

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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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.

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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

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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.

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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

453,000

learners registered with NCFE in 2023/24



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

Over 11,000

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

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 **51,000 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.

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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
ENERGY CONSUMPTION TO CALCULATE EMISSIONS		
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
EMISSIONS		
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
INTENSITY RATIOS		
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.

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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.

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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. 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	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%

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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.

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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 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.

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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.

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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".

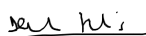
Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the parent charitable company and the group and 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

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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.

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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:

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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>

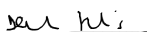
All of the group's activities derive from continuing operations during the above two periods.

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:



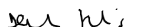
Deborah Jenkins 18 Dec 2024 13:44:10 GMT (UTC +0)

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.

NCFE

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.

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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).

NCFE

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

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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.

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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.

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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	31,935	31,935

	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	31,782	31,782

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	32,809	32,809

	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	32,427	32,427

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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>