



NOCN

(A Company limited by guarantee)

Trustees' Report and Consolidated Financial Statements
31 July 2021

Registered Charity No. 1079785
Company Registration No. 03829217



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Reference and Administrative Details of the Charity, its Trustees and Advisers for the Year Ended 31 July 2021

Directors and Trustees

The trustees of NOCN, who were also directors, serving during the year and since the year-end are as follows:

NOCN Trustees' and Directors:

Chair	David Gareth Jones
Vice Chair	Alison Duckles CBE (nee Lamplough)**
Trustees	Seb Schmoller (Retired 25 October 2021)
	John Fuller
	Kay Dickinson* (Reappointed 10 December 2020)
	Peter Wallwork* (Reappointed 23 September 2021)
	Anthony Saunders (Resigned 28 February 2021)
	Leckraz Boyjoonauth
	Kam Penglin (Resigned 25 November 2020)
	Corrina Hembury (Reappointed 10 December 2020)
	Michael Mason (Resigned 27 November 2020)
	Michelle Elliott *
	Adrian Toomey (Appointed 25 February 2021)
	Fiona Macaskill (Appointed 23 September 2021)
	Lucy Hunte (Appointed 11 January 2022)

Secretary Sarah Standeven

**Trustees are also current or past trustees of One Awards*

*** Trustee is also a trustee and Chair of NOCN Job Cards*

One Awards Trustees' and Directors:

Chair	David Balme
Trustees	Leslie Woodward
	Andrew McHale
	Jane Oswald
	Sheila McQueen (Resigned 9 December 2020)
	Michelle Elliott
	Kay Dickinson (Resigned 2 March 2021)
	John Rees
	Peter Wallwork (Appointed 2 March 2021)
	Doug Balderston (Appointed 12 March 2021)

Secretary Dawn Rush

NOCN Job Cards Trustees' and Directors

Chair	Alison Duckles CBE (nee Lamplough)
Trustees	Graham Hasting-Evans
	Simon Renny (Resigned 2 November 2020)
	Kevin Minton
	Trevor Gamble
	David Mosley

Reference and Administrative Details of the Charity, its Trustees and Advisers for the Year Ended 31 July 2021 (continued)

NOCN Job Cards Trustees' and Directors (continued)

Paul Allman	(Appointed 2 November 2020)
Tim Brownbridge	(Appointed 2 November 2020)
Carl Hassell	(Appointed 14 May 2021)

NOCN India Skills Foundation Directors:

Director	Graham Hasting-Evans
	Dr Sunil Abrol

Key Management Personnel - NOCN Group Senior Leadership Team in 2020/21:

Chief Executive Officer Graham Hasting-Evans
 Group Executive Director (Finance & Governance & Deputy CEO) Simon Renny
 Group Executive Director of Customer Services & Operations Stephanie Birch
 (Resigned 13 November 2020)
 Group Director (Awarding Organisation) Mark Buckton (Resigned 31 March 2022)
 Group Director (One Awards, International & Culture) Fabienne Bailey
 Group Director (Apprenticeships) Thomas Burton
 Group Director (Business Development) Louise Allen
 Group Director (Job Cards) Carl Hassell
 Group Director (Digital Delivery and Improvement) Gareth Cutts (Appointed 1 May 2021)

Reference and administrative details

Charity Number:	NOCN:	1079785
	One Awards:	1087530
	Job Cards:	1182053

Company number:	NOCN:	03829217
	One Awards:	04042215
	Job Cards:	11634699

NOCN Registered office: Acero Building, 1 Concourse Way, Sheaf Street, Sheffield, S1 2BJ.

Our Advisers

Bank	National Westminster Bank Plc (NOCN & NOCN Job Cards)	7 Market Place, Derby, DE1 9DS
	Yorkshire Bank (One Awards)	7 Linthorpe Road Middlesbrough TS1 1RF
Solicitors	Andrew Holland Law Limited	Suite 2, The Bakery Millennium Business Park Steeton, Keighley West Yorkshire, BD20 6RB
Auditors	BDO LLP	Central Square 29 Wellington Street Leeds, LS1 4DL

Trustees' Report for the year ending 31 July 2021

The Trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiaries for the year ending 31 July 2021 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

Chair's report

The start of the 2020/21 financial year saw the Group continuing to navigate the disruption to our working practices due to COVID-19. The impact to learning continued throughout the year. However, our operations and staff across the Group continued to adapt to the changing landscape to continue to support our centres; whilst protecting learners and beneficiaries, resulting in the Group becoming stronger.

This strengthening can be seen in the accounts presented here. The Group has seen a very significant turnaround in performance in 2020/21 compared to 2019/20, achieving a £4.2m operating surplus in 2020/21 compared to a £0.3m operating loss in the previous year. Managing to grow income whilst also cutting costs and still investing in the business has allowed the Group's balance sheet reserves to fully recover for the losses in the previous year.

In terms of impact on our Charitable beneficiaries, our Awarding Organisation saw a growth in the number of beneficiaries supported in 2020/21 compared to 2019/20 in terms of number of certifications achieved, whilst the number of Apprentice assessments in year has almost quadrupled and One Awards saw a growth in Access to Higher Education registrations.

The number of active CPCS and CISRS Cards held has also seen an increase. CPCS business operations were significantly impacted by the systems transfer prior to the pandemic. However, operations and systems have been updated and streamlined to provide an improved service for centres, employers, and cardholders. Our legal claim against CITB has been successfully settled and we continue to have a strong working relationship with CITB across all group construction products and services.

In addition to the updates seen across CPCS, we have also invested in system and operating improvements across the Group. Our digital offer now includes remote invigilation, vLearn (virtual learning environment), online testing and online courses for SiteRight and we have launched our online EPA system, Rubric, with our EPA customers.

The NOCN Group Board has been considering next steps for the long-term structure of NOCN and One Awards and has decided (recognising the improved financial position of both organisations) that One Awards will once again become an independent organisation. During 2021/22 One Awards will de-merge from the group and both boards are working towards a new partnership agreement.

As an organisation our history is rooted in upskilling industrial Britain during a period of intense economic uncertainty across the UK. Our ability to influence, care and specialise to help learners, apprentices and cardholders as well as employer organisations to thrive, continues to be paramount for our growth post-pandemic. The Group has an opportunity to emerge from the COVID-19 crisis as strong leaders in the skills landscape, both in the UK and overseas by upskilling, reskilling, and training workers in the skills for today and tomorrow.

As the Chair of Trustees, I am immensely proud of the resilience, dedication, and commitment of every employee through these challenging and uncertain times. I am extremely confident that despite these challenges, the Group will continue to improve and expand and support future generations of learners. I would like to take this opportunity to thank the Group's centres, staff, and the Trustees for all their hard work and support in 2020/21.



Gareth Jones – Chair of Trustees, NOCN Group
29 April 2022

Our Purpose, Objectives and Activities

The Purpose of the Charity

The purpose and mission statement of NOCN Group is to support learners and apprentices to achieve success in life and work and to support communities and organisations to develop and prosper, through regulated qualifications, apprenticeship assessments, skills accreditation, assessment support, access to higher education, competency cards, consultancy advice and training.

The Objectives of the Charity

The Objectives of the Charity are:

“The advancement of the education of the public in one or more of the following ways:

- by promoting and widening participation in education and training, including for those people who have previously been excluded from educational opportunities;*
- by improving the quality and flexibility of education provision for the public benefit, including for those people who have previously been excluded from educational opportunities; and*
- by improving access to learning opportunities and facilitating progression to further learning, employment and higher education, particularly through the award of credits and credit based competency qualifications.”*

NOCN works to deliver these objectives through its key Group functions as follows:

- NOCN Education and Skills policy research – through NOCN’s work in contributing to government vocational education and skills policy reviews and other research papers it has delivered in conjunction with partners with the aim of improving the quality of the vocational education system.
- NOCN Awarding Organisation - through its work in developing and promoting vocational qualifications that meet the needs of employers and help learners progress in employment or learning.
- Apprenticeship End Point Assessment - through its work in providing a high quality, compliant apprenticeship assessment service to employers employing apprentices.
- NOCN Job Cards - through its work in assessing the competence of workers to operate construction plant on construction sites and operating the scaffolding card scheme on behalf of CISRS, as well as other competency-based card schemes it may operate in the future.
- One Awards – through its work in being a leading Access provider, supporting learners who otherwise might have been excluded from securing a route into Higher Education, and the delivery of bespoke, endorsed programmes and specialist training.
- International – through the provision of consultancy to improve apprenticeship systems in other countries as well as the provision of ESOL and other qualifications to countries that are keen to utilise UK qualifications.

Public Benefit

Our Trustees have complied with their duty in accordance with the UK Charities Act 2011 to follow the Charity Commission's guidance on the operation of this public benefit.

NOCN provides a public benefit to advance education and training for the general public through:

- the development and maintenance of credit based or component-based competency qualifications and units as well as short course learners awards in the UK and internationally;
- its continued work as a leading accredited End Point Assessment Organisation for apprenticeships;
- the operation of the Construction Plant Competency Scheme (CPCS) which ensures that Construction Plant Operators have the right qualifications and experience to operate different classes of plant machinery on construction sites. In addition, it operates the CISRS scaffolding card scheme which NOCN Job Cards operates on behalf of CISRS; and
- the delivery of Access to HE qualifications, bespoke accreditation, and training delivery provision through One Awards.

Within the requirements of the individual qualification standards, NOCN qualifications are open to all members of the public. NOCN is committed to equality, diversity and inclusion and holds the status of a 'Leader in Diversity' by the National Diversity Centre.

The Charity continues to demonstrate its objective of widening participation in education, working with groups and communities that have traditionally not benefited from traditional or formal educational opportunities, for example learners working at lower educational levels; learners with disabilities (SEND); learners with few formal qualifications; learners based in offender institutions; younger learners who are not in employment or training; the unemployed and people working in industries that have not traditionally valued formal qualifications.

Key Achievements, Activities & Performance in the year

The Charity is able to demonstrate progress against its key objectives, and key achievements can be summarised as follows across the following divisions of NOCN Group:

NOCN Awarding Organisation

Consistent with the general qualification market conditions, the NOCN Awarding Organisation saw a broadly consistent level of qualification registration activity in 2020/21 compared to 2019/20.

In terms of the number of learners supported by our qualification certificates in the UK and Internationally, for the 12 months to the end of July 2021 there were 108k awards to learners made in 2020/21 compared with 106k in 2019/20, a 2% increase.

Based on qualification achievements per Ofqual criteria, NOCN was 11th Awarding Organisation (AO) in England as per the Ofqual published league tables for the period to the end of June 2021, and continues to be ranked second in the Construction sector. NOCN has continued to comply through the year as a Regulated Awarding Organisation with Ofqual, CCEA and Qualification Wales regulations and has maintained a strong quality assurance record.

With the continued impact of Covid, NOCN, along with other AO's, was required by Ofqual in the summer to award against Teacher Assessed Grades for Vocational & Technical Qualifications (VTQs). NOCN processed only 2,661 learner assessments under Ofqual's Extraordinary Regulatory Framework for the summer assessment window demonstrating how our work to support Providers through Covid to deliver normally using our adaptations had been very successful.

During the year NOCN have worked closely with Centres to ensure maximum learning and assessments took place as far as possible during the ongoing pandemic. This required us to alter our policies in line with Ofqual's direction and to keep a close ongoing dialogue with our centres throughout to ensure quality was maintained but that learners were not disadvantaged by the situation.

We have also developed our offering into the important area of green skills which will be required by all employees to address the challenges created by climate change.

Part of this effort was a substantial improvement in our digital capability. We completed the move of our construction, green skills and Functional Skills English and Maths assessments onto a digital platform. We provided a range of options for conducting Remote Invigilation to suite the individual products and the Centres and Learners needs.

NOCN has continued its diversification strategy. We have developed the Transport Manager Certificate of Professional Competency which signals our return to the Logistics Sector. We are increasingly delivering qualifications internationally and have enjoyed significant success in our non-Regulated short course offering in construction, SiteRight. This has seen SiteRight registrations increase significantly during the year. This product requires the support of Employers, Manufacturers and Federations and symbolises how close NOCN has grown to the Construction Sector.

NOCN has continued to support learners by developing the range of qualifications and support materials it can offer such as the new essential digital skills qualifications including the development of an online marking platform to assist centres. A lot of effort has been put into developing digital teaching and learning materials this year to be hosted on our new platform vLearn. 131 new qualifications have been developed (2020 – 48) bringing our total to 541 on the Ofqual Register. There have been 73 (2020 – 55) withdrawn. We have also developed 10 new SiteRight courses with materials taking this portfolio up to 19 courses. This year's work includes providing support to the Department of Education in their development of Construction Bootcamps which we have supported CITB with and developed some trades alone e.g. Steel-fixer.

In 2020/21 NOCN extended the provision of its qualifications to 86 new training providers (2019/20: 105).

NOCN Apprenticeships

NOCN's support to apprentices through its apprenticeship end point assessment operations has continued to grow and at the end of July was approved to assess 66 (2020: 61) apprenticeship standards, the second highest number of apprenticeship standards of all registered End Point Assessment Organisations as at October 2021.

17 (2020: 27) separate external audits of NOCN's End Point Assessment operations were undertaken in the year and NOCN received clear reports from all External Quality Assurance Organisations.

Despite the impact of Covid, NOCN has delivered a 288% increase in 2020/21 (2020: 194%) in terms of the number of apprentices assessed compared to the prior year. We expect the number of apprentices assessed to continue to be at least at the same level in 2021/22 with a strong pipeline of new business across a range of standards as well as deferred assessments from 2020/21.

2020/21 also saw the launch with customers of NOCN's EPA on-line registration system, Rubric, and growth of staff to help support the efficient management of this increased growth in numbers of apprentices we support.

NOCN Job Cards

CPCS supports people to gain employment and develop their careers in the construction plant sector by issuing them with digital SMART cards which evidence their abilities.

The CPCS business was purchased from CITB on 1 March 2019 but CITB continued to manage the card processing systems on behalf of NOCN Job Cards, until 1 December 2019 at which point the data and the systems were set up on NOCN Job Cards.

During 2020 Job cards continued to see elements of major upheaval due to COVID-19 and continued data legacy issues, which in turn meant that various system issues remained. From the start of 2021 all major issues had been resolved and data corrections were put in place. This has given us confidence to move forward and develop the products that industry require to facilities a safe and competent workforce.

Support from industry is strong, we have many industry working groups supporting development of new products and maintenance of older products ensuring that the scheme is up to date for industries requirements.

Quality assurance has strengthened during the financial year, CPCS has a new Quality Assurance Manual, new reporting forms and EQA's are now more efficient due to completing documentation in real time.

Our competitors have a strong presence in some parts of the construction sector which has also negatively impacted CPCS income. We are seeking support from industry to stand by the standards they developed in 2008 with the CPCS Management Committee under CITB's ownership, in order to maintain safety standards in the plant sector.

Potential changes announced by CITB regarding plant-related grants may also undermine the CPCS scheme quality and standards. We are currently working with CITB, PSRO, HSE and our Management Committee to help ensure that industry upholds the CPCS standards and delivery model developed over the past 13 years. The intent is to ensure that any Plant Card Schemes operating in the same sector footprint at least adopts the same robust quality and standards of delivery as CPCS as the absolute minimum requirements so that plant card schemes can operate on a level playing field working to standards developed by industry.

The impact of Covid lockdown meant that application levels saw significant declines as test centres closed and the construction sector ceased work. Following the relaxation of lockdown in the construction sector and at test centres, we saw these levels increase in Autumn 2020 and the business has moved into a surplus generating position in 2021/22.

In 2020/21, with the CITB transfer issues resolved and with no physical lockdown of the test centres due to Covid in the year, the income improved significantly, albeit still below the levels expected when the business was purchased. This improved income position, along with tight cost control in 2020/21, has meant that the Job Cards Charitable subsidiary has generated a

£1.2m operating surplus in 2020/21 compared to an operating loss of £0.3m in 2019/20 before amortisation and depreciation. NOCN Job Cards continues to be supported by an intercompany loan from NOCN. NOCN has committed to continue to financially support NOCN Job Cards and as a result NOCN Job Cards remains a going concern.

As a result of the significantly lower than originally projected income levels and data transfer issues in relation to the CPCS business, NOCN Job Cards submitted a legal claim against CITB to court in March 2021 in respect of the purchase of the CPCS business. The claim was settled with CITB in December 2021.

Despite this, NOCN Job Cards has continued to invest in the card systems in 2020/21 to improve the functionality of the cards and improve the online offer. It has, and will continue to, work with the employer led CPCS Management Committee and other industry stakeholders to ensure that the CPCS scheme is further developed to meet the needs of the sector's employers and the cardholders.

CISRS throughput was affected by COVID-19 during 2020/21 due to a decision made by the owners to extend cards beyond expiry during the pandemic. In the latter half of 2020/21 financial year, CISRS activity levels were returning to pre-covid levels.

One Awards - Access to HE, Bespoke & Training

One Awards Access to HE provision was very successful in 2020/21 with 4 new providers and an increase in student registrations. One Awards worked very well through the extraordinary regulatory framework and were praised by the Quality Assurance Agency for their comprehensive, robust and clear support to providers which allowed them to help their students progress and without any appeals to the grades awarded at the Final Awards Boards.

New diplomas were launched to meet local economic and national needs including a brand new Policing Diploma and a Bio-Medical Science diploma.

To support providers and students, One Awards moved more content and resource on to the Group online learning platform vLearn and this will continue to be a development going forward into 2021/22.

One Awards worked closely with the QAA to consider a feasibility study of international regulation.

Celebrating achievement continues to be a priority for us and every year we plan and deliver a number of events including award ceremonies. In November 2020, we were delighted to hold the fifth of our Higher Education Admissions Fair in the North-East but our first online, virtual event. The virtual event was a huge success and managed to reach students across all parts of the UK, supporting them to make their choices for progression. Its purpose was to give students an opportunity to meet with representatives from over 30 universities and higher education providers throughout the UK to find out more about the vast range of courses available. Hundreds of Access to HE students attended and took advantage of being able to talk to a range of institutions about possible next steps into higher education and to attend a variety of workshops, all online.

One Awards bespoke units continued to grow and be used by new and existing centres, offering them a flexible accreditation service to support their own bespoke training programmes. Similarly, there was steady growth in the use of the Quality Mark endorsement which support employers and training providers to recognise the value and quality of their own training programmes.

One Awards Training operated in its 2nd year but struggled with the impact of Covid. Learners were not able to attend classroom-based activity and with many staff on furlough, numbers registered saw a decline. Lessons have been learnt and more learning will be delivered online to remove any barriers going forward.

The One Awards team took the decision in lockdown to close their physical office and all staff moved to a virtual team. This has been a successful move and has supported the business to continue to operate in an efficient and cost effective way.

In December 2021, the decision was taken, for NOCN to relinquish its majority voting rights at the One Awards Board before the end of 2021/22. As a result, One Awards will no longer be part of the Group by the end of 2021/22.

International

There has been continued development of our international work with new centres added in Africa, ASEAN, China, Europe, India Sub-Continent, and the Middle East, although registrations have been held up by the pandemic. This has included development of green skills programmes in the Middle-East.

We saw steady growth in ESOL International examinations in Greece, despite the pandemic. In fact, the year saw the largest number of certificates issued since our overseas work started.

Our Indian subsidiary NOCN India Skills Foundation had nearly 600 students register for our Level 5 international engineering, IT and manufacturing diplomas. Work is progressing on a pilot for a similar programme in Haryana State. In India we continued to support the pilot for a Banking Degree Apprentices and have now presented to the Government of India our findings and proposals arising from the review of progress to date.

NOCN Education and Skills Policy & Research

As an integral part of supporting our charitable objects, NOCN supports a number of national awards which aim to encourage learning for across society including disadvantaged groups. The national awards that we have supported this year include Asian Apprenticeship Network, Construction News, Learning & Work Institute Awards, National Apprenticeship Awards, National Centre for Diversity, Sheffield City Region Apprenticeship Awards and Voluntary Action Sheffield Awards.

In addition, NOCN has taken part in and supported research on education and skills development to promote learning and open up skills development to more and more of our communities. In 2020/21, this included:

- Contributing to several of the Learning and Work Institute's research reports.
- Contributing to the research work of the All Parliamentary Policy Group for education and skills through collaboration with Policy Connect.
- Worked with Association of Colleges, CITB, BACH and the Construction Leadership Council (CLC) to progress proposals for supporting learners in FE Colleges into employment in construction which is being considered by DfE.
- Working with Association of Colleges and others on the research in the 'College of the Future'.
- The Group Director for One Awards, International and Culture became an Export Champion for the Department for International Trade.

Financial Review

The Group has seen a complete turnaround in financial performance in 2020/21 compared to 2019/20. With income up 29% and operating costs down 10%. The deficit in 2019/20 has been covered by the surplus generated in 2020/21.

With the end of physical lockdown of colleges, private training providers and test centres in summer 2020, the Charity has seen all major business units improve on their income levels compared to 2019/20, with EPA significantly higher. As a result, incoming resources has grown to £14,755k in 2020/21 compared with £11,413k in 2019/20.

Due to strong cost control as well as the imposition of pay cuts in the first part of the year, operating costs were 10% lower than in 2019/20 despite the growth in income.

The Covid lockdown in March 2020 significantly impacted on the Group's incoming resources in 2019/20 as Colleges, private training providers, and construction sites ceased to operate during this period (both in the UK and internationally). This impacted on the incoming resources of all our businesses with the bulk of the business seeing reductions of around 50% of revenues from that point which significantly impacted on the group's surpluses given that most of the business has largely fixed costs. The reduction on End Point Assessment was also very significant given most of the expected income in the year was due to be earned in the latter period of the year and 30% of this was either reduced or cancelled. 2020/21 incoming resources were not constrained directly by lockdown measures, so income levels improved.

The Group took the following action in 2019/20 and 2020/21 to address the operating deficit in 2019/20:

- Secured a CBILS loan of £1.5m repayable over 6 years in 2019/20.
- Furloughed up to half the Group's staff.
- Agreed a temporary 10% pay cut for all staff in return for a proportionate reduction in hours, with the Senior Leadership Team taking a 10% pay cut with no reduction in hours.
- Made a limited number of staff redundant.
- Stopped all non-essential discretionary spending and reviewed costs.
- Undertook other activity with our key suppliers and partners to reschedule payments where possible.

As a result, the business managed to secure sufficient financing to continue to operate and minimise the operating deficit on the Charitable Group. This is despite the fact that the business had to reduce the number of staff on furlough significantly post April in order to support the additional Centre Assessed Grades regulatory review work required by Ofqual and QAA which was significant and unfunded by the Department of Education.

In addition, the business secured a significant contract in December 2020 with a new customer in Italy to provide ESOL international qualifications and endorsed programmes across multiple centres in Italy with the delivery commencing in the latter part of 2021.

The Group ended the 2020/21 year with an operating surplus of £4,153k (2019/20: £295k deficit) before depreciation/amortisation and before the impact of the change in the One Awards pension deficit.

One Awards staff are members of the Teesside Local Government Pension Scheme. Due to the impact of Covid on the economy, the long-term interest rates used to discount the pension scheme obligations dropped to historic lows. As a direct consequence of this, the pension scheme liability under FRS 102 on the One Awards subsidiary saw a £2.1m increase in its defined benefit pension liability in 2019/20 to £3.3m. This increased the Group's deficit in

2019/20 by £2.1m. In 2020/21 the pension liability was revalued down by £676k mainly as a result of the increase in pension asset values in the year.

Of this £676k pension liability gain (2020: £2,114k loss), £831k of the gain (2020: £2,015k loss) was reflected in the Recognised gains and losses for the year of the SOFA, with the balancing amount being reflected in the pensions pay cost. Taking into account £1,134k (2020: £1,179k) of amortisation & depreciation charges for the year, the Group's net surplus was £3,737k (2019: £3,572k deficit).

The table below notes the operating (deficit)/surplus position.

£000s	2019/20	2020/21
Income	11,413	14,755
Operating costs	(11,708)	(10,602)
Operating (deficit)/surplus	(295)	4,153
Depreciation & Amortisation	1,179	1,134
One Awards Pension liability revaluation loss/(gain) (including £155k(2020: £99k) associated pensions pay cost charge)	2,114	(676)
Other revaluations	(16)	(42)
Net (outgoing) / incoming resources after other gains/(losses)	(3,572)	3,737

Going Concern

The Board has assessed the current and projected solvency of the Group looking forward over the following two financial years.

In assessing going concern of the Group at the date of this report we have reviewed our forecasts for 2021/22 and developed reasonable best and worst case income scenarios for 2021/22 taking into account the likely external economic environment as a result of Covid as well as other external market factors. We also took action in 2020 to significantly reduce the Group's cost base to ensure it can continue to operate and still generate the operating surpluses it needs to generate to support its cashflow over 2020/21. As noted above the Group has seen a complete reversal of financial position in 2020/21 compared to 2019/20, with income increasing by 29% and it has achieved a £4.2m group operating surplus in 2020/21 (2019/20: £295k deficit).

As part of the going concern assessment we carried out sensitivity tests on our Statement of financial activities and cashflow projections looking forward to end of 2022/23 and have looked at how much income would need to drop over this period beyond our worst case income scenario assuming we take no action to reduce costs, such that we cannot meet all our liabilities as they fall due at any point. The assessment has taken into account the year to date performance in 2021/22 and latest P&L and cashflow projections as at the end of March 2022. We have also taken into account the revised CPCS purchase price liability agreed with CITB and the financial impact of One Awards exiting the Group in 2021/22.

The Board has reviewed the assessment and considers that the Group and its subsidiaries remain a going concern and that the Group will continue to make sufficient surpluses in 2021/22 and 2022/23 to cover the Group's remaining purchase payments for Cskills and CPCS as well as other liabilities as they fall due.

This assessment is supported by:

- the cost saving work carried out in 2019/20 and 2020/21 as well as the ongoing cost control, which has allowed the business to continue to operate on a lower operating cost base. This cost saving work has resulted in operating costs in 2020/21 being 10% lower than in 2019/20 despite income being 29% higher. These cost savings will continue to help the Group remain profitable in 2021/22;
- the securing of a 6 year £1.5m loan through the CBILS programme in May 2020;
- the fact that a prudent income budget has been developed for next year which will still allow the business to generate the operating surpluses it needs to cover its liabilities as they fall due including the future CPCS and Cskills business purchase payments as well as start to rebuild its reserves;
- the fact that colleges, training providers, and construction industry are now operational again and volumes have at least met or exceeded the budget in 2020/21 despite the introduction of the 3rd lockdown in 2020/21 and that this performance has been maintained so far in 2021/22;
- the fact that the demand for EPA assessments, qualification registrations and CPCS and CISRS remain strong going into 2021/22;
- the detailed forward projection of the Group's cash flow for the next two financial years which shows that the business has sufficient cash to meet its liabilities as they fall due; and
- the ability to undertake further mitigating action to reduce costs and increase cash financing if income does not come in at the budgeted levels due to further Covid lockdowns.

At 31 July 2021 and at the date of this report the balance sheet and forward cash projections show that the Group can continue to meet its all its obligations as they fall due over at least the next 12 months.

In the event that the business is impacted by further college, employer and independent training provider lockdowns as a result of Covid then the business will take prompt action to further reduce its cost base to ensure that it can still meet its obligations as they fall due.

Subsidiary going concern assessments

It is worth noting that the One Awards pension liability is ringfenced in One Awards and NOCN is not a guarantor of this liability. However, the Board considers that One Awards remains a going concern, on the basis that it can pay all its liabilities as they fall due and recognising the One Awards pension liability is not a true cash liability. The impact on the Group's going concern assessment of One Awards leaving the Group in July 2022 has been taken into account in the Group's cashflow projections. The Group has demonstrated that it can continue to be a going concern after this point in its projections and stress tests despite One Awards leaving the Group in July 2022.

NOCN Job Cards also continues to borrow from NOCN to fund its activities given it is still building its reserves following deficits in previous years. The Board has considered NOCN Job Cards future projections of income and costs and considers that the business will remain a going concern and is expected to continue to generate a surplus in 2021/22 and in future years as a result of the cost saving measures taken as well as future actions to reduce the cost base through the increased use of digital processes and technology, and as a result of the increase in application activity seen in the 2020/21. The Group Board has agreed to continue to provide intercompany loan to NOCN Job Cards in order to help allow it to pay for the purchase of CPCS from CITB whilst it generates the cash surplus needed to cover this liability.

Key Risks in the year

The key risks NOCN has faced in 2020/21 have been:

- The UK economic position deteriorates in sectors that could significantly impact on the Group's financial performance and ability to continue. This risk was heightened with advent of Covid lockdown which impacted on the organisation's income streams and reduced in the latter part of 2020/21.
- The continued decline in apprenticeship starts which could affect the EPA market.
- The continued reduction in the CITB levy reduces the level of spending on construction qualifications and cards and impacts on EPA construction assessment volumes. We mitigated this through reducing our cost base, developing new products and diversification of the sectors we support and look to reduce our product prices where we can to support our customers.
- Linked to the above and the impact of Covid, there was the key risk that NOCN is not sustainable financially. This is a risk that we have continued to monitor through 2020/21 and have taken action where appropriate. In the light of the significantly improved financial position achieved in 2020/21 and the ongoing ability to pay its liabilities through 2020/21 this risk was significantly reduced and continues to be a lower risk at the time of writing.
- We saw an increased risk in respect of our ability to recruit staff in the latter part of the year to support the higher levels of activity. We continue to look to optimising our recruitment channels and our offer to ensure that we remain competitive in a difficult market.
- There was a new high risk in the year in respect of the possibility that CITB may no longer pay grants to employers for Plant Training and Testing. This could impact Levy paying employers loyalty to the scheme. However, there are plans in place to help largely mitigate this risk through amending the scheme.
- In the light of the recent sanctions imposed on Russia and the war in Ukraine we have reviewed our exposure to Russia and Ukraine and can confirm that we have no customers or suppliers in Russia or Ukraine.

Powers of Investment

The trustees are authorised by the Memorandum of Association to invest monies not immediately required for the Charity's own purposes in such investments, securities or property as they deem fit subject to any conditions required by law.

Reserves Policy

NOCN's reserves policy is to aim to retain a level of unrestricted reserves, over the medium term, of a minimum of 12 weeks of actual operating expenditure, up to a maximum of 26 weeks of actual operating expenditure. These unrestricted reserves, which are freely available for general use, are held to withstand any short-term financial risks and to support any windup costs in the event of closure.

Should reserves drop below 12 weeks an action plan will be agreed by the Board to ensure that NOCN is likely to remain a going concern and build up its reserves to the minimum level. As at the end of July 2021 NOCN's reserve levels have moved back into a surplus position of £2.1m. This is below the reserves policy target level.

The Board approved a business plan and budget for 2021/22 which will increase the reserve levels. With the departure of One Awards from the Group it is expected that the Group will be back within the reserves policy in 2021/22.

Future Plans

The Charity's strategic objectives for the following three years are:

- Increasing the number of learners, apprentices, and SMART card holders we support to gain employment and develop their careers. To do this across all sections of our society.
- Building our customer base to secure growth and maintain existing customers.
- Providing excellent customer service and journey.
- Diversify products and services to upskill and reskill in the post pandemic economy.
- Build digitally efficient online operations.
- Strengthen financial position – rebuild reserves and invest in the business.
- Acting as one team, working flexibly to provide customers with an integrated streamlined offering across the whole of our product range.
- Maintain risk-based quality standards and regulatory compliance.

These objectives are driven by the context we operate in, our mission and values, the need to maintain our business in what may be a difficult policy and economic context for a number of years and the need to develop new ways of working.

Structure, Governance and Management

Governing Document and structure

The organisation is a charitable company limited by guarantee incorporated on 18 August 1999. There were 10 members of the company as at 31 July 2021.

In July 2017 NOCN India Skills Foundation was incorporated in India as a subsidiary of NOCN and is included as part of these consolidated set of accounts.

One Awards joined the NOCN Group with effect from 1 August 2018 following a change in its articles which gives NOCN majority voting rights on the Board.

NOCN Job Cards was incorporated as a company limited by guarantee on 22 October 2018 and was registered as a charity on 15 February 2019. NOCN Job Cards is consolidated within NOCN Group given its articles give NOCN majority voting rights on the Board. NOCN is the sole member of NOCN Job Cards.

Appointment of Trustees

As set out in the revised Articles of Association, NOCN seeks and recruits Trustees who are drawn from a wide range of backgrounds, including industry sectors where NOCN works. As at the 31 July 2021 there were 10 Trustees in post at NOCN Group's Board. The chairs of the Board and the sub-committees are appointed trustees. As at the 31 July 2021 there were 8 trustees in post at NOCN Job Cards Board. The Chair of the Board is an appointed trustee and Vice Chair of the NOCN Group Board. One Awards had 8 Trustees in post at 31 July 2021, of which 2 were also Trustees of the NOCN Board.

During 2020/21 there were 1 appointment to the NOCN Board and 3 resignations.

Trustee posts are advertised. Applications are reviewed by the Board and where appropriate a shortlist established for interview. The Board makes the final appointment.

Trustee Induction and Training

When new Trustees join the Board, a formal briefing from the Chair and Group Chief Executive takes place and they receive an induction pack. Trustees receive formal training on their responsibilities, including their legal obligations.

Statement of Regulatory Compliance

All awarding organisations are required to submit their formal statement of compliance, under the General Conditions of Recognition, published by Ofqual. This is a key governance document, which NOCN submitted to the 3 regulators of qualifications in the UK at the beginning of January 2022. NOCN recorded that it was compliant with the General Conditions of Recognition.

In November 2017 NOCN signed the Government's compliance document entitled Conditions for End-Point Assessment Organisations as it had entered the new education market for Trailblazer Apprenticeship Standards, which was launched by the Government in May 2017.

Compliance with the Charity Governance Code

The Trustees monitor the group's compliance with the Charity Governance Code, which was last updated in December 2020. It has been assessed that NOCN is substantially compliant

with the Code, and further improvements in group policies and processes are implemented as required to ensure compliance. The remaining areas addressed to fully comply with the Code include the introduction of regular trustee appraisals, trustee skills audits. These were addressed in early 2021.

Organisational Structure

The NOCN Board of Trustees meets at least quarterly with a full business agenda including a review of the Management Accounts and budget achievement for the Group and each of its subsidiaries. During the year the NOCN Board was supported by two sub-committees: Group Audit & Risk Committee; and Regulation Committee and Enhancement Committee. Each sub-committee meets between 3 and 4 times in the year and reports its activities and recommendations, at the Board meeting immediately following their own meetings.

The Board of Trustees delegates the management of the Charity to the Group Chief Executive who undertakes these responsibilities through a Senior Leadership Team (SLT) which is comprised of the Group Chief Executive, Deputy Group Chief Executive and all the Executive Directors within the Group, and a Group Management Team which is made up of the SLT plus the Heads of Function of the NOCN Group entities.

Pay policy for senior staff

All Trustees give of their time freely and no director received remuneration in the year.

The pay of the Senior Leadership team is reviewed annually and normally increased in accordance with average earnings in line with the rest of the staff and market comparisons. Any changes to Senior Leadership staff salaries have to be approved by the Board of Trustees.

Details of the Trustees and Senior Leadership Team related party transactions are disclosed in the notes to the accounts.

Risk Management

NOCN operates a risk management policy and strategy. The aims of the policy and strategy are to:

- consider best practice in designing a risk management framework;
- encourage well-managed taking of risk to deliver business objectives;
- provide staff with policies and procedures necessary to manage risk;
- embed risk management in the day-to-day conduct of business;
- identify and prioritise risk using the risk management technology;
- regularly monitor risk at Group Chief Executive and Director Level; and
- achieve continuous improvement in risk management.

During the year the Audit & Risk Committee has routinely considered the Strategic Risk Register and examined specific areas of risk at the request of the Board and has overseen a review of the register's format and risks. The Strategic Risks are also reported to the Board on a Quarterly basis. The Strategic Risk Register is also reviewed on a monthly basis by the SLT.

In addition, the Regulation and Enhancement Committee has regularly considered issues of risk relating to NOCN's status as a recognised and regulated awarding organisation, within the context of being compliant with the General Conditions of Recognition.

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of NOCN for the purposes of company law) are responsible for preparing the trustees' annual report and financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the group and charity financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group for that period.

In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.



Gareth Jones (Chair)

29 April 2022

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF NOCN

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 July 2021 and of the Group's incoming resources and application of resources 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.

We have audited the financial statements of NOCN ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 July 2021 which comprise the consolidated statement of financial activities, the consolidated and charity statement of financial position, the 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 applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 and Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the 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 Trustees' 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. 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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 prepared for the purposes of Company Law, for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which is included in the Trustees' Report has been prepared in accordance with applicable legal requirements.

In the light of the 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 Trustees' report.

We have nothing to report in respect of the following matters in relation to which 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 Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Group's and the Parent Charitable 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 the Parent Charitable 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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Group, and the sector in which it operates, we considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. We considered the significant laws and regulations to be United Kingdom Generally Accepted Accounting Practice and the UK Companies Act 2006. All audit team members were briefed to ensure they were aware of any relevant regulations in relation to their work, areas of potential non-compliance and fraud risks.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of an override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates, appropriateness of the going concern basis, improper revenue recognition, valuation of goodwill and pension liability.

Our audit procedures in response to the above included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to assumptions used in pension valuation, impairment of goodwill and accuracy of the deferred consideration;
- Procedures to test revenue including agreement of revenue recognised to supporting documentation, testing completeness of revenue recorded by agreeing details of income from Quartz to the ledger and testing revenue recorded around the year end to check the appropriate year end cut-off;
- Identifying and testing journal entries identified as potentially unusual. This testing included, but was not limited to, any journal entries posted with specific keywords,

manual journals to revenue and cash, journals posted by unexpected users, journals posted at unexpected times, and journals posted to least used accounts;

- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to going concern assumptions for the Group and the subsidiary companies;
- Use of BDO expert to review pension assumptions in respect of pension liabilities;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- A review of board minutes both during the period, and post year end, for any known or suspected instances of non-compliance with laws and regulation and fraud;
- Enquiries to confirm with management that there was no legal correspondence during the period, or post year end, requiring review;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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 Charitable 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 Charitable 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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
HELEN KNOWLES
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Helen Knowles (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Leeds, UK

Date: 29 April 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Financial Activities

Including the statement of comprehensive income

For the Year ended 31 July 2021

	Notes	2021 Unrestricted Funds £	2020 Unrestricted Funds £
Incoming resources			
Grants and Donations	1	55,582	469,066
Charitable activities	2	14,699,553	10,943,649
Total incoming resources		14,755,135	11,412,715
Resources expended			
Charitable activities	3	11,891,243	12,985,890
Total resources expended		11,891,243	12,985,890
Net movement in funds before other gains/(losses)	6	2,863,892	(1,573,174)
Other recognised gains/(losses)	22	873,076	(1,999,306)
Net movement in funds after other gains/(losses)	27	3,736,968	(3,572,480)
Total funds brought forward		(1,603,558)	1,968,923
Total funds carried forward	20	2,133,410	(1,603,558)

The notes on pages 29 to 50 form part of these financial statements.

The incoming resources and resources expended derive from continuing operations.

NOCN uses the exemption conferred by section 408 of the Companies Act 2006 in not preparing a separate income and expenditure account for NOCN as a separate company. The net surplus recorded by the parent company for the year was £2,008,263 (2020: net deficit £705,567)

Consolidated Statement of Financial Position

As at 31 July 2021

	Notes	2021 Unrestricted Funds £	2020 Unrestricted Funds £
Fixed assets			
Intangible assets	11	6,463,981	8,604,686
Tangible assets	12	279,522	351,718
Investments	13	-	-
Total fixed assets		6,743,503	8,956,404
Current assets			
Debtors	14	3,273,741	2,754,665
Stock	15	72,248	43,858
Cash at bank and in hand	26	1,980,279	740,826
Total current assets		5,326,268	3,539,349
Current liabilities			
Creditors: Amounts falling due within one year	16	(5,399,731)	(6,077,216)
Net current (liabilities)		(73,464)	(2,537,867)
Total assets less current liabilities		6,670,039	6,418,537
Creditors: Amounts falling due after more than one year	18	(1,927,629)	(4,737,096)
Net assets excluding defined benefit pension plan liability		4,742,410	1,681,442
Defined benefit pension plan liability	21	(2,609,000)	(3,285,000)
Net assets / (liabilities) including defined benefit pension plan liability		2,133,410	(1,603,558)
Represented by:			
General funds/(deficit)	20	2,133,410	(1,603,558)
Total funds		2,133,410	(1,603,558)

The notes on pages 29 to 50 form part of these financial statements.

All funds are unrestricted.

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2022 and were signed on its behalf by:



Gareth Jones
Chair, NOCN Board of Trustees

Company Statement of Financial Position

As at 31 July 2021

	Notes	2021 Unrestricted Funds £	2020 Unrestricted Funds £
Fixed assets			
Intangible assets	11	3,874,305	4,437,174
Tangible assets	12	240,444	296,730
Investments	13	99	99
Total fixed assets		4,114,848	4,734,003
Current assets			
Debtors	14	3,454,044	3,755,824
Stock	15	18,189	10,935
Cash at bank and in hand		962,561	530,182
Total current assets		4,434,794	4,296,941
Current liabilities			
Creditors: Amounts falling due within one year	16	(3,635,026)	(4,379,077)
Net current assets / (liabilities)		799,768	(82,136)
Total assets less current liabilities		4,914,616	4,651,867
Creditors: Amounts falling due after more than one year	18	(1,150,000)	(2,895,516)
Total net assets		3,764,616	1,756,352
Represented by:			
General funds	20	3,764,616	1,756,352
Total funds		3,764,616	1,756,352

The notes on pages 29 to 50 form part of these financial statements.

All funds are unrestricted

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2022 and were signed on its behalf by:



Gareth Jones
Chair, NOCN Board of Trustees

Consolidated Statement of Cash Flows

For the financial year ended 31 July 2021

	2021 £	2020 Restated £
Cash flows from operating activities		
Net cash provided by operating activities	3,282,205	272,009
Cash flows from investing activities		
Purchase of intangible fixed assets	(218,413)	(287,363)
Payments made in respect of purchase of Cskills	(1,743,536)	(949,494)
Purchase of tangible fixed assets	(30,803)	(94,402)
Net cash used in investing activities	(1,992,752)	(1,331,259)
Cash flows from financing activities		
New bank loans	-	1,500,000
Repayment of Bank Loan	(50,000)	-
Net cash (used in)/generated from financing activities	(50,000)	1,500,000
Changes in cash and cash equivalents in the year	1,239,453	440,750
Cash and cash equivalents at the beginning of the year	740,826	300,076
Cash and cash equivalents at the end of the year	1,980,279	740,826
Reconciliation of net movement in funds before other gains/(losses) to net cash flow from / (used in) operating activities		
Net movement in funds in the period as per the statement of financial activities	2,863,892	(1,573,174)
Adjustments for:		
Depreciation and amortisation	1,133,510	1,179,137
Loss on Disposal	3,141	-
Increase in Stock	(28,390)	(5,626)
(Increase) / decrease in debtors	(519,075)	188,367
(Decrease) / increase in creditors	(325,873)	384,305
Increase in provision for liabilities – Defined Benefit Pension	155,000	99,000
Net cash provided by operating activities	3,282,205	272,009

The prior years' cash flow from investing activities has been restated to include Cskills Business purchase payments of £949,494 representing cash earn-out payment on the deferred consideration, which was incorrectly included in the movement in creditors in operating activities. The associated equal and opposite movement within movement in creditors under 'net cash flow from operating activities' has also been restated.'

There is no change to the bottom line and the overall net current assets and assets position remains unchanged as a result of these restatements.

Notes to the Financial Statements

Accounting Policies

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the Charity's financial statements.

Charitable company information

NOCN is a charitable company, limited by guarantee and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the 'Reference and Administrative Details of the Charity, its Trustees and Advisers' pages and the nature of the charitable company's operations and its principal activities are set out in the Trustees' report.

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 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

NOCN meets the definition of a public benefit entity under FRS 102.

Consolidation

The financial statements consolidate the financial statements of NOCN and all its subsidiary undertakings.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual Statement of Financial Activities.

Preparation of the accounts on a going concern basis

The Trustees have carried out a review of the Charity's financial performance and its reserves position and believe that NOCN has adequate financial resources and is well placed to manage its business risks. The Charity's business planning process, including financial projections, has taken into consideration the uncertainty within the current educational funding and qualification infrastructure and its potential impact on the sources of income and planned expenditure. In addition, sensitivity analysis and stress testing has been carried out on the Group's SOFA and cash projections. The Trustees have assessed that the organisation has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements based on these forecasts and analysis. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

In assessing going concern of the Group at the date of this report we have reviewed our forecasts for 2021/22 and developed reasonable best and worst case income scenarios for 2021/22 taking into account the likely external economic environment as a result of Covid as well as other external market factors. We also took action in 2020 to significantly reduce the Group's cost base to ensure it can continue to operate and still generate the operating surpluses it needs to generate to support its cashflow over 2020/21. As noted above the Group has seen a complete reversal of financial position in 2020/21 compared to 2019/20, with income increasing by 29% and it has achieved a £4.2m group operating surplus in 2020/21 (2019/20: £295k deficit).

As part of the going concern assessment we carried out sensitivity tests on our Statement of financial activities and cashflow projections looking forward to end of 2022/23 and have looked at how much income would need to drop over this period beyond our worst case income scenario assuming we take no action to reduce costs, such that we cannot meet all our liabilities as they fall due at any point. The assessment has taken into account the year to date performance in 2021/22 and latest P&L and cashflow projections as at the end of December 2022. We have also taken into account the revised CPCS purchase price liability agreed with CITB and the financial impact of One Awards exiting the Group in 2021/22.

The Board has reviewed the assessment and considers that the Group and its subsidiaries remain a going concern and that the Group will continue to make sufficient surpluses in 2021/22 and 2022/23 to cover the Group's remaining purchase payments for Cskills and CPCS as well as other liabilities as they fall due.

Accounting Policies (continued)

The impact on the Group's going concern assessment of One Awards leaving the Group in July 2022 has been taken into account in the Group's cashflow projections. The Group has demonstrated that it can continue to be a going concern after this point in its projections and stress tests despite One Awards leaving the Group in July 2022.

This assessment is supported by:

- the cost saving work carried out in 2019/20 and 2020/21 as well as the ongoing cost control, which has allowed the business to continue to operate on a lower operating cost base. This cost saving work has resulted in operating costs in 2020/21 being 10% lower than in 2019/20 despite income being 29% higher. These cost savings will continue to help the Group remain profitable in 2021/22;
- the securing of a 6 year £1.5m loan through the CBILS programme in May 2020;
- the fact that a prudent income budget has been developed for next year which will still allow the business to generate the operating surpluses it needs to cover its liabilities as they fall due including the future CPCS and Cskills business purchase payments as well as start to rebuild its reserves;
- the fact that colleges, training providers, and construction industry are now operational again and volumes have at least met or exceeded the budget in 2020/21 despite the introduction of the 3rd lockdown in 2020/21 and that this performance has been maintained so far in 2021/22;
- the fact that the demand for EPA assessments, qualification registrations and CPCS and CISRS remain strong going into 2021/22;
- the detailed forward projection of the Group's cash flow for the next two financial years which shows that the business has sufficient cash to meet its liabilities as they fall due; and
- the ability to undertake further mitigating action to reduce costs and increase cash financing if income does not come in at the budgeted levels due to further Covid lockdowns.

At 31 July 2021 and at the date of this report the balance sheet and forward cash projections show that the Group can continue to meet its all its obligations as they fall due over at least the next 12 months.

In the event that the business is impacted by further college, employer and independent training provider lockdowns as a result of Covid then the business will take prompt action to further reduce its cost base to ensure that it can still meet its obligations as they fall due.

Liability of Members

The Charity is a company limited by guarantee. In the event of the Charity being wound up, the liability of the members is limited to a sum not exceeding £1.00, being the amount that each member undertakes to contribute to the assets of the Charity in the event of its being wound up while he, she or it is a member or within one year after he, she or it ceases to be a member, for:

- payment of the Charity's debts and liabilities incurred before he, she or it ceases to be a member;
- payment of the costs, charges and expenses of winding up; and
- adjustment of the rights of the contributories among themselves.

Incoming Resources

Incoming resources primarily comprise: Learner Registration charges; contributions from Delivery Partners; online assessment fees, delivery of a wide range of endorsed programmes and Apprenticeship End Point Assessment fees.

NOCN income streams are recognised as follows:

- interest is accrued on a daily basis;
- delivery Partner Fees are recognised in full in the year the service is provided;
- learner registration charges are recognised at the time of registration;
- replacement certificate income is recognised at point of request and in advance of release of certificate;
- examination fees are accounted for on receipt of completed examination papers. The income is recognised in the period the examination takes place; and
- apprenticeship End point assessment fees are recognised as follows: Initial up-front charge is recognised when the apprentice is registered with NOCN. The remaining charge is recognised at the point the assessment takes place.

Accounting Policies (continued)

Foreign Currencies

Foreign currency transactions, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with gains or losses being taken to the Statement of Financial Activities.

Financial Instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Resources Expended

Resources expended are recognised on an accruals basis. Resources expended include attributable Value Added Tax which cannot be recovered.

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and include the audit fees and costs linked to the strategic management of the Charity.

Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. The items in the financial statements where these judgements and estimates have been made include:

Tangible Fixed Assets and Depreciation

Tangible assets are included at cost less accumulated depreciation.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful economic lives, using the straight line method as follows:

Computer equipment	- rates varying from 20% to 33.3% per annum
Fixtures and fittings	- 10% per annum

All tangible fixed assets costing over £1,000 are capitalised on acquisition and are included in the balance sheet at cost. The estimated useful economic lives and depreciation method are reviewed at each year end.

Accounting Policies (continued)

Intangible Fixed Assets and Amortisation

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Purchased goodwill is recognised at the cost of acquisition based on the current expectation of the total amount of money that will be paid for the business being acquired less the on balance sheet assets purchased. The deferred contingent consideration figures for Cskills and CPCS acquisitions are based on estimates of future earnout payments which are discounted at 2% per annum. The discount rate being based on the current cost of capital, using CBILS loan rate as a proxy.

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.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Software development costs	- 5 years
Goodwill	- 10 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets acquired is recognised in the statement of financial activities in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in the statement of financial activities in the periods expected to be benefitted.

Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Financial Activities.

Annual Support Fee Provision

NOCN charges an annual centre support fee for which invoices in July for the following financial year. The invoiced income is therefore normally deferred into the following year.

Taxation

As a registered Charity, NOCN is exempt from liability to corporation tax on income and gains falling within section 505 of the Taxes Act 1988 or S256 of the Taxation of Charitable Gains Act 1992 to the extent that these are applied to its charitable objects. No provision or charges for taxation have therefore arisen.

Pensions

For NOCN and NOCN Job Cards, the pension costs charged in the financial statements represent the contributions payable by the Charity during the year.

Accounting Policies (continued)

The One Awards charity operates a defined benefit pension scheme for the benefit of its employees. One Awards are a participating employer in the Teesside Pension Fund, a multi-employer Local Government Pension Scheme.

Current service costs, past service costs and gains and losses on settlements and curtailments are charged to appropriate resource expenditure categories in the Statement of Financial Activities.

The interest cost and the expected return on assets are shown as a net amount as other finance costs or income. Net pension finance costs are allocated to appropriate resources expended categories in the Statement of Financial Activities. Actuarial gains and losses are recognised immediately as other recognised gains and losses in the Statement of Financial Activities. Pension scheme assets are valued at fair value at the Statement of Financial Position date. Fair value is based on market price information and in the case of quoted securities is the published bid price.

The pension scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The pension scheme deficit is recognised in full on the Statement of Financial Position, net of related deferred tax.

A full actuarial evaluation is carried out by a professional actuary annually.

In addition to the above, One Awards also offers its employees an alternative form of a NEST pension as set up by the UK Government.

Leased Assets

Operating lease costs are charged on a straight-line basis over the term of the lease.

Fund Accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets this criterion is charged to the fund, together with a fair allocation of management and support costs.

Unrestricted funds comprise those funds, which the Trustees are free to use in accordance with the objects of the Charity.

Designated funds are unrestricted funds, which have been allocated for specific purposes by the Trustees.

Notes To The Accounts

1. Incoming resources from government grants

	2021 £	2020 £
Government Furlough Funds	55,582	469,066
Total	55,582	469,066

All incoming resources from grants and donations were unrestricted.

2. Incoming resources from charitable activities

	2021 £	2020 £
Awarding Organisation and Endpoint Assessment	10,265,467	7,446,526
NOCN Job Cards (CPCS & CISRS) (See note below *)	3,753,768	2,889,751
One Awards	618,442	532,817
NOCN India Skills Foundation	61,876	74,555
Total	14,699,553	10,943,649

* CPCS transferred in 1 March 2019

* CISRS transferred in 1 December 2019

All incoming resources from charitable activities in 2020 and 2021 were unrestricted.

3. Analysis of resource expended on charitable activities Summary by fund type

	Unrestricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Awarding organisation and end point assessment	7,436,599	7,436,599	7,707,587
Governance	179,426	179,426	201,104
NOCN Job Cards (CPCS & CISRS)	2,515,769	2,515,769	3,283,182
One Awards	572,583	572,583	542,925
NOCN India Skills Foundation	53,356	53,356	71,956
Depreciation & Amortisation	1,133,510	1,133,510	1,179,136
Total	11,891,243	11,891,243	12,985,890

All resources expended from charitable activities in 2021 and 2020 were unrestricted.

4. Total resources expended

	Activities undertaken directly £	Support costs £	2021 £
Awarding Organisation and Endpoint Assessment	6,573,421	863,178	7,436,599
Governance	-	179,426	179,426
NOCN Job Cards (CPCS & CISRS)	1,925,398	590,371	2,515,769
One Awards	322,000	250,583	572,583
NOCN India Skills Foundation	53,356	-	53,356
Group Amortisation & Depreciation	-	1,133,510	1,133,510
Total	8,874,175	3,017,068	11,891,243

	Activities undertaken directly £	Support costs £	2020 £
Awarding Organisation and Endpoint Assessment	6,861,037	846,550	7,707,587
Governance	-	201,104	201,104
NOCN Job Cards (CPCS & CISRS)	2,514,348	768,834	3,283,182
One Awards	325,034	217,891	542,925
NOCN India Skills Foundation	71,956	-	71,956
Group Amortisation & Depreciation	-	1,179,136	1,179,136
Total	9,772,375	3,213,515	12,985,890

Allocations have been made on the following basis:

- Governance costs are directly attributed.

Group Overheads within support costs are apportioned across business units based on % share of total income each BU generates.

5. Governance

	2021 £	2020 £
Meeting costs	6,292	6,885
Expenses paid to trustees	205	1,057
Internal audit fees	20,125	6,300
External audit fees	30,242	26,255
Management costs	122,562	160,607
Total	179,426	201,104

6. Net incoming resources

Net incoming resources for the year are arrived at after charging:

	2021 £	2020 £
Depreciation	99,858	98,195
Amortisation	1,033,652	1,080,942
External audit fees	30,000	26,255
Operating lease in respect of buildings	346,635	366,753
Operating lease in respect of equipment and cars	59,955	48,256

7. Employee numbers and costs

	2021 £	2020 £
Staff		
Wages and salaries	5,108,840	5,416,507
Social security costs	490,413	549,813
Pension costs	575,748	514,763
Total	6,175,001	6,481,083

The pension costs in 2021 includes £155,000 (2020: £99,000) related to the decrease in the defined benefits pension liability of One Awards (note 21).

The number of employees whose emoluments as defined for taxation purposes amount to £60,000 or more in the year was as follows:

	2021 number	2020 (Restated) number
Staff		
£60,000 to £69,999	3	6
£70,000 to £79,999	3	3
£80,000 to £89,999	1	1
£170,000 to £179,999	1	-
£180,000 to £189,999	-	1

The 2020 figures have been restated to include One Awards staff.

In respect of the above employees' pension contributions paid to a defined contribution pension scheme during the year were £47,601 (2020 £59,509).

7. Employee numbers and costs (continued)

Staff

The average number of staff analysed by function was:

	2021 Number	2020 Number
Charitable activities	119	115
Management and administration of the charity	36	42
Total	155	157

Contingent workers

The average number of Contingent Workers, calculated on a basis of number employed per month on average over the year, analysed by function was:

	2021 Number	2020 Number
Charitable activities	29	-
Management and administration of the charity	-	-
Total	29	-

In 2021, some contractors were provided with contingent worker contracts following the review of workers under the new IR35 regime that came into force in April 2021.

During the financial year the Group incurred no Organisational Change costs (2020 – £181,420). This includes statutory redundancy pay, payment in lieu of notice and other miscellaneous costs. Group policy for organisational change is documented fully and is available on-line to all staff. The objective of the policy is to ensure that unavoidable redundancies are handled in a fair, consistent, timely and non-discriminatory way.

8. Trustee remuneration

	2021 £	2020 £
Travel and subsistence	-	1,057
Other	205	-
Total	205	1,057

	2021 number	2020 number
Travel and subsistence	2	2
Total	2	2

9. Auditor remuneration

	2021 £	2020 £
External audit of Group / Parent company	17,400	15,000
External audit of NOCN Job Cards (Subsidiary)	6,900	5,000
External audit of One Awards (Subsidiary)	5,700	6,000
External audit of NOCN India Skills Foundation (Subsidiary)	242	255
Other non-audit work carried out by auditor	4,500	3,500
Total	34,742	29,755

10. Net Income / Expenditure attributable to members of the parent company

The net surplus dealt with in the financial statements of the parent company was £2,008,569 (£705,567 net deficit in 2020). This is all unrestricted funds.

11. Intangible fixed assets

Group	Software Dev	Goodwill - Cskills	Goodwill - CPCS	Software Dev	Goodwill - One Awards	Total
Entity	NOCN £	NOCN £	NOCN Job Cards £	NOCN Job Cards £	Group £	£
Cost / valuation						
At beginning of year	278,868	6,013,099	4,641,814	82,505	183,183	11,199,469
Additions	95,937	-	-	122,475	-	218,412
Impairment	-	-	(1,325,466)	-	-	(1,325,466)
At end of year	374,805	6,013,099	3,316,348	204,980	183,183	10,092,415
Amortisation						
At beginning of year	50,862	1,803,930	657,739	8,977	73,274	2,594,782
Charge for the year	57,496	601,311	309,740	28,468	36,637	1,033,652
At end of year	108,358	2,405,241	967,479	37,445	109,911	3,628,434
Net book value at 31 July 2021	266,447	3,607,858	2,348,869	167,535	73,272	6,463,981
Net book value at 31 July 2020	228,006	4,209,169	3,984,075	73,528	109,909	8,604,687

Company	Software Dev £	Goodwill - Cskills £	Total £
Cost / valuation			
At beginning of year	278,868	6,013,099	6,291,967
Additions	95,937	-	95,937
At end of year	374,805	6,013,099	6,387,904
Amortisation			
At beginning of year	50,862	1,803,930	1,854,792
Charge for the year	57,496	601,311	658,807
At end of year	108,358	2,405,241	2,513,599
Net book value at 31 July 2021	266,447	3,607,858	3,874,305
Net book value at 31 July 2020	228,006	4,209,169	4,437,175

12. Tangible fixed assets

Group	Computer equipment £	Fixtures and fittings £	Total £
Cost			
At beginning of year	368,839	389,048	757,887
Additions	30,407	396	30,803
Disposals	(118,961)	(28,776)	(147,737)
At end of year	280,285	360,668	640,953
Depreciation			
At beginning of year	289,244	116,925	406,169
Charge for the year	51,568	48,290	99,858
Disposals	(115,820)	(28,776)	(144,596)
At end of year	224,992	136,439	361,431
Net book value at 31 July 2021	55,293	224,229	279,522
Net book value at 31 July 2020	79,595	272,123	351,718

Company	Computer equipment £	Fixtures and fittings £	Total £
Cost			
At beginning of year	350,861	350,896	701,757
Additions	24,863	-	24,863
Disposals	(79,065)	-	(79,065)
At end of year	296,659	350,896	647,555
Depreciation			
At beginning of year	293,350	111,677	405,027
Charge for the year	39,034	41,453	80,487
Disposals	(78,403)	-	(78,403)
At end of year	253,981	153,130	407,111
Net book value at 31 July 2021	42,678	197,766	240,444
Net book value at 31 July 2020	57,511	239,219	296,730

13. Fixed asset investment

Company	2021 £	2020 £
Cost		
At beginning of year	99	99
Additions	-	-
At end of year	99	99

On 16 June 2017 NOCN acquired 99% of the share capital of NOCN India Skills Foundation for a consideration of £99.

Subsidiary Undertakings

The following were subsidiary undertakings of NOCN:

Name	Country of Incorporation	Class of Shares	Holding
NOCN India Skills Foundation	India	Ordinary	99%
NOCN Job Cards	UK	N/A	Majority Voting Rights Control
One Awards	UK	N/A	Majority Voting Rights Control

Note on NOCN India Skills Foundation: The aggregate of the share capital and reserves as at 31 July 2021 and of the profit or loss for the year ended on that date for this subsidiary undertaking were as follows:

	Aggregate of share capital and reserves £	Profit £
NOCN India Skills Foundation	17,469	8,520

The registered office of the above subsidiary undertakings is House No. M-27, M- Block Market, Greater Kailash-I, New Delhi, South Delhi, Delhi.

14. Debtors

Group	2021 £	2020 £
Trade debtors	2,988,161	2,453,606
Prepayments and accrued income	285,580	301,059
Total	3,273,741	2,754,665

Company	2021 £	2020 £
Trade debtors	1,982,543	1,755,586
Prepayments and accrued income	223,055	112,567
Intercompany debtors	1,248,446	1,887,670
Total	3,454,044	3,755,823

The intercompany debtors are interest free and repayable on demand. NOCN has committed to continue the intercompany loan to NOCN Job Cards for the foreseeable future and at least for the next 12 months.

15. Stock

Group	2021	2020
	£	£
At beginning of year	43,858	38,231
Purchased in the year	578,305	46,134
Charged in the year	(549,915)	(40,507)
At end of year	72,248	43,858

Company	2021	2020
	£	£
At beginning of year	10,935	23,335
Purchased in the year	377,010	9,534
Charged in the year	(369,756)	(21,934)
At end of year	18,189	10,935

16. Creditors - amounts falling due within one year

Group	2021	2020
	£	£
Trade creditors	443,510	256,628
Accruals	787,528	926,058
Deferred income - note 17	549,459	592,246
Taxes and social security	539,109	899,718
Coronavirus Business Interruption Loan (CBILS)	300,000	75,000
Other creditors	2,780,125	3,327,566
Total	5,399,731	6,077,216

Company	2021	2020
	£	£
Trade creditors	362,116	185,484
Accruals	569,230	671,917
Deferred income - note 17	423,809	592,246
Intercompany creditors	7,707	488,274
Taxes and social security	482,024	657,797
Coronavirus Business Interruption Loan (CBILS) Loan	300,000	75,000
Other creditors	1,490,140	1,708,359
Total	3,635,026	4,379,077

17. Deferred income

Group	2021 £	2020 £
At beginning of year	592,246	335,132
Released in the year	(592,246)	(335,132)
Added in the year	549,459	592,246
At end of year	549,459	592,246

Company	2021 £	2020 £
At beginning of year	592,246	335,132
Released in the year	(592,246)	(335,132)
Added in the year	423,809	592,246
At end of year	423,809	592,246

Annual fees, centre fees and similar charges that are invoiced in advance are deferred to correspond with the period of service provided.

18. Creditors - amounts falling due after more than one year

Group	2021 £	2020 £
Coronavirus Business Interruption Loan (CBILS)	1,150,000	1,425,000
Other creditors	777,629	3,312,096
Total	1,927,629	4,737,096

Company	2021 £	2020 £
Coronavirus Business Interruption Loan (CBILS)	1,150,000	1,425,000
Other creditors	-	1,470,516
Total	1,150,000	2,895,516

The company's other creditor relates wholly to the deferred consideration for the business combination of Cskills Awards by NOCN and the Group other creditor also includes the deferred consideration for the business combination of CPCS by NOCN Job Cards.

The CBILS loan incurs interest at 1.88% over base rate and is repayable in equal monthly instalments over 72 months, commencing May 2021.

19. Analysis of net assets between funds

Group	2021 Unrestricted Funds £	2020 Unrestricted Funds £
Intangible fixed assets	6,463,981	8,604,686
Tangible fixed assets	279,522	351,718
Current assets	5,326,267	3,539,349
Current liabilities due in less than one year	(5,399,731)	(6,077,216)
Liabilities due after more than one year	(1,927,629)	(4,737,096)
Net assets excluding defined benefit pension plan liability	4,742,410	1,681,441
Defined pension plan liability	(2,609,000)	(3,285,000)
Net assets / (liabilities) including defined benefit pension plan liability	2,133,410	(1,603,558)

Company	2021 Unrestricted Funds £	2020 Unrestricted Funds £
Intangible fixed assets	3,874,305	4,437,174
Tangible fixed assets	240,444	296,730
Investments	99	99
Current assets	4,434,793	4,296,941
Current liabilities due in less than one year	(3,635,026)	(4,379,077)
Liabilities due after more than one year	(1,150,000)	(2,895,516)
Net assets	3,764,615	1,756,351

20. Statement of funds

Group	At 31 July 2020	Incoming resources £	Outgoing resources £	Gains £	At 31 July 2021 £
General funds	1,681,442	14,755,135	(11,736,243)	42,076	4,742,410
Pension fund - defined benefit - One Awards	(3,285,000)	-	(155,000)	831,000	(2,609,000)
Total unrestricted funds	(1,603,558)	14,755,135	(11,891,243)	873,076	2,133,410

Company	At 31 July 2020 £	Incoming resources £	Outgoing resources £	Gains £	At 31 July 2021 £
General funds	1,756,352	10,302,459	(8,294,194)	-	3,764,616
Total unrestricted funds	1,756,352	10,302,459	(8,294,194)	-	3,764,616

21. Pension commitments

One Awards ("The Charity") operates a defined benefit pension scheme. The pension liability in respect of this scheme is ringfenced on One Awards balance sheet and NOCN is not liable to fund this liability.

Permanent employees of this organisation may participate in the Teesside Pension Fund (part of the Local Government Pension Scheme). This is a defined benefit statutory scheme. The fund is administered by Middlesbrough Borough Council in accordance with the Local Government Pension Scheme Regulations 2007-08. The following disclosures are in accordance with the applicable Financial Reporting Standards.

The most recent comprehensive actuarial valuation was at 31 March 2019.

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	At 31 July 2021	At 31 July 2020
	%	%
Discount rate	1.70	1.40
Future salary increases	2.60	2.30
Future pension increases	2.60	2.30
Inflation assumption	2.60	2.30
Revaluation rate	2.60	2.30

	At 31 July 2021	At 31 July 2020
	Years	Years
Mortality rates (in years)		
- for a male aged 65 now	21.9	21.8
- at 65 for a male aged 45 now	23.3	23.2
- for a female aged 65 now	23.6	23.5
- at 65 for a female aged 45 now	25.4	25.3

The Charity's share of the assets in the scheme was:

	At 31 July 2021	At 31 July 2020
	£	£
Present value of defined benefit obligations	(7,107,000)	(6,952,000)
Fair value of plan assets	4,498,000	3,667,000
Net pension liability	(2,609,000)	(3,285,000)

The actual return on scheme assets was £779,000 (2020 - £274,000 loss).

The amounts recognised in the Statement of Financial Activities are as follows:

	2021	2020
	£	£
Current service cost	213,000	155,000
Net interest expense	45,000	25,000

Remeasurements: actuarial (gains) / losses	(831,000)	2,015,000
Total amount recognised in the Statement of Financial Activities	(573,000)	2,195,000

21. Pension commitments (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2021 £	2020 £
Opening defined benefit obligation	(6,952,000)	(5,086,000)
Current service cost	(213,000)	(155,000)
Interest expense	(97,000)	(111,000)
Contributions by scheme participants	(31,000)	(31,000)
Actuarial gains / (losses)	104,000	(1,655,000)
Net benefits paid out	82,000	86,000
Closing defined benefit obligation	(7,107,000)	(6,952,000)

Movements in the fair value of the Charity's share of scheme assets were as follows:

	2021 £	2020 £
Opening fair value of scheme assets	3,667,000	3,915,000
Interest income	52,000	86,000
Actuarial gains / (losses)	727,000	(360,000)
Contributions by employer	103,000	81,000
Contributions by scheme participants	31,000	31,000
Net benefits paid out	(82,000)	(86,000)
Fair value of plan assets	4,498,000	3,667,000

Consideration of the recent McCloud and GMP judgements have been applied in the FRS102 actuarial assumptions.

22. Other recognised gains/(losses)

	2021 £	2020 £
Cskills acquisition fair value adjustment gain	-	57,770
CPCS acquisition fair value adjustment gain / (loss)	42,076	(42,076)
One Awards defined benefit liability revaluation	831,000	(2,015,000)
Total	873,076	(1,999,306)

23. Financial commitments

At 31 July, the Group had commitments under non-cancellable operating leases as follows:

Group	2021 £	2020 £
Buildings:		
Within one year	243,769	305,212
Between two and five years	283,713	508,298
Equipment:		
	28,354	44,281
Between two and five years	720	19,979

At 31 July, the Company had commitments under non-cancellable operating leases as follows:

Company	2021 £	2020 £
Buildings:		
Within one year	243,769	299,186
Between two and five years	283,713	508,298
Equipment:		
Within one year	28,354	44,176
Between two and five years	720	19,979

24. Cash flows from investing activities

Purchase of tangible fixed assets:

During the year the Group acquired tangible fixed assets with the aggregate cost £30,803 (2020 - £94,902). Cash payments were made totalling £30,803 (2020 - £94,902) to purchase the equipment.

Purchase of intangible fixed assets:

During the year the Group acquired intangible fixed assets with the aggregate cost £218,413 (2020 - £287,363). Cash payments totalling £218,413 (2020 - £287,363) was paid in the year for the software developed.

Payments made in respect of purchase of Cskills:

Cash payments were made totalling £1,743,536 (2020: £949,484) towards settling the Cskills purchase liability with CITB.

25. Related Party Transactions

	2021 Income (£)	2021 Purchases (£)	2021 Amount due from at year end (£)
CITB ¹	73,882	-	23,114
CITB (CISRS)	66,630	-	4,710
NCC (part of CITB)	47,878	774	8,843
NSAC (part of CITB)	107,793	-	(719)
OCN Northern Ireland ²	38,063	-	1,813
British Ass'n Construction Heads ³	-	295	-
Van Elle (Holdings) PLC ⁴	16,977	-	5,406
Northern College ⁵	2,029	-	837
Credit Services Ass'n ⁶	42	-	-
TUC	18,743	-	-
Sheffield College ⁷	184,284	-	-
Barnsley College ⁸	66,686	-	15,848
Maggie Hasting-Evans ⁹	-	485	-
Laing O'Rourke Civil Eng Ltd ¹⁰	364	-	589
CITB Levy Working Group	-	-	-
BAM Nuttall ¹¹	14,075	-	4,302
Access Training East Midlands Ltd ¹²	13,909	-	13,709
P Flannery ¹³	6,038	-	1,401
AoC ¹⁴	-	26,895	11,400
AELP ¹⁵	-	58,200	24,000
ITS Group ¹⁶	955	-	955

25. Related Party Transactions (continued)

	2020 Income (£)	2020 Purchases (£)	2020 Amount due from at year end (£)
CITB ¹	72,506	-	72,206
CITB (CISRS)	41,850	-	24,780
NCC (part of CITB)	317,802	-	17,509
NSAC (part of CITB)	106,818	-	6,354
OCN Northern Ireland ²	36,250	-	-
British Ass'n Construction Heads ³	-	698	-
Van Elle (Holdings) PLC ⁴	16,248	-	1,107
Northern College ⁵	6,282	-	500
Credit Services Ass'n ⁶	-	-	-
TUC	17,850	-	-
Sheffield College ⁷	30,682	-	30,667
Barnsley College ⁸	75,684	-	4,086
Maggie Hasting-Evans ⁹	-	262	-
Laing O'Rourke Civil Eng Ltd ¹⁰	999	-	3,049
CITB Levy Working Group	-	-	-
BAM Nuttall ¹¹	4,134	-	1,359
Access Training East Midlands Ltd ¹²	725	-	-
P Flannery ¹³	2,168	-	384
AoC ¹⁴	-	40,000	-
AELP ¹⁵	-	46,485	-
ITS Group ¹⁶	3,350	-	2,598

¹ Transactions relating to CITB represent learner registration, certification fees and CPCS/CISRS cards from the NCC and NSAC centres that form part of CITB. Graham McPhail is an executive director of CITB (Resigned May 20).

² Transactions with OCN Northern Ireland consist of annual Licence fee income and occasional purchases, both were members of the Charity during the year.

³ Transactions with BACH represent membership body fees. Graham Hasting-Evans is President of BACH.

⁴ Transactions with Van Elle (Holdings) Ltd represent learner registration, certification fees and CPCS cards. Michael Mason is a Director of Van Elle Limited (Resigned April 2020).

⁵ Transactions with Northern College represent learner registration and certification income. Seb Schmoller is a Governor at Northern College. (Resigned October 21).

⁶ Transactions with Credit Services Association – Fiona Macaskill is the Head of Learning and Development at the CSA.

⁷ Transactions with Sheffield College represent learner registration and certification income. Seb Schmoller is Chair of Sheffield College. (Resigned October 21).

⁸ Transactions with Barnsley College represent learner registration and certification income. Kay Dickinson is a Trustee of Barnsley College.

⁹ Maggie Hasting-Evans - Flight costs paid for by NOCN in lieu of fee paid in respect of work carried out on behalf of NOCN Group by Maggie in Greece and India.

¹⁰ Transactions with Laing O'Rourke Civil Engineering Ltd relate to the issue of Job cards. Alison Duckles (nee Lamplough) was an employee of Laing O'Rourke Civil Engineering Ltd until December 2021.

¹¹ Transactions with BAM Nuttall represent learner registration, certification fees and CPCS cards. Timothy Brownbridge is a Academy Manager at BAM Nuttall.

25. Related Party Transactions (continued)

¹² Transactions with Access Training represent learner registration and certification fees. Corrina Hembury is a Managing Director at Access Training.

¹³ Transactions with P Flannery relate to the issue of Job cards. Paul Allman is a Director at P Flannery Ltd.

¹⁴ Transactions with AoC represent membership fees. NOCN is a sponsor.

¹⁵ Transactions with AELP represent membership fees & Event Sponsorship. NOCN is a sponsor.

¹⁶ Transactions with ITS Group represent learner registration and certification income. ITS Group is a trading subsidiary of Barnsley College. Kay Dickinson is a Trustee of Barnsley College.

26. Analysis of cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following:

	2021 £	2020 £
Cash at bank	1,980,199	740,242
Cash in hand	80	584
Total	1,980,279	740,826

27. Operating surplus/(deficit) to Net movement in funds after other gains/(losses) reconciliation

A reconciliation of the operating surplus/(deficit) to the Net movement in funds after other gains/ (losses) in the Statement of Financial Activity is as follows:

	2021 £	2020 £
Operating surplus / (deficit)	4,152,402	(295,037)
Depreciation & Amortisation	(1,133,510)	(1,179,137)
Net Movement in One Awards' Defined Pension Liability	676,000	(2,114,000)
Other revaluations	42,076	15,693
Net movement in funds after other gains / (losses)	3,736,968	(3,572,481)

28. Analysis of Net Debt

Group

	At 1 August 2020 £	Movement in year £	At 31 July 2021 £
Cash at bank and in hand	740,826	1,239,453	1,980,279
Bank Loan (Less than 12 months)	(300,000)	-	(300,000)
Bank Loan (More than 12 months)	(1,200,000)	50,000	(1,150,000)
	(759,174)	1,289,453	530,279

Company

	At 1 August 2020 £	Movement in year £	At 31 July 2021 £
Cash at bank and in hand	530,182	432,378	962,560
Bank Loan (Less than 12 months)	(300,000)	-	(300,000)
Bank Loan (More than 12 months)	(1,200,000)	50,000	(1,150,000)
	(969,818)	482,378	(487,440)

29. Post Balance Sheet events

In December 2021 NOCN settled its legal claim with CITB in respect of the CPCS business and the Consolidated Statement of Financial Position reflects the agreed revised purchase price liability.

Additionally, in December 2021 the Board of NOCN decided in principle to relinquish its majority voting rights on the One Awards Board. As a result, the One Awards Charity will be treated as a business disposal in the accounts of the Group in 2021/22.