accounts of NCFE and its subsidiary undertakings, NCFE Trading Limited, Skills Forward Limited and Peer Tutor Limited up to 31 July 2021. The results of the subsidiaries are consolidated on a line by line basis.

No separate SOFA has been presented for the parent company alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP. The net income and expenditure for the year dealt within the accounts of the company was £2.3m (2020: £3.3m).

Company status

The charity is a company limited by guarantee, incorporated in England and Wales with Company number: 02896700. The members of the charity are the Trustees named on page 2. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

Going concern

The Trustees have considered the company's current and future prospects and its availability of financing and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason, the Trustees continue to adopt the going concern basis of preparation for these financial statements.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund, is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

Notes to the financial statements

for the year ended 31 July 2021

1. Accounting policies (continued)

Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from charitable activities represents the values of fees for the provision of examinations and assessments and related services.

Registration income is included within income resources in the period in which the relevant registration is made as all performance obligations have been met.

Certification income is recognised in the period in which the certificate is issued.

Interest receivable is included when receivable by the company.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Grants are of a revenue nature, and as such are credited to income to match them with the expenditure to which they relate.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs are allocated to the applicable expenditure heading on a basis consistent with the use of resources.

Charitable activity costs include expenditure relating to the provision of examination and assessment services and include both the direct costs and support costs relating to these activities.

Support costs are those costs incurred directly in support of expenditure on the objects of the group and include project management carried out at the head office.

Intangible fixed assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Brands acquired are valued as the difference between the identifiable net assets of the purchase, and the consideration paid.

Product development costs are recognised as intangible assets measured at cost.

Notes to the financial statements

for the year ended 31 July 2021

1. Accounting policies (continued)

Intangible fixed assets and amortisation (continued)

Amortisation is provided on all intangible assets so as to write off the cost of an asset over its estimated useful life as follows:

Brands	-	5 years straight line
Software	-	2 - 5 years straight line
Product development	-	4 years straight line

Intangible assets are reviewed for impairment where market conditions or other factors indicate a reduction in future economic benefits. Impairment losses are recognised in the statement of financial activities where an asset's realisable amount exceeds its carrying value.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Costs include the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

Long-term leasehold property	Over the term of the lease
Fixtures and fittings	5 – 15 years straight line
Office and computer equipment	3 – 5 years straight line

Assets residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively. Assets under construction are not depreciated until the related assets are complete.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of financial activities.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of financial activities.

Fixed asset investments

Listed investments, which have been classified as fixed asset investments, are measured initially and subsequently at fair value. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Fixed asset investments in unquoted companies are stated at cost less impairment.

Leases

All of the group's leasing arrangements are operating leases. Rental payments under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term, even if payments are not made on such a basis.

Notes to the financial statements

for the year ended 31 July 2021

1. Accounting policies (continued)

Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Financial instruments

The group only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances and loans to or from related parties. All such instruments are due within one year, and are measured, initially and subsequently at the transaction price.

Employee benefits

Short term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Defined contribution pension plan

The group operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet.

NCFE makes an employer's contribution of 9% of pensionable pay, provided that the employee makes a minimum contribution of 3% and 6% provided that the employee contributes 2%. These amounts are paid over to the fund on a monthly basis.

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the financial statements

for the year ended 31 July 2021

1. Accounting policies (continued)

Key sources of estimation uncertainty

Estimates included within these financial statements include depreciation and amortisation charges based upon the useful economic lives of both tangible and intangible assets, and provisions against debtors. None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical areas of judgement

A critical area of judgement is considered to be the amount of income deferred in relation to annual fees received at the start of the academic year, which relies upon judgement over the rate of drop out of students, and hence the amount of income that will not be collected. No material uncertainty is considered to exist in relation to this key area of judgement.

Judgement is also required in the assessment of the carrying values of fixed assets and investments, in the performing impairment tests. The impairment test calculations make assumptions around future trading performance, customer retention, cost rationalisation and external factors such as government funding. No material uncertainty is considered to exist in relation to this key area of judgement.

2. Investment income

	2021 £000	2020 £000
Rent receivable	133	159
Dividends	161	209
Interest receivable	9	97
	<u>303</u>	<u>465</u>

3. Other income

Government grants of £296,000 (2020: £1,172,000) have been recognised in the Group Statement of Financial Activities and relate to claims under the COVID-19 job retention scheme.

4. Investment management costs

	2021 £000	2020 £000
Investment management fees	<u>54</u>	<u>54</u>

Notes to the financial statements

for the year ended 31 July 2021

5. Analysis of expenditure by activities

	<i>Activities undertaken directly</i>	<i>Support costs</i>	<i>Total</i>	<i>Total</i>
	<i>2021</i>	<i>2021</i>	<i>2021</i>	<i>2020</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Examination and assessment activities	30,730	4,970	35,700	30,564

6. Direct costs

	<i>2021</i>	<i>2020</i>
	<i>£000</i>	<i>£000</i>
Examination and assessment costs	11,343	9,919
Wages and salaries	16,534	14,079
National insurance	1,549	1,430
Pension cost	1,304	1,025
	<u>30,730</u>	<u>26,453</u>

7. Support costs

	<i>2021</i>	<i>2020</i>
	<i>£000</i>	<i>£000</i>
Governance	137	56
Wages and salaries	3,957	3,338
National insurance	423	360
Pension cost	453	357
	<u>4,970</u>	<u>4,111</u>

Support costs all relate to the provision of examination and assessment support, in undertaking the objectives of the charitable company.

8. Net income

This is stated after charging:

	<i>2021</i>	<i>2020</i>
	<i>£000</i>	<i>£000</i>
Depreciation of tangible fixed assets:		
- owned by the charity	533	497
Operating lease rentals:		
- IT equipment	43	46
- other operating leases	48	72
Amortisation of intangible assets	883	1,869
Impairment of intangible assets	380	-
Auditor's remuneration	58	56
Auditor's remuneration – non-audit services	<u>8</u>	<u>31</u>

Notes to the financial statements

for the year ended 31 July 2021

9. Staff costs

Staff costs were as follows:

	2021	2020
	£000	£000
Wages and salaries	21,799	19,520
Social security costs	2,104	1,887
Other pensions costs	1,815	1,413
	<u>25,718</u>	<u>22,820</u>

The average monthly number of employees, expressed as headcount figures (including casual and part time staff), was 804 (2020: 715).

The number of higher paid employees was:

	2021	2020
	No.	No.
In the band £60,001 - £70,000	5	8
In the band £70,001 - £80,000	3	8
In the band £80,001 - £90,000	1	4
In the band £90,001 - £100,000	2	3
In the band £100,001 - £110,000	-	2
In the band £110,001 - £120,000	1	1
In the band £120,001 - £130,000	-	-
In the band £130,001 - £140,000	-	1
In the band £140,001 - £150,000	-	-
In the band £160,001 - £170,000	-	1
In the band £200,001 - £210,000	-	1
In the band £380,001 - £390,000	-	-

During the year, redundancy payments totalling £46,000 (2020: £2,000) were paid as part of the continuing restructuring of the business. These are included within staff costs.

None of the employees whose emoluments exceed £60,000 have retirement benefits accruing under defined benefit schemes. All of the above members of staff are members of the company's defined contribution scheme.

The increase in employee numbers from prior year are a result of investment across the Group to allow delivery of the strategy and meet the increasing challenges of the market.

Remuneration and benefits received by key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees for planning, directing and controlling the activities of the charity. The aggregate remuneration of the executive team who were considered by the Trustees to be the key management of the charity totalled £686,000 (2020: £656,000).

Notes to the financial statements

for the year ended 31 July 2021

10. Intangible fixed assets

	<i>Negative goodwill</i> £000	<i>Brands</i> £000	<i>Software</i> £000	<i>Product development</i> £000	<i>Total</i> £000
Group					
Cost					
At 1 August 2020	(42)	7,869	1,539	1,296	10,662
Additions	-	-	255	1,404	1,659
At 31 July 2021	(42)	7,869	1,794	2,700	12,321
Amortisation					
At 1 August 2020	(42)	7,494	286	14	7,752
Charge for the year	-	375	415	93	883
Impairment	-	-	380	-	380
At 31 July 2021	(42)	7,869	1,081	107	9,015
Net book value					
At 31 July 2021	-	-	713	2,593	3,306
At 1 August 2020	-	375	1,253	1,282	2,910

	<i>Brands</i> £000	<i>Software</i> £000	<i>Product development</i> £000	<i>Total</i> £000
Company				
Cost				
At 1 August 2020	4,926	722	1,296	6,944
Additions	-	3	1,404	1,407
At 31 July 2021	4,926	725	2,700	8,351
Amortisation				
At 1 August 2020	4,844	155	14	5,013
Charge for the year	82	143	93	318
At 31 July 2021	4,926	298	107	5,331
Net book value				
At 31 July 2021	-	427	2,593	3,020
At 1 August 2020	82	567	1,282	1,931

Included in the group cost of additions is £1,113,000 (2020: £1,531,000) (Company - £990,000 (2020: £235,000)) from internal development.

Notes to the financial statements

for the year ended 31 July 2021

11. Tangible fixed assets

	<i>Long-term leasehold property £000</i>	<i>Fixtures and fittings £000</i>	<i>Office equipment £000</i>	<i>Total £000</i>
Group				
Cost				
At 1 August 2020	1,419	2,499	1,605	5,523
Additions	-	248	150	398
Disposals	-	-	(122)	(122)
At 31 July 2021	1,419	2,747	1,633	5,799
Depreciation				
At 1 August 2020	208	1,095	1,159	2,462
Disposals	-	-	(122)	(122)
Charge for the year	29	262	242	533
At 31 July 2021	237	1,357	1,279	2,873
Net book value				
At 31 July 2021	1,182	1,390	354	2,926
At 1 August 2020	1,211	1,404	446	3,061

	<i>Long-term leasehold property £000</i>	<i>Fixtures and fittings £000</i>	<i>Office equipment £000</i>	<i>Total £000</i>
Company				
Cost				
At 1 August 2020	1,419	2,423	1,590	5,432
Additions	-	248	151	399
Disposals	-	-	(122)	(122)
At 31 July 2021	1,419	2,671	1,619	5,709
Depreciation				
At 1 August 2020	208	1,066	1,152	2,426
Disposals	-	-	(122)	(122)
Charge for the year	28	238	239	505
At 31 July 2021	236	1,304	1,269	2,809
Net book value				
At 31 July 2021	1,183	1,367	350	2,900
At 1 August 2020	1,211	1,357	438	3,006

Notes to the financial statements

for the year ended 31 July 2021

12. Fixed asset investments

	<i>Listed securities</i>	<i>Other investments</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Group			
Market value			
At 1 August 2020	10,655	-	10,655
Additions	2,655	89	2,744
Disposals	(4,830)	-	(4,830)
Revaluations	520	-	520
At 31 July 2021	<u>9,000</u>	<u>89</u>	<u>9,089</u>
Historical cost	<u>7,226</u>	<u>89</u>	<u>7,315</u>

Valuation

Listed investments are valued at the market rate at the year-end date.

	<i>Listed securities</i>	<i>Subsidiary undertakings</i>	<i>Other investments</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Company				
Market value				
At 1 August 2020	10,655	928	-	11,583
Additions	2,655	-	89	2,744
Disposals	(4,830)	-	-	(4,830)
Revaluations	520	-	-	520
At 31 July 2021	<u>9,000</u>	<u>928</u>	<u>89</u>	<u>10,017</u>
Historical cost	<u>7,226</u>	<u>3,376</u>	<u>89</u>	<u>10,691</u>

Listed investments held

	<i>2021</i>	<i>2020</i>
	<i>£000</i>	<i>£000</i>
UK bonds	389	309
Overseas bonds	580	155
UK equities	1,708	3,000
Overseas equities	-	1,204
Pooled funds	6,323	5,987
	<u>9,000</u>	<u>10,655</u>

All listed investments are held in funds managed by Brewin Dolphin Investment Management on behalf of the company.

The charity owns one £1 ordinary share, 100% of the voting capital in NCFE Trading Limited, a company incorporated and registered in England and Wales. The company has not traded during the year.

The company holds 100% of the voting capital in Skills Forward Limited, a company incorporated and registered in England and Wales. The principal activity of the company is the provision of online assessments, diagnostics and e-learning resources.

Notes to the financial statements

for the year ended 31 July 2021

12. Fixed asset investments (continued)

The company holds 100% of the voting capital in Peer Tutor Limited, a company incorporated and registered in England and Wales. The principal activity of the company is the provision of online learner support. The company ceased to trade on 31 July 2021.

13. Stocks

	<i>Group</i>		<i>Company</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Finished goods and goods for resale	18	18	2	2

14. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	4,023	3,800	3,834	3,614
Amounts due from subsidiary undertakings	-	-	11	11
Other debtors	46	33	22	21
Prepayments and accrued income	1,149	1,090	1,137	1,067
	<u>5,218</u>	<u>4,923</u>	<u>5,004</u>	<u>4,713</u>

15. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade creditors	716	687	707	676
Other taxation and social security	721	899	627	838
Other creditors	258	172	226	168
Accruals and deferred income	3,015	2,366	2,957	2,258
	<u>4,710</u>	<u>4,124</u>	<u>4,517</u>	<u>3,940</u>

Deferred income

	<i>Group</i>		<i>Company</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Deferred income at 1 August 2020	58	42	23	42
Resources deferred during the year	3,125	3,289	3,125	3,258
Amounts released during the year	(3,157)	(3,273)	(3,125)	(3,277)
Deferred income at 31 July 2021	<u>26</u>	<u>58</u>	<u>23</u>	<u>23</u>

Notes to the financial statements

for the year ended 31 July 2021

16. Statement of funds

Group

	<i>Brought forward</i>	<i>Income</i>	<i>Expenditure</i>	<i>Investment gains</i>	<i>Carried forward</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Designated funds					
Resilience fund	15,000	-	-	-	15,000
	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
General funds					
General funds	28,406	38,792	(37,777)	520	29,941
	<u>28,406</u>	<u>38,792</u>	<u>(37,777)</u>	<u>520</u>	<u>29,941</u>
Total unrestricted funds	<u>43,406</u>	<u>38,792</u>	<u>(37,777)</u>	<u>520</u>	<u>44,941</u>

The income funds of the charitable company include the following designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes:

The Resilience fund is used to ensure that the Charity remains financially sound in the case of any significant changes in the market.

17. Reconciliation of net income to net cash flow from operating activities

	<i>2021</i>	<i>2020</i>
	<i>£000</i>	<i>£000</i>
Net income for the year before investment gains/(losses) (as per Statement of Financial Activities)	1,015	3,807
Adjustment for:		
Depreciation charges	533	497
Amortisation charges	883	1,869
Loss on the disposal of fixed assets	-	97
Impairment of fixed assets	380	-
Dividends, interest and rents from investments	(303)	(465)
Increase in stocks	-	(1)
Increase in debtors	(295)	(107)
Increase in creditors	586	524
Net cash provided by operating activities	<u>2,798</u>	<u>6,221</u>

Notes to the financial statements

for the year ended 31 July 2021

18. Analysis of cash and cash equivalents

	2021	2020
	£000	£000
Cash in hand	10,246	25,397
Notice deposits (less than 3 months)	18,848	566
	<u>29,094</u>	<u>25,963</u>

19. Pension commitments

NCFE operates a defined contribution pension scheme, the Group Personal Pension Scheme. The assets of the scheme are held separately from those of the charitable company in a separately administered fund. The pension costs charge represents contributions payable by the group to the fund and amounted to £1,815,000 (2020: £1,413,000). Contributions totalling £203,000 (2020: £158,000) were payable to the fund at the balance sheet date and are included within creditors.

20. Operating lease commitments

Future minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£000	£000
Group and Company		
Not later than 1 year	78	90
Later than 1 year and not later than 5 years	-	39
	<u>78</u>	<u>129</u>

21. Related party transactions

During the year, transactions were carried out at full market value with the following individuals or organisations in which directors of NCFE also held senior positions or held shares, as follows.

	<i>Value of transactions</i>	<i>Outstanding at the year end</i>	<i>Value of transactions</i>	<i>Outstanding at the year end</i>
	2021	2021	2020	2020
	£000	£000	£000	£000
Mr C Peel	-	-	32	-
Kindling Limited	<u>16</u>	<u>-</u>	<u>31</u>	<u>3</u>

Ms D M Jenkins, a Trustee is also a Director of Kindling Limited which invoiced NCFE for Chairman's remuneration. The value of transaction in 2020 included £9,000 that related to the previous year.

Mr C Peel, a Trustee invoiced NCFE for professional consultancy services supplied in 2020.

There were no Trustees that were reimbursed travelling expenses in the year (2020: 4 were reimbursed £4,484).

Notes to the financial statements

for the year ended 31 July 2021

22. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
NCFE Trading Limited	UK	100%	Holding company
Skills Forward Limited	UK	100%	Provision of online assessments, diagnostics and e-learning resources
Peer Tutor Limited	UK	100%	Online learner support. Trade ceased on 31 July 2021

23. Controlling party

The charitable company is controlled by the Board of Trustees.

24. Financial instruments

	2021 £000	2020 £000
Financial assets measured at fair value through income and expenditure	9,000	10,655
Financial assets measured as amortised cost	33,278	30,194
	<u>42,278</u>	<u>40,849</u>
Financial liabilities measured at amortised cost	<u>3,962</u>	<u>3,167</u>

Financial assets measured at fair value through income and expenditure comprise listed investments.

Financial assets measured at amortised cost comprise trade debtors, other debtors, accrued income and cash.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

25. Effects of COVID-19

The Group has performed an assessment of the impact of COVID-19 on the potential financial and operational risks to the business. At the date of approval of these accounts the key effects of COVID-19 on the Group are as follows:

- Employees – most critical employees are able to work remotely without significant impact on the business.
- Customer demand – the demand for most of our products is holding up as alternative assessment methods are agreed with our regulator.
- Suppliers – we are in regular contact with our key suppliers and are maintaining continuity of supply.
- Liquidity - as the majority of our income arises from ongoing trade with long-term trusted customers, we are not seeing any significant impact on liquidity from the consequences of COVID-19.
- Investments – the Group's portfolio of listed investments may decline in value due to the impacts of COVID-19.

Sensitivities have been applied to the Group's underlying forecasts to take account of the most severe impacts of the above. The directors, in light of these actual and potential impacts, remain satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Notes to the financial statements

for the year ended 31 July 2021

26. Post Balance Sheet Event

On 30 November 2021 the company acquired the net assets of its subsidiary Company, Skills Forward Limited. The net assets were transferred for a consideration equal to their net book value.