

# THE NATIONAL FOUNDATION FOR EDUCATIONAL RESEARCH IN ENGLAND AND WALES

England & Wales · Charity number 313392

## Details

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Other names	N F E R, NATIONAL FOUNDATION FOR EDUCATIONAL RESEARCH
Status	Registered
Legal form	Charitable company
Company number	<a href="#">00900899</a>
Registered	1965-11-03
Register	<a href="#">View on the Charity Commission register</a>

## Contact

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**Email** [enquiries@nfer.ac.uk](mailto:enquiries@nfer.ac.uk)

**Website** <http://www.nfer.ac.uk>

## Activities

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**Objects:** TO CONDUCT RESEARCH IN MATTERS AFFECTING EDUCATION AND TO LIAISE ADVISE AND DISSEMINATE INFORMATION THEREON

**Activities:** The Foundation conducts research in all or any matters affecting education, widely disseminates the results of and related services educational research and collects and exchanges educational ideas, especially related to research.

## Classification

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- **How:** Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** General Charitable Purposes, Education/training, Other Charitable Purposes
- **Who:** Children/young People, People With Disabilities, Other Defined Groups, The General Public/mankind

## Geography

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- Australia
- Hong Kong
- Kenya
- Mozambique
- Netherlands
- Northern Ireland
- Scotland
- United States
- Throughout England And Wales

## Finances

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Period end	Income	Expenditure	Assets	Employees
2025-03-31	£19,214,000	£22,857,000	£21,212,000	373
2024-03-31	£21,793,000	£25,207,000	£25,118,000	408
2023-03-31	£21,396,000	£24,932,000	£24,306,000	595
2022-03-31	£19,509,000	£21,363,000	£13,011,000	363
2021-03-31	£15,772,000	£18,605,000	£9,255,000	343

## Trustees

Name	Role	Appointed
LORNA COCKING BA DL	Chair	2015-07-08
Andrew Murphy		2025-11-05
DAVID MADOC-JONES		2018-07-27
David Tidd		2025-11-05
Donya Rose		2023-01-05
Dr Christopher Tomlinson		2025-11-05
Fiona Capstick		2018-08-13
Karen Linda Kroger		2023-03-06
Melvyn Keen		2015-07-08
Paul James		2022-06-24
Professor Michael Donald Day		2018-03-19
Samuel Macdonald		2025-11-05

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# Accounts

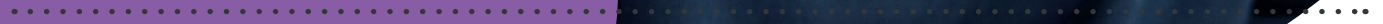
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# Report of the Trustees and financial statements

YEAR ENDED 31 MARCH 2025



 **NFER**  
National Foundation for  
Educational Research



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# Contents

Officers and members of the Board of Trustees	4
.....	
Administrative details	5
.....	
Chair’s Statement	6
.....	
Report of the Board of Trustees	8
.....	
Statement of the Trustees’ responsibilities	24
.....	
Independent auditor’s report	25
.....	
Statement of financial activities	29
.....	
Balance sheet	30
.....	
Statement of cash flows	31
.....	
Notes to the financial statements	32
.....	

# Officers and members of the Board of Trustees

President	Vacant position
Vice President	Ms A J Shaw, MA (Hons)
Chair of Board of Trustees	Ms J L Cocking, MBE, BA (Hons) (1) (3) (4)
Treasurer	Mr N Hollister, MA (Hons), Cantab (1)(3) ( <i>retired 6 November 2024</i> )  Mr M Keen, MA (Hons) Oxon, FCA, (1)(2)(3) ( <i>appointed 6 November 2024</i> )
Trustees	Ms F Capstick, MBA  Professor M Day, BSc (Hons), PGCE, PhD (1)  Ms S Douglas CBE, BA (QTS) Hons (1) ( <i>resigned 17 July 2024</i> )  Mr N Hillman, BA (Hons), PGCE, MA ( <i>retired 6 November 2024</i> )  Mr P James, MA (Hons) Cantab, PGCE (1)  Ms K Kroger, BA (Hons), FCA (2) (4)  Mr S Macdonald, BA (Hons), Solicitor (1)(3)(4) ( <i>retired 6 November 2024</i> )  Mr D Madoc-Jones, BA (Hons) (2)(4)  Ms D Rose, BA, MBA  Mr C Ryan, BA (Hons), MA ( <i>retired 6 November 2024</i> )
Membership of committees	(1) Remuneration Committee (2) Finance Committee (3) Nominations Committee (4) Investment Committee

# Administrative details

for the year ended 31 March 2025

Charity name	National Foundation for Educational Research in England and Wales
Charity number	313392
Company number	00900899
Principal and registered office	The Mere, Upton Park, Slough, Berkshire SL1 2DQ
Auditor	HaysMac LLP, 10 Queen Street Place, London EC4R 1AG
Bankers	NatWest Commercial Banking 1st Floor, 440 Strand, London WC2R 0QS
Solicitors	Bates Wells London LLP 10 Queen Street Place, London EC4R 1BE
Investment managers	Barclays Private Bank Aegon (to 15 May 2025) M&G (from 19 May 2025)

## Trustees and Directors

The Trustees of the charity are the directors of the charitable company for the purposes of charity law and are referred to as the Trustees throughout this report. The Trustees serving during the year and up to the date of signature of the accounts are disclosed on page 4 of this report.

## Senior Management Team

Day-to-day management of the charity is delegated to the Chief Executive, supported by the Senior Management Team. The Senior Management Team comprised:

Ms C Willis, BA (Hons), MSc (Chief Executive)  
Dr L Duff PhD, MA, BSc (Director of Research)  
Mr A Read MA (Hons) Oxon (Chief Digital Officer) (*resigned 31 May 2024*)  
Mr P Spall, FCMA (Interim Chief Financial Officer) (*13 December 2023 to 3 June 2024*)  
Mr P Spall, FCMA (Interim Chief Digital Officer) (*appointed 3 June 2024*)  
Mr S Tarr, ACA (Chief Financial Officer and Company Secretary) (*appointed 3 June 2024*)  
Mrs EC Kanu, FCCA (Interim Director of Finance) (*appointed 30 July 2025*)  
Ms M Wheeler, BA (Hons) (Director of Communications)  
Mr G Woodcock, MBA, MSc, BSc (Hons) (Director of Operations)

# Chair's Statement

**NFER's mission is to improve outcomes for future generations everywhere and to support positive change across education systems.**

We do this through sharing our research with decision makers across the education sector and providing actionable insights that can make a positive difference. This report includes examples of how we have achieved this over the past year.

We have expanded our existing workforce research to look at issues facing further education and have seen recommendations from new reports on teacher recruitment and retention directly inform the decision-making process for policymakers. We continue to deliver findings from the Skills Imperative 2035, our strategic partnership on essential employment skills for the future, as well as looking at school absence, SEND and AI.

Our work with schools remains key and we ensure our research is shared in a way that is assessable and useful, with practical insights which can be directly translated to the classroom.

Our e-assessment offer continues to grow, and our resources provide reliable, interactive and time-saving tests, which are now being further developed to support more year groups. Our assessment expertise reaches beyond the UK, with assessment work being delivered in Australia, Belize, Singapore and Kenya.

We have followed the policy changes

proposed by the new government closely and frequently contribute evidence to inquiries, committees and consultations. Parliamentary reports consistently draw upon our findings. This is fundamental to maximising the influence and impact of our insights and we will continue to develop our strategic engagement with politicians and decision-makers.

We look forward to building on the achievements of this year as we continue to deliver high-quality research and practical solutions that support lasting improvements across education and improve children's outcomes.

A handwritten signature in blue ink that reads "Lorna Cocking". The signature is written in a cursive style and is positioned above the printed name and title.

**Lorna Cocking, MBE**

Chair of the Board of Trustees



Our work with schools remains key and we ensure our research is shared in a way that is assessable and useful.

# Report of the Board of Trustees

for the year ended 31 March 2025

The Board presents this annual Trustees' report and the audited accounts for the year ended 31 March 2025 as required by the Companies Act. This report provides a full account of the activities for the year and includes the information required of the Trustees of the charity by the Charity Commission for England and Wales (the Charity Commission).

## Governing document

The National Foundation for Educational Research in England and Wales (NFER) is a company limited by guarantee and governed by Articles of Association, last amended on 28 November 2019. It is also a charity registered with the Charity Commission.

Our members comprise the serving Trustees of the company.

## Objectives and activities

NFER is a leading independent provider of research and assessment services for education. Our clients include government departments, grant making bodies and agencies at international, national and local levels, which call upon NFER's range of expertise and professional services to develop and deliver education policy

and practice. NFER's purpose is to provide robust, independent research and assessment services that improve education. As a charity, the impact of our work is central to everything we do. Our work seeks to support effective policy and practice in education, both in the UK and internationally.

The statutory objects of NFER, as stated in the Articles of Association, are:

- to undertake research and development in education and allied subjects for the public benefit and the publication and dissemination of the useful results thereof; and
- to advance education for the public benefit, in particular but not exclusively, through the provision of educational services.

In the furtherance of these objects, NFER conducts research into all aspects of education, disseminates the results of that research and exchanges education ideas and information. We also create resources based on research evidence that help to improve education outcomes.

NFER does not carry out any fundraising activities.



## The public benefits of NFER's work

The Charity Commission sets out the criteria for assessing the public benefits of research and identifies the key points that organisations with charitable status should take into account when embarking on a research project. It states that research will qualify as charitable only if:

- it is on a subject or directed towards establishing an outcome which is of value and calculated to promote in a meaningful and direct way the charity's aims and
- it is undertaken with the intention that the useful knowledge acquired as a result of the research is disseminated to the public or others to utilise or benefit from it and
- it is undertaken for the benefit of the public or a section of the public and not solely or mainly for self-interest or for private or commercial consumption.

The Charity Commission's general guidance on public benefit has been referred to when reviewing NFER's aims and when planning future activities. The Trustees are satisfied that the work carried out by the charity complies with the public benefit requirements set out by the Commission.

# Visibility and influence

In order to maximise the impact of our evidence and insights and ensure they are used to improve education, it is important that they reach as wide an audience as possible.

## Creating evidence and insights

Over the past year, NFER has published numerous reports, articles and other outputs to provide an evidence base which addresses the challenges and highlights successes across education systems and provides robust policy and practice recommendations.

Our portfolio of work on the education workforce continued to grow. We published reports building on our previous research into teacher recruitment and retention, ethnic disparities in the teacher workforce and an evaluation of the early career framework. Our work on teacher recruitment and retention has been particularly impactful, receiving widespread media coverage and assisting policymakers in decision making on teacher pay and conditions.

Following the General Election, we analysed various ways in which the Government might achieve its 6,500 teacher manifesto pledge, including through the use of bursaries, pay, and reducing workload. We also expanded our workforce portfolio by undertaking new research into the further education workforce, which faces significant challenges.

Two new working papers were published as part of The Skills Imperative 2035 project, which is investigating the essential skills needed for the future of work. These explored the skill development of young people and provided an international

comparison of literacy and numeracy between England and similar countries.

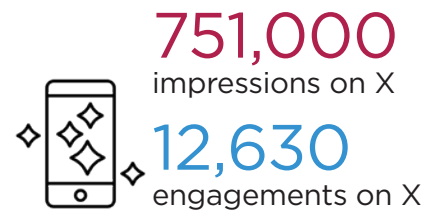
We worked as part of a consortium to deliver the Survey of Adult Skills 2023 (PIACC): National Report for England and continued to successfully deliver both the National Reference Test and the Reception Baseline Assessment in schools throughout England.

Our wider research focussed on aspects of the education system that face particular challenges. This included:

- school absences, and recommendations for policymakers and school leaders on how to improve school attendance;
- SEND, and in particular the special schools workforce;
- Artificial Intelligence, and how teachers can use ChatGPT in their lesson planning; and
- pupil projections, demonstrating the expected decline in future pupil numbers and the impact this may have on schools and funding.

## Increasing visibility

Our research achieved an extensive range of media coverage across national, regional, sector and broadcast outlets. In total NFER's research and expertise generated more than 4,000 pieces of media coverage. This was achieved through a variety of tactical communication approaches, for example, through press



releases and blogs. In addition, the media team further developed their relationships with key education journalists, securing opportunities for creating further impact in the media. This included live or pre-recorded interviews with broadcast media outlets.

Highlights of NFER's broadcast media coverage include Jack Worth appearing on **Sky News** to discuss NFER's research on ethnic disparities in the teaching workforce. Also, Matt Walker participated in an **LBC news** interview on NFER's pupil absence report and Jack Worth took part in a piece for **BBC Breakfast** on NFER's Teacher Labour Market 2025 report.

Other NFER research also appeared in a wide variety of publications. NFER's Skills Imperative Research generated coverage in outlets including **The Times** and **Nursery World**, as well as a blog by Michael Scott appearing in FE Week. Meanwhile, NFER's three-part series exploring the impact of pupil numbers, delivered three weeks of impressive media coverage including in **Schools Week**, **Tes**, the **Independent** and **Daily Mirror**.

Throughout the year, we spoke at a range of events and shared findings and insights with policy makers and practitioners to strengthen our influence and impact. These included:

- Festival of Education
- Confederation of School Trusts Annual Conference
- National Schools and Academies Show
- NASBTT Annual Conference
- National Apprenticeships Conference

We also participated in a number of advisory groups, including Ofsted's External Reference Group on Insights and Evidence in Education, which provided valuable opportunities to contribute expertise, engage with decision-makers and shape developments within the sector.

# Informing policy

**The General election and change of Government led to changes of direction in education policy. A number of consultations were launched by the Department for Education and related agencies, and two new education Bills were published.**

We fed our research into the two major education consultations launched during the government's first year, covering reforms to the inspection regime overseen by Ofsted and the Curriculum and Assessment Review. We were able to use both our published research and the expertise within the organisation to comment on proposals and suggest policy options and highlight best practice.

The Skills Bill and the Children's Wellbeing and Schools Bill provided us the opportunity to directly engage with policymakers as part of the legislative process at numerous stages, and we were pleased that our briefings were used in the development of the Bills.

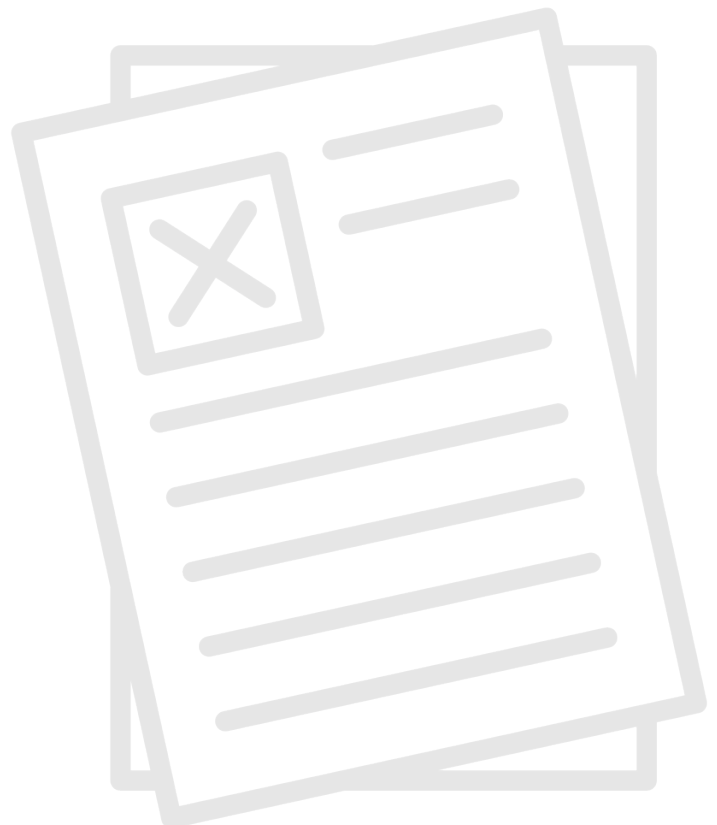
A number of parliamentary inquiries were also launched during this year, and we submitted responses on topics, including:

- Attainment of pupils from disadvantaged backgrounds
- Further Education and Skills
- SEND

Our research is regularly cited in parliamentary reports following inquiries, and we frequently see other organisations citing our research in their submissions, demonstrating our broader stakeholder reach.

In addition to this, we continue to submit responses to other government consultations, such as ahead of the Budget and the Spending Review.

In collaboration with key partners, our work has also focused on advising and supporting governments in other countries to develop better assessment systems, resulting in more effective use of assessment data, informing and shaping wider policy development and classroom practice.



# Supporting classroom practice

**NFER Classroom is our brand for those working in and for schools, and ensures schools find engaging with our research and resources relevant and worthwhile. Alongside influencing decisions at a national level, we share easily accessible insights and practical implications from our research to support classroom and leadership practice within schools and trusts.**

This year, our research summaries covered a breadth of topics, including: how MATs are supporting pupils with SEND; the continued impact of Key Stage 1 school closures due to Covid-19 on later attainment and social skills; falling pupil numbers in primary schools; and the Teacher Labour Market in England.

We continued to conduct research on a range of classroom interventions, including various evaluations funded by the Education Endowment Foundation, exploring the impact of literacy and numeracy interventions and extra-curricular activities.

NFER Tests and resources continue to be trusted by thousands of schools. This

year will see the launch of our full key stage 2 suite of online assessments that support pupils to develop their literacy and numeracy skills, with Years 3, 4, 5 and 6 now available to schools in England. NFER Online Assessments (NOA) were originally launched in 2024 to pupils in Years 3 and 4. This expanded offering of online assessments ensures schools can now support pupils throughout their Key Stage 2 journey.

NOA offers pupils interactive, standardised tests that are fun and appealing to use. The platform delivers reliable information to teachers for diagnostic and summative assessment purposes. Pupils in Years 3 to 6 will also get the opportunity to meet NFER's friendly interactive guides, Noa the Panda and Fern the Robot, who will be there to help them navigate through the assessments via videos and practice questions. Meanwhile, teachers facing workload pressures will save time as 70 per cent of all NOA questions are marked automatically, leaving teachers to mark the 'open-ended' and 'show your working' type questions, ensuring full curriculum coverage.



# Transforming our systems and processes




**We have continued to invest in NFER's future, improving the quality, flexibility and innovation of our services through technology.**

The Technology roadmap has been refreshed and refocused, considering new advances, including exploring ways in which NFER can best utilise AI in a secure manner which can further enhance our work.

Over the last year, we have continued to invest in our technology to enable our activities to be increasingly streamlined and secure, ensuring the best service for our customers, clients and research participants. This investment in upgrading our systems will continue over the next year and beyond, included the implementation of a new ERP system.

# Looking forward



**We will continue to focus on business development to diversify and secure funding to deliver our evidence and insights. Alongside this we will increase efficiency and strengthen the quality, flexibility and innovation of our offer to clients, grant funders and customers. This includes our on-going investment in e-assessment to identify children's abilities in a more robust, flexible and streamlined way, informing teaching and learning.**

We will maintain our focus on achieving visibility and influence from our insights, informing policy and practice in the UK and internationally. This will include nurturing our extensive range of networks with policy makers, practitioners, key stakeholders and the media.

Our staff are our most important asset, and we will continue to engage with colleagues to ensure that we have a high-performing, skilled, flexible and happy team.

## Promoting the success of the charity

Throughout the year, the Trustees of the charity have acted in the way they consider will promote the success of the charity and its charitable purpose, acting for the benefit of its stakeholders as a whole, and having regard to:

- the likely consequences of any decision in the long term;
- the interests of the charity's employees;
- the need to foster the charity's business relationships with suppliers, customers and others;
- the impact of the charity's operations on the community and the environment;
- the desirability of the charity maintaining a reputation for high standards of business conduct;
- the need to act fairly as between stakeholders of the company.

The charity's stakeholders include the partners and suppliers with whom we work to produce and promote our research, self-employed consultants and temporary staff upon whom we rely to conduct surveys and administer assessments, the media organisations with whom we collaborate to ensure that our research findings reach the appropriate audience, our clients with whom we develop our research ideas and who fund our activities and teachers and head teachers who inform our surveys, help develop our assessments and work with us to improve the education of the children in their schools. The Trustees are very aware of the contribution that the charity's stakeholders make to its success and have regard to them when developing strategy for the future.

# Structure, governance and management

## Appointment of Trustees

As set out in the Articles of Association as amended on 28 November 2019, all Trustees are elected by the Board and serve for a maximum of three consecutive terms of three years, nine years in total. The only exception to this rule is for those serving in the roles of Chair, Vice Chair and Treasurer who can serve up to four consecutive terms. The Trustees conduct a regular review of skills required and use this review to inform the recruitment of future Trustees.

## Trustee induction, training and continued support

All newly appointed Trustees are given appropriate induction materials and opportunities to understand the operations of NFER. The new Trustees are invited to meet senior members of staff and are provided with key documents including the Articles of Association, the latest Annual Report and Accounts, and recent Board minutes. Opportunities for specific training are offered on an “as needed” basis.

In addition to the schedule of business meetings, Trustees also participate in an annual strategic planning day to discuss future strategy for the organisation. This often includes an element of training and updating on new areas of business, legislation and best practice.

## Organisation

The Trustees are responsible for agreeing the aims and direction of the organisation but have delegated the day-to-day management to a Chief Executive,

supported by a Senior Management Team (as outlined on page 5). Each year the Trustees approve the annual business plan and budget; anything that is not included in that plan must be referred to the Trustees for approval. The Board has reserved for itself the approval of the Annual Report and Accounts, key policies and all matters relating to property. It has established specialist committees to oversee specific areas, namely investments, finance (including the annual audit), remuneration and nominations. Working groups are also established to enable Trustees to engage with specific business matters.

## Related parties

NFER had two wholly owned subsidiaries at the start and throughout the year. NFER Trading Limited, Company Number 03954591, was formed in 2000 with its prime role to deliver selected commercial contracts. It remained dormant throughout the year. i-nfer Assessment Limited, Company Number 05946075 (incorporated in 2006 and acquired by the Group in 2012) also remained dormant throughout the financial year.

## Energy use

The charity uses energy for the purposes of heating, lighting and air-conditioning its office spaces. During the year the charity consumed 413,416kWh of electricity to power and air-condition its offices (2023-24: 459,967kWh *restated*) and 432,963kWh of gas to heat them (2023-24: 391,322kWh *restated*). In total these two sources of energy represent annual CO<sub>2</sub>e emissions of 152 tonnes (2023-24: 216 tonnes *restated*). The charity is investigating ways in which it

can reduce its consumption of fossil fuels and publishes an annual Carbon Reduction Plan & Environmental Policy Statement. From April 2027, NFER is moving to a renewable electricity tariff/supply.

## Risk management

The Trustees oversee an annual risk management exercise to identify the key risks to the charity, including all active subsidiaries, and to assess the impact and likelihood of the occurrence of each risk. Based on this analysis, Trustees ensure that appropriate systems and actions are in place to eliminate, reduce or mitigate these risks.

The most significant risks facing the charity and corresponding strategies for managing them are summarised below.

- The current challenging economic environment, which is expected to continue into the foreseeable future, creates the risk that we will not be able to consistently generate sufficient income to deliver the charity's goals. To address these concerns the organisation is evolving to better predict market changes and become more flexible in its operational delivery as well as focusing on business development.
- Ensuring the security of our information and the quality of our work continues to be a key area of focus, particularly as many of our staff continue to work remotely. We are safeguarding the integrity of our systems and those of our suppliers through the careful management of information security risks in line with our certification for

ISO27001 and Cyber Essentials Plus status. We continue to invest in business improvement, quality assurance and system resilience and we carry out checks on our suppliers to ensure that they meet appropriate standards.

- Schools in the UK are under significant pressure and are facing difficult challenges in recruiting and retaining staff. There is a risk that this will limit the amount of time that schools can spend on engaging in research, thereby reducing the robustness of the evidence that we can provide in our work. In addition to the high levels of customer care that we rely on to encourage school engagement, we have implemented a School Engagement Strategy. This has strengthened our relationship with schools, improved their experience of working with NFER, and demonstrated the impact that their contribution has in enabling us to influence policy and practice. We expect this will continue to increase the extent to which schools want to engage with our research and educational resources. Our new e-assessments, NOA, are also designed to save teachers time by auto-marking the majority of assessment items whilst ensuring robust coverage of the curriculum.

Having conducted the risk management exercise, the Trustees are satisfied that the significant risks facing NFER have been identified, and mitigating actions are appropriate for eliminating or managing any potential impact.



## Financial instruments

It is the policy of the charity not to engage in complex financial instruments where there could be financial risk. NFER only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. The most significant of these, together with the strategy for managing any associated risks, are:

- Our investment portfolio, where risk is controlled by the Investment Committee through the appointment of investment managers and a wide spread of investments which avoid unacceptable financial risk and deliver reasonable returns over the medium to long term in line with the agreed investment mandate.
- A 20-year bank mortgage (2 months remaining at 31 March 2025), in which upward interest rate risk has been eliminated by fixing the rate of interest throughout the term.
- A six-year Coronavirus Business Interruption Loan (CBILS) for £2m which was entered into in May 2021, the majority of which is fixed interest.
- Effective from 16 September 2024, a loan facility with Barclays Bank Plc enabling NFER to borrow up to £2m to cover any short-term working capital requirements. This facility is secured via a fixed charge on NFER Investments held with Barclays Private Bank. This facility has been put in place to give NFER greater flexibility over managing any differences in timing between its cash inflows and its cash outflows to manage short-term working capital needs most efficiently.

## Buckinghamshire Pension Fund

The company's membership of a local government pension scheme prior to 2011 also exposes the company to financial risk from market forces, which affect its value. This is controlled by external bodies that manage the scheme. The company mitigated this risk by agreeing a settlement with the pension fund in November 2015, which involves monthly payments to the pension fund for each of the subsequent 19 years. If a deficit remains in NFER's share of the fund at the end of the repayment period, NFER and Buckinghamshire Pension Fund will agree on how to settle the outstanding amount.

## Qualifying indemnity insurance

The charitable company has granted an indemnity under its indemnity insurance to its Trustees against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity insurance remains in force as at the date of approving the Trustees' report.

## Financial review of the charity

For the financial year to 31 March 2025, we planned for a deficit budget so that we could progress ongoing strategic investments. These investments are focused on transforming NFER's technology and digital capabilities so we can strengthen the quality, impact and efficiency of our work

to better support an evolving education system. These strategic investments resulted in a net deficit on charitable activities of £3.6m (2023-24: £3.4m).

Income for the year was £19.2m (2023-24: £21.8m). Income from research, which reflects variations in the commissioning patterns of key funders and a slowdown in commissioning during the general election period, was £12.6m (2023-24: £14.6m) whilst income from sales of our educational resources was £6.3m (2023-24: £6.8m).

Overall, the organisation generated a total net deficit for the year of £3.7m (2023-24: £2.1m net deficit) reflecting the ongoing investment in strategic priorities and a small decline in the value of our investment portfolio.

During the year, NFER withdrew £2.2m from its investment portfolio (2023-24: £3m) to fund charitable activities, resulting in a reduced level of dividend and interest income of £316k (2023-24: £439k). The value of the investment portfolio at 31 March 2025 was £16.1m (2023-24: £18.3m).

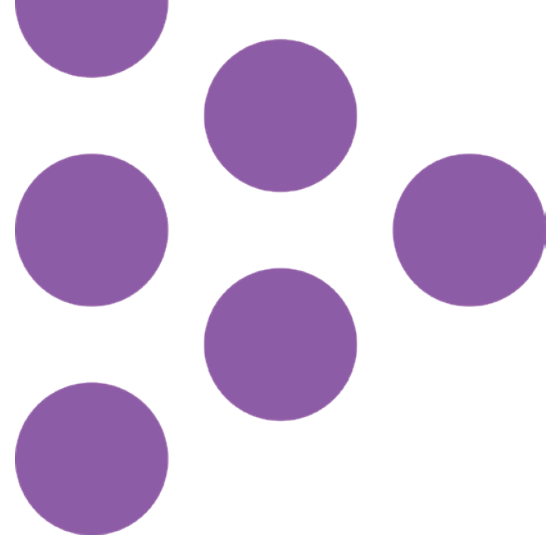
Interest costs incurred on the mortgage decreased to £20k (compared to £40k in the prior year) as the capital amount of the loan reduced. In addition, in accordance with the requirements of FRS102, an interest charge and administrative charges on NFER's share of the Buckinghamshire Pension Fund deficit was calculated at £25k. The equivalent figure for the prior year was £184k.

The FRS102 actuarial losses reported for this year amount to £0.2m (2023-24: gains of £2.9m). At the year end, there was a net pension asset of £310k compared to the prior year when there had been a net pension deficit of £12k.

The overall net movement of funds for the year, after these actuarial losses, amounted to a £3.9m loss, which gives NFER total reserves of £21.2m at the end of the year, compared to £25.1m at the end of last year.

## Reserves policy and plans for future years

Having considered the challenges and opportunities that the charity may face in the medium to longer term, the Trustees calculated the need for a level of free reserves (i.e. those unrestricted reserves that have not been designated for specific purposes) in the range of £4.5m to £9m based on three to six months unavoidable expenditure. This range was determined by an assessment of the period over which a downturn in the business of NFER would have to be managed before positive results could be achieved from the implementation of remedial actions.



As at 31 March 2025, NFER's total charity reserves stood at £21.2m (2024: £25.1m). This is composed of:

Designated fixed assets reserve	£4,887k	See Note 11
Pension reserve	£310k	Actuarial valuation of pension asset
Unrestricted reserves	£16,015k	To allow the charity to manage challenges and opportunities
<b>Total reserves</b>	<b>£21,212k</b>	

The Trustees' strategy going forward is to manage the free reserves of the charity, which currently stand at approximately £16m, to a level within the target range over the medium term, considering the current volatility in the assumptions that are impacting on the expected value of the pension settlement.

## Investment policy and performance

NFER currently invests in one or more multi asset or segregated funds that meet its ethical requirements, and which are expected to:

- have consistently good performance over time and to achieve capital growth above inflation, with a specific return of CPI + 4%;
- charge competitive management fees for their services;
- manage risk through a balanced spread of investments in the major markets and through the use of pooled funds where appropriate to spread risk (e.g. for smaller investments in other markets or alternative asset classes) and by investing in tracker or multi-asset funds to reduce management costs and/or mitigate risks as required.

This policy and related controls are to ensure that the security of the assets and their proper management are reviewed on a periodic basis. A general review of this policy is conducted every three years. The Investment Committee meets twice yearly to monitor and evaluate performance of the investments and the investment managers.

For the financial year, investment capital decreased to £16.1m following a capital withdrawal of £2.2m (2024: £18.3m).

## Going concern

The UK public finances landscape continues to be quite challenging, particularly for research charities. However, the Trustees are confident, having reviewed the charity's future income streams, its investment portfolio and the funding facilities available to it, and the risk management framework (including appropriate mitigations being in place) that the charity has adequate resources to continue its activities for the foreseeable future. They consider that there are no material uncertainties over the charity's financial viability.

The free reserves of the charity exceed the benchmarks that it has set itself and the management of the charity is confident in its financial resilience.

Accordingly, Trustees continue to adopt the going concern basis in preparing the financial statements.

## Pension schemes

During the year, the NFER participated in three pension schemes: its own defined contribution pension scheme, the NFER Retirement Savings Plan (or 'NRSP'), administered by Standard Life, the Teachers' Pension Scheme (TPS), administered by Teachers' Pensions (TP) on behalf of the Department for Education (DfE) and the People's Pension scheme for those members of staff that do not want to participate in the NRSP.

The TPS is accounted for as a defined contribution scheme under Financial Reporting Standard 102 (section 28) Employee Benefits.

NFER's active membership of the Buckinghamshire Pension Fund ceased on 30 June 2011. The Buckinghamshire Pension Fund is accounted for as a defined benefit scheme under Financial Reporting Standard 102 and was replaced with the NFER's own defined contribution pension scheme.

NFER and Buckinghamshire Pension Fund signed a settlement agreement in 2015 to determine the arrangements for payment of the share of the fund deficit relating to NFER's Admission Agreement. The Scheme's future funding requirements over the nineteen years of the agreement now form part of the company's annual and long-term planning and budgeting processes.

## Engagement with employees

Throughout the financial year the CEO and senior managers have engaged with staff:

- To inform them through fortnightly staff briefings and regular communications of the charity's performance and achievements, developments in the markets in which the charity operates and how it has taken account of the interests and queries raised by members of staff
- To enquire through externally administered surveys how effectively the charity is supporting their needs and addressing the challenges that it faces. All the surveys conducted have indicated high levels of satisfaction with the charity as an employer and with its response to the challenges raised by hybrid working

- Through the elected members of the Staff Council. This group meets senior managers on a regular basis throughout the financial year. The elected Chair of the Staff Council regularly attends Senior Management Team meetings to report on the main interests and concerns of staff.

## Equal opportunities and remuneration policies

NFER is committed to being an equal opportunities employer and to creating an inclusive environment where the staff, Trustees, clients, partners and suppliers experience equality, diversity and inclusion in all its activities. The charity aims to ensure that all employees, whether part-time, full-time or temporary, are treated fairly and with respect. Selection for employment, promotion, training or any other benefit is based on aptitude and ability. All employees are supported and encouraged to develop their potential so that the talents and resources of all staff are fully utilised and the efficiency of the organisation is maximised. This policy is fully supported by the Trustees and Senior Management Team (SMT) and is monitored on an ongoing basis.

NFER is committed to developing a diverse, inclusive workforce and the charity has a clear policy of paying our employees equally for the same or equivalent work regardless of their gender or any other characteristic.

Our 2024 gender pay gap report continues to show that the differences in pay between men and women remain modest in contrast

to the national picture where the pay gap is consistently skewed in favour of males. These figures, calculated using the 2017 Regulations and the Equality Act 2010, showed that the median pay gap calculated as at 5 April 2024 was 8.7% (2023: 4.3%) in favour of men as compared to the national average as at that date of 13.1% (2023 revised 14.2%). The mean average for NFER at the same date was 4.3% (2023: 3.6%) in favour of men. The median bonus gap is 0% in favour of men (prior year: 0% in favour of men).

The gender pay gap at NFER is heavily influenced by two factors. Firstly, our employee salary sacrifice pension scheme affects the official calculations, as government guidelines require the use of post sacrifice salaries in the calculations. In 2024 our female employees chose to contribute more of their salary to pensions than men. Secondly, there are large variations in both the size and gender composition of our temporary workforce – and the roles they fill – on a year-to-year basis. This has a significant bearing on the gender pay gap and explains the variations year to year.

Remuneration for all staff, including the SMT, is reviewed annually by the Remuneration Committee, a sub-committee of the Board of Trustees, taking account of the following aims and principles:

- to ensure the availability of the skills, experience and expertise required to deliver the organisation’s objectives
- to attract and retain a motivated workforce to achieve organisational effectiveness



- to recognise individual performance and contribution to the organisation's development and success
- to reflect the performance of the organisation
- to reflect NFER's ethos, aims and values.

The Trustees consider that the Board of Trustees and the SMT are the key management personnel who have authority and responsibility for planning, directing and controlling the activities of NFER.

## Senior Management Team

Employment at NFER is valued by our staff because of the respect with which the organisation's work in the field of education is held. The charity operates in an increasingly competitive labour market for the specialist and leadership skills needed to meet our strategic objectives.

Pay for the SMT is determined by NFER's Remuneration Committee. Pay levels are set based on the principles set out above, and with reference to the pay award for the organisation as a whole. Information on increases in national earnings, and publicly available information on pay awards in other organisations, is used to inform pay awards. Pay levels are reviewed annually.

As for all NFER employees, remuneration for the SMT includes salary and pension scheme contributions. Contributions are made by NFER to the NFER Retirement Savings Plan (NRSP) at the rate of up to 10% of the member of staff's base salary. Other elements of the organisation's remuneration and benefits package are

also attractive and of value to staff at all levels across the organisation (including the annual leave entitlement, our approach to flexible working arrangements, and the scope for personal development).

Details of the key management personnel remuneration, expenses and related party transactions are disclosed in notes 9 and 10 to the accounts.

## Trustees

The Board of Trustees is collectively responsible for the overall governance, aims and strategic direction of the Charity. There is no fee payable in respect of appointment as a Trustee; Trustees are entitled to reimbursement for any reasonable out-of-pocket expenses.

## Auditors

The Trustees reappointed HaysMac LLP as auditors of the Charity for the year.

# Statement of the Trustees' responsibilities

The Trustees (who are also directors of the NFER for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions, disclose (with reasonable accuracy) at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware:

- there is no relevant information of which the charitable company's auditor is unaware
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

None of the Trustees had any beneficial interest in any contract to which the NFER was party during the year.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

The Trustees' Annual Report and Strategic Report were approved by the Board of Trustees and signed by:

  
**J L Cocking, Chair**

The Mere, Upton Park,  
Slough, Berks SL1 2DQ  
5 November 2025

# Independent auditor's report

to the Members of the National Foundation for Educational Research in England and Wales

## Opinion

We have audited the financial statements of the National Foundation for Educational Research in England and Wales for the year ended 31 March 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2025 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards

are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern


In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements 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 Chair's Statement and Report of the Board of Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Board of Trustees (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Report of the Board of Trustees have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Trustees (which incorporates the strategic report and the directors' 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 by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of Trustees for the financial statements

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 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 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.

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 of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to employment law, GDPR and charity and company law

applicable in England and Wales and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to income recognition. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charitable company relevant to the preparation of the financial statements to ensure these were in place throughout the year;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals;
- Reviewing correspondence with regulators, including tax authorities;
- Challenging assumptions and judgements made by management in their critical accounting estimates, in particular the recognition of project income and expenditure; and
- Reviewing the assumptions and judgements used by the professional actuary in relation to the charitable company's pension valuations.

Because of the inherent limitations of an audit, there is a risk that we will not



detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

Tracey Young (Senior Statutory Auditor)  
For and on behalf of HaysMac LLP,  
Statutory Auditors

10 Queen Street Place  
London  
EC4R 1AG

Date: 27 November 2025

# Statement of financial activities

(including income and expenditure account and statement of recognised gains and losses) for the year ended 31 March 2025

	Note	2024-25 £'000	2023-24 £'000
<b>Income from:</b>			
Charitable activities	4(a)	18,891	21,347
Investments	4(b)	316	439
Other	4(c)	7	7
<b>Total income</b>		<b>19,214</b>	<b>21,793</b>
<b>Expenditure on:</b>			
Investment Management		(44)	(87)
Charitable activities	5	(22,768)	(24,892)
Mortgage Interest		(20)	(44)
Net interest and admin expenses on defined pension liability	17(d)	(25)	(184)
<b>Total expenditure</b>		<b>(22,857)</b>	<b>(25,207)</b>
<b>Net expenditure before (losses) / gains on investments</b>		<b>(3,643)</b>	<b>(3,414)</b>
<b>Net (losses) / gains on investments</b>	12	<b>(43)</b>	<b>1,288</b>
<b>Net expenditure</b>		<b>(3,686)</b>	<b>(2,126)</b>
<b>Other recognised (losses) / gains</b>			
Actuarial (losses) / gains on defined benefit pension schemes	17(g)	(212)	2,938
<b>Net movement in funds</b>		<b>(3,898)</b>	<b>812</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward		25,110	24,298
<b>Total funds carried forward</b>		<b>21,212</b>	<b>25,110</b>

The statement includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

# Balance sheet

as at 31 March 2025

	Note	2025	2024
		£'000	£'000
<b>Fixed Assets:</b>			
Tangible Assets	11	4,887	5,137
Investments	12	16,127	18,322
<b>Total Fixed Assets</b>		<b>21,014</b>	<b>23,459</b>
<b>Current Assets:</b>			
Stocks: finished goods		469	461
Debtors	14	3,555	3,455
Cash at bank and in hand		519	2,736
<b>Total Current Assets</b>		<b>4,543</b>	<b>6,652</b>
<b>Liabilities:</b>			
Creditors: Amounts falling due within one year	15	(3,038)	(3,159)
<b>Net current assets</b>		<b>1,505</b>	<b>3,493</b>
<b>Total assets less current liabilities</b>		<b>22,519</b>	<b>26,952</b>
Creditors: Amounts falling due after more than one year	15	(1,617)	(1,830)
<b>Net assets excluding pension liability</b>		<b>20,902</b>	<b>25,122</b>
Defined benefit pension scheme asset/(liability)	17(c)	310	(12)
<b>Total net assets</b>		<b>21,212</b>	<b>25,110</b>
<b>The funds of the charity:</b>			
Designated Funds	18	4,887	5,137
Unrestricted Free Reserves	18	16,015	19,985
Pension reserve	18	310	(12)
<b>Total unrestricted and charity funds</b>		<b>21,212</b>	<b>25,110</b>

The financial statements on pages 32 to 51 were approved and authorised for issue by the Board of Directors on 5 November 2025 and signed on its behalf by



J L Cocking, MBE  
Chair

Company number 00900899

# Statement of cash flows

for the year ended 31 March 2025

	Note	2024-25	2023-24
		£'000	£'000
<b>Cash flows from operating activities</b>	<b>19(a)</b>	<b>(4,010)</b>	<b>(4,459)</b>
<b>Cash flows from investing activities</b>			
Dividends from investments, interest and rents		323	445
Purchase of fixed assets		(95)	(155)
Proceeds from sale of investments		4,867	5,261
Purchase of investments		(2,728)	(2,402)
Movement in cash held for investment		13	(21)
<b>Net cash provided by investing activities</b>		<b>2,380</b>	<b>3,128</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowing		(539)	(516)
<b>Net cash used in financing activities</b>		<b>(539)</b>	<b>(516)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(2,169)</b>	<b>(1,847)</b>
Cash and cash equivalents at the beginning of the reporting period		2,736	4,617
Effect of foreign exchange rate changes on cash and cash equivalents		(48)	(33)
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>19(b)</b>	<b>519</b>	<b>2,736</b>

# Notes to the financial statements

for the year ended 31 March 2025

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## 1. Status of the NFER

NFER is a company domiciled and incorporated in England and Wales under the Companies Act (Company No. 00900899) and is limited by guarantee. In the event of NFER being wound up the liability of its members, the number of whom is variable, is limited to £1 each. NFER is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of

Chargeable Gains Act 1992 to the extent that these are applied to its charitable purposes by virtue of being a registered charitable body (Charity No. 313392).

NFER's subsidiary undertakings are detailed in Note 13 to the accounts. Consolidated accounts have not been prepared as the two wholly owned subsidiaries are dormant and immaterial to the group.

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## 2. Accounting policies

### a) Accounting convention and basis of preparation of the financial statements

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The charitable company is for the public benefit for the purposes of FRS 102 and therefore has prepared its financial statements in accordance with the Statement of Recommended Practice (The FRS 102 Charities SORP 2<sup>nd</sup> Edition), the Companies Act 2006 and the Charities Act 2011.

All financial statements are made up to 31 March each year.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest one thousand pounds with the exception of note 10 where they are stated in pounds.

The accounting policies of the company remain unchanged from the previous year.

### b) Going concern

The Trustees, after reviewing our activities, financial position and risk management framework including challenging external economic factors, have determined that there are no material uncertainties related to events or conditions that cast significant doubt on the NFER's ability to continue as a going concern for at least 12 months beyond the date the accounts are signed, as there is sufficient work secured for the next 12 months and the organisation has enough cash and investments that can be easily liquidated to cover running costs for that period. Moreover, NFER has a loan facility in place with Barclays Bank Plc enabling it to borrow up to £2 million to cover any short-term working capital requirements that may arise. The financial statements therefore continue to be prepared on the going concern basis.

### c) Recognition of income and expenditure

Income and direct research expenditure are recognised as project activity progresses. Income is recognised as earned when, and to the extent that, the charity obtains the

right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable. In respect of incomplete research projects, the income recognised reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Income recognised but not yet invoiced is included in debtors as 'amounts recoverable on contracts'. Income billed in advance of contract performance is included in creditors as 'deferred income and payments on account'.

Any excess direct expenditure on completed projects, or any excess direct expenditure on incomplete projects which is unlikely to be recovered over the life of the project, is provided for in full as soon as it is anticipated.

Other income and expenditure are recognised on an accruals basis when there is entitlement to the funds, the receipt is probable, and the amount can be measured reliably.

#### **d) Expenditure**

Direct charitable expenditure relates to salaries and expenditure directly incurred in the delivery of research, educational services, and related resources. Staff salaries are allocated to specific projects, products and services based on the time spent on those activities.

Support costs comprise the costs of non-research staff, accommodation and other overheads; these costs are allocated between activities on the basis of direct salaries.

Leased assets and obligations: annual rentals paid under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term, with any lease incentives or rent-free periods spread over the lease term.

#### **e) Impact projects and educational resources development**

NFER invests in its own research and development activity. Any such expenditure is written off to the income and expenditure account in the period in which it is incurred. Also, development expenditure for new educational resources is written off in the year in which it is incurred.

#### **f) Fixed assets and depreciation**

Freehold property and other assets are included in the accounts at cost.

Tangible fixed assets are depreciated by equal annual instalments over their estimated useful lives as follows:

Freehold buildings	50 years
IT equipment	1 to 5 years
Other equipment	1 to 5 years

Freehold land is not depreciated.

Assets that are impaired in value are written down to their economic value.

Assets purchased/acquired for less than £5,000 are not capitalised.

#### **g) Investments**

Investments are stated in the balance sheet at market value.

#### **h) Stock: finished goods**

Stocks have been valued at the lower of cost and net realisable value.

#### **i) Employee benefits**

Retirement benefits to employees of NFER are provided by its own defined contribution scheme, the People's Pension scheme, the Teachers' Pension Scheme (TPS) and the Buckinghamshire Pension Fund.

Contributions in respect of NFER's defined contribution scheme and The People's Pension scheme are charged to the Statement of Financial Activities in the year they are payable.

The TPS is an unfunded scheme, and contributions are calculated to spread the cost of pensions over employees' working lives in such a way that the pension cost is a substantially level percentage of current and future pensionable pay. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. As stated in Note 17, the TPS is a multi-employer scheme and NFER is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme, and the contributions are recognised in the Statement of Financial Activities in the year they are payable.

NFER is a non-active member of the Buckinghamshire Pension Fund, a defined benefit pension scheme. The scheme is funded, with the assets held separately from the company in trustee administered funds. The liability recognised in the balance sheet in respect of defined benefit pension schemes is the fair value of the pension scheme liabilities less the fair value of the assets held in the scheme. Pension scheme assets are measured at fair value, and the liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined benefit schemes the expected return on assets and the interest cost are shown as a net finance gain or loss. Actuarial gains and losses are recognised immediately in other gains and losses.

#### **j) Fund Accounting**

Designated funds are unrestricted funds set aside at the discretion of the Trustees for specific purposes as described in Note 18 to the accounts.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Unrestricted funds represent projects and other income received that contains no restriction relating to the use of those funds.

#### **k) Irrecoverable VAT**

All input VAT that cannot be recovered in full is expensed. The amount of input VAT credited to overheads that can be partially recovered is calculated using the standard turnover method.

#### **l) Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange applicable at the balance sheet date. Transactions in foreign currencies are recorded at the rate applicable at the date of the transaction. All differences are taken to the Statement of Financial Activities.

#### **m) Unrealised gains and losses**

NFER operates a 'mark-to-market' policy, whereby the carrying value of the company's investments is updated to market value on a continuous basis. As a result, gains and losses on investments held at the year-end are classified as unrealised.

#### **n) Debtors**

Trade debtors are amounts invoiced and unpaid. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Amounts invoiced but not yet due for payment are recognised as debtors.

#### **o) Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term liquid deposit accounts which are repayable on demand or at short notice.

#### **p) Creditors**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

They have been discounted to the present value of the future cash payment where such discounting is material.

### **q) Financial instruments**

NFER has financial assets and liabilities that qualify as basic financial instruments. Basic

financial instruments are initially recognised at transaction value and subsequently measured at amortised cost except for investments which are subsequently measured at fair value through the statement of financial activities.

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## 3. Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions with the most significant effect on amounts recognised in the financial statements are as follows:

### **a) Project income recognition**

Income from projects is assessed on an individual basis with income being recognised based on the stage of

completion of the project which is estimated using a combination of the milestones in the contract and the time and costs spent to date compared to the total expected to be required to undertake the project. Estimates of the total time and costs required to complete the projects are made on a quarterly basis and subject to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

### **b) Defined benefit pension scheme (Buckinghamshire Pension Fund) assumptions**

The charity has an obligation to pay pension benefits to certain employees under a defined benefit pension scheme. The cost of these benefits and the present value of the obligation depend on a number of factors that are determined on an actuarial basis using a variety of assumptions including life expectancy, asset valuations and the discount rate on corporate bonds. Any changes in these assumptions, which are disclosed in Note 17, will impact the carrying amount of the pension liability.

## 4. Income

### a) Charitable activities

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Research	12,626	14,563
Educational Resources	6,265	6,784
	<b>18,891</b>	<b>21,347</b>

#### *Research*

This comprises income from the following activities:

- undertaking research related to education and training
- the development and use of assessment instruments and procedures
- undertaking surveys and similar services to support research
- supplying information developed from the above to stakeholders in schools and other education institutions.

It is not possible to analyse income into the above categories as the majority of projects involve a mixture of all elements.

#### *Educational resources*

This comprises the sale of educational resources and services, predominantly to schools, including our Optional Tests.

### b) Investment income

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
From listed investments	288	397
Interest on cash deposits	28	42
	<b>316</b>	<b>439</b>

### c) Other

This comprises rent receivable including service charges.

## 5. Charitable activities expenditure

Alongside funding its own research, NFER has invested significantly into different aspects of the business in both the current year and prior years. This reflects a deliberate intention by the Trustees

to transform NFER's technology and processes in order to put the charity in a stronger position to support the education system in future.

### For year ended 31 March 2025

	Direct salaries	Direct costs	Support costs	2025 Total
	£'000	£'000	£'000	£'000
Research	8,727	2,213	3,917	14,857
Educational resources	668	2,697	1,205	4,570
Educational resource development	1,989	471	881	3,341
<b>Total</b>	<b>11,384</b>	<b>5,381</b>	<b>6,003</b>	<b>22,768</b>

### For year ended 31 March 2024

	Direct salaries	Direct costs	Support costs	2024 Total
	£'000	£'000	£'000	£'000
Research	8,553	3,370	3,973	15,896
Educational resources	1,137	2,197	1,111	4,445
Educational resource development	2,279	1,135	1,137	4,551
<b>Total</b>	<b>11,969</b>	<b>6,702</b>	<b>6,221</b>	<b>24,892</b>

## 6. Support Costs

	2025	2024
	£'000	£'000
Salary and pension costs	3,595	3,592
Recruitment and other staff costs	415	593
Property and office costs	903	1,115
Consultancy	300	249
Marketing	63	65
Depreciation	345	362
Exchange losses/(gains)*	74	101
Governance (see Note 7)	308	144
	<b>6,003</b>	<b>6,221</b>

\*Including transactional gains and losses

## 7. Governance costs

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Audit and professional fees	237	80
Insurance	71	64
	<b>308</b>	<b>144</b>

## 8. Net expenditure before (losses) / gains on investments

Net expenditure before (losses) / gains on investments is stated after charging:

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Auditor's remuneration (incl. VAT)		
- as auditors	42	40
- for other services	6	3
Depreciation	345	362
Operating lease rentals - land and buildings and other assets	31	46

## 9. Employees

Staff costs during the year:

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	12,603	13,214
Social security costs	1,228	1,196
Pension costs	1,148	1,151
	<b>14,979</b>	<b>15,561</b>

The average number employed (excluding the Trustees) during the year for the company was:

	<b>2025</b>		<b>2024</b>	
	<b>FTE</b>	<b>Head count</b>	<b>FTE</b>	<b>Head count</b>
Permanent staff	221	235	233	248
Temporary staff	31	138	42	160
	<b>252</b>	<b>373</b>	<b>275</b>	<b>408</b>
Research staff	173	249	182	265
Other staff	79	124	93	143
	<b>252</b>	<b>373</b>	<b>275</b>	<b>408</b>

Key management personnel comprise the Trustees and the Senior Management Team.

None of the Trustees, who are the directors of the company, received any remuneration in the current or previous year.

The six (2024: six) members of the Senior Management Team received total remuneration of £865k (2024: £792k) comprising both annual salary and pension contributions.

The following number of employees earned £60,000 per annum or more:

	<b>2025</b>	<b>2024</b>
	<b>Number</b>	<b>Number</b>
£60,001-£70,000	11	15
£70,001- £80,000	10	12
£80,001- £90,000	7	3
£90,001-£100,000	2	1
£100,001-£110,000	1	3
£110,001-£120,000	2	1
£150,001-£160,000	1	1

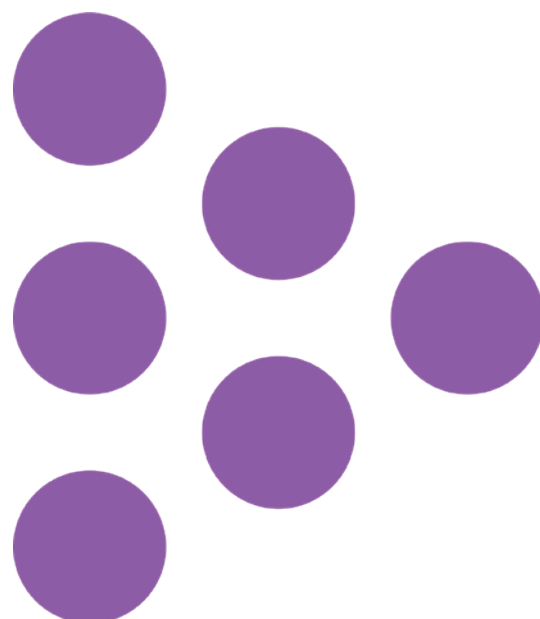
The number of higher paid staff to whom retirement benefits are paid into defined contribution pension schemes was 33 (2024: 34). The total contribution in respect of these employees was £258k (2024: £262k).

The charity made redundancy payments of £21.2k during the year (2024: £59.5k).

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## 10. Members of the Board

Eight trustees received expenses of £2,948 in total for travel and subsistence costs (2024: £2,467 (7 trustees)). During the year insurance costing £11,200 (2024: £11,688) was purchased to indemnify the Trustees and other officers against the consequences of any neglect or default on their part and to protect NFER from loss arising from the neglect or default of its Board, officers or staff.



## 11. Tangible fixed assets

<b>Tangible Fixed Assets</b>	<b>Land</b>	<b>Freehold property</b>	<b>IT equipment</b>	<b>Other equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>					
1 April 2024	700	7,612	1,317	683	10,312
Add additions in year	-	-	27	68	95
Less disposals in year	-	-	(251)	(9)	(260)
<b>31 March 2025</b>	<b>700</b>	<b>7,612</b>	<b>1,093</b>	<b>742</b>	<b>10,147</b>
<b>Depreciation and Impairment</b>					
1 April 2024	-	3,508	1,167	500	5,175
Add charge for year	-	153	87	105	345
Less disposals in year	-	-	(251)	(9)	(260)
<b>31 March 2025</b>	<b>-</b>	<b>3,661</b>	<b>1,003</b>	<b>596</b>	<b>5,260</b>
<b>Net book value</b>					
<b>31 March 2025</b>	<b>700</b>	<b>3,951</b>	<b>90</b>	<b>146</b>	<b>4,887</b>
<b>1 April 2024</b>	<b>700</b>	<b>4,104</b>	<b>150</b>	<b>183</b>	<b>5,137</b>

All assets continue to be used for charitable purposes. It is not practicable to split assets between direct and support expenditure.

## 12. Investments

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
<b>Listed Investments</b>		
Market value at 1 April 2024	18,203	19,774
Less: Disposals at net book value	(4,867)	(5,261)
Add: Acquisitions at cost	2,728	2,402
Net (loss) / gain on revaluation at 31 March 2025	(43)	1,288
<b>Market value at 31 March 2025</b>	<b>16,021</b>	<b>18,203</b>
Cash allocated for investment	106	119
<b>Total Investments at 31 March 2025</b>	<b>16,127</b>	<b>18,322</b>

### Investments can be analysed as follows:

UK Investments (including cash)	5,043	6,862
Non-UK Investments	11,084	11,460
	<b>16,127</b>	<b>18,322</b>

Total investment income for the year amounted to £288k. Of this sum, £151k was derived from investments held in the UK and £138k derived from non-UK investments.

The historic cost of listed investments is £14.7m (2024: £16.5m).

## 13. Subsidiary Undertakings

### a) NFER Trading Limited (Company Number 0394591)

NFER Trading Limited is a company registered in England and Wales (company number 03954591) with a share capital of £100 and wholly owned by NFER. It was established to pursue trading opportunities outside of NFER's charitable objectives and to protect the charity from commercial risk.

This company remained dormant throughout the year. At the balance sheet date, the company had a net surplus on its capital and reserves of £7,730 (2024: £7,730 surplus).

### NFER Trading Limited's Balance Sheet:

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Debtors & Cash	8	8
Creditors & Other Liabilities	-	-
Capital & Reserves	8	8

### b) i-nfer Assessment Limited (Company Number 05946075)

This company remained dormant throughout the year following the transfer of the trade and assets to NFER in the 2010/11 financial year.

## 14. Debtors

	<b>2025</b>	<b>2024</b>	
	<b>£'000</b>	<b>£'000</b>	
Trade debtors	1,057	1,271	Trade debtors are stated after provisions for impairment of £18k (2024: £18k).
VAT debtor	15	-	
Other debtors	38	36	
Prepayments	374	408	
Amounts recoverable on contracts	2,071	1,740	
	<b>3,555</b>	<b>3,455</b>	

## 15. Creditors

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
<u>Amounts falling due within one year:</u>		
Mortgage loan	114	440
CBILS loans	100	100
Provision for pensions	162	158
Trade creditors	313	170
Other taxation and social security	319	372
Deferred income and payments on account	1,025	883
Accruals	997	1,029
Subsidiary undertakings	8	7
	<b>3,038</b>	<b>3,159</b>

### Amounts falling due after more than 1 year:

Mortgage loan	-	114
CBILS loans	1,617	1,716
	<b>1,617</b>	<b>1,830</b>

The mortgage loan represents the amount that remains outstanding on an initial facility of £5.5 million. The loan is a fixed interest loan at 5.67% for its 20-year term from May 2005 which, with the capital repayment, fixes the annual outlay to the same rate for each year. The loan is secured by way of fixed charge over the property assets of NFER, and the company is required to maintain a loan to value (LTV) ratio below 60%. The LTV ratio as at the 31 March 2025 was 1.4% (2024: 6.7%). In May 2025, the mortgage was repaid in full with no further liability.

All deferred income relates to project income held at the balance sheet date for work to be completed in the following year. All deferred income held at the end of the previous financial year has been released within the year.

Financial commitments under a 20-year mortgage will result in the following capital payments falling due in the future.

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	114	440
Between two and five years	-	114
Total	<b>114</b>	<b>554</b>

Two Coronavirus Business Interruption Loan Scheme (CBILS) loans, secured on 25 March 2021, totalling £2.0m were drawn down on 5 May 2021. Financial commitments under the two CBILS loans will result in the following capital payments falling due in the future.

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	100	100
Between two and five years	1,617	1,716
Total	<b>1,717</b>	<b>1,816</b>

## 16. Financial commitments

As at 31 March 2025, financial commitments under non-cancellable operating leases will

result in the following payments falling due as follows:

	<b>2025</b>		<b>2024</b>	
	<b>Land and Buildings</b>	<b>2025 Other</b>	<b>Land and Buildings</b>	<b>2024 Other</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	2	9	2	8
Between two to five years	-	13	-	13
	<b>2</b>	<b>22</b>	<b>2</b>	<b>21</b>

## 17. Pension benefits

As at 31 March 2025, NFER participated in three pension schemes:

- Defined Contribution Scheme administered by Standard Life's Master Trust. NFER's employer pension contribution for year ended 31 March 2025 was £1,080k (2024: £1,080k). At year end, £89k was due to Standard Life (2024: £89k).
- Teachers' Pension Scheme administered by Teachers' Pensions on behalf of the Department for Education. NFER's employer pension contribution for year ended 31 March 2025 was £51k (2024: £55k). At year end, £4k was due to Teachers' Pensions (2024: £5k).
- The People's Pensions, a large independent pension provider that is used for auto-enrolment for staff opting out of the Defined Contribution Scheme. NFER's employer pension contribution for year ended 31 March 2025 was £10k (2024: £12k). At year end, £1k was due to People's Pensions (2024: £1k).

NFER's active membership of the Buckinghamshire Pension Fund, a defined benefit pension scheme, ceased in 2011.

### Defined Contribution Scheme

Contributions to the scheme are charged to the Statement of Financial Activities as they become payable.

### Teachers' Pension Scheme

The Department for Education Pension Scheme 2014, known as the Teachers' Pensions Scheme (TPS), is governed by the Teachers' Pensions Regulations. Under the regulations, contributions to the scheme are credited to the Exchequer and pension benefits together with all other expenditure are paid out of monies provided by Parliament. The Government Actuary is required to conduct a review at intervals of not less than every four years, with interim valuations in between, using normal actuarial principles. The aim of the review is to specify the level of future contributions.

The standard contribution rate (SCR) on pension contributions is assessed in two parts: firstly a standard contribution, expressed as a percentage, that during the period would broadly defray the cost of benefits payable in respect of that service, and secondly, a supplementary contribution payable if, as a result of an actuarial investigation, it is found that accumulated liabilities for past and present teachers are not met by standard contributions to be paid in the future and by the notional fund built up from past contributions.

Contribution rates for the period have been set at an employer contribution rate of 28.68% from 1 April 2024 and at employee rates ranging from 7.4% to 11.7%, depending on salary levels.

Under the definitions set out in FRS 102, the Teachers' Pension Scheme is a multi-employer pension scheme. NFER is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, NFER has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. NFER has set out above the information available on the scheme.

At 31 March 2025 there were 4 (2024:4) active members of the scheme.

### The People's Pension Scheme

The People's Pension scheme is for employees who have chosen not to participate in the Defined Contribution Scheme and so have been auto enrolled into this scheme. At 31 March 2025 there were 2 permanent and 266 temporary (2024: 2 permanent and 283 temporary) members of the scheme. Not all of the temporary members will have contributed during the year.

### Buckinghamshire Pension Fund

The Buckinghamshire Pension Fund is accounted for as a defined benefit scheme under Financial Reporting Standard 102 s17.22 on retirement benefits.

From 1 July 2011, the NFER, following agreement with the Buckinghamshire Pension Fund, ceased active membership of the defined benefit pension scheme. On 30 November 2015 NFER and Buckinghamshire Pension Fund reached a settlement agreement that set out the arrangement for NFER to pay off its share of the Buckinghamshire Pension Fund deficit over the next 19 years. NFER made an initial payment of £1m on signing the settlement, followed by annual payments from 1 January 2016 (subject to inflation) over the remaining term of the agreement. If a deficit remains in NFER's share of the fund at the end of this period, NFER and the Buckinghamshire Pension Fund will agree on how to settle the outstanding amount.

The contributions to the Buckinghamshire Pension Fund are determined by a qualified actuary based on a triennial valuation using the projected unit method. The most

recent valuation was at 31 March 2022. The valuation in 2022 showed that the market value of the total fund's assets was £3.85bn (2019: £3.01bn) with a surplus of £137m at 31 March 2022 as there is an excess of assets over the liabilities (2019: deficit of £186m), equivalent to a 104% (2019: 94%) funding level. At 31 March 2022 there were 0 (2019: 0) active members of the scheme, with 249 (2019: 269) deferred pensioners and 196 (2019: 190) pensioners.

The actuarial valuation has been updated on an approximate basis to 31 March 2025 as set out below.

#### a) Assumptions:

##### i) Demographic

Life expectancy of members from age 65 is assumed as follows:

	<b>March 2025</b>	<b>March 2024</b>
<b>Retiring today</b>	Years	Years
Males	20.7	20.8
Females	24.4	24.3
<b>Retiring in 20 years</b>	<b>March 2025</b>	<b>March 2024</b>
	Years	Years
Males	22.0	22.0
Females	25.8	25.7

##### ii) Financial

The major assumptions used by the actuary were (in nominal terms):

	<b>At 31 March 2025</b>	<b>At 31 March 2024</b>
Price increases (CPI)	2.9%	2.9%
Rate of increase in salaries	3.9%	3.9%
Rate of increase in pensions	2.9%	2.9%
Discount rate	5.75%	4.9%

**b) Assets in the scheme:**

	<b>Value at 31 March 2025</b>	<b>Value at 31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>
Equities	19,803	20,480
Property	2,231	2,133
Gilts	3,222	3,771
Other Bonds	4,666	4,697
Cash	587	547
Alternative Assets	3,628	3,208
Multi Assets	3,864	3,728
Private Debt	1,498	1,179
<b>Total</b>	<b>39,499</b>	<b>39,743</b>

**c) Net pension (asset) / liability:**

	<b>As at 31 March 2025</b>	<b>As at 31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	34,904	39,607
Fair value of scheme assets (bid value)	(39,499)	(39,743)
Net surplus	(4,595)	(136)
Present value of unfunded obligation	8	12
Impact of asset ceiling	4,277	136
<b>Net (Asset)/Liability in Balance Sheet</b>	<b>(310)</b>	<b>12</b>

**d) Statement of financial activities costs for the year:**

The amounts recognised in the statement of financial activities are:

	<b>Year to 31 March 2025</b>	<b>Year to 31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>
Net interest on the defined liability	(13)	146
Administration expenses	38	38
<b>Total</b>	<b>25</b>	<b>184</b>
<b>Actual return on scheme assets</b>	<b>1,377</b>	<b>3,856</b>

**e) Reconciliation of opening and closing balances of the present value of the defined benefit obligation:**

	Year to 31 March 2025	Year to 31 March 2024
	£'000	£'000
<b>Opening defined benefit obligation</b>	39,619	40,537
Interest cost	1,889	1,902
Experience (gain) / loss on defined liability obligation	(104)	140
Change in financial assumptions	(4,249)	(556)
Change in demographic assumptions	(101)	(558)
Estimated benefits paid net of transfers in	(2,138)	(1,842)
Unfunded pension payments	(4)	(4)
<b>Closing defined benefit obligation</b>	<b>34,912</b>	<b>39,619</b>

**f) Reconciliation of opening and closing balances of the fair value of scheme assets:**

	Year to 31 March 2025	Year to 31 March 2024
	£'000	£'000
<b>Opening fair value of scheme assets</b>	<b>39,743</b>	<b>37,246</b>
Interest on assets	1,909	1,756
Return on assets less interest	(532)	2,100
		-
Administration expenses	(38)	(38)
Contributions by employer including unfunded benefits	559	525
Estimated benefits paid net of transfers in and including unfunded benefits	(2,142)	(1,846)
<b>Fair value of scheme assets at end of period</b>	<b>39,499</b>	<b>39,743</b>

**g) Reconciliation of opening and closing deficit:**

	Year to 31 March 2025	Year to 31 March 2024
	£'000	£'000
<b>Deficit at beginning of the year</b>	<b>(12)</b>	<b>(3,291)</b>
Net interest on defined liability and administration expenses	(25)	(184)
Contributions by employer	555	521
Unfunded pension payments	4	4
Actuarial (losses) / gains	(212)	2,938
<b>Surplus/(Deficit) at end of the year</b>	<b>310</b>	<b>(12)</b>

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## 18. Statement of movement in Reserve Funds: 1 April 2024 to 31 March 2025

### Designated funds

The Board of Trustees have designated unrestricted reserves for the following purposes:

#### *Fixed Assets*

The value of this fund is equal to the fixed asset value on the balance sheet (of which most relates to property). It recognises that these funds are illiquid in nature and are consequently not available for business expenditure (the assets would have to be sold to realise the cash).

### Undesignated funds

#### *Free Reserves*

The charity maintains a level of free reserves to fund its working capital and future developments and retain a level of contingency. The target level of net free reserves is set in the range of three to six months of unavoidable expenditure which for 2024-25 amounts to £4.5m and £9m. The current level of net free reserves less the pension reserve (see below) stands at £16m (2024: £20m).

The free reserves balance at the end of the year has been impacted by the assumptions used by the actuary to determine the level of the pension reserve. The trustees do not propose, at this time, to make changes to NFER's reserves policy or the current level of reserves.

#### *Pension Reserve*

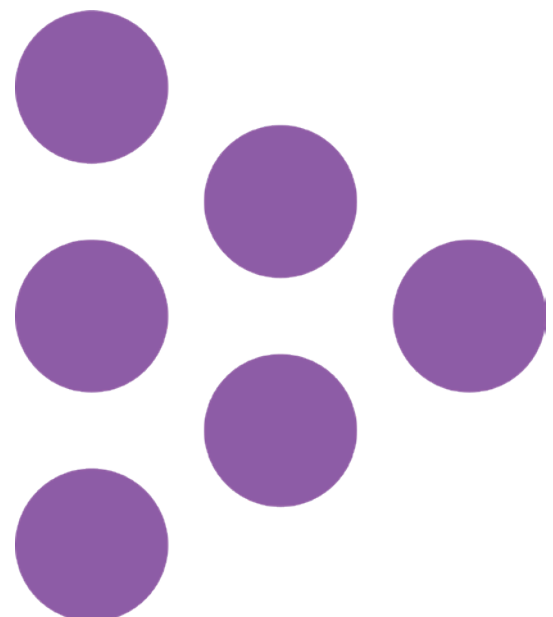
NFER and Buckinghamshire Pension Fund signed a Settlement Agreement on 30 November 2015, which sets out the arrangements for paying off NFER's share of the scheme deficit over a 19-year period.

This is a reserve to recognise the pension asset in accordance with FRS102 after the asset ceiling of £4,277k was applied. The

asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions. The unadjusted funded surplus at 31 March 2025 was £4,595k. After applying an asset ceiling of £4,277k (2024: £136k), the final funded surplus to be recognised was £318k (2024: £0). In addition, there was an unfunded liability of £8k (2024: £12k) and so the final asset to be recognised is £310k (2024: £12k liability).

### Restricted funds

No restricted funds were held at the reporting date.



## 18a. Statement of movement in Reserve Funds: 1 April 2024 to 31 March 2025

	Designated Fixed Assets Fund	Pension Reserve Pension Liability	Free Reserve Accumulated Fund	TOTAL 2025
Unrestricted funds	£'000	£'000	£'000	£'000
<b>Funds</b>				
Balance brought forward at 1 April 2024	5,137	(12)	19,985	25,110
Net movement in resources	(250)	322	(3,970)	(3,898)
<b>Balance carried forward at 31 March 2025</b>	<b>4,887</b>	<b>310</b>	<b>16,015</b>	<b>21,212</b>
<b>Represented by:</b>				
Fixed assets	4,887	-	16,127	21,014
Current assets	-	-	4,543	4,543
Creditors falling due within one year	-	-	(3,038)	(3,038)
Creditors falling due after one year	-	-	(1,617)	(1,617)
Defined benefit pension asset	-	310	-	310
	<b>4,887</b>	<b>310</b>	<b>16,015</b>	<b>21,212</b>



18b. Statement of movement in Reserve Funds: 1 April 2023 to 31 March 2024

	<b>Designated Fixed Assets Fund</b>	<b>Pension Reserve Pension Liability</b>	<b>Free Reserve Accumulated Fund</b>	<b>TOTAL 2024</b>
<b>Unrestricted funds</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Funds</b>				
Balance brought forward at 1 April 2023	5,344	(3,291)	22,245	24,298
Net movement in resources	(207)	3,279	(2,260)	812
<b>Balance carried forward at 31 March 2024</b>	<b>5,137</b>	<b>(12)</b>	<b>19,985</b>	<b>25,110</b>
<b>Represented by:</b>				
Fixed assets	5,137	-	18,322	23,459
Current assets	-	-	6,652	6,652
Creditors falling due within one year	-	-	(3,159)	(3,159)
Creditors falling due after one year	-	-	(1,830)	(1,830)
Defined benefit pension liability	-	(12)	-	(12)
	<b>5,137</b>	<b>(12)</b>	<b>19,985</b>	<b>25,110</b>

## 19. Notes to the cash flow statement

### a) Reconciliation of Charity net deficit to net cash flow from operating activities

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
<b>Net deficit for the reporting period (as per the statement of financial activities)</b>	(3,686)	(2,126)
<b>Adjustments for:</b>		
Depreciation charges	345	362
Losses / (gains) on investments	43	(1,288)
Dividends from investments, interest and rents	(323)	(445)
Defined benefit pension scheme cost	25	184
Payments towards pension deficit	(559)	(525)
(Increase) / decrease in stocks	(8)	36
Increase in debtors	(100)	(288)
Increase / (decrease) in creditors	205	(402)
Unrealised foreign exchange loss	48	33
<b>Net cash used by operating activities</b>	<b>(4,010)</b>	<b>(4,459)</b>

### b) Analysis of Cash and Cash Equivalents

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Cash in hand and at bank	518	2,735
Notice deposits (less than 5 months, 2024: less than 5 months)	1	1
<b>Total cash and cash equivalents</b>	<b>519</b>	<b>2,736</b>

### c) Reconciliation to net funds

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Net funds at 1 April 2024 (Note 19 (d))	366	1,730
Decrease in cash during the year	(2,169)	(1,847)
Cash inflow from reduction of debt	539	516
Effect of exchange rate changes on cash held in other currencies	(48)	(33)
<b>Net funds at 31 March 2025 (Note 19 (d))</b>	<b>(1,312)</b>	<b>366</b>

#### d) Analysis of net funds

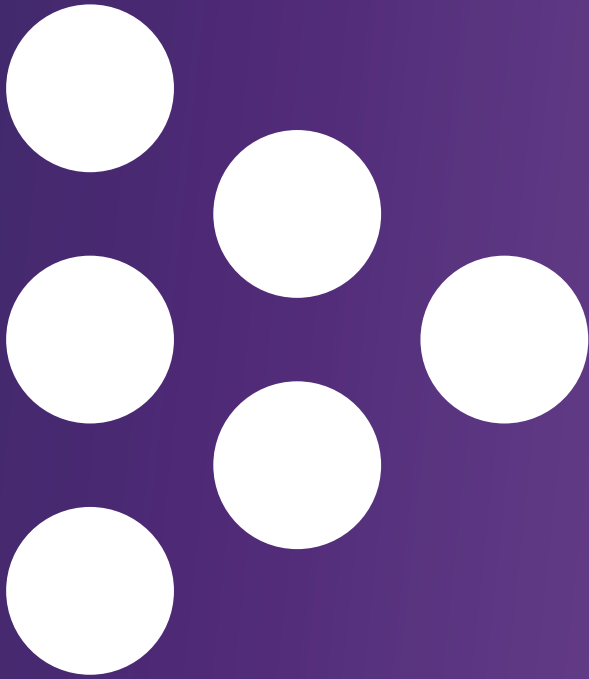
	As at 1 April 2024	Cash flows	Transfers	As at 31 March 2025
	£'000	£'000	£'000	£'000
Cash at bank	2,736	(2,217)		519
Debt – due within one year	(540)	539	(213)	(214)
Debt – due after more than one year	(1,830)	-	213	(1,617)
	<b>366</b>	<b>(1,677)</b>	-	<b>(1,312)</b>

## 20. Related party transactions

The charity has the following related party transactions that need to be disclosed under FRS102 section 9:

	2025	2024
	£'000	£'000
Balance between charity and NFER Trading Ltd (subsidiary)	(8)	(7)

There are no other related party transactions.



# Evidence for excellence in education

Company Number: 00900899  
Charity Number: 313392

The Mere, Upton Park, Slough, Berks SL1 2DQ  
T: +44 (0)1753 574123  
F: +44 (0)1753 691632  
[enquiries@nfer.ac.uk](mailto:enquiries@nfer.ac.uk)

[www.nfer.ac.uk](http://www.nfer.ac.uk)



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# Accounts

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# Report of the Trustees and financial statements

YEAR ENDED 31 MARCH 2024



 **NFER**  
National Foundation for  
Educational Research

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# Contents

Officers and members of the Board of Trustees	4
.....	
Administrative details	5
.....	
Chair's Statement	6
.....	
Report of the Board of Trustees	8
.....	
Statement of the Trustees' responsibilities	26
.....	
Independent auditor's report	27
.....	
Consolidated statement of financial activities	31
.....	
Group and Company balance sheets	32
.....	
Consolidated statement of cash flows	33
.....	
Notes to the financial statements	34
.....	

# Officers and members of the Board of Trustees

President	Vacant position
Vice President	Ms A J Shaw, MA (Hons)
Chair of Board of Trustees	Ms J L Cocking, MBE, BA (Hons) (1) (3) (4)
Treasurer	Mr N Hollister, MA (Hons), Cantab (1)(3)
Trustees	Ms F Capstick, MBA Professor M Day, BSc (Hons), PGCE, PhD Ms S Douglas CBE, BA (QTS) Hons (1) (resigned 17 July 2024) Mr N Hillman, BA (Hons), PGCE, MA Mr P James, MA (Hons) Cantab, PGCE Mr M Keen, MA (Hons) Oxon, FCA, (1)(2)(3) Ms K Kroger, BA (Hons), FCA (2) Mr S Macdonald, BA (Hons), Solicitor (1)(3)(4) Mr D Madoc-Jones, BA (Hons) (2)(4) Ms D Rose, BA, MBA Mr C Ryan, BA (Hons), MA
Membership of committees	(1) Remuneration Committee (2) Finance Committee (3) Nominations Committee (4) Investment Committee

# Administrative details

for the year ended 31 March 2024

Charity name	National Foundation for Educational Research in England and Wales
Charity number	313392
Company number	00900899
Principal and registered office	The Mere, Upton Park, Slough, Berkshire SL1 2DQ
Auditor	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Bankers	NatWest Commercial Banking, 1st Floor, 440 Strand, London WC2R 0QS
Solicitors	Bates Wells London LLP 10 Queen Street Place, London EC4R 1BE
Investment managers	Barclays Private Bank Aegon

## Trustees and Directors

The Trustees of the charity are the directors of the charitable company for the purposes of charity law and are referred to as the Trustees throughout this report. The Trustees serving during the year and up to the date of signature of the accounts are disclosed on page 4 of this report.

## Senior Management Team

Day-to-day management of the charity is delegated to the Chief Executive, supported by the Senior Management Team. The Senior Management Team comprised:

- Ms C Willis, BA (Hons), MSc (Chief Executive)
- Mr R Birkett MA (Hons), ACA (Commercial Director and Company Secretary) (retired 6 October 2023)
- Dr L Duff PhD, MA, BSc (Director of Research)
- Mr A Read MA (Hons) Oxon (Chief Digital Officer) (resigned 31 May 2024)
- Mr P Spall, FCMA (Interim Chief Financial Officer) (13 December 2023 to 3 June 2024)
- Mr P Spall, FCMA (Interim Chief Digital Officer) (appointed 3 June 2024)
- Mr S Tarr, ACA (Chief Financial Officer and Company Secretary) (appointed 3 June 2024)
- Ms M Wheeler, BA (Hons) (Director of Communications)
- Mr G Woodcock, MBA, MSc, BSc (Hons) (Director of Operations)

# Chair's Statement

**NFER provides actionable insights that can help address the challenges faced by education systems in the UK and internationally, improving outcomes for children and young people.**

This report highlights ways in which NFER has contributed to education policy and practice over the last year and the work we have done to keep the conversation around education firmly on the public's agenda. This includes our on-going research on the effects of the Covid-19 pandemic, which continues to help schools and policy makers understand how to address the long-term impact on children's learning and development.

Education faces a wide range of challenges beyond those created by Covid. Our sector-leading research on workforce and the impact of shortfalls in teacher supply, gained widespread media interest, as did our work exploring the effects of the cost-of-living crisis on families and schools.

The financial statements in this document should be viewed in the context of the Trustees' decision to invest significantly in the business over a number of years, drawing from the healthy reserves we have built up over the last ten years to increase NFER's capability and offer. This will enable NFER to continue to expand its reach and impact in the longer term, whilst maintaining its focus on quality.

In particular, we have strengthened our e-assessment capabilities and recently launched a new suite of innovative and

high quality digital assessments for primary schools, which are explicitly designed for a digital platform. Created in collaboration with teachers, the results identify gaps in children's learning and allow teachers to tailor their approaches accordingly.

To have the greatest impact, our insights and recommendations need to reach the people who are directly responsible for change. Our engagement with politicians and decision makers is key - we regularly provide evidence for government inquiries and committees, and this year we have been particularly focused on raising the profile of education and the challenges it faces in the context of debates prior to the UK election.

We look forward to working with the new UK government, alongside our work with administrations and local partners in countries across the world, providing data and insights which can improve education outcomes for children everywhere.



Lorna Cocking, MBE  
Chair of the Board of Trustees



To have the greatest impact, our insights and recommendations need to reach the people who are directly responsible for change.

# Report of the Board of Trustees

for the year ended 31 March 2024

The Board presents this annual Trustees' report and the audited accounts for the year ended 31 March 2024 as required by the Companies Act. This report provides a full account of the activities for the year and includes the information required of the Trustees of the charity by the Charity Commission for England and Wales (the Charity Commission)

## Governing document

The National Foundation for Educational Research in England and Wales (NFER) is a company limited by guarantee and governed by Articles of Association, last amended on 28 November 2019. It is also a charity registered with the Charity Commission.

Our members comprise the serving Trustees of the company.

## Objectives and activities

NFER is a leading independent provider of research and assessment services for education. Our clients include government departments, grant making bodies and agencies at international, national and local levels, which call upon NFER's range of expertise and professional services to develop and deliver education policy

and practice. NFER's purpose is to provide robust, independent research and assessment services that improve education, particularly for school-aged children and young people. As a charity, the impact of our work is central to everything we do. Our work seeks to support effective policy and practice in education, both in the UK and internationally.

The statutory objects of NFER, as stated in the Articles of Association, are:

- to undertake research and development in education and allied subjects for the public benefit and the publication and dissemination of the useful results thereof; and
- to advance education for the public benefit, in particular but not exclusively, through the provision of educational services.

In the furtherance of these objects, NFER conducts research into all aspects of education, disseminates the results of that research and exchanges education ideas and information. We also create resources based on research evidence that help to improve educational outcomes.

NFER does not carry out any fundraising activities.



## The public benefits of NFER's work

The Charity Commission sets out the criteria for assessing the public benefits of research and identifies the key points that organisations with charitable status should take into account when embarking on a research project. It states that research will qualify as charitable only if:

- it is on a subject or directed towards establishing an outcome which is of value and calculated to promote in a meaningful and direct way the charity's aims and
- it is undertaken with the intention that the useful knowledge acquired as a result of the research is disseminated to the public or others to utilise or benefit from it and
- it is undertaken for the benefit of the public or a section of the public and not solely or mainly for self-interest or for private or commercial consumption.

The Charity Commission's general guidance on public benefit has been referred to when reviewing NFER's aims and when planning future activities. The Trustees are satisfied that the work carried out by the charity complies with the public benefit requirements set out by the Commission.

# Visibility and influence

NFER's mission to improve outcomes for future generations everywhere and to support positive change across education systems will be realised by improving the visibility and influence of NFER's evidence and insights.

## Creating evidence and insights

Over the past year, NFER has published numerous reports, articles and other outputs to highlight the challenges that the education system faces and to provide guidance and recommendations on where policy and practice can be improved. This includes:

### Disadvantage

The Covid-19 pandemic continued to have an impact on the education of children and young people in the country. NFER has continued to provide independent evaluations of the government's National Tutoring Programme (NTP), as well as other projects exploring wider issues around the sustainability of tutoring.

Cost-of-living pressures impacted the country during this year, and NFER's research highlighted how these pressures impacted pupils & families, school provision and staff in a three-part series of reports. The reports received widespread media coverage and political attention, ensuring that education was given necessary attention when it came to tackling the cost-of-living crisis.

Separately, we continued our work on Free School Meals (FSM) eligibility, analysing latest DfE statistics and publishing a blog post highlighting the implications of transitional arrangements for universal credit on FSM.

## Teacher workforce

This year was a challenging period for the education sector with teachers taking industrial action over pay and working conditions. We continued our research into trends in the teacher workforce, demonstrating the challenges in teacher recruitment and retention. Our research analysed the issues behind the trends to provide a greater understanding, including the effectiveness of teaching bursaries on increasing recruitment and retention, and how different approaches to managing teacher workload and flexible working can support recruitment and retention.

In addition, we published new research, funded by Mission 44, a charitable foundation launched by Sir Lewis Hamilton, exploring the barriers to achieving a more diverse teaching workforce from entry to senior leadership levels. This builds on our previous research analysing diversity in the teacher workforce.

## Skills

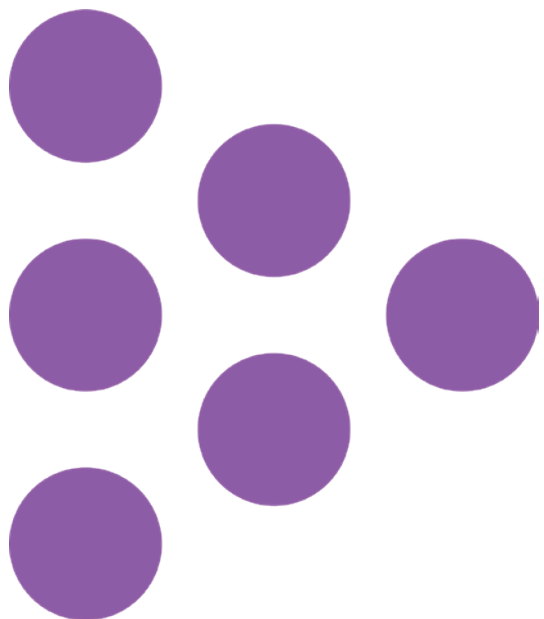
Our project to identify the essential employment skills needed for the future of work, the Skills Imperative 2035, produced new papers aiming to identify skills gaps and vulnerable groups. The research produced an analysis of the demand for skills in the labour market in 2035 as well as projecting where the at-risk jobs and job groups are.

## Increasing visibility

Ensuring our evidence and insights reach the right audience to create positive change is an important aspect of our operations. This year, we presented our research to stakeholders at numerous regional and national events, including:

- National Schools and Academies Show,
- Festival of Education,
- ResearchEd national conference,
- EdTech Summit,
- NASBTT Annual Conference,
- Institute of Policy Research event,

and many more. Ahead of the general election we began a series of policy webinars aimed at exploring different education policy issues with politically diverse panels, in order to highlight what the political parties should be aiming to include in their manifestos.



Our research has drawn sector, regional and national media attention over the course of the year, with national media outlets being particularly interested in our teacher workforce and cost-of-living insights. Our team and our work have featured in many print and broadcast outlets, including:

- TES
- FE News
- Schools Week
- The Guardian
- The Independent
- Daily Mail
- Daily Telegraph
- The Spectator
- BBC 5 Live
- Times Radio
- LBC
- BBC 6 o'clock News
- ITV 6 o'clock News
- BBC Radio 4.

## Informing policy

In order to use our research and evidence most effectively, we inform and influence the policymaking process through a variety of means. Submitting our evidence to government consultations and parliamentary inquiries ensures we are feeding our insights into the highest level of policymaking. This year, our research has been cited by:

- Ministers in responses to parliamentary questions
- House of Lords Committee on Education for 11 to 16 year olds.
- House of Commons Education Select Committee
- House of Commons Science and Technology Committee
- House of Commons Library Research Briefings
- School Teachers Pay Review Body
- National Audit Office.

We have sought to develop new and closer relationships with policymakers through a variety of means, including attendance and one-to-one meetings at the political party conferences, publication of articles in parliament's House Magazine, attending meetings and events of All-Party Parliamentary Groups, sending briefing papers to parliamentarians ahead of debates, and ensuring that our evidence is available to politicians ahead of parliamentary questions.

# Growing our international education insights

We have expanded our international portfolio this year, with projects in Kazakhstan and Burundi, while building on established assessment work in Australia and our work with the Kenya National Examinations Council on building sustainable assessment capacity.

We continue to deliver our Monitoring, Evaluation & Learning partnership in Rwanda, which supports play-based learning in Science & Elementary Technology lessons for the Plug-in-Play project, and have appointed a new in-country partnership liaison to expand and strengthen our local network.

We have joined a number of international conferences in Ghana, Kenya, Senegal, the UK and the United States, sharing insights from a range of research including holistic learning measurements, assessing foundational learning, inspections and improvements in Ugandan secondary schools, and the regionalisation of large-scale assessments.

We published a new political economy analysis of education in Uganda, which offers evidence and insights that can help to further improve secondary school inspections and improvements, and contributed to *Beyond Boundaries: The Role of UK-Based Organisations in Advancing Global Gender Equality and Social Inclusion*, a report published by

British Expertise International. With further visits to Burundi, Kazakhstan, Kenya and Uganda, the team continue to engage with stakeholders from across the education sector, and have delivered item writing training, piloted a classroom observation tool and joined field visits to observe assessment practice. We have also been pleased to host visiting delegations at our offices in Slough, sharing NFER expertise, exchanging ideas and developing ideas for future collaboration.



# Transforming our systems and processes



We have continued to invest in NFER's future, improving the quality, flexibility and innovation of our services through technology.

We have implemented new digital processes and systems over the last year to enable our activities to be increasingly streamlined and secure, which will ensure the best service for our customers, clients and research participants. We will continue to invest in upgrading our systems over the next year and beyond as we embrace the digital revolution. This will include strengthening our e-assessment capabilities to assess children's abilities in a more robust, flexible and streamlined way, informing teaching and learning.

# Supporting classroom practice

This year we have continued our efforts to ensure our work supports teachers and school leaders in their classroom practice. Our first projects as lead evaluator for a new type of trial 'Teacher Choices', funded by the Education Endowment Foundation, saw us publish findings around the impact of different approaches to two everyday classroom activities, starting lessons and story time. Through our new Research Bites series, we shared free termly summaries of key findings and practical recommendations on research topics ranging from teacher recruitment and retention, through to the long-term impact of Covid-19 school closures on the youngest pupils.

Once again, our assessment services successfully delivered both the National Reference Test and the Reception Baseline Assessment in schools throughout England. NFER Tests and resources continue to

be trusted by thousands of schools and we continue to develop our assessment offering. This year saw us prepare for the launch of NFER Online Assessments for key stage 2 reading and maths. Our new interactive, standardised tests are designed to be fun and engaging for pupils to use. They will also deliver reliable information to teachers for diagnostic and summative assessment purposes. Our team oversaw the completion of standardisation, culminating in data collection and analysis of over 30,000 completed year 3 and 4 assessments, a technical trial in which schools provided qualitative feedback on their experience of using the assessments, and the development of video samples and demonstration accounts for schools and trusts to try out sample tests and assessment reports. NFER Online Assessments were launched in September 2024.

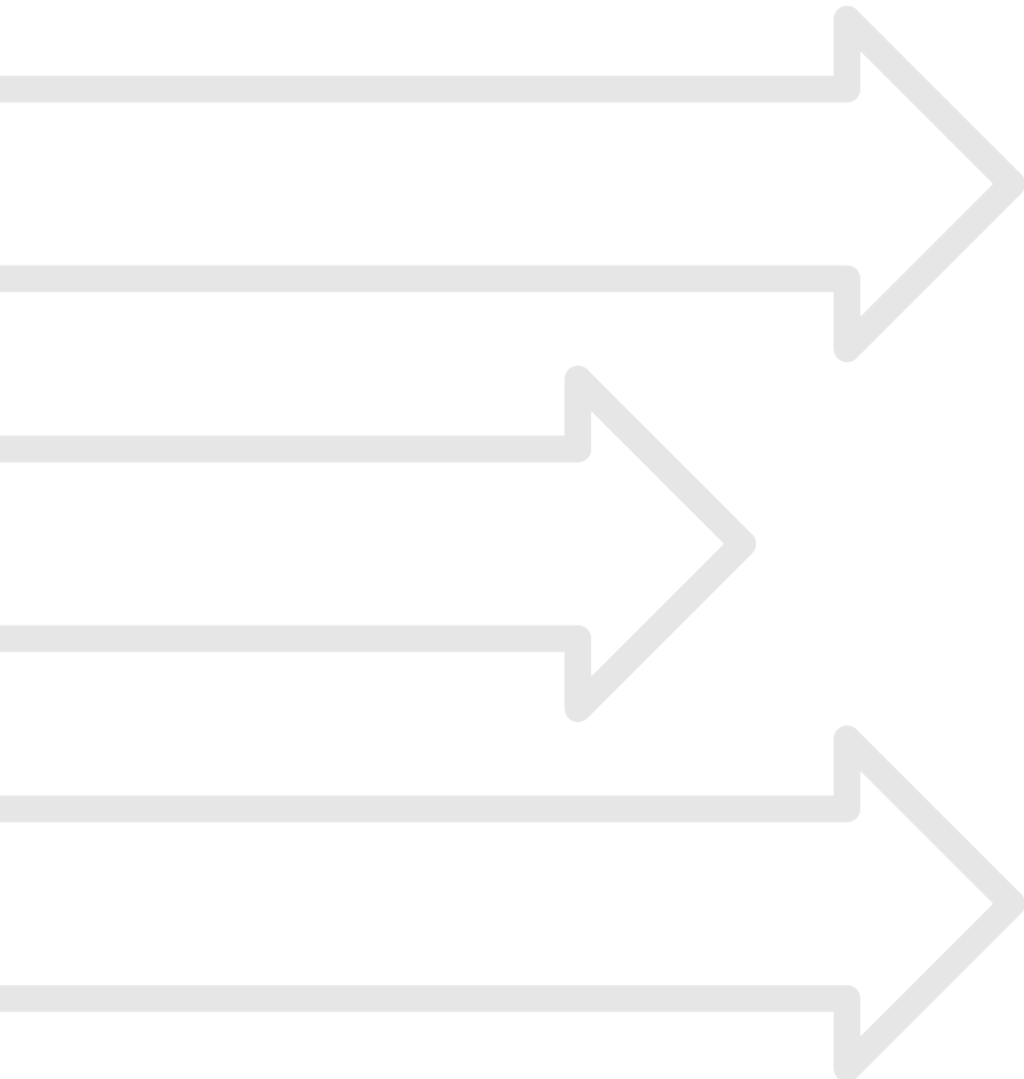


# Looking forward

We will continue to invest in NFER's future, increasing our visibility and influence, expanding our global presence and improving the quality, flexibility and innovation of our services through technology.

Our staff are our most important asset, and we will continue to engage with colleagues to ensure that we have a high-performing, skilled, flexible and happy team.

Following the general election, we look forward to forging new relationships with Ministers and new Members of Parliament to ensure that our research is readily available to help tackle the key education issues of the day.



# Promoting the success of the charity

Throughout the year, the Trustees of the charity have acted in the way they consider will promote the success of the charity and its charitable purpose, acting for the benefit of its stakeholders as a whole, and having regard to:

- the likely consequences of any decision in the long term;
- the interests of the charity's employees;
- the need to foster the charity's business relationships with suppliers, customers and others;
- the impact of the charity's operations on the community and the environment;
- the desirability of the charity maintaining a reputation for high standards of business conduct;
- the need to act fairly as between stakeholders of the company.

The charity's stakeholders include the partners and suppliers with whom we work to produce and promote our research, self-employed consultants and temporary staff upon whom we rely to conduct surveys and administer assessments, the media organisations with whom we collaborate to ensure that our research findings reach the appropriate audience, our clients with whom we develop our research ideas and who fund our activities and teachers and head teachers who inform our surveys, help

develop our assessments and work with us to improve the education of the children in their schools. The Trustees are very aware of the contribution that the charity's stakeholders make to its success and have regard to them when developing strategy for the future.



# Structure, governance and management

## Appointment of Trustees

As set out in the Articles of Association as amended on 28 November 2019, all Trustees are elected by the Board and serve for a maximum of three terms of three years, nine years in total. The only exception to this rule is for those serving in the roles of Chair, Vice Chair and Treasurer who can serve up to four consecutive terms. The Trustees conduct a regular review of skills required and use this review to inform the recruitment of future Trustees.

## Trustee induction, training and continued support

All newly appointed Trustees are given appropriate induction materials and opportunities to understand the operations of NFER. The new Trustees are invited to meet senior members of staff and are provided with key documents including the Articles of Association, the latest Annual Report and Accounts, and recent Board minutes. Opportunities for specific training are offered on an “as needed” basis.

In addition to the schedule of business meetings, Trustees also participate in an annual strategic planning day to discuss future strategy for the organisation. This often includes an element of training and updating on new areas of business, legislation and best practice.

## Organisation

The Trustees are responsible for agreeing the aims and direction of the organisation but have delegated the day-to-day management to a Chief Executive,

supported by a Senior Management Team (as outlined on page 5). Each year the Trustees approve the annual business plan and budget; anything that is not included in that plan must be referred back to the Trustees for approval. The Board has reserved for itself the approval of the Annual Report and Accounts, key policies and all matters relating to property. It has established specialist committees to oversee specific areas, namely investments, finance (including the annual audit), remuneration and nominations. Working groups are also established to enable Trustees to engage with specific business matters.

## Related parties

NFER had two wholly owned subsidiaries at the start and throughout the year. NFER Trading Limited, Company Number 03954591, was formed in 2000 with its prime role to deliver selected commercial contracts. It remained dormant throughout the year. i-nfer Assessment Limited, Company Number 05946075 (incorporated in 2006 and acquired by the Group in 2012) also remained dormant throughout the financial year.

## Energy use

The charity uses energy for the purposes of heating, lighting and air-conditioning its office spaces. During the year the group consumed 444,930kWh of electricity to power and air-condition its offices (2022-23: 458,100kWh) and 366,066kWh of gas to heat them (2022-23: 370,800kWh). In total these two sources of energy represent annual CO<sub>2</sub>e emissions of 184 tonnes (2022-23: 170 tonnes). Refrigerant gases

for the air conditioning system added 195 tonnes in 2023-24 to its direct CO2 emissions (97.4 tonnes in 2022-23). The charity is investigating ways in which it can reduce its consumption of fossil fuels, including the feasibility of generating its own renewable energy.

## Risk management

The Trustees oversee an annual risk management exercise to identify the key risks to the charity, including all active subsidiaries, and to assess the impact and likelihood of the occurrence of each risk. Based on this analysis, Trustees ensure that appropriate systems and actions are in place to eliminate, reduce or mitigate these risks.

The most significant risks facing the Group and corresponding strategies for managing them are summarised below.

- The change in Government following the recent general election creates the risk of unexpected changes in education policy and research funding, which could have a significant bearing on NFER's projects and income. This risk is further enhanced by the well-publicised financial challenges the new Labour Government is facing. We are working closely with stakeholders across the education system to ensure that the value of our work is recognised both within and beyond government and that it has a positive impact on decision making. In addition, we are building our business development capability and diversifying our client base in order to shape the research agenda and secure alternative sources of funding for the research that we have identified as a priority.
- Ensuring the security of our information and the quality of our work continues to be a key area of focus, particularly as many of our staff continue to work remotely. We are safeguarding the integrity of our systems and those of our suppliers through the careful management of information security risks in line with our certification for ISO27001 and Cyber Essentials Plus status. We continue to invest in business improvement, quality assurance and system resilience and we carry out checks on our suppliers to ensure that they meet appropriate standards.
- Schools in the UK are under significant financial pressure and are facing difficult challenges in recruiting and retaining staff. There is a risk that this will limit the amount of time that schools can spend on engaging in research, thereby reducing the robustness of the evidence that we can provide in our work. In addition to the high levels of customer care that we rely on to encourage school engagement, we continue to implement our new School Engagement Strategy. This seeks to strengthen our relationship with schools, improve their experience of working with NFER, and demonstrate the impact that their contribution has in enabling us to influence policy and practice. We expect this to increase the extent to which schools want to engage with our research and educational resources.

Having conducted the risk management exercise, the Trustees are satisfied that the significant risks facing NFER have been identified and mitigating actions are appropriate for eliminating or managing any potential impact.



## Financial instruments

It is the policy of the charity not to engage in complex financial instruments where there could be financial risk. NFER only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. The most significant of these, together with the strategy for managing any associated risks, are:

- Our investment portfolio, where risk is controlled by the Investment Committee through the appointment of investment managers and a wide spread of investments which avoid unacceptable financial risk and deliver reasonable returns over the medium to long term.
- A 20-year bank mortgage (one year and 2 months remaining at 31 March 2024), in which upward interest rate risk has been eliminated by fixing the rate of interest throughout the term.
- A six-year Coronavirus Business Interruption Loan (CBILS) for £2m which was entered into in May 2021, the majority of which is fixed interest.
- Effective 16 September 2024, a loan facility with Barclays Bank Plc enabling NFER to borrow up to £2m to cover any short-term working capital requirements. This facility is secured via a fixed charge on NFER Investments held with Barclays Private Bank. This facility has been put in place to give NFER greater flexibility over managing any differences in timing between its cash inflows and its cash outflows in order to manage short-term working capital needs most efficiently.

## Buckinghamshire Pension Fund

The company's membership of a local government pension scheme prior to 2011 also exposes the company to financial risk from market forces, which affect its value. This is controlled by external bodies that manage the scheme. The company mitigated this risk by agreeing a settlement with the pension fund in November 2015, which involves monthly payments to the pension fund for each of the subsequent 19 years. In the event that a deficit remains in NFER's share of the fund at the end of this period, NFER and Buckinghamshire Pension Fund will agree on how to settle the outstanding amount.

## Qualifying indemnity insurance

The charitable company has granted an indemnity under its indemnity insurance to its Trustees against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity insurance remains in force as at the date of approving the Trustees' report.

## Financial review of the group

NFER's overall level of income was £21.8m for the year (2022-23: £21.4m). Income from research was £14.6m (2022-23: £14.1m) whereas income from sales of our educational resources was £6.8m (2022-

23: £6.8m). Over the last few years, the Trustees have taken a deliberate decision to use some of the significant reserves held by the charity to invest in the business, which will enable it to grow and extend its reach in future. Investment has focused on transforming NFER's technology and strengthening the quality and efficiency of its work to better support the education system in future. As a result of this investment, there was a net deficit on charitable activities of £3.4m compared to a net deficit on charitable activities of £3.5m last year.

During the year, NFER withdrew £3m from its investments (2022-23 £3.7m) to invest in its charitable activities. As a result, the investment portfolio has generated a slightly reduced level of dividend and interest income at £439k (2022-23: £448k) and the value of the portfolio at 31 March 2024 reduced to £18.3m from £19.9m at 31 March 2023.

Interest costs incurred on the mortgage decrease as the capital amount of the loan reduces; this year it was £44k compared to £67k last year. In addition, in accordance with the requirements of FRS102, an interest charge and administrative charges on NFER's share of the Buckinghamshire Pension Fund deficit was calculated at £184k. The equivalent figure for the prior year was £536k.

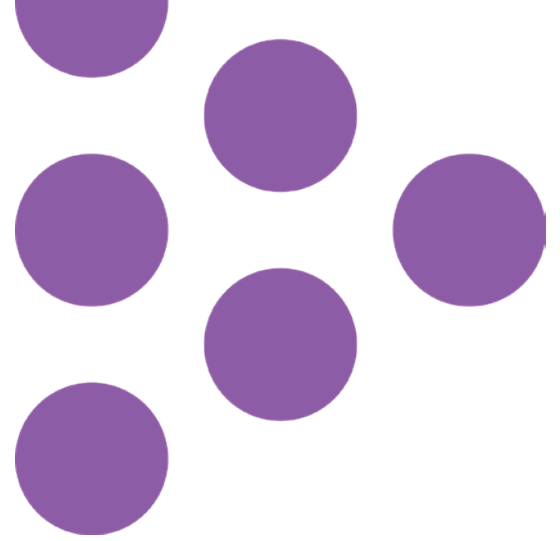
Overall, the organisation generated a total net deficit for the year of £2.1m compared to a net deficit of £4.9m in 2022-23. This reflects a loss on our charitable activities, resulting from the investment that is underway, of £3.4m which was reduced

by an increase of £1.3m in the value of our investments. In 2022-23, NFER had a loss on its charitable activities of £3.5m and a decrease in the value of its investments of £1.4m.

The FRS102 actuarial gains reported for this year amount to £2.9m (2022-23: gains of £16.2m). The result of this actuarial gain is a decrease in the net pension deficit from £3.3m in 2023 to £12k at the year end. The overall net movement of funds for the year, after these actuarial gains, amounted to £812k, which gives NFER total reserves of £25.1m at the end of the year, compared to £24.3m at the end of last year.

## Reserves policy and plans for future years

Having considered the challenges and opportunities that the charity may face in the medium to longer term, the Trustees calculated the need for a level of free reserves (i.e. those unrestricted reserves that have not been designated for specific purposes) in the range of £4.6m to £9.2m based on three to six months unavoidable expenditure. This range was determined by an assessment of the period over which a downturn in the business of NFER would have to be managed before positive results could be achieved from the implementation of remedial actions.



As at 31 March 2024, NFER's total group reserves stood at £25.1m (2023: £24.3m). This is composed of:

Designated fixed assets reserve	£5,137k	See Note 11
Pension reserve	(£12k)	Actuarial valuation of pension deficit
Unrestricted reserves	£19,993k	To allow the charity to manage challenges and opportunities
<b>Total reserves</b>	<b>£25,118k</b>	

The Trustees' strategy going forward is to manage the free reserves of the charity, which currently stand at approximately £20m, to a level within the target range over the medium term, taking into account the current volatility in the assumptions that are impacting on the expected value of the pension settlement.

## Investment policy and performance

On 20 July 2022 the Trustees amended the Investment policy to state that NFER will invest in one or more multi asset or segregated funds that meet its ethical requirements and which are expected to:

- have consistently good performance over time and to achieve capital growth

above inflation, with a specific return of CPI + 4%;

- charge competitive management fees for their services;
- manage risk through a balanced spread of investments in the major markets and through the use of pooled funds where appropriate to spread risk (e.g. for smaller investments in other markets or alternative asset classes) and by investing in tracker or multi-asset funds to reduce management costs and/or mitigate risks as required.

In the year, investment capital decreased to £18.3m following a capital withdrawal of £3m (2022-23: decreased to £19.9m). Overall, the investments did meet the objective of exceeding a return of CPI plus 4%.

This policy and related controls are to ensure that the security of the assets and their proper management are reviewed on a periodic basis. A general review of this policy is conducted every three years. The Investment Committee meets twice yearly to monitor and evaluate performance of the investments and the investment managers.

## Going concern

The financial statements are approved at a challenging time particularly in relation to public finances. Securing research project income in this uncertain environment may prove a challenge, although the level of project income which NFER has secured for 25-26 is already 35% higher than the amount secured at this point last year for 24-25. Having reviewed the charity's future income streams, its investment portfolio

and the funding facilities available to it, the Trustees are confident that the charity has adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the charity's financial viability. The free reserves of the charity exceed the benchmarks that it has set itself and the management of the charity is confident in its financial resilience. Accordingly, Trustees continue to adopt the going concern basis in preparing the financial statements.

## Pension schemes

During the year, the NFER participated in three pension schemes: its own defined contribution pension scheme, the NFER Retirement Savings Plan (or 'NRSP'), administered by Standard Life since July 2022 and previously run by Pan Trustees Ltd, the Teachers' Pension Scheme (TPS), administered by Teachers' Pensions (TP) on behalf of the Department for Education (DfE) and the People's Pension scheme for those members of staff that do not want to participate in the NRSP.

The TPS is accounted for as a defined contribution scheme under Financial Reporting Standard 102 (section 28) Employee Benefits.

NFER's active membership of the Buckinghamshire Pension Fund ceased on 30 June 2011. The Buckinghamshire Pension Fund is accounted for as a defined benefit scheme under Financial Reporting Standard 102 and was replaced with the NFER's own defined contribution pension scheme.

NFER and Buckinghamshire Pension Fund signed a settlement agreement in 2015 to

determine the arrangements for payment of the share of the fund deficit relating to NFER's Admission Agreement. The Scheme's future funding requirements over the nineteen years of the agreement now form part of the company's annual and long-term planning and budgeting processes.

## Engagement with employees

Throughout the financial year the CEO and senior managers have engaged with staff:

- To inform them through fortnightly staff briefings and regular communications of the charity's performance and achievements, developments in the markets in which the charity operates and how it has taken account of the interests and queries raised by members of staff.
- To enquire through externally administered surveys how effectively the charity is supporting their needs and addressing the challenges that it faces. All the surveys conducted to date have indicated high levels of satisfaction with the charity as an employer and with its response to the challenges raised by hybrid working
- Through the elected members of the Staff Council. This group meets senior managers on a regular basis throughout the financial year. The elected Chair of the Staff Council regularly attends Senior Management Team meetings to report on the main interests and concerns of staff.

## Equal opportunities and remuneration policies

NFER's staff are crucial to its success and it wants to attract and retain the brightest and most talented employees, in line with its commitment to equality, diversity and inclusion. NFER is committed to being an equal opportunities employer and to creating an environment where the staff, Trustees, clients, partners and suppliers experience equality, diversity and inclusion in all its activities. The charity aims to ensure that all employees, whether part-time, full-time or temporary, are treated fairly and with respect. Selection for employment, promotion, training or any other benefit is on the basis of aptitude and ability. All employees are helped and encouraged to develop their potential so that the talents and resources of all staff are fully utilised and the efficiency of the organisation is maximised. This policy is fully supported by the Trustees and Senior Management Team (SMT) and is monitored on an ongoing basis.

The Trustees consider that the Board of Trustees and the SMT are the key management personnel who have authority and responsibility for planning, directing and controlling the activities of NFER.

Our 2023 gender pay gap report continues to show that the differences in pay between men and women are modest, markedly different from the national picture where the pay gap remains consistently and heavily in favour of males. These figures, calculated using the 2017 Regulations and the Equality Act 2010, showed that the median pay gap calculated as at 5 April

2023 was 4.3% (2022: 5.7%) in favour of men as compared to the national average as at that date of +14.3% (2022 revised +14.4%). The mean average for NFER at the same date was 3.6% (2022: 2.2%) in favour of men. The median bonus gap is 0% in favour of men (prior year: 0% in favour of men).

Remuneration for all staff, including the SMT, is reviewed annually by the Remuneration Committee, a sub-committee of the Board of Trustees, taking account of the following aims and principles:

- to ensure the availability of the skills, experience and expertise required to deliver the organisation's objectives
- to attract and retain a motivated workforce in order to achieve organisational effectiveness
- to recognise individual performance and contribution to the organisation's development and success
- to reflect the performance of the organisation
- to reflect NFER's ethos, aims and values.

## Senior Management Team

Employment at NFER is valued by our staff as a result of the respect with which the organisation's work in the field of education is held. However, NFER operates in a labour market where there is increasing competition for the specialist and leadership skills required to meet its aims and objectives, making it important to be able to offer competitive salaries.



Pay for the SMT is determined by NFER's Remuneration Committee. Pay levels are set on the basis of the principles set out above, and with reference to the pay award for the organisation as a whole. Information on increases in national earnings, and publicly available information on planned pay awards in other organisations, is used to inform pay awards. Pay levels are reviewed annually.

As for all NFER employees, remuneration for the SMT includes salary and pension scheme contributions. Contributions are made by NFER to the NFER Retirement Savings Plan (NRSP) at the rate of up to 10% of the member of staff's base salary. Other elements of the organisation's remuneration and benefits package are also attractive and of value to staff at all levels across the organisation (including the annual leave entitlement, our approach to flexible working arrangements, and the scope for personal development).

Details of the key management personnel remuneration, expenses and related party transactions are disclosed in notes 9 and 10 to the accounts.

## Trustees

The Board of Trustees is collectively responsible for the overall governance, aims and strategic direction of the Charity and the Group. There is no fee payable in respect of appointment as a Trustee; Trustees are entitled to reimbursement for any reasonable out-of-pocket expenses.

## Auditors

The Trustees reappointed Haysmacintyre LLP as auditors of the Charity and the Group for the year.

# Statement of the Trustees' responsibilities

The Trustees (who are also directors of the NFER for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards, including FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company and group will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware:

- there is no relevant information of which the charitable company's auditor is unaware
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

None of the Trustees had any beneficial interest in any contract to which the NFER was party during the year.

The Trustees' Annual Report and Strategic Report were approved by the Board of Trustees and signed by:



**J L Cocking, Chair**

The Mere, Upton Park,  
Slough, Berks SL1 2DQ  
6 November 2024

# Independent auditor's report

to the Members of the National Foundation for Educational Research in England and Wales

## Opinion

We have audited the financial statements of the National Foundation for Educational Research in England and Wales for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, 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).

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 March 2024 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group'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 Chair's Statement and Report of the Board of Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Board of Trustees (which includes

the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

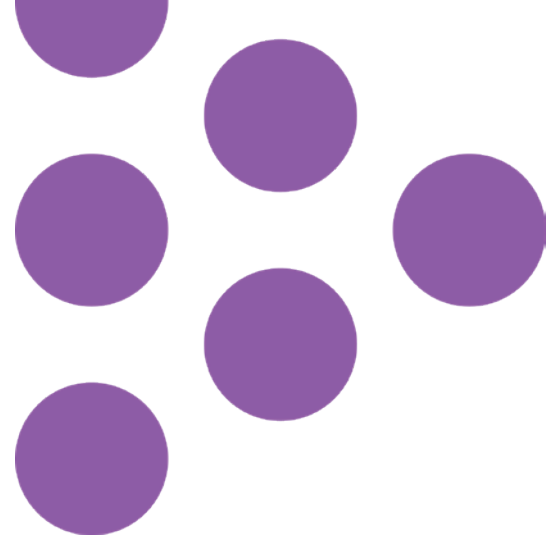
- the strategic report and the directors' report included within the Report of the Board of Trustees have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Trustees (which incorporates the strategic report and the directors' 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 by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or



- we have not received all the information and explanations we require for our audit.

## Responsibilities of Trustees for the financial statements

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.

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 of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to employment law, GDPR and charity and company law applicable in England and Wales and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to income recognition. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charitable company relevant to the preparation of the financial statements to ensure these were in place throughout the year;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals;
- Reviewing correspondence with regulators, including tax authorities;
- Challenging assumptions and judgements made by management in their critical accounting estimates, in particular the recognition of project income and expenditure; and
- Reviewing the assumptions and judgements used by the professional actuary in relation to the charitable company's pension valuations.

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

involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



Tracey Young, Senior Statutory Auditor  
For and on behalf of Haysmacintyre LLP,  
Statutory Auditors

10 Queen Street Place  
London  
EC4R 1AG

17 November 2024

# Consolidated statement of financial activities

(including income and expenditure account and statement of recognised gains and losses) for the year ended 31 March 2024

	Note	2023-24 £'000	2022-23 £'000
<b>Income from:</b>			
Charitable activities	4(a)	21,347	20,941
Investments	4(b)	439	448
Other	4(c)	7	7
<b>Total income</b>		<b>21,793</b>	<b>21,396</b>
<b>Expenditure on:</b>			
Investment Management		(87)	(89)
Charitable activities	5	(24,892)	(24,240)
Mortgage Interest		(44)	(67)
Net interest and admin expenses on defined pension liability	17(d)	(184)	(536)
<b>Total expenditure</b>		<b>(25,207)</b>	<b>(24,932)</b>
<b>Net expenditure before gains on investments</b>		<b>(3,414)</b>	<b>(3,536)</b>
<b>Net gains / (losses) on investments</b>	12	<b>1,288</b>	<b>(1,398)</b>
<b>Net expenditure</b>		<b>(2,126)</b>	<b>(4,934)</b>
<b>Other recognised gains</b>			
Actuarial gains on defined benefit pension schemes	17(g)	2,938	16,229
<b>Net movement in funds</b>		<b>812</b>	<b>11,295</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward		24,306	13,011
<b>Total funds carried forward</b>		<b>25,118</b>	<b>24,306</b>

The statement includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

# Group and Company balance sheet

as at 31 March 2024

	Note	Group		Company	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Fixed Assets:</b>					
Intangible Assets	11	-	-	-	-
Tangible Assets	11	5,137	5,344	5,137	5,344
Investments	12	18,322	19,872	18,322	19,872
<b>Total Fixed Assets</b>		<b>23,459</b>	<b>25,216</b>	<b>23,459</b>	<b>25,216</b>
<b>Current Assets:</b>					
Stocks: finished goods		461	498	461	498
Debtors	14	3,455	3,167	3,455	3,167
Cash at bank and in hand		2,737	4,617	2,736	4,616
<b>Total Current Assets</b>		<b>6,653</b>	<b>8,282</b>	<b>6,652</b>	<b>8,281</b>
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	15	(3,152)	(3,531)	(3,159)	(3,538)
<b>Net current assets</b>		<b>3,501</b>	<b>4,751</b>	<b>3,493</b>	<b>4,743</b>
<b>Total assets less current liabilities</b>		<b>26,960</b>	<b>29,967</b>	<b>26,952</b>	<b>29,959</b>
Creditors: Amounts falling due after more than one year	15	(1,830)	(2,370)	(1,830)	(2,370)
<b>Net assets excluding pension liability</b>		<b>25,130</b>	<b>27,597</b>	<b>25,122</b>	<b>27,589</b>
Defined benefit pension scheme liability	17(c)	(12)	(3,291)	(12)	(3,291)
<b>Total net assets</b>		<b>25,118</b>	<b>24,306</b>	<b>25,110</b>	<b>24,298</b>
<b>The funds of the charity: Unrestricted</b>					
Designated Funds	18	5,137	5,344	5,137	5,344
Free Reserves	18	19,993	22,253	19,985	22,245
Pension reserve	18	(12)	(3,291)	(12)	(3,291)
<b>Total unrestricted and charity funds</b>		<b>25,118</b>	<b>24,306</b>	<b>25,110</b>	<b>24,298</b>

The financial statements on pages 31 to 56 were approved and authorised for issue by the Board of Directors on 6 November 2024 and signed on its behalf by



J L Cocking, MBE  
Chair  
Company number 00900899

# Consolidated statement of cash flows

for the year ended 31 March 2024

	Note	2023-24	2022-23
		£'000	£'000
<b>Cash flows from operating activities</b>	<b>19(a)</b>	<b>(4,459)</b>	<b>(2,970)</b>
<b>Cash flows from investing activities</b>			
Dividends from investments, interest and rents		445	457
Purchase of fixed assets		(155)	(125)
Proceeds from sale of investments		5,261	24,145
Purchase of investments		(2,402)	(22,390)
Movement in cash held for investment		(21)	1,702
<b>Net cash provided by investing activities</b>		<b>3,128</b>	<b>3,789</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowing		(516)	(476)
<b>Net cash used in financing activities</b>		<b>(516)</b>	<b>(476)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(1,847)</b>	<b>343</b>
Cash and cash equivalents at the beginning of the reporting period		4,617	4,254
Effect of foreign exchange rate changes on cash and cash equivalents		(33)	20
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>19(b)</b>	<b>2,737</b>	<b>4,617</b>

# Notes to the financial statements

for the year ended 31 March 2024

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## 1. Status of the NFER

NFER is a company domiciled and incorporated in England and Wales under the Companies Act (Company No. 00900899) and is limited by guarantee. In the event of NFER being wound up the liability of its members, the number of whom is variable, is limited to £1 each. NFER is exempt from tax on income and

gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable purposes by virtue of being a registered charitable body (Charity No. 313392). NFER's subsidiary undertakings are detailed in Note 13 to the accounts.

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## 2. Accounting policies

### a) Accounting convention and basis of preparation of the financial statements

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The charitable company and its subsidiaries are a public benefit group for the purposes of FRS 102 and therefore the charity also prepared its financial statements in accordance with the Statement of Recommended Practice (The FRS 102 Charities SORP 2<sup>nd</sup> Edition), the Companies Act 2006 and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) and the Charities Act 2011.

The consolidated financial statements incorporate the accounts of NFER and all of its subsidiary undertakings using the acquisition method from the date that control passes. All financial statements are made up to 31 March each year.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest one thousand pounds with the exception of note 10 where they are stated in pounds.

The accounting policies of the group and company remain unchanged from the previous year.

### b) Going concern

The Trustees have determined that, notwithstanding the challenging environment, there are no material uncertainties related to events or conditions that cast significant doubt on the NFER's ability to continue as a going concern for at least 12 months beyond the date the accounts are signed, as there is sufficient work secured for the next 12 months and the organisation has enough cash and investments that can be easily liquidated to cover running costs for that period. Furthermore, effective 16 September 2024, NFER has in place a loan facility with Barclays Bank Plc enabling it to borrow up to £2 million to cover any short-term working capital requirements.

### c) Recognition of income and expenditure

Income and direct research expenditure are recognised as project activity progresses. Income is recognised as earned when, and to the extent that, the charity obtains the right to consideration in exchange for its

performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable. In respect of incomplete research projects, the income recognised reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Income recognised but not yet invoiced is included in debtors as 'amounts recoverable on contracts'. Income billed in advance of contract performance is included in creditors as 'deferred income and payments on account'.

Any excess direct expenditure on completed projects, or any excess direct expenditure on incomplete projects which is unlikely to be recovered over the life of the project, is provided for in full as soon as it is anticipated.

Other income and expenditure is recognised on an accruals basis when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably.

#### **d) Expenditure**

Direct charitable expenditure relates to salaries and expenditure directly incurred in the delivery of research, educational services, and related resources. Staff salaries are allocated to specific projects, products and services based on the time spent on those activities.

Support costs comprise the costs of non-research staff, accommodation and other overheads; these costs are allocated between activities on the basis of direct salaries.

Leased assets and obligations: annual rentals paid under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term, with any lease incentives or rent-free periods spread over the lease term.

#### **e) Impact projects and educational resources development**

NFER invests in its own research and development activity. Any such expenditure

is written off to the income and expenditure account in the period in which it is incurred. Also, development expenditure for new educational resources is written off in the year in which it is incurred.

#### **f) Fixed assets and depreciation**

Freehold property and other assets are included in the accounts at cost.

Both tangible and intangible fixed assets are depreciated/amortised by equal annual instalments over their estimated useful lives as follows:

Freehold buildings	50 years
IT equipment	1 to 5 years
Other equipment	1 to 5 years
Software	1 to 5 years

Freehold land is not depreciated.

Assets that are impaired in value are written down to their economic value.

Assets purchased/acquired for less than £5,000 are not capitalised.

Intangible assets comprise software.

#### **g) Investments**

Investments are stated in the balance sheet at market value.

#### **h) Stock: finished goods**

Stocks have been valued at the lower of cost and net realisable value.

#### **i) Employee benefits**

Retirement benefits to employees of NFER are provided by its own defined contribution scheme, the People's Pension scheme, the Teachers' Pension Scheme (TPS) and the Buckinghamshire Pension Fund.

Contributions in respect of NFER's defined contribution scheme and The People's Pension scheme are charged to the Statement of Financial Activities in the year they are payable.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives in such a way that the pension cost is a substantially level percentage of current and future pensionable pay. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 17, the TPS is a multi-employer scheme and NFER is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised in the Statement of Financial Activities in the year they are payable.

NFER is a non-active member of the Buckinghamshire Pension Fund, a defined benefit pension scheme. The scheme is funded, with the assets held separately from the company in trustee administered funds. The liability recognised in the balance sheet in respect of defined benefit pension schemes is the fair value of the pension scheme liabilities less the fair value of the assets held in the scheme. Pension scheme assets are measured at fair value and the liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined benefit schemes the expected return on assets and the interest cost are shown as a net finance gain or loss. Actuarial gains and losses are recognised immediately in other gains and losses.

#### **j) Fund Accounting**

Designated funds are unrestricted funds set aside at the discretion of the Trustees for specific purposes as described in Note 18 to the accounts.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Unrestricted funds represent projects and other income received that contains no restriction relating to the use of those funds.

#### **k) Irrecoverable VAT**

All input VAT that cannot be recovered in full is expensed. The amount of input VAT credited to overheads that can be partially recovered is calculated using the standard turnover method.

#### **l) Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange applicable at the balance sheet date. Transactions in foreign currencies are recorded at the rate applicable at the date of the transaction. All differences are taken to the Statement of Financial Activities.

#### **m) Unrealised gains and losses**

NFER operates a 'mark-to-market' policy, whereby the carrying value of the company's investments is updated to market value on a continuous basis. As a result, gains and losses on investments held at the year-end are classified as unrealised.

#### **n) Debtors**

Trade debtors are amounts invoiced and unpaid. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Amounts invoiced but not yet due for payment are recognised as debtors.

#### **o) Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term liquid deposit accounts which are repayable on demand or at short notice.

#### **p) Creditors**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity

anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

#### **q) Financial instruments**

NFER has financial assets and liabilities that qualify as basic financial instruments.

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are subsequently measured at fair value through the statement of financial activities.

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### 3. Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions with the most significant effect on amounts recognised in the financial statements are as follows:

#### **a) Project income recognition**

Income from projects is assessed on an individual basis with income being recognised based on the stage of

completion of the project which is estimated using a combination of the milestones in the contract and the time and costs spent to date compared to the total expected to be required to undertake the project. Estimates of the total time and costs required to complete the projects are made on a quarterly basis and subject to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

#### **b) Defined benefit pension scheme (Buckinghamshire Pension Fund) assumptions**

The charity has an obligation to pay pension benefits to certain employees under a defined benefit pension scheme. The cost of these benefits and the present value of the obligation depend on a number of factors that are determined on an actuarial basis using a variety of assumptions including life expectancy, asset valuations and the discount rate on corporate bonds. Any changes in these assumptions, which are disclosed in Note 17, will impact the carrying amount of the pension liability.

## 4. Income

### a) Charitable activities

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Research	14,563	14,137
Educational Resources	6,784	6,804
	<b>21,347</b>	<b>20,941</b>

#### Research

This comprises income from the following activities:

- undertaking research related to education and training
- the development and use of assessment instruments and procedures
- undertaking surveys and similar services to support research
- supplying information developed from the above to stakeholders in schools and other education institutions.

It is not possible to analyse income into the above categories as the majority of projects involve a mixture of all elements.

#### Educational resources

This comprises the sale of educational resources and services, predominantly to schools, including our Optional Tests.

### b) Investment income

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
From listed investments	397	435
Interest on cash deposits	42	13
	<b>439</b>	<b>448</b>

### c) Other

This comprises rent receivable including service charges.

## 5. Charitable activities expenditure

Alongside funding its own research, NFER has invested significantly into different aspects of the business in both the current year and prior years. This reflects a deliberate intention by the Trustees

to transform NFER's technology and processes in order to put the charity in a stronger position to support the education system in future.

### For year ended 31 March 2024

	<b>Direct salaries</b>	<b>Direct costs</b>	<b>Support costs</b>	<b>2024 Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Research	8,553	3,370	3,973	<b>15,896</b>
Educational resources	1,137	2,197	1,111	<b>4,445</b>
Educational resource development	2,279	1,135	1,137	<b>4,551</b>
Total	11,969	6,702	6,221	<b>24,892</b>

## For year ended 31 March 2023

	<b>Direct salaries</b>	<b>Direct costs</b>	<b>Support costs</b>	<b>2023 Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Research	8,342	3,404	4,193	<b>15,939</b>
Educational resources	949	2,191	1,121	<b>4,261</b>
Educational resource development	1,876	1,101	1,063	<b>4,040</b>
Total	11,167	6,696	6,377	<b>24,240</b>

## 6. Support Costs

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Salary and pension costs	3,592	3,898
Recruitment and other staff costs	593	656
Property and office costs	1,115	931
Consultancy	249	253
Marketing	65	131
Depreciation	362	345
Amortisation	-	20
Exchange losses/(gains)*	101	(43)
Governance (see Note 7)	144	186
	<b>6,221</b>	<b>6,377</b>

\*Including transactional gains and losses

## 7. Governance costs

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Audit and legal fees	80	121
Insurance	64	65
	<b>144</b>	<b>186</b>

## 8. Net expenditure before gains / (losses) on investments

Net expenditure before gains / (losses) on investments is stated after charging:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Auditor's remuneration (incl. VAT)		
- as auditors	40	38
- for other services	3	4
Depreciation and amortisation	362	365
Operating lease rentals – land and buildings and other assets	46	37

## 9. Employees

Staff costs during the year:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	13,214	12,756
Social security costs	1,196	1,224
Pension costs	1,151	1,085
	<b>15,561</b>	<b>15,065</b>

The average number employed (excluding the Trustees) during the year for Group and Company was:

	<b>2024</b>		<b>2023</b>	
	<b>FTE</b>	<b>Head count</b>	<b>FTE</b>	<b>Head count</b>
Permanent staff	233	248	232	249
Temporary staff	42	160	49	237
	<b>275</b>	<b>408</b>	<b>281</b>	<b>486</b>
Research staff	182	265	195	354
Other staff	93	143	86	132
	<b>275</b>	<b>408</b>	<b>281</b>	<b>486</b>

Key management personnel comprise the Trustees and the Senior Management Team.

None of the Trustees, who are the directors of the company, received any remuneration in the current or previous year.

The six (2023: six) members of the Senior Management Team received total remuneration of £792k (2023: £820k) comprising both annual salary and pension contributions. The following number of employees earned £60,000 per annum or more:

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
£60,001-£70,000	15	17
£70,001- £80,000	12	12
£80,001- £90,000	3	1
£90,001-£100,000	1	3
£100,001-£110,000	3	3
£110,001- £120,000	1	1
£140,001- £150,000	-	1
£150,001-£160,000	1	-

The number of higher paid staff to whom retirement benefits are paid into defined contribution pension schemes was 34 (2023: 36). The total contribution in respect of these employees was £261,767 (2023: £270,803).

The charity made redundancy payments of £59,584 during the year (2023: £15,928).

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## 10. Members of the Board

Seven trustees received expenses of £2,467 in total for travel and subsistence costs (2023: £1,040 (5 trustees)).

During the year insurance costing £11,688 (2023: £11,209) was purchased to indemnify

the Trustees and other officers against the consequences of any neglect or default on their part and to protect NFER from loss arising from the neglect or default of its Board, officers or staff.

## 11. Intangible and Tangible fixed assets

### Intangible Fixed Assets Group & Company

IT  
Software  
£'000

#### Cost

1 April 2023	167
Disposals in year	(167)

**31 March 2024**

#### Amortisation

1 April 2023	167
Disposals in year	(167)

**31 March 2024**

#### Net book value

<b>31 March 2024</b>	-
<b>1 April 2023</b>	-

### Tangible Fixed Assets Group & Company

Land	Freehold property	IT equipment	Other equipment	Total
£'000	£'000	£'000	£'000	£'000

#### Cost

1 April 2023	700	7,612	1,289	556	10,157
Additions in year	-	-	28	127	155
<b>31 March 2024</b>	<b>700</b>	<b>7,612</b>	<b>1,317</b>	<b>683</b>	<b>10,312</b>

#### Depreciation and Impairment

1 April 2023	-	3,355	1,052	406	4,813
Charge for year	-	153	115	94	362
<b>31 March 2024</b>	<b>-</b>	<b>3,508</b>	<b>1,167</b>	<b>500</b>	<b>5,175</b>

#### Net book value

<b>31 March 2024</b>	<b>700</b>	<b>4,104</b>	<b>150</b>	<b>183</b>	<b>5,137</b>
<b>1 April 2023</b>	<b>700</b>	<b>4,257</b>	<b>237</b>	<b>150</b>	<b>5,344</b>

All assets continue to be used for charitable purposes. It is not practicable to split assets between direct and support expenditure.

## 12. Investments

### Group and Company

	2024	2023
	£'000	£'000
<b>Listed Investments</b>		
Market value at 1 April 2023	19,774	22,927
Less: Disposals at net book value	(5,261)	(24,145)
Add: Acquisitions at cost	2,402	22,390
Net gain / (loss) on revaluation at 31 March 2024	1,288	(1,398)
<b>Market value at 31 March 2024</b>	<b>18,203</b>	<b>19,774</b>
Cash allocated for investment	119	98
<b>Total Investments at 31 March 2024</b>	<b>18,322</b>	<b>19,872</b>

### Investments can be analysed as follows:

UK Investments (including cash)	6,862	8,314
Non-UK Investments	11,460	11,558
	<b>18,322</b>	<b>19,872</b>

Total investment income for the year amounted to £397k. Of this sum, £245k was derived from investments held in the UK and £151k derived from non-UK investments.

The historic cost of listed investments is £16.5m (2023: £19.6m).

## 13. Subsidiary Undertakings

### a) NFER Trading Limited (Company Number 03954591)

NFER Trading Ltd is a company registered in England and Wales (company number 03954591), with a share capital of £100 and wholly owned by NFER. It was established to pursue trading opportunities outside of NFER's charitable objectives and to protect the charity from commercial risk.

This company remained dormant throughout the year. At the balance sheet date the company had a net surplus on its capital and reserves of £7,730 (2023: £7,730 surplus). NFER Trading Limited's Balance sheet:

	2024	2023
	£'000	£'000
Debtors & Cash	8	8
Creditors & Other Liabilities	-	-
Capital & Reserves	8	8

### b) i-nfer assessment Limited (Company Number 05946075)

This company remained dormant throughout the year following the transfer of the trade and assets to NFER in the 2010/11 financial year.

## 14. Debtors

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade debtors	1,271	1,610	1,271	1,610
Other debtors	36	2	36	2
Prepayments	408	459	408	459
Amounts recoverable on contracts	1,740	1,096	1,740	1,096
	<b>3,455</b>	<b>3,167</b>	<b>3,455</b>	<b>3,167</b>

Trade debtors are stated after provisions for impairment of £18k (2023: £50k).

## 15. Creditors

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
<i>Amounts falling due within one year:</i>				
Mortgage loan	440	416	440	416
CBILS loans	100	100	100	100
Provision for pensions	158	153	158	153
Trade creditors	170	327	170	327
Other taxation and social security	372	377	372	377
Deferred income and payments on account	883	964	883	964
Accruals	1,029	1,194	1,029	1,194
Subsidiary undertakings	-	-	7	7
	<b>3,152</b>	<b>3,531</b>	<b>3,159</b>	<b>3,538</b>
<i>Amounts falling due after more than 1 year:</i>				
Mortgage loan	114	553	114	553
CBILS loans	1,716	1,817	1,716	1,817
	<b>1,830</b>	<b>2,370</b>	<b>1,830</b>	<b>2,370</b>

The mortgage loan represents the amount that remains outstanding on an initial facility of £5.5 million. The loan is a fixed interest loan at 5.67% for its 20-year term from May 2005 which, with the capital repayment, fixes the annual outlay to the same rate for each year. The loan is secured by way of fixed charge over the property assets of NFER, and the company is required to maintain a loan to value (LTV) ratio below 60%. The LTV ratio as at the 31 March 2024 was 6.7% (2023: 11.7%).

All deferred income relates to project income held at the balance sheet date for work to be completed in the following year. All deferred income held at the end of the previous financial year has been released within the year.

Financial commitments under a 20-year mortgage will result in the following capital payments falling due in the future.

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	440	416
Between two and five years	114	553
<b>Total</b>	<b>554</b>	<b>969</b>

Two Coronavirus Business Interruption Loan Scheme (CBILS) loans, secured on 25 March 2021, totalling £2.0m were drawn down on 5 May 2021. Financial commitments under the two CBILS loans will result in the following capital payments falling due in the future.

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	100	100
Between two and five years	1,716	1,817
<b>Total</b>	<b>1,816</b>	<b>1,917</b>

## 16. Financial commitments

As at 31 March 2024, financial commitments under non-cancellable operating leases will

result in the following payments falling due as follows:

	<b>2024</b>	<b>2024</b>	<b>2023</b>	<b>2023</b>
	<b>Land and Buildings</b>	<b>Other</b>	<b>Land and Buildings</b>	<b>Other</b>
<b>Group and Company</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	2	8	2	12
Between two to five years	-	13	-	15
	<b>2</b>	<b>21</b>	<b>2</b>	<b>27</b>

## 17. Pension benefits

As at 31 March 2024, NFER (the Company and the Group) participated in three pension schemes:

- Defined Contribution Scheme administered by Standard Life's Master Trust (from July 2022 and previously independently managed by Pan Trustees Ltd). In September 2022, the assets in the scheme administered by Pan Trustees were transferred to the Standard Life Master Trust and the Pan scheme was wound up in February 2024. NFER's employer pension contribution for year ended 31.03.24 was £1,080k (2023: £1,020k). At year end, £89k was due to Standard Life (2023: £89k).
- Teachers' Pension Scheme administered by Teachers' Pensions on behalf of the Department for Education. NFER's employer pension contribution for year ended 31.03.24 was £55k (2023: £50k). At year end, £5k was due to Teachers' Pensions (2023: £4k).
- The People's Pensions, a large independent pension provider that we use for auto-enrolment for staff opting out of the Defined Contribution Scheme administered by Pan Trustees. NFER's employer pension contribution for year ended 31.03.24 was £12k (2023: £15k). At year end, £1k was due to Teachers' Pensions (2023: £1k).

NFER's active membership of the Buckinghamshire Pension Fund, a defined benefit pension scheme, ceased in 2011.

### Defined Contribution Scheme

Contributions to the scheme are charged to the Statement of Financial Activities as they become payable.

### Teachers' Pension Scheme

The Department for Education Pension Scheme 2014, known as the Teachers' Pensions Scheme (TPS), is governed by the Teachers' Pensions Regulations. Under the regulations, contributions to the scheme are credited to the Exchequer and pension benefits together with all other expenditure

are paid out of monies provided by Parliament. The Government Actuary is required to conduct a review at intervals of not less than every four years, with interim valuations in between, using normal actuarial principles. The aim of the review is to specify the level of future contributions.

The standard contribution rate (SCR) on pension contributions is assessed in two parts: firstly a standard contribution, expressed as a percentage, that during the period would broadly defray the cost of benefits payable in respect of that service, and secondly, a supplementary contribution payable if, as a result of an actuarial investigation, it is found that accumulated liabilities for past and present teachers are not met by standard contributions to be paid in the future and by the notional fund built up from past contributions.

Contribution rates for the period have been set at an employer contribution rate of 23.68% (28.6% from 1 April 2024) and at employee rates ranging from 7.4% to 11.7%, depending on salary levels.

Under the definitions set out in FRS 102, the Teachers' Pension Scheme is a multi-employer pension scheme. NFER is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, NFER has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. NFER has set out above the information available on the scheme.

At 31 March 2024 there were 4 (2023:4) active members of the scheme.

### The People's Pension Scheme

The People's Pension scheme is for employees who have chosen not to participate in the Defined Contribution Scheme and so have been auto enrolled into this scheme. At 31 March 2024 there were 2 permanent and 283 temporary (2023: 2 permanent and 250 temporary) members of the scheme. Not all of the temporary members will have contributed during the year.

## Buckinghamshire Pension Fund

The Buckinghamshire Pension Fund is accounted for as a defined benefit scheme under Financial Reporting Standard 102 s17.22 on retirement benefits.

From 1 July 2011, the NFER, following agreement with the Buckinghamshire Pension Fund, ceased active membership of the defined benefit pension scheme. On 30 November 2015 NFER and Buckinghamshire Pension Fund reached a settlement agreement that set out the arrangement for NFER to pay off its share of the Buckinghamshire Pension Fund deficit over the next 19 years. NFER made an initial payment of £1m on signing the settlement and is making further payments of £422,000 per annum starting from 1 January 2016 (subject to inflation) over the remaining term of the agreement. In the event that a deficit remains in NFER's share of the fund at the end of this period, NFER and the Buckinghamshire Pension Fund will agree on how to settle the outstanding amount.

The contributions to the Buckinghamshire Pension Fund are determined by a qualified actuary on the basis of a triennial valuation using the projected unit method. The most recent valuation was at 31 March 2022.

The valuation in 2022 showed that the market value of the total fund's assets was £3.85bn (2019: £3.01bn) with a surplus of £137m at 31 March 2022 as there is an excess of assets over the liabilities (2019: deficit of £186m), equivalent to a 104% (2019: 94%) funding level.

At 31 March 2022 there were 0 (2019: 0) active members of the scheme, with 249 (2019: 269) deferred pensioners and 196 (2019: 190) pensioners.

The actuarial valuation has been updated on an approximate basis to 31 March 2024 as set out below.

## a) Assumptions:

### i) Demographic

Life expectancy of members from age 65 is assumed as follows:

	<b>Retiring today (March 2024)</b>	<b>Retiring in 20 years (March 2043)</b>
	Years	Years
Males	20.8	22.0
Females	24.3	25.7

### ii) Financial

The major assumptions used by the actuary were (in nominal terms):

	<b>At 31 March 2024</b>	<b>At 31 March 2023</b>
Price increases (CPI)	2.9%	2.9%
Rate of increase in salaries	3.9%	3.9%
Rate of increase in pensions	2.9%	2.9%
Discount rate	4.9%	4.8%

## b) Assets in the scheme:

	<b>Value at 31 March 2024</b>	<b>Value at 31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
Equities	20,480	20,725
Property	2,133	1,972
Gilts	3,771	3,114
Other Bonds	4,697	3,982
Cash	547	703
Alternative Assets	3,208	2,523
Multi Assets	3,728	3,488
Private Debt	1,179	739
<b>Total</b>	<b>39,743</b>	<b>37,246</b>

c) Net pension liability:

	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	39,607	40,522
Fair value of scheme assets (bid value)	(39,743)	(37,246)
Net (surplus) / liability	(136)	3,276
Present value of unfunded obligation	12	15
Impact of asset ceiling	136	-
<b>Net Liability in Balance Sheet</b>	<b>12</b>	<b>3,291</b>

d) Statement of financial activities costs for the year:

<b>The amounts recognised in the statement of financial activities are:</b>	<b>Year to 31 March 2024</b>	<b>Year to 31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
Net interest on the defined liability	146	500
Administration expenses	38	36
Total	<b>184</b>	<b>536</b>
<b>Actual return on scheme assets</b>	<b>3,856</b>	<b>(2,218)</b>

e) Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	<b>Year to 31 March 2024</b>	<b>Year to 31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening defined benefit obligation</b>	40,537	60,099
Interest cost	1,902	1,542
Experience loss on defined liability obligation	140	2,620
Change in financial assumptions	(556)	(20,177)
Change in demographic assumptions	(558)	(1,932)
Estimated benefits paid net of transfers in	(1,842)	(1,612)
Unfunded pension payments	(4)	(3)
<b>Closing defined benefit obligation</b>	<b>39,619</b>	<b>40,537</b>

f) Reconciliation of opening and closing balances of the fair value of scheme assets:

	<b>Year to 31 March 2024</b>	<b>Year to 31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of scheme assets	37,246	40,639
Interest on assets	1,756	1,042
Return on assets less interest	2,100	(3,401)
Other actuarial gains	-	141
Administration expenses	(38)	(36)
Contributions by employer including unfunded benefits	525	476
Estimated benefits paid net of transfers in and including unfunded benefits	(1,846)	(1,615)
<b>Fair value of scheme assets at end of period</b>	<b>39,743</b>	<b>37,246</b>

g) Reconciliation of opening and closing deficit:

	<b>Year to 31 March 2024</b>	<b>Year to 31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>
Deficit at beginning of the year	(3,291)	(19,460)
Net interest on defined liability and administration expenses	(184)	(536)
Contributions by employer	521	473
Unfunded pension payments	4	3
Actuarial gains	2,938	16,229
<b>Deficit at end of the year</b>	<b>(12)</b>	<b>(3,291)</b>

18a. Statement of movement in Reserve Funds: 1 April 2023 to 31 March 2024

<b>Group</b>	<b>Designated Fixed Assets Fund</b>	<b>Pension Reserve Pension Liability</b>	<b>Free Reserve Accumulated Fund</b>	<b>TOTAL 2024</b>
<b>Unrestricted funds</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance brought forward at 1 April 2023	5,344	(3,291)	22,253	24,306
Net movement in resources	(207)	3,279	(2,260)	812
<b>Balance carried forward at 31 March 2024</b>	<b>5,137</b>	<b>(12)</b>	<b>19,993</b>	<b>25,118</b>
<b>Represented by:</b>				
Fixed assets	5,137	-	18,322	23,459
Current assets	-	-	6,653	6,653
Creditors falling due within one year	-	-	(3,152)	(3,152)
Creditors falling due after one year	-	-	(1,830)	(1,830)
Defined benefit pension liability	-	(12)	-	(12)
	<b>5,137</b>	<b>(12)</b>	<b>19,993</b>	<b>25,118</b>

18a. Statement of movement in Reserve Funds: 1 April 2023 to 31 March 2024 (continued)

<b>Company</b>	<b>Designated Fixed Assets Fund</b>	<b>Pension Reserve Pension Liability</b>	<b>Free Reserve Accumulated Fund</b>	<b>TOTAL 2024</b>
<b>Unrestricted funds</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Funds</b>				
Balance brought forward at 1 April 2023	5,344	(3,291)	22,245	24,298
Net movement in resources	(207)	3,279	(2,260)	812
<b>Balance carried forward at 31 March 2024</b>	<b>5,137</b>	<b>(12)</b>	<b>19,985</b>	<b>25,110</b>
<b>Represented by:</b>				
Fixed assets	5,137	-	18,322	23,459
Current assets	-	-	6,652	6,652
Creditors falling due within one year	-	-	(3,159)	(3,159)
Creditors falling due after one year	-	-	(1,830)	(1,830)
Defined benefit pension liability	-	(12)	-	(12)
	<b>5,137</b>	<b>(12)</b>	<b>19,985</b>	<b>25,110</b>

18b. Statement of movement in Reserve Funds: 1 April 2022 to 31 March 2023

Group	Designated Fixed Assets Fund	Pension Reserve Pension Liability	Free Reserve Accumulated Fund	TOTAL 2023
Unrestricted funds	£'000	£'000	£'000	£'000
Balance brought forward at 1 April 2022	5,584	(19,460)	26,887	13,011
Net movement in resources	(240)	16,169	(4,364)	11,295
<b>Balance carried forward at 31 March 2023</b>	<b>5,344</b>	<b>(3,291)</b>	<b>22,253</b>	<b>24,306</b>
<b>Represented by:</b>				
Fixed assets	5,344	-	19,872	25,126
Current assets	-	-	8,282	8,282
Creditors falling due within one year	-	-	(3,531)	(3,531)
Creditors falling due after one year	-	-	(2,370)	(2,370)
Defined benefit pension liability	-	(3,291)	-	(3,291)
	<b>5,344</b>	<b>(3,291)</b>	<b>22,253</b>	<b>24,306</b>

18b. Statement of movement in Reserve Funds: 1 April 2022 to 31 March 2023 (continued)

<b>Company</b>	<b>Designated Fixed Assets Fund</b>	<b>Pension Reserve Pension Liability</b>	<b>Free Reserve Accumulated Fund</b>	<b>TOTAL 2023</b>
<b>Unrestricted funds</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Funds				
Balance brought forward at 1 April 2022	5,584	(19,460)	26,879	13,003
Net movement in resources	(240)	16,169	(4,634)	11,295
<b>Balance carried forward at 31 March 2023</b>	<b>5,344</b>	<b>(3,291)</b>	<b>22,245</b>	<b>24,298</b>
<b>Represented by:</b>				
Fixed assets	5,344	-	19,872	25,216
Current assets	-	-	8,281	8,281
Creditors falling due within one year	-	-	(3,538)	(3,538)
Creditors falling due after one year	-	-	(2,370)	(2,370)
Defined benefit pension liability	-	(3,291)	-	(3,291)
	<b>5,344</b>	<b>(3,291)</b>	<b>22,245</b>	<b>24,298</b>

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## 18. Statement of movement in Reserve Funds: 1 April 2023 to 31 March 2024 (continued)

### Designated funds

The Board of Trustees have designated unrestricted reserves for the following purposes:

#### *Fixed Assets*

The value of this fund is equal to the fixed asset value on the balance sheet (of which most relates to property). It recognises that these funds are illiquid in nature and are consequently not available for business expenditure (the assets would have to be sold in order to realise the cash).

### Undesignated funds

#### *Free Reserves*

The charity maintains a level of free reserves in order to fund its working capital and future developments and retain a level of contingency. The target level of net free reserves is set in the range of three to six months of unavoidable expenditure which for 2023-24 amounts to £4.6m and £9.2m. The current level of net free reserves less

the pension reserve (see below) stands at £20m (2023: £19m). The free reserves balance at the end of the year has been significantly impacted by the assumptions used by the actuary to determine the level of the pension reserve. Given the changing assumptions and resulting volatility in value of the reserves, the trustees do not propose, at this time, to make changes to NFER's reserves policy or the current level of reserves.

#### *Pension Reserve*

This is a reserve to recognise NFER's share of the estimated deficit of the Buckinghamshire Pension Fund as calculated in accordance with FRS102. NFER and Buckinghamshire Pension Fund signed a Settlement Agreement on 30 November 2015, which sets out the arrangements for paying off NFER's share of the scheme deficit over a 19-year period.

### Restricted funds

No restricted funds were held at the reporting date.

## 19. Notes to the cash flow statement

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Net deficit for the reporting period (as per the statement of financial activities)</b>	(2,126)	(4,934)
Adjustments for:		
Depreciation and amortisation charges	362	365
(Gains) / losses on investments	(1,288)	1,398
Dividends from investments, interest and rents	(445)	(457)
Defined benefit pension scheme cost	184	536
Payments towards pension deficit	(525)	(476)
Decrease / (increase) in stocks	36	(12)
(Increase) / decrease in debtors	(288)	839
Decrease in creditors	(402)	(209)
Unrealised foreign exchange loss / (gain)	33	(20)
<b>Net cash used by operating activities</b>	<b>(4,459)</b>	<b>(2,970)</b>

### b) Analysis of Cash and Cash Equivalents

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Cash in hand and at bank	2,736	4,607
Notice deposits (less than 5 months, 2023: less than 5 months)	1	10
<b>Total cash and cash equivalents</b>	<b>2,737</b>	<b>4,617</b>

### c) Reconciliation to net funds

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Net funds at 1 April 2023 (Note 19(d))	1,731	892
(Decrease) / increase in cash during the year	(1,847)	343
Cash inflow from reduction of debt	516	476
Effect of exchange rate changes on cash held in other currencies	(33)	20
Net funds at 31 March 2024 (Note 19(d))	367	1,731

#### d) Analysis of net funds

	<b>As at 1 April 2023</b>	<b>Cash flows</b>	<b>Transfers</b>	<b>As at 31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank	4,617	(1,880)		2,737
Debt – due within one year	(516)	516	(540)	(540)
Debt – due after more than one year	(2,370)	-	540	(1,830)
	<b>1,731</b>	<b>(1,364)</b>	<b>-</b>	<b>367</b>

## 20. Results of the Company

As permitted under Section 408 of the Companies Act 2006, the Statement of Financial Activities of the company has not been presented as part of these financial statements. The results of the parent undertaking for the year ended 31 March

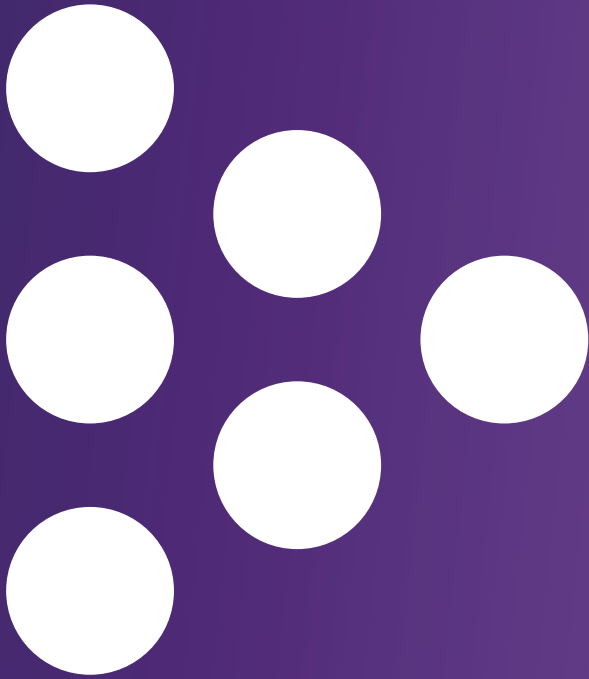
2024 was a net movement in funds of £812k after actuarial gains on the defined benefit pension scheme of £2,938k (2023: net movement in funds of £11,295k after actuarial gains of £16,229k).

## 21. Related party transactions

The parent company has the following related party transactions that need to be disclosed under FRS102 section 9:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Balance between parent company and NFER Trading Ltd	(7)	(7)
Inter-company recharge of expenses during the year	-	-

There are no other related party transactions.



# Evidence for excellence in education

Company Number: 00900899  
Charity Number: 313392

The Mere, Upton Park, Slough, Berks SL1 2DQ  
T: +44 (0)1753 574123  
F: +44 (0)1753 691632  
[enquiries@nfer.ac.uk](mailto:enquiries@nfer.ac.uk)

[www.nfer.ac.uk](http://www.nfer.ac.uk)



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# Accounts

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# Report of the Trustees and financial statements

YEAR ENDED 31 MARCH 2023



 **NFER**  
National Foundation for  
Educational Research

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# Contents

Officers and members of the Board of Trustees	4
.....	
Administrative details	5
.....	
Chair's Statement	6
.....	
Report of the Board of Trustees	8
.....	
Statement of the Trustees' responsibilities	26
.....	
Independent auditor's report	27
.....	
Consolidated statement of financial activities	31
.....	
Group and Company balance sheets	32
.....	
Consolidated statement of cash flows	33
.....	
Notes to the financial statements	34
.....	

# Officers and members of the Board of Trustees

President	Sir Jim Rose, CBE, FRSA*(resigned 1 October 2022)
Vice President	Ms A J Shaw, MA (Hons)
Chair of Board of Trustees	Ms J L Cocking, BA (Hons) (1) (3) (4)
Treasurer	Mr N Hollister, MA (Hons), Cantab (1)(3)
Trustees	Ms F Capstick, MBA Professor M Day, BSc (Hons), PGCE, PhD Ms S Douglas CBE, BA (QTS) Hons (1) Mr N Hillman, BA (Hons), PGCE, MA Mr P James, MA (Hons) Cantab, PGCE (appointed 24 June 2022) Mr M Keen, MA (Hons) Oxon, FCA, (1)(2)(3) Ms K Kroger, BA (Hons), FCA (appointed 6 March 2023) (2) Mr S Macdonald, BA (Hons), Solicitor (1)(3)(4) Mr D Madoc-Jones, BA (Hons) (2)(4) Ms D Rose, BA, MBA (appointed 5 January 2023) Mr C Ryan, BA (Hons), MA
Membership of committees	(1) Remuneration Committee (2) Finance Committee (3) Nominations Committee (4) Investment Committee

\*Sir Jim Rose sadly passed away on 9 February 2023. The position of President is currently vacant.

# Administrative details

for the year ended 31 March 2023

Charity name	National Foundation for Educational Research in England and Wales
Charity number	313392
Company number	00900899
Principal and registered office	The Mere, Upton Park, Slough, Berkshire SL1 2DQ
Auditor	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Bankers	National Westminster Bank plc, c/o Royal Bank of Scotland plc, (as agents) Corporate Banking, 3rd Floor, Cavell House, Charing Cross Road, London WC2H 0NN
Solicitors	Bates Wells London LLP 10 Queen Street Place, London EC4R 1BE
Investment managers	Barclays Private Bank Aegon

## Trustees and Directors

The Trustees of the charity are the directors of the charitable company for the purposes of charity law and are referred to as the Trustees throughout this report. The Trustees serving during the year and up to the date of signature of the accounts are disclosed on page 4 of this report.

## Senior Management Team

Day-to-day management of the charity is delegated to the Chief Executive, supported by the Senior Management Team. The Senior Management Team comprised:

Ms C Willis, BA (Hons), MSc (Chief Executive)

Mr R Birkett MA (Hons), ACA (Commercial Director and Company Secretary)

Dr L Duff PhD, MA, BSc (Director of Research)

Mr Alan Read MA (Hons) Oxon (Chief Digital Officer)

Ms M Wheeler, BA (Hons) (Director of Communications)

Mr G Woodcock, MBA, MSc, BSc (Hons) (Director of Operations)

# Chair's Statement

**Education is central to improving the lives of young people globally, but many children still face barriers in accessing quality learning.**

In particular, the effects of the Covid-19 pandemic are still impacting education and NFER has continued to monitor the longer-term impact as well as evaluating the impacts of tutoring. We published new findings on pupil wellbeing, mental health, attainment and social skills this year, building on a wealth of research conducted since 2020.

We continue to grow our reach and impact, both in the UK and through our work with international partners, and this year's report highlights the range and depth of our expertise. This includes extensive work on the teacher workforce, where we are leading on filling evidence gaps on vital issues including racial equality and the impact of teacher pay and financial incentives on future supply.

Our increasing engagement with politicians and policy makers reflects our reputation for providing rigorous, independent research. Our experts have regularly presented evidence to Committees in both Houses of Parliament and submitted evidence to several government consultations and inquiries, allowing us to share NFER's research with those that can directly affect positive change within the education system, the cornerstone of our mission.

The financial statements in this document should be viewed in the context of our continuing investment in the organisation - drawing prudently from our reserves to increase our efficiency, quality, and capability - in order to enable NFER to continue to flourish and increase our impact on education.

Finally, we remember Sir Jim Rose, President of NFER from 2008-2022, who passed away in February this year. Sir Jim brought a wealth of experience and insight to the organisation, helping to shape the way we work today.

With his dedication to teaching and learning Sir Jim exemplified NFER's purpose, to improve learning outcomes for future generations everywhere, and we are grateful for his guidance and support. He is greatly missed.



Lorna Cocking  
Chair of the Board of Trustees



We continue to grow our reach and impact, both in the UK and through our work with international partners, and this year's report highlights the range and depth of our expertise.

# Report of the Board of Trustees

for the year ended 31 March 2023

The Board presents this annual Trustees' report and the audited accounts for the year ended 31 March 2023 as required by the Companies Act. This report provides a full account of the activities for the year and includes the information required of the Trustees of the charity by the Charity Commission for England and Wales (the Charity Commission)

## Governing document

The National Foundation for Educational Research in England and Wales (NFER) is a company limited by guarantee and governed by Articles of Association, last amended on 28 November 2019. It is also a charity registered with the Charity Commission.

Our members comprise the serving Trustees of the company.

## Objectives and activities

NFER is a leading independent provider of research and assessment services for education. Our clients include government departments, grant making bodies and agencies at international, national and local levels, which call upon NFER's range of expertise and professional services to develop and deliver education policy

and practice. NFER's purpose is to provide robust, independent research and assessment services that improve education, particularly for school-aged children and young people. As a charity, the impact of our work is central to everything we do. Our work seeks to support effective policy and practice in education, both in the UK and internationally.

The statutory objects of NFER, as stated in the Articles of Association, are:

- to undertake research and development in education and allied subjects for the public benefit and the publication and dissemination of the useful results thereof; and
- to advance education for the public benefit, in particular but not exclusively, through the provision of educational services.

In the furtherance of these objects, NFER conducts research into all aspects of education, disseminates the results of that research and exchanges education ideas and information. We also create resources based on research evidence that help to improve educational outcomes.

NFER does not carry out any fundraising activities.



## The public benefits of NFER's work

The Charity Commission sets out the criteria for assessing the public benefits of research and identifies the key points that organisations with charitable status should take into account when embarking on a research project. It states that research will qualify as charitable only if:

- it is on a subject or directed towards establishing an outcome which is of value and calculated to promote in a meaningful and direct way the charity's aims and
- it is undertaken with the intention that the useful knowledge acquired as a result of the research is disseminated to the public or others to utilise or benefit from it and
- it is undertaken for the benefit of the public or a section of the public and not solely or mainly for self-interest or for private or commercial consumption.

The Charity Commission's general guidance on public benefit has been referred to when reviewing NFER's aims and when planning future activities. The Trustees are satisfied that the work carried out by the charity complies with the public benefit requirements set out by the Commission.

# Increasing our visibility and impact

NFER's mission to improve outcomes for future generations everywhere and to support positive change across education systems will be realised by improving the visibility and influence of NFER's evidence and insights.

## Creating new evidence and insights

Throughout the year, NFER published numerous reports shining a light on the challenges facing education and the issues that need to be addressed. Our reports covered a broad range of topics and included a number of wide-ranging policy and practice recommendations.

### Teacher workforce

In 2022, following the Covid-19 pandemic, the teacher labour market faced familiar challenges with the recruitment and retention of teachers. We produced reports analysing the teacher labour market in England, the impact of pay and financial incentives on teacher supply, and the implications of teacher supply challenges for schools and pupils. We also produced a groundbreaking new study on racial equality in the teaching workforce, highlighting issues where little evidence previously existed.

### Post-16

Our major project to identify the essential skills needed for the future workforce, The Skills Imperative 2035, produced its second working paper: Long-run employment prospects for the UK. This set of reports detailed estimates of the shape and composition of the future labour market.

We continued our research into the government's flagship T Levels qualifications, and produced a report on apprenticeships, which provided recommendations on how to equalise access for all young people.

### Tutoring and Covid-19

We continued to produce evidence of the ongoing impact of the Covid-19 pandemic, publishing reports on children and young people's wellbeing and mental health, a review of the evidence on pupil attainment, and the impact on their social skills.

NFER published its independent evaluation of the first year of the National Tutoring Programme, a programme which is an important part of the government's Covid-19 recovery response, offering tuition support to disadvantaged pupils who have been hit hardest by the disruption. This entailed a large-scale implementation and process evaluation (IPE), an impact evaluation in primary schools, and an impact evaluation for Year 11 pupils in secondary schools.

### School system

NFER published several reports highlighting issues facing the school system during the year, including one on the challenges of transitioning to a multi-academy trust led system, which was particularly timely in light of the government's Schools White Paper published earlier in the year. We also published reports on measuring pupil disadvantage, including recommendations for changing and improving the measures used, and on education technology.

1,349

HTML pages  
on the website

763,200

impressions  
on Twitter



171,158

downloads of  
sample materials,  
publications and  
assessment hub  
articles

## Increasing visibility

To supplement our wide-ranging evidence published in reports, we increased the number of articles and blogs posted on our website and on external outlets. These articles provide a good opportunity to highlight our key evidence and recommendations in a digestible format for a wider audience. Some of the themes of our articles published this year have included:

- The impact of Covid-19 on attainment
- Assessment
- T Levels
- Pupil projection data
- The education policy landscape
- Ethnic disparities in teacher progression
- Apprenticeships
- Key Stage 4 school performance tables
- ITT recruitment challenges
- The National Tutoring Programme

Key to our visibility is ensuring that our research and evidence is disseminated as widely as possible to education stakeholders, policymakers and the wider public via the press. Through our ongoing engagement with journalists, our findings have been used in sector media publications, including TES, Schools Week and FE News; print media including The Daily Telegraph, The Guardian, The Daily

Mirror and the Daily Mail; and broadcast media including the BBC, ITV, Talk Radio and LBC.

By seeking speaking opportunities at externally run events, we are able to inform policymakers and practitioners of our key policy recommendations and tools to help teachers in the classroom. Some of the major events that we have participated in this year include:

- The Schools and Academies Show
- ResearchEd Berkshire
- AELP national conference
- Tes Schools White Paper webinar
- Festival of Education
- Labour party conference
- Conservative party conference

As well as externally run events, we have hosted our own events as a way to widen the reach of our research. Our most prominent events this year included:

- Teacher Labour Market webinar
- Launch of the Skills Imperative 2035: working paper 2
- Annual reception in parliament

## Informing policy and practice

Submitting our evidence into consultations and inquiries held by government departments and parliamentary select committees is a method of informing policymakers of our research and policy recommendations. This year, we have submitted consultation responses to:

- Education Select Committee
- Public Accounts Committee
- National Audit Office
- House of Lords Committee on Education for 11 to 16 year olds
- House of Lord's Communications and Digital Committee
- House of Lords Science and Technology Committee

**82%**  
of stakeholders  
who experienced  
NFER's services  
said they had an  
impact on their  
organisation

**91%**   
of stakeholders  
who read NFER's  
publications  
said they had an  
impact on their  
organisation

**88%**  
of stakeholders  
think that NFER  
is an important  
provider of  
evidence on  
education matters

We also engage directly with parliamentarians through a variety of formats, including:

- Attendance at All-Party Parliamentary Groups (APPG) such as Apprenticeships APPG, T Levels APPG, Teaching profession APPG
- Presenting oral evidence to Select Committees, such as the Education Select Committee, House of Lords Committee on Education for 11 to 16 year olds, and the House of Lord's Communications and Digital Committee
- Providing briefing papers ahead of debates
- Making our evidence available to politicians ahead of parliamentary questions

This year has seen further focussed efforts to ensure our work supports classroom practice. We continued as lead evaluator for a new type of trial, funded by the Education Endowment Foundation, that aims to increase understanding about the everyday choices teachers make when planning

their lessons and supporting their pupils. We have also developed and launched a new series of accessible summaries that set out key insights and practical learning with teachers and school leaders. The first of this 'Research Bites' series, a guide and staffroom poster based on our evaluation of the first two years of the National Tutoring Programme, was published in early 2023. This was followed by the NFER Classroom Impact Review, a report highlighting how the contributions of teachers and school leaders enabled us to evidence key issues in education in 2022.

NFER Tests and resources continue to be trusted by thousands of schools and our assessment services successfully delivered both the National Reference Test and the Reception Baseline Assessment. A new role, Schools Partnership Manager, was created this year with the particular focus of strengthening our relationships with Multi-Academy Trusts.

We are hugely grateful for the vital support we received from schools, teachers and leaders that enabled our work to evidence key issues in education over the last year.

# Expanding our global reach

We have continued to develop our international relationships this year, sharing insights at a number of conferences, and engaging with government, academic and civil society partners and stakeholders during visits to Kenya, Rwanda, Senegal, Uganda and the United States. This year we've appointed NFER representatives in Ghana and Uganda to help us strengthen and sustain some of our in-country collaborations.

Building on our previous evaluation of the Inspect & Improve (I&I) pilot project in Uganda – a programme co-designed by Promoting Equality in African Schools (PEAS) and Uganda's Directorate of Education Standards (DES) to address secondary school inspections and improvements – NFER was commissioned as the Learning Partner for the second phase of I&I, providing a series of recommendations for further scale up of the I&I programme within Uganda and its adaptation for other contexts.

NFER was appointed as the Monitoring, Evaluation & Learning (MEL) partner for the Plug in Play project in Rwanda, a multi-year programme funded by the LEGO Foundation and implemented by Right to Play, that seeks to improve student outcomes through play-based learning.

This year we also published a guide to classroom observation tools, which provides an overview and comparison of three commonly used tools - Stallings, CLASS and Teach - and offers practitioners and school stakeholders an insight into how observation systems might help improve classroom practice. NFER is now working to adapt and apply these tools in classroom settings in Tanzania.



# Transforming our technology and processes

**We have continued to invest in NFER's future, improving the quality, flexibility and innovation of our services through technology.**

We have implemented new digital processes and systems over the last year to enable our activities to be increasingly streamlined, which will ensure the best service for our customers, clients and research participants. This includes using Robotic Process Automation to automate routine business processes, moving the organisation to a cloud based productivity suite, introducing new programme management software and developing a range of tools to increase the ease with which we can engage our clients, stakeholders and customers. We will continue to upgrade our systems over the next year and beyond as we embrace the digital revolution. This will include strengthening our e-assessment capabilities to assess children's abilities in a more robust, flexible and streamlined way, informing teaching and learning.

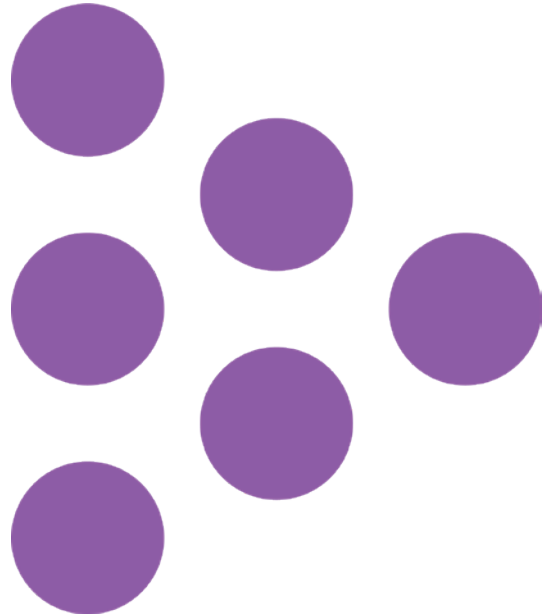


# Looking forward

We will continue to focus on NFER's future, increasing our visibility and influence, expanding our global presence and improving the quality, flexibility and innovation of our services through technology.

Our staff are our most important asset, and we will continue to engage with colleagues to ensure that we have a high-performing, skilled, flexible and happy team.

With a general election on the horizon, we will position our leading experts to speak and comment authoritatively on the key education issues of the day, helping to ensure that education features in the election debates and manifestos and isn't drowned out by other pressing national issues.



# Promoting the success of the charity

Throughout the year, the Trustees of the charity have acted in the way they consider will promote the success of the charity and its charitable purpose, acting for the benefit of its stakeholders as a whole, and having regard to:

- the likely consequences of any decision in the long term;
- the interests of the charity's employees;
- the need to foster the charity's business relationships with suppliers, customers and others;
- the impact of the charity's operations on the community and the environment;
- the desirability of the charity maintaining a reputation for high standards of business conduct;
- the need to act fairly as between stakeholders of the company.

The charity's stakeholders include the partners and suppliers with whom we work to produce and promote our research, self-employed consultants and temporary staff upon whom we rely to conduct surveys and administer assessments, the media organisations with whom we collaborate to ensure that our research findings reach the appropriate audience, our clients with whom we develop our research ideas and who fund our activities and teachers and head teachers who inform our surveys, help develop our assessments and work with us to improve the education of the children in their schools. The Trustees are very aware of the contribution that the charity's stakeholders make to its success and have regard to them when developing strategy for the future.



# Structure, governance and management

## Appointment of Trustees

As set out in the Articles of Association as amended on 28 November 2019, all Trustees are elected by the Board and serve for a maximum of three terms of three years, nine years in total. The only exception to this rule would be for those serving in the roles of Chair, Vice Chair and Treasurer who could serve a fourth term. The Trustees conduct a regular review of skills required and use this review to inform the recruitment of future Trustees.

## Trustee induction, training and continued support

All newly appointed Trustees are given appropriate induction materials and opportunities to understand the operations of NFER. The new Trustees are invited to meet senior members of staff and are provided with key documents including the Articles of Association, the latest Annual Report and Accounts, and recent Board minutes. Opportunities for specific training are offered on an “as needed” basis.

In addition to the schedule of business meetings, Trustees also participate in an annual strategic planning day to discuss future strategy for the organisation. This often includes an element of training and updating on new areas of business, legislation and best practice.

## Organisation

The Trustees are responsible for agreeing the aims and direction of the organisation but have delegated the day-to-day management to a Chief Executive,

supported by a Senior Management Team (as outlined on page 5). Each year the Trustees approve the annual business plan and budget; anything that is not included in that plan must be referred back to the Trustees for approval. The Board has reserved for itself the approval of the Annual Report and Accounts, key policies and all matters relating to property. It has established specialist committees to oversee specific areas, namely investments, finance (including the annual audit), remuneration and nominations. Working groups are also established to enable Trustees to engage with specific business matters.

## Related parties

NFER had two wholly owned subsidiaries at the start and throughout the year. NFER Trading Limited, Company Number 03954591, was formed in 2000 with its prime role to deliver selected commercial contracts. It remained dormant throughout the year. i-nfer Assessment Limited, Company Number 05946075 (incorporated in 2006 and acquired by the Group in 2012) also remained dormant throughout the financial year.

## Energy use

The charity uses energy for the purposes of heating, lighting and air-conditioning its office spaces. During the year the group consumed 458,100kWh of electricity to power and air-condition its offices (2021-22: 516,400kWh) and 370,800kWh of gas to heat them (2021-22: 545,500kWh). In total these two sources of energy represent annual CO<sub>2</sub>e emissions of 170 tonnes (2021-22: 210 tonnes). The charity did not use any

refrigerant gases for the air conditioning system in 2022-23 but in the previous year the use of refrigerant gases to top up the air-conditioning system added 37 tonnes to its direct CO<sub>2</sub> emissions for that year. The charity is investigating ways in which it can reduce its consumption of fossil fuels, including the feasibility of generating its own renewable energy.

## Risk management

The Trustees conduct an annual risk management review based on the latest risk register prepared by the Executive to identify all the principal risks to the charity, including any active subsidiaries, and to assess the impact and likelihood of the occurrence of each risk. Based on this analysis, Trustees ensure that the Executive have appropriate systems and actions in place to eliminate, reduce or mitigate these risks.

The most significant risks facing the Group and corresponding strategies for managing them are summarised below.

- The forthcoming UK general election, expected in the next 12-18 months, creates the risk of unexpected changes in education policy and research funding, which could have a significant bearing on NFER's projects and schools' participation in our research. We are working closely with stakeholders across the education system to ensure that the value of our work is recognised both within and beyond government and that it has a positive impact on decision making. In addition, we are building our business development capability and diversifying our client base in order to
- shape the research agenda and secure alternative sources of funding for the research that we have identified as a priority.
- Ensuring the security of our information and the quality of our work continues to be a key area of focus, particularly as many of our staff continue to work remotely. We are safeguarding the integrity of our systems and those of our suppliers through the careful management of information security risks in line with our certification for ISO27001 and Cyber Essentials Plus status. We continue to invest in business improvement, quality assurance and system resilience and we carry out checks on our suppliers to ensure that they meet appropriate standards.
- Schools in the UK are under significant financial pressure as a result of unfunded wage increases and the increased cost of maintenance and utilities. There is also a growing challenge in teacher supply, with recruitment to Initial Teacher Training below target and a growing number of teacher vacancies. There is a risk that this pressure on school funding and staffing levels will limit the amount of time that schools can engage in research, thereby reducing the robustness of the evidence that we can provide in our work.

In addition to the high levels of customer care that we rely on to encourage school engagement, we are also implementing a new School Engagement Strategy. This seeks to strengthen our relationship with schools, improve their experience of working with NFER, and demonstrate the impact that their contribution has in



enabling us to influence policy and practice. We expect this to increase the extent to which schools want to engage with our research and educational resources.

Having conducted the risk management exercise, the Trustees are satisfied that the significant risks facing NFER have been identified and mitigating actions are appropriate for eliminating or managing any potential impact.

## Financial instruments

It is the policy of the charity not to engage in complex financial instruments where there could be financial risk. NFER only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. The most significant of these, together with the strategy for managing any associated risks, are:

- Our investment portfolio, where risk is controlled by the Investment Committee through the appointment of investment managers and a wide spread of investments which avoid unacceptable financial risk and deliver reasonable returns over the medium to long term.
- A 20-year bank mortgage (two years remaining at 31 March 2023), in which upward interest rate risk has been eliminated by fixing the rate of interest throughout the term.
- A six year Coronavirus Business Interruption Loan (CBILS) for £2m which was entered into in May 2021, the majority of which is fixed interest.

## Buckinghamshire Pension Fund

The company's membership of a local government pension scheme prior to 2011 also exposes the company to financial risk from market forces, which affect its value. This is controlled by external bodies that manage the scheme. The company mitigated this risk by agreeing a settlement with the pension fund in November 2015, which involves monthly payments to the pension fund for each of the subsequent 19 years. In the event that a deficit remains in NFER's share of the fund at the end of this period, NFER and Buckinghamshire Pension Fund will agree on how to settle the outstanding amount.

## Qualifying indemnity insurance

The charitable company has granted an indemnity under its indemnity insurance to its Trustees against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity insurance remains in force as at the date of approving the Trustees' report.

## Financial review of the group

NFER's overall level of income was £21.4m for the year (2021-22: £19.5m). Income from research was £14.1m (2021-22: £12m) whereas income from sales of our educational resources was £6.8m

(2021-22: £7m). There was a net deficit on charitable activities of £3.3m compared to a net deficit on charitable activities of £1.7m last year. These deficits reflect a deliberate focus by the Trustees on investing in the long term success of the charity - transforming its technology and strengthening the quality and efficiency of its work to better support the education system in future.

In July 2022 NFER changed its investment managers from Investec and Smith & Williamson to Barclays Private Bank and Aegon. During the transfer, it withdrew £3.7m to invest in its charitable activities. As a result, the investment portfolio has generated a slightly reduced level of dividend and interest income at £448k (2021-22: £473k) and the value of the portfolio at 31 March 2023 reduced to £19.9m (2022: £24.7m).

Interest costs incurred on the mortgage decrease as the capital amount of the loan reduces; this year it was £67k compared to £89k last year. In addition, in accordance with the requirements of FRS102, an interest charge and administrative charges on NFER's share of the Buckinghamshire Pension Fund deficit has been calculated at £536k. The equivalent figure for the prior year was £503k.

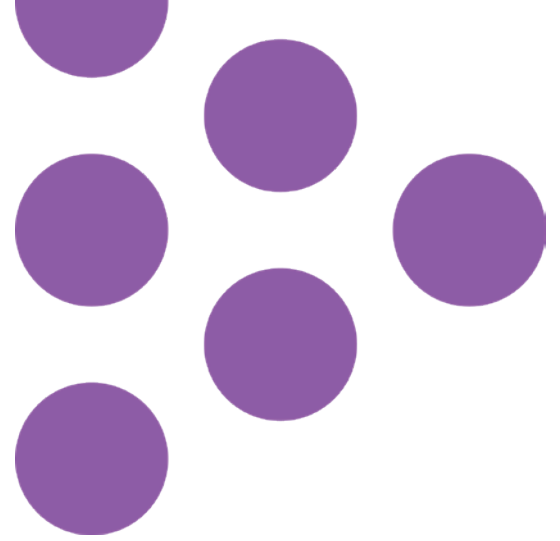
Overall, the organisation generated a total net deficit for the year of £4.9m compared to a net deficit of £595k in 2021-22. This reflects a loss on our charitable activities (resulting from the on-going investment in the business noted above) and a decrease in the value of our investments. In 2021-22, NFER had a loss on its charitable activities

which was reduced by the increase in the value of its investments.

The FRS102 actuarial gains reported for this year amount to £16.2m (2021-22: gains of £4.4m). The result of this actuarial gain is a decrease in the net pension deficit from £19.5m in 2022 to £3.3m at the year end. The overall net movement of funds for the year, after these actuarial gains, amounted to £11.3m, which gives NFER total reserves of £24.3m at the end of the year, compared to £13m at the end of last year.

## Reserves policy and plans for future years

Having considered the challenges and opportunities that the charity may face in the medium to longer term, the Trustees calculated the need for a level of free reserves (i.e. those unrestricted reserves that have not been designated for specific purposes) in the range of £4.5m to £9m based on three to six months unavoidable expenditure. This range was determined by an assessment of the period over which a downturn in the business of NFER would have to be managed before positive results could be achieved from the implementation of remedial actions.



As at 31 March 2023, NFER's total group reserves stood at £24.3m (2022: £13m). This is composed of:

Designated fixed assets reserve	£5.3m	See Note 11
Pension reserve	(£3.3m)	Actuarial valuation of pension deficit
Unrestricted reserves	£22.3m	To allow the charity to manage challenges and opportunities
<b>Total reserves</b>	<b>£24.3m</b>	

The Trustees' strategy in future years is to manage the free reserves of the charity, which currently stand at approximately £19m, to maintain a value within the target range over the medium term, taking into account the current volatility in the assumptions that are impacting on the expected value of the pension settlement.

## Investment policy and performance

On 20 July 2022 the Trustees amended the Investment policy to state that NFER will invest in one or more multi asset or segregated funds that meet its ethical requirements and which are expected to:

- have consistently good performance over time and to achieve capital growth above inflation, with a specific return of CPI + 4%;
- charge competitive management fees for their services;
- manage risk through a balanced spread of investments in the major markets and through the use of pooled funds where appropriate to spread risk (e.g. for smaller investments in other markets or alternative asset classes) and by investing in tracker or multi-asset funds to reduce management costs and/or mitigate risks as required.

In the year, investment capital decreased to £19.9m following a capital withdrawal of £3.7m (2021-22: increased to £24.7m). The investments did not meet the objective of exceeding a return of CPI plus 4% because of very high inflation during the year.

This policy and related controls are to ensure that the security of the assets and their proper management are reviewed on a periodic basis. A general review of this policy is conducted every three years. The Investment Committee meets twice yearly to monitor and evaluate performance of the investments and the investment managers.

## Going concern

The financial statements are approved at a time of continuing uncertainty arising from high domestic inflation and the prospect of a UK General Election in the next 18 months. The impact of this high domestic inflation on NFER's cost base, including our energy costs, over the next 12 months will be limited but securing research project

income in the run up to a UK election may prove a challenge. However, the free reserves of the charity exceed the benchmarks that it has set itself and the management of the charity is confident in its financial resilience. Having reviewed its future income streams, its investment portfolio and the funding facilities available to the charity, the Trustees believe that the charity has adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the charity's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## Pension schemes

During the year, the NFER participated in three pension schemes: its own defined contribution pension scheme, the NFER Retirement Savings Plan (or 'NRSP'), administered by Standard Life since July 2022 and previously run by Pan Trustees Ltd, the Teachers' Pension Scheme (TPS), administered by Teachers' Pensions (TP) on behalf of the Department for Education (DfE) and the People's Pension scheme for those members of staff that do not want to participate in the NRSP.

The TPS is accounted for as a defined contribution scheme under Financial Reporting Standard 102 (section 28) Employee Benefits.

NFER's active membership of the Buckinghamshire Pension Fund ceased on 30 June 2011. The Buckinghamshire Pension Fund is accounted for as a defined benefit scheme under Financial Reporting Standard 102 and was replaced with the NFER's own

defined contribution pension scheme.

NFER and Buckinghamshire Pension Fund signed a settlement agreement in 2015 to determine the arrangements for payment of the share of the fund deficit relating to NFER's Admission Agreement. The Scheme's future funding requirements over the nineteen years of the agreement now form part of the company's annual and long term planning and budgeting processes.

## Engagement with employees

Throughout the financial year the CEO and senior managers have engaged with staff:

- To inform them through fortnightly staff briefings and regular communications of the charity's performance and achievements, developments in the markets in which the charity operates and how it has taken account of the interests and queries raised by members of staff.
- To enquire through three externally administered surveys how effectively the charity is supporting their needs and addressing the challenges that it faces. All the surveys conducted to date have indicated high levels of satisfaction with the charity as an employer and with its response to the challenges raised by hybrid working
- Through the elected members of the Staff Council. This group meets senior managers on a regular basis throughout the financial year. The elected Chair of the Staff Council regularly attends Senior Management Team meetings to report on the main interests and concerns of staff.

## Equal opportunities and remuneration policies

NFER's staff are crucial to its success and it wants to attract and retain the brightest and most talented employees, in line with its commitment to equality, diversity and inclusion. NFER is committed to being an equal opportunities employer and to creating an environment where the staff, Trustees, clients, partners and suppliers experience equality, diversity and inclusion in all its activities. The charity aims to ensure that all employees, whether part-time, full-time or temporary, are treated fairly and with respect. Selection for employment, promotion, training or any other benefit is on the basis of aptitude and ability. All employees are helped and encouraged to develop their potential so that the talents and resources of all staff are fully utilised and the efficiency of the organisation is maximised. This policy is fully supported by the Trustees and Senior Management Team (SMT) and is monitored on an ongoing basis.

The Trustees consider that the Board of Trustees and the SMT are the key management personnel who have authority and responsibility for planning, directing and controlling the activities of NFER.

Our 2022 gender pay gap report continues to show that the differences in pay between men and women are modest, markedly different from the national picture where the pay gap remains consistently and heavily in favour of males. These figures, calculated using the 2017 Regulations and the Equality Act 2010, showed that the median pay gap calculated as at 5 April

2022 was 5.7% (2021: 4.6%) in favour of men as compared to the national average as at that date of +14.9% (2021 revised +15.4%). The mean average for NFER at the same date was 2.2% (2021: 2.3%) in favour of men. The mean bonus gap is 15.2% in favour of men (prior year: 5.6% in favour of women).

Remuneration for all staff, including the SMT, is reviewed annually by the Remuneration Committee, a sub-committee of the Board of Trustees, taking account of the following aims and principles:

- to ensure the availability of the skills, experience and expertise required to deliver the organisation's objectives
- to attract and retain a motivated workforce in order to achieve organisational effectiveness
- to recognise individual performance and contribution to the organisation's development and success
- to reflect the performance of the organisation
- to reflect NFER's ethos, aims and values.

## Senior Management Team

Employment at NFER is valued by our staff as a result of the respect with which the organisation's work in the field of education is held. However, NFER operates in a labour market where there is increasing competition for the specialist and leadership skills required to meet its aims and objectives, making it important to be able to offer competitive salaries.



Pay for the SMT is determined by NFER's Remuneration Committee. Pay levels are set on the basis of the principles set out above, and with reference to the pay award for the organisation as a whole. Information on increases in national earnings, and publicly available information on planned pay awards in other organisations, is used to inform pay awards. Pay levels are reviewed annually.

As for all NFER employees, remuneration for the SMT includes salary and pension scheme contributions. Contributions are made by NFER to the NFER Retirement Savings Plan (NRSP) at the rate of up to 10% of the member of staff's base salary. Other elements of the organisation's remuneration and benefits package are also attractive and of value to staff at all levels across the organisation (including the annual leave entitlement, our approach to flexible working arrangements, and the scope for personal development).

Details of the key management personnel remuneration, expenses and related party transactions are disclosed in notes 9 and 10 to the accounts.

## Trustees

The Board of Trustees is collectively responsible for the overall governance, aims and strategic direction of the Charity and the Group. There is no fee payable in respect of appointment as a Trustee; Trustees are entitled to reimbursement for any reasonable out-of-pocket expenses.

## Auditors

The Trustees reappointed Haysmacintyre LLP as auditors of the Charity and the Group for the year.

# Statement of the Trustees' responsibilities

The Trustees (who are also directors of the NFER for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards, including FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company and group will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware:

- there is no relevant information of which the charitable company's auditor is unaware
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

None of the Trustees had any beneficial interest in any contract to which the NFER was party during the year.

The Trustees' Annual Report and Strategic Report were approved by the Board of Trustees and signed by:



**J L Cocking, Chair**

The Mere, Upton Park,  
Slough, Berks SL1 2DQ

8 November 2023

# Independent auditor's report

to the Members of the National Foundation for Educational Research in England and Wales

## Opinion

We have audited the financial statements of the National Foundation for Educational Research in England and Wales for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, 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).

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 March 2023 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group'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 Chair's Statement and Report of the Board of Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Board of Trustees (which includes the strategic report and the directors' report prepared for the purposes of

company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

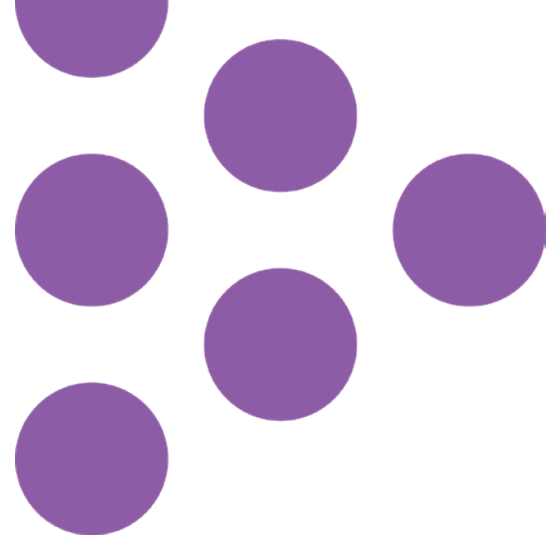
- the strategic report and the directors' report included within the Report of the Board of Trustees have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Trustees (which incorporates the strategic report and the directors' 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 by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



## Responsibilities of Trustees for the financial statements

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.

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 of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to employment law, GDPR and charity and company law applicable in England and Wales and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to income recognition. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;

- Reviewing the controls and procedures of the charitable company relevant to the preparation of the financial statements to ensure these were in place throughout the year;
- Evaluating management’s controls designed to prevent and detect irregularities;
- Identifying and testing journals;
- Reviewing correspondence with regulators, including tax authorities;
- Challenging assumptions and judgements made by management in their critical accounting estimates, in particular the recognition of project income and expenditure; and
- Reviewing the assumptions and judgements used by the professional actuary in relation to the charitable company’s pension valuations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



Tracey Young, Senior Statutory Auditor  
For and on behalf of Haysmacintyre LLP,  
Statutory Auditors

10 Queen Street Place  
London  
EC4R 1AG

21 November 2023

# Consolidated statement of financial activities

(including income and expenditure account and statement of recognised gains and losses) for the year ended 31 March 2023

	Note	2022-23 £'000	2021-22 £'000
<b>Income from:</b>			
Government grants and donations	4(a)	-	17
Charitable activities	4(b)	20,941	19,012
Investments	4(c)	448	473
Other	4(d)	7	7
<b>Total income</b>		<b>21,396</b>	<b>19,509</b>
<b>Expenditure on:</b>			
Investment Management		(89)	(104)
Charitable activities	5	(24,240)	(20,667)
Mortgage Interest		(67)	(89)
Net interest and admin expenses on defined pension liability	17(d)	(536)	(503)
<b>Total expenditure</b>		<b>(24,932)</b>	<b>(21,363)</b>
<b>Net expenditure before gains on investments</b>		<b>(3,536)</b>	<b>(1,854)</b>
<b>Net (losses) / gains on investments</b>	12	<b>(1,398)</b>	<b>1,259</b>
<b>Net expenditure</b>		<b>(4,934)</b>	<b>(595)</b>
<b>Other recognised gains</b>			
Actuarial gains on defined benefit pension schemes	17(g)	16,229	4,351
<b>Net movement in funds</b>		<b>11,295</b>	<b>3,756</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward		13,011	9,255
<b>Total funds carried forward</b>		<b>24,306</b>	<b>13,011</b>

The statement includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

# Group and Company balance sheet

as at 31 March 2023

	Note	Group		Company	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
<b>Fixed Assets:</b>					
Intangible Assets	11	-	20	-	20
Tangible Assets	11	5,344	5,564	5,344	5,564
Investments	12	19,872	24,727	19,872	24,727
<b>Total Fixed Assets</b>		<b>25,216</b>	<b>30,311</b>	<b>25,216</b>	<b>30,311</b>
<b>Current Assets:</b>					
Stocks: finished goods		498	486	498	486
Debtors	14	3,167	4,006	3,167	4,006
Cash at bank and in hand		4,617	4,254	4,616	4,254
<b>Total Current Assets</b>		<b>8,282</b>	<b>8,746</b>	<b>8,281</b>	<b>8,746</b>
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	15	(3,531)	(3,700)	(3,538)	(3,708)
<b>Net current assets</b>		<b>4,751</b>	<b>5,046</b>	<b>4,743</b>	<b>5,038</b>
<b>Total assets less current liabilities</b>		<b>29,967</b>	<b>35,357</b>	<b>29,959</b>	<b>35,349</b>
Creditors: Amounts falling due after more than one year	15	(2,370)	(2,886)	(2,370)	(2,886)
<b>Net assets excluding pension liability</b>		<b>27,597</b>	<b>32,471</b>	<b>27,589</b>	<b>32,463</b>
Defined benefit pension scheme liability	17(c)	(3,291)	(19,460)	(3,291)	(19,460)
<b>Total net assets</b>		<b>24,306</b>	<b>13,011</b>	<b>24,298</b>	<b>13,003</b>
<b>The funds of the charity: Unrestricted</b>					
Designated Funds	18	5,344	5,584	5,344	5,584
Free Reserves	18	22,253	26,887	22,245	26,879
Pension reserve	18	(3,291)	(19,460)	(3,291)	(19,460)
<b>Total unrestricted and charity funds</b>		<b>24,306</b>	<b>13,011</b>	<b>24,298</b>	<b>13,003</b>

The financial statements on pages 31 to 53 were approved and authorised for issue by the Board of Directors on 8 November 2023 and signed on its behalf by



J L Cocking, Chair  
Company number 00900899

# Consolidated statement of cash flows

for the year ended 31 March 2023

	Note	2022-23	2021-22
		£'000	£'000
<b>Cash flows from operating activities</b>	<b>19(a)</b>	<b>(2,970)</b>	<b>(2,993)</b>
<b>Cash flows from investing activities</b>			
Dividends from investments, interest and rents		457	480
Purchase of fixed assets		(125)	(126)
Proceeds from sale of investments		24,145	6,383
Purchase of investments		(22,390)	(4,912)
Movement in cash held for investment		1,702	(1,368)
<b>Net cash provided by investing activities</b>		<b>3,789</b>	<b>457</b>
<b>Cash flows from financing activities</b>			
Receipt of CBILS loans		-	2,000
Repayments of borrowing		(476)	(371)
<b>Net cash (used) / received in financing activities</b>		<b>(476)</b>	<b>1,629</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>343</b>	<b>(907)</b>
Cash and cash equivalents at the beginning of the reporting period		4,254	5,131
Effect of foreign exchange rate changes on cash and cash equivalents		20	30
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>19(b)</b>	<b>4,617</b>	<b>4,254</b>

# Notes to the financial statements

for the year ended 31 March 2023

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## 1. Status of the NFER

NFER is a company domiciled and incorporated in England and Wales under the Companies Act (Company No. 00900899) and is limited by guarantee. In the event of NFER being wound up the liability of its members, the number of whom is variable, is limited to £1 each. NFER is exempt from tax on income and

gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable purposes by virtue of being a registered charitable body (Charity No. 313392). NFER's subsidiary undertakings are detailed in Note 13 to the accounts.

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## 2. Accounting policies

### a) Accounting convention and basis of preparation of the financial statements

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The charitable company and its subsidiaries are a public benefit group for the purposes of FRS 102 and therefore the charity also prepared its financial statements in accordance with the Statement of Recommended Practice (The FRS 102 Charities SORP 2<sup>nd</sup> Edition), the Companies Act 2006 and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) and the Charities Act 2011.

The consolidated financial statements incorporate the accounts of NFER and all of its subsidiary undertakings using the acquisition method from the date that control passes. All financial statements are made up to 31 March each year.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest one thousand pounds with the

exception of note 10 where they are stated in pounds.

The accounting policies of the group and company remain unchanged from the previous year.

### b) Going concern

The Trustees have determined that, notwithstanding high levels of inflation, there are no material uncertainties related to events or conditions that cast significant doubt on the NFER's ability to continue as a going concern for at least 12 months beyond the date the accounts are signed, as there is sufficient work secured for the next 12 months and the organisation has enough cash and investments that can be easily liquidated to cover running costs for that period.

### c) Recognition of income and expenditure

Income and direct research expenditure are recognised as project activity progresses. Income is recognised as earned when, and to the extent that, the charity obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to

consideration, which represents amounts chargeable. In respect of incomplete research projects, the income recognised reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Income recognised but not yet invoiced is included in debtors as 'amounts recoverable on contracts'. Income billed in advance of contract performance is included in creditors as 'deferred income and payments on account'.

Any excess direct expenditure on completed projects, or any excess direct expenditure on incomplete projects which is unlikely to be recovered over the life of the project, is provided for in full as soon as it is anticipated.

Other income and expenditure is recognised on an accruals basis when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Government grant income represents the total amount claimed from HMRC under the Coronavirus Job Retention Scheme (CJRS). The income is accounted for in the period in which the associated salary payments are made to furloughed staff.

#### **d) Expenditure**

Direct charitable expenditure relates to salaries and expenditure directly incurred in the delivery of research, educational services, and related resources. Staff salaries are allocated to specific projects, products and services based on the time spent on those activities.

Support costs comprise the costs of non-research staff, accommodation and other overheads; these costs are allocated between activities on the basis of direct salaries.

Leased assets and obligations: annual rentals paid under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term, with any lease incentives or rent free periods spread over the lease term.

#### **e) Impact projects and educational resources development**

NFER invests in its own research and development activity. Any such expenditure is written off to the income and expenditure account in the period in which it is incurred. Also, development expenditure for new educational resources is written off in the year in which it is incurred.

#### **f) Fixed assets and depreciation**

Freehold property and other assets are included in the accounts at cost.

Both tangible and intangible fixed assets are depreciated/amortised by equal annual instalments over their estimated useful lives as follows:

Freehold buildings	50 years
IT equipment	1 to 5 years
Other equipment	1 to 5 years
Software	1 to 5 years

Freehold land is not depreciated.

Assets that are impaired in value are written down to their economic value.

Assets purchased/acquired for less than £5,000 are not capitalised.

Intangible assets comprise software.

#### **g) Investments**

Investments are stated in the balance sheet at market value.

#### **h) Stock: finished goods**

Stocks have been valued at the lower of cost and net realisable value.

#### **i) Employee benefits**

Retirement benefits to employees of NFER are provided by its own defined contribution scheme, the People's Pension scheme, the Teachers' Pension Scheme (TPS) and the Buckinghamshire Pension Fund.

Contributions in respect of NFER's defined contribution scheme and The People's Pension scheme are charged to the Statement of Financial Activities in the year they are payable.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives in such a way that the pension cost is a substantially level percentage of current and future pensionable pay. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 17, the TPS is a multi-employer scheme and NFER is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised in the Statement of Financial Activities in the year they are payable.

NFER is a non-active member of the Buckinghamshire Pension Fund, a defined benefit pension scheme. The scheme is funded, with the assets held separately from the company in trustee administered funds. The liability recognised in the balance sheet in respect of defined benefit pension schemes is the fair value of the pension scheme liabilities less the fair value of the assets held in the scheme. Pension scheme assets are measured at fair value and the liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined benefit schemes the expected return on assets and the interest cost are shown as a net finance gain or loss. Actuarial gains and losses are recognised immediately in other gains and losses.

#### **j) Fund Accounting**

Designated funds are unrestricted funds set aside at the discretion of the Trustees for

specific purposes as described in Note 18 to the accounts.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Unrestricted funds represent projects and other income received that contains no restriction relating to the use of those funds.

#### **k) Irrecoverable VAT**

All input VAT that cannot be recovered in full is expensed. The amount of input VAT credited to overheads that can be partially recovered is calculated using the standard turnover method.

#### **l) Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange applicable at the balance sheet date. Transactions in foreign currencies are recorded at the rate applicable at the date of the transaction. All differences are taken to the Statement of Financial Activities.

#### **m) Unrealised gains and losses**

NFER operates a 'mark-to-market' policy, whereby the carrying value of the company's investments is updated to market value on a continuous basis. As a result, gains and losses on investments held at the year end are classified as unrealised.

#### **n) Debtors**

Trade debtors are amounts invoiced and unpaid. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Amounts invoiced but not yet due for payment are recognised as debtors.

#### **o) Cash at bank and in hand**

Cash at bank and in hand includes cash and short term liquid deposit accounts which are repayable on demand or at short notice.

## p) Creditors

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

## q) Financial instruments

NFER has financial assets and liabilities that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are subsequently measured at fair value through the statement of financial activities.

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## 3. Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions with the most significant effect on amounts recognised in the financial statements are as follows:

### a) Project income recognition

Income from projects is assessed on an individual basis with income being recognised based on the stage of completion of the project which is estimated using a combination of the milestones in the contract and the time and costs spent to date compared to the total expected to be required to undertake the project. Estimates of the total time and costs required to complete the projects are made on a quarterly basis and subject

to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

### b) Defined benefit pension scheme (Buckinghamshire Pension Fund) assumptions

The charity has an obligation to pay pension benefits to certain employees under a defined benefit pension scheme. The cost of these benefits and the present value of the obligation depend on a number of factors that are determined on an actuarial basis using a variety of assumptions including; life expectancy, asset valuations and the discount rate on corporate bonds. Any changes in these assumptions, which are disclosed in Note 17, will impact the carrying amount of the pension liability.

## 4. Income

### a) Government grants and donations

This represents income claimed from HMRC under the Coronavirus Job Retention Scheme (CJRS).

### b) Charitable activities

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Research	14,137	12,019
Educational Resources	6,804	6,993
	<b>20,941</b>	<b>19,012</b>

#### Research

This comprises income from the following activities:

- undertaking research related to education and training
- the development and use of assessment instruments and procedures
- undertaking surveys and similar services to support research

- supplying information developed from the above to stakeholders in schools and other education institutions.

It is not possible to analyse income into the above categories as the majority of projects involve a mixture of all elements.

#### Educational resources

This comprises the sale of educational resources and services, predominantly to schools, including our Optional Tests.

### c) Investment income

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
From listed investments	435	465
Interest on cash deposits	13	8
	<b>448</b>	<b>473</b>

### d) Other

This comprises rent receivable including service charges.

## 5. Charitable activities expenditure

Alongside funding its own research, NFER has invested significantly into different aspects of the business in both the current year and prior year. This reflects a deliberate intention by the Trustees

to transform NFER's technology and processes in order to put the charity in a stronger position to support the education system in future.

### For year ended 31 March 2023

	<b>Direct salaries</b>	<b>Direct costs</b>	<b>Support costs</b>	<b>2023 Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Research	8,342	3,404	4,193	<b>15,939</b>
Educational resources	949	2,191	1,121	<b>4,261</b>
Educational resource development	1,876	1,101	1,063	<b>4,040</b>
Total	<b>11,167</b>	<b>6,696</b>	<b>6,377</b>	<b>24,240</b>

## For year ended 31 March 2022

	<b>Direct salaries</b>	<b>Direct costs</b>	<b>Support costs</b>	<b>2022 Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Research	7,258	2,846	4,401	<b>14,505</b>
Educational resources	746	1,937	453	<b>3,136</b>
Educational resource development	1,504	611	911	<b>3,026</b>
Total	9,508	5,394	5,765	<b>20,667</b>

## 6. Support Costs

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Salary and pension costs	3,898	3,550
Recruitment and other staff costs	656	550
Property and office costs	931	666
Consultancy	253	337
Marketing	131	147
Depreciation	345	327
Amortisation	20	18
Exchange gains	(43)	(1)
Governance (see Note 7)	186	171
*Including transactional gains	<b>6,377</b>	<b>5,765</b>

## 7. Governance costs

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Audit and legal fees	121	112
Insurance	65	59
	<b>186</b>	<b>171</b>

## 8. Net expenditure before gains on investments

Net expenditure before gains on investments is stated after charging:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Auditor's remuneration (incl. VAT)		
- as auditors	38	35
- for other services	4	4
Depreciation and amortisation	365	345
Operating lease rentals - land and buildings and other assets	37	50

## 9. Employees

Staff costs during the year:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	12,756	11,074
Social security costs	1,224	997
Pension costs	1,085	987
	<b>15,065</b>	<b>13,058</b>

The average number employed (excluding the Trustees) during the year for Group and Company was:

	<b>2023</b>		<b>2022</b>	
	<b>FTE</b>	<b>Head count</b>	<b>FTE</b>	<b>Head count</b>
Permanent staff	232	249	220	238
Temporary staff	49	346	23	125
	<b>281</b>	<b>595</b>	<b>243</b>	<b>363</b>
Research staff	195	417	172	250
Other staff	86	178	71	113
	<b>281</b>	<b>595</b>	<b>243</b>	<b>363</b>

Key management personnel comprise the Trustees and the Senior Management Team.

None of the Trustees, who are the directors of the company, received any remuneration in the current or previous year.

The six (2022: six) members of the Senior Management Team received total remuneration of £820k (2022: £791k) comprising both annual salary and pension contributions.

The following number of employees earned £60,000 per annum or more:

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
£60,001-£70,000	17	12
£70,001- £80,000	12	6
£80,001- £90,000	1	1
£90,001-£100,000	3	5
£100,001-£110,000	3	-
£110,001- £120,000	1	1
£140,001-£150,000	1	1

The number of higher paid staff to whom retirement benefits are paid into defined contribution pension schemes was 38 (2022: 26). The total contribution in respect of these employees was £303,082 (2022: £221,166).

The charity made redundancy payments of £15,928 during the year (2022: £31,280).

## 10. Members of the Board

Five trustees received expenses of £1,040 in total for travel and subsistence costs (2022: £340).

During the year insurance costing £11,209 (2022: £9,178) was purchased to indemnify the Trustees

and other officers against the consequences of any neglect or default on their part and to protect NFER from loss arising from the neglect or default of its Board, officers or staff.

## 11. Intangible and Tangible fixed assets

### Intangible Fixed Assets Group & Company

**IT  
Software  
£'000**

#### Cost

1 April 2022	167
Additions in year	-
<b>31 March 2023</b>	<b>167</b>

#### Amortisation

1 April 2022	147
Charge for year	20
<b>31 March 2023</b>	<b>167</b>

#### Net book value

<b>31 March 2023</b>	<b>-</b>
<b>1 April 2022</b>	<b>20</b>

<b>Tangible Fixed Assets Group &amp; Company</b>	<b>Land</b>	<b>Freehold property</b>	<b>IT equipment</b>	<b>Other equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>					
1 April 2022	700	7,612	1,230	490	10,032
Additions in year	-	-	59	66	125
<b>31 March 2023</b>	<b>700</b>	<b>7,612</b>	<b>1,289</b>	<b>556</b>	<b>10,157</b>

#### **Depreciation and Impairment**

1 April 2022	-	3,203	932	333	4,468
Charge for year	-	152	120	73	345
<b>31 March 2023</b>	<b>-</b>	<b>3,355</b>	<b>1,052</b>	<b>406</b>	<b>4,813</b>

#### **Net book value**

<b>31 March 2023</b>	<b>700</b>	<b>4,257</b>	<b>237</b>	<b>150</b>	<b>5,344</b>
<b>1 April 2022</b>	<b>700</b>	<b>4,409</b>	<b>298</b>	<b>157</b>	<b>5,564</b>

All assets continue to be used for charitable purposes. It is not practicable to split assets between direct and support expenditure.

## 12. Investments

#### **Group and Company**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Listed Investments</b>		
Market value at 1 April 2022	22,927	23,139
Less: Disposals at net book value	(24,145)	(6,383)
Add: Acquisitions at cost	22,390	4,912
Net (loss) / gain on revaluation at 31 March 2023	(1,398)	1,259
<b>Market value at 31 March 2023</b>	<b>19,774</b>	<b>22,927</b>
Cash allocated for investment	98	1,800
<b>Total Investments at 31 March 2023</b>	<b>19,872</b>	<b>24,727</b>

#### **Investments can be analysed as follows:**

UK Investments (including cash)	8,314	15,094
Non UK Investments	11,558	9,633
	<b>19,872</b>	<b>24,727</b>

Total investment income for the year amounted to £435k. Of this sum, £295k was derived from investments held in the UK and £140k derived from non UK investments.

The historic cost of listed investments is £19.6m (2022: £18.4m).

## 13. Subsidiary Undertakings

### a) NFER Trading Limited (Company Number 03954591)

NFER Trading Ltd is a company registered in England and Wales (company number 03954591), with a share capital of £100 and wholly owned by NFER. It was established to pursue trading opportunities outside of NFER's charitable objectives and to protect the charity from commercial risk.

This company remained dormant throughout the year. At the balance sheet date the company had a net surplus on its capital and reserves of £7,730 (2022: £7,730 surplus). Audited accounts are available at Companies House.

NFER Trading Limited's Balance sheet:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Debtors & Cash	8	8
Creditors & Other Liabilities	-	-
Capital & Reserves	<b>8</b>	<b>8</b>

### b) i-nfer assessment Limited (Company Number 05946075)

This company remained dormant throughout the year following the transfer of the trade and assets to NFER in the 2010/11 financial year.

## 14. Debtors

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	1,610	1,642	1,610	1,642
Other debtors	2	110	2	110
Prepayments	459	359	459	359
Amounts recoverable on contracts	1,096	1,895	1,096	1,895
	<b>3,167</b>	<b>4,006</b>	<b>3,167</b>	<b>4,006</b>

Trade debtors are stated after provisions for impairment of £50k (2022: £50k).

## 15. Creditors

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
<i>Amounts falling due within one year:</i>				
Mortgage loan	416	393	416	393
CBILS loans	100	83	100	83
Provision for pensions	153	137	153	137
Trade creditors	327	310	327	310
Other taxation and social security	377	318	377	318
Deferred income and payments on account	964	1,198	964	1,198
Accruals	1,194	1,261	1,194	1,262
Subsidiary undertakings	-	-	7	7
	<b>3,531</b>	<b>3,700</b>	<b>3,538</b>	<b>3,708</b>
<i>Amounts falling due after more than 1 year:</i>				
Mortgage loan	553	969	553	969
CBILS loans	1,817	1,917	1,817	1,917
	<b>2,370</b>	<b>2,886</b>	<b>2,370</b>	<b>2,886</b>

The mortgage loan represents the amount that remains outstanding on an initial facility of £5.5 million. The loan is a fixed interest loan at 5.67% for its 20-year term from May 2005 which, with the capital repayment, fixes the annual outlay to the same rate for each year. The loan is secured by way of fixed charge over the property assets of NFER, and the company is required to maintain a loan to value (LTV) ratio below 60%. The LTV ratio as at the 31 March 2023 was 11.7% (2022: 16.4%).

All deferred income relates to project income held at the balance sheet date for work to be completed in the following year. All deferred income held at the end of the previous financial year has been released within the year.

Financial commitments under a 20-year mortgage will result in the following capital payments falling due in the future.

	2023	2022
	£'000	£'000
Within one year	416	393
Between two and five years	553	969
Total	<b>969</b>	<b>1,362</b>

Two Coronavirus Business Interruption Loan Scheme (CBILS) loans, secured on 25 March 2021, totalling £2.0m were drawn down on 5 May 2021. Financial commitments under the two CBILS loans will result in the following capital payments falling due in the future.

	2023	2022
	£'000	£'000
Within one year	100	83
Between two and five years	1,817	408
More than 5 years	-	1,509
Total	<b>1,917</b>	<b>2,000</b>

## 16. Financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due as follows:

Group and Company	2023	2023	2022	2022
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Expiring:				
Within one year	2	4	19	2
Between two to five years	20	24	-	26
	<b>22</b>	<b>28</b>	<b>19</b>	<b>28</b>

## 17. Pension benefits

As at 31 March 2023, NFER (the Company and the Group) participated in three pension schemes:

- Defined Contribution Scheme administered by Standard Life's Master Trust (from July 2022 and previously independently managed by Pan Trustees Ltd). In September 2022, the assets in the scheme administered by Pan Trustees were transferred to the Standard Life Master Trust and the Pan scheme is in the process of being wound up.
- Teachers' Pension Scheme administered by Teachers' Pensions on behalf of the Department for Education.
- The People's Pensions, a large independent pension provider that we use for auto-enrolment for staff opting out of the Defined Contribution Scheme administered by Pan Trustees.

NFER's active membership of the Buckinghamshire Pension Fund, a defined benefit pension scheme, ceased in 2011.

### Defined Contribution Scheme

Contributions to the scheme are charged to the Statement of Financial Activities as they become payable.

### Teachers' Pension Scheme

The Department for Education Pension Scheme 2014, known as the Teachers' Pensions Scheme (TPS), is governed by the Teachers' Pensions Regulations. Under the regulations, contributions to the scheme are credited to the Exchequer and pension benefits together with all other expenditure are paid out of monies provided by Parliament. The Government Actuary is required to conduct a review at intervals of not less than every four years, with interim valuations in between, using normal actuarial principles. The aim of the review is to specify the level of future contributions.

The standard contribution rate (SCR) on pension contributions is assessed in two parts: firstly a standard contribution, expressed as a percentage, that during the period would broadly defray the cost of benefits payable in respect of that service, and secondly, a supplementary contribution payable if, as a result of an actuarial investigation, it is found that accumulated liabilities for past and present teachers are not met by standard contributions to be paid in the future and by the notional fund built up from past contributions.

Contribution rates for the period have been set at an employer contribution rate of 23.68% and at employee rates ranging from 7.4% to 11.7%, depending on salary levels.

Under the definitions set out in FRS 102, the Teachers' Pension Scheme is a multi-employer pension scheme. NFER is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, NFER has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. NFER has set out above the information available on the scheme.

At 31 March 2023 there were 4 (2022:5) active members of the scheme.

### The People's Pension Scheme

The People's Pension scheme is for employees who have chosen not to participate in the Defined Contribution Scheme and so have been auto-enrolled into this scheme. At 31 March 2023 there were 2 permanent and 250 temporary (2022: 4 permanent and 239 temporary) members of the scheme. Not all of the temporary members will have contributed during the year.

### Buckinghamshire Pension Fund

The Buckinghamshire Pension Fund is accounted for as a defined benefit scheme under Financial Reporting Standard 102 s17.22 on retirement benefits.

From 1 July 2011, the NFER, following agreement with the Buckinghamshire Pension Fund, ceased active membership of the defined benefit pension scheme. On 30 November 2015 NFER and Buckinghamshire Pension Fund reached a settlement agreement that set out the arrangement for NFER to pay off its share of the Buckinghamshire Pension Fund deficit over the next 19 years. NFER made an initial payment of £1m on signing the settlement and is making further payments of £422,000 per annum starting from 1 January 2016 (subject to inflation) over the remaining term of the agreement. In the event that a deficit remains in NFER's share of the fund at the end of this period, NFER and the Buckinghamshire Pension Fund will agree on how to settle the outstanding amount.

The contributions to the Buckinghamshire Pension Fund are determined by a qualified actuary on the basis of a triennial valuation using the projected unit method. The most recent valuation was at 31 March 2022.

The valuation in 2022 showed that the market value of the total fund's assets was £3.85bn (2019: £3.01bn) with a surplus of £137m at 31 March 2022 as there is an excess of assets over the liabilities (2019: deficit of £186m), equivalent to a 104% (2019: 94%) funding level.

At 31 March 2022 there were 0 (2019: 0) active members of the scheme, with 249 (2019: 269) deferred pensioners and 196 (2019: 190) pensioners.

The actuarial valuation has been updated on an approximate basis to 31 March 2023 as set out below.

#### a) Assumptions:

##### i) Demographic

Life expectancy of members from age 65 is assumed as follows:

	<b>Retiring today (March 2023)</b>	<b>Retiring in 20 years (March 2043)</b>
	Years	Years
Males	21.1	22.3
Females	24.6	26.0

##### ii) Financial

The major assumptions used by the actuary were (in nominal terms):

	<b>At 31 March 2023</b>	<b>At 31 March 2022</b>
Price increases (CPI)	2.9%	3.2%
Rate of increase in salaries	2.9%	3.2%
Rate of increase in pensions	2.9%	3.2%
Discount rate	4.8%	2.6%

**b) Assets in the scheme and expected rate of return:**

	<b>Value at 31 March 2023</b>	<b>Value at 31 March 2022</b>
	<b>£'000</b>	<b>£'000</b>
Equities	20,725	21,928
Property	1,972	2,539
Gilts	3,114	4,026
Other Bonds	3,982	5,553
Cash	703	1,388
Alternative Assets	2,523	1,224
Multi Assets	3,488	3,745
Private Debt	739	236
<b>Total</b>	<b>37,246</b>	<b>40,639</b>

**c) Net pension liability:**

	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	40,522	60,078
Fair value of scheme assets (bid value)	(37,246)	(40,639)
Net liability	3,276	19,439
Present value of unfunded obligation	15	21
<b>Net Liability in Balance Sheet</b>	<b>3,291</b>	<b>19,460</b>

**d) Statement of financial activities costs for the year:**

<b>The amounts recognised in the statement of financial activities are:</b>	<b>Year to 31 March 2023</b>	<b>Year to 31 March 2022</b>
	<b>£'000</b>	<b>£'000</b>
Net interest on the defined liability	500	471
Administration expenses	36	32
<b>Total</b>	<b>536</b>	<b>503</b>
<b>Actual return on scheme assets</b>	<b>(2,218)</b>	<b>2,730</b>

**e) Reconciliation of opening and closing balances of the present value of the defined benefit obligation:**

	<b>Year to 31 March 2023</b>	<b>Year to 31 March 2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening defined benefit obligation</b>	60,099	62,858
Interest cost	1,542	1,241
Experience loss on defined liability obligation	2,620	183
Change in financial assumptions	(20,177)	(2,575)
Change in demographic assumptions	(1,932)	-
Estimated benefits paid net of transfers in	(1,612)	(1,605)
Unfunded pension payments	(3)	(3)
<b>Closing defined benefit obligation</b>	<b>40,537</b>	<b>60,099</b>

**f) Reconciliation of opening and closing balances of the fair value of scheme assets:**

	<b>Year to 31 March 2023</b>	<b>Year to 31 March 2022</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of scheme assets	40,639	39,087
Interest on assets	1,042	770
Return on assets less interest	(3,401)	1,960
Other actuarial gains	141	-
Administration expenses	(36)	(32)
Contributions by employer including unfunded benefits	476	462
Estimated benefits paid net of transfers in and including unfunded benefits	(1,615)	(1,608)
<b>Fair value of scheme assets at end of period</b>	<b>37,246</b>	<b>40,639</b>

**g) Reconciliation of opening and closing deficit:**

	<b>Year to 31 March 2023</b>	<b>Year to 31 March 2022</b>
	<b>£'000</b>	<b>£'000</b>
Deficit at beginning of the year	(19,460)	(23,771)
Net interest on defined liability and administration expenses	(536)	(503)
Contributions by employer	473	459
Unfunded pension payments	3	3
Other finance gain	-	1
Actuarial gains	16,229	4,351
<b>Deficit at end of the year</b>	<b>(3,291)</b>	<b>(19,460)</b>

## 18a. Statement of movement in Reserve Funds: 1 April 2022 to 31 March 2023

<b>Group</b>	<b>Designated Fixed Assets Fund</b>	<b>Pension Reserve Pension Liability</b>	<b>Free Reserve Accumulated Fund</b>	<b>TOTAL 2023</b>
<b>Unrestricted funds</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance brought forward at 1 April 2022	5,584	(19,460)	26,887	13,011
Net movement in resources	(240)	16,169	(4,634)	11,295
<b>Balance carried forward at 31 March 2023</b>	<b>5,344</b>	<b>(3,291)</b>	<b>22,253</b>	<b>24,306</b>

### Represented by:

Fixed assets	5,344	-	19,872	25,216
Current assets	-	-	8,282	8,282
Creditors falling due within one year	-	-	(3,531)	(3,531)
Creditors falling due after one year	-	-	(2,370)	(2,370)
Defined benefit pension liability	-	(3,291)	-	(3,291)
	<b>5,344</b>	<b>(3,291)</b>	<b>22,253</b>	<b>24,306</b>

<b>Company</b>	<b>Designated Fixed Assets Fund</b>	<b>Pension Reserve Pension Liability</b>	<b>Free Reserve Accumulated Fund</b>	<b>TOTAL 2023</b>
<b>Unrestricted funds</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Funds</b>				
Balance brought forward at 1 April 2022	5,584	(19,460)	26,879	13,003
Net movement in resources	(240)	16,169	(4,634)	11,295
<b>Balance carried forward at 31 March 2023</b>	<b>5,344</b>	<b>(3,291)</b>	<b>22,245</b>	<b>24,298</b>

### Represented by:

Fixed assets	5,344	-	19,872	25,216
Current assets	-	-	8,281	8,281
Creditors falling due within one year	-	-	(3,538)	(3,538)
Creditors falling due after one year	-	-	(2,370)	(2,370)
Defined benefit pension liability	-	(3,291)	-	(3,291)
	<b>5,344</b>	<b>(3,291)</b>	<b>22,245</b>	<b>24,298</b>

## 18b. Statement of movement in Reserve Funds: 1 April 2021 to 31 March 2022

<b>Group</b>	<b>Designated Fixed Assets Fund</b>	<b>Pension Reserve Pension Liability</b>	<b>Free Reserve Accumulated Fund</b>	<b>TOTAL 2022</b>
<b>Unrestricted funds</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance brought forward at 1 April 2021	5,803	(23,771)	27,233	9,255
Net movement in resources	(219)	4,311	(336)	3,756
<b>Balance carried forward at 31 March 2022</b>	<b>5,584</b>	<b>(19,460)</b>	<b>26,887</b>	<b>13,011</b>

### Represented by:

Fixed assets	5,584	-	24,727	30,311
Current assets	-	-	8,746	8,746
Creditors falling due within one year	-	-	(3,700)	(3,700)
Creditors falling due after one year	-	-	(2,886)	(2,886)
Defined benefit pension liability	-	(19,460)	-	(19,460)
	<b>5,584</b>	<b>(19,460)</b>	<b>26,887</b>	<b>13,011</b>

<b>Company</b>	<b>Designated Fixed Assets Fund</b>	<b>Pension Reserve Pension Liability</b>	<b>Free Reserve Accumulated Fund</b>	<b>TOTAL 2022</b>
<b>Unrestricted funds</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Funds</b>				
Balance brought forward at 1 April 2021	5,803	(23,771)	27,215	9,247
Net movement in resources	(219)	4,311	(336)	3,756
<b>Balance carried forward at 31 March 2022</b>	<b>5,584</b>	<b>(19,460)</b>	<b>26,879</b>	<b>13,003</b>

### Represented by:

Fixed assets	5,584	-	24,727	30,311
Current assets	-	-	8,746	8,746
Creditors falling due within one year	-	-	(3,708)	(3,708)
Creditors falling due after one year	-	-	(2,886)	(2,886)
Defined benefit pension liability	-	(19,460)	-	(19,460)
	<b>5,584</b>	<b>(19,460)</b>	<b>26,879</b>	<b>13,003</b>

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## 18. Statement of movement in Reserve Funds: 1 April 2022 to 31 March 2023

### Designated funds

The Board of Trustees have designated unrestricted reserves for the following purposes:

#### *Fixed Assets*

The value of this fund is equal to the fixed asset value on the balance sheet (of which most relates to property). It recognises that these funds are illiquid in nature and are consequently not available for business expenditure (the assets would have to be sold in order to realise the cash).

### Undesignated funds

#### *Free Reserves*

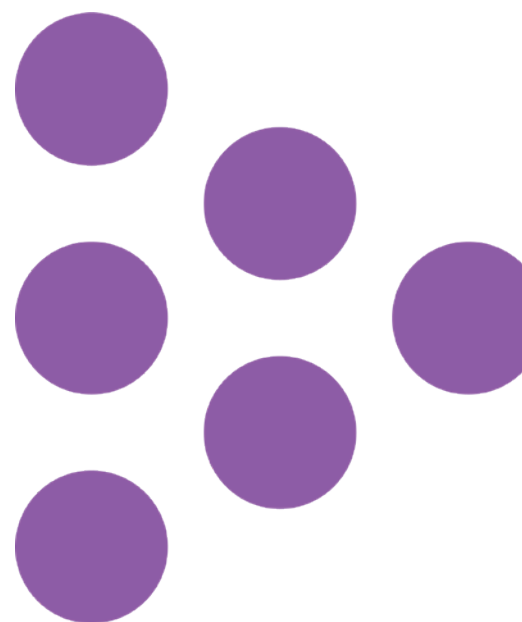
The charity maintains a level of free reserves in order to fund its working capital and future developments and retain a level of contingency. The target level of net free reserves is set in the range of three to six months of unavoidable expenditure which for 2022-23 amounts to £4.5m and £9m. The current level of net free reserves less the pension reserve (see below) stands at £19m (2022: £7.4m). The free reserves balance at the end of the year has been significantly impacted by the assumptions used by the actuary to determine the level of the pension reserve. Given the changing assumptions and resulting volatility in value of the reserves, the trustees do not propose to make changes to NFER's reserves policy or the current level of reserves until inflation and discount rates have stabilised.

### *Pension Reserve*

This is a reserve to recognise NFER's share of the estimated deficit of the Buckinghamshire Pension Fund as calculated in accordance with FRS102. NFER and Buckinghamshire Pension Fund signed a Settlement Agreement on 30 November 2015, which sets out the arrangements for paying off NFER's share of the scheme deficit over a 19-year period.

### Restricted funds

No restricted funds were held at the reporting date.



## 19. Notes to the cash flow statement

### a) Reconciliation of Group net income to net cash flow from operating activities

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Net deficit for the reporting period (as per the statement of financial activities)</b>	(4,934)	(595)
Adjustments for:		
Depreciation and amortisation charges	365	345
Losses / (gains) on investments	1,398	(1,259)
Dividends from investments, interest and rents	(457)	(480)
Defined benefit pension scheme cost	536	503
Payments towards pension deficit	(476)	(462)
Increase in stocks	(12)	(72)
Decrease/(increase) in debtors	839	(503)
Decrease in creditors	(209)	(440)
Unrealised foreign exchange gain	(20)	(30)
<b>Net cash used by operating activities</b>	<b>(2,970)</b>	<b>(2,993)</b>

### b) Analysis of Cash and Cash Equivalents

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Cash in hand and at bank	4,607	3,751
Notice deposits (less than 5 months, 2022: less than 5 months)	10	503
<b>Total cash and cash equivalents</b>	<b>4,617</b>	<b>4,254</b>

### c) Reconciliation to net funds

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Net funds at 1 April 2022 (Note 19(d))	892	3,398
Increase/(decrease) in cash during the year	343	(907)
Receipt of CBILS loan	-	(2,000)
Cash inflow from reduction of debt	476	371
Effect of exchange rate changes on cash held in other currencies	20	30
Net funds at 31 March 2023 (Note 19(d))	<b>1,731</b>	<b>892</b>

## d) Analysis of net funds

	<b>As at 1 April 2022</b>	<b>Cash flows</b>	<b>Transfers</b>	<b>As at 31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank	4,254	363		4,617
Debt – due within one year	(476)	476	(516)	(516)
Debt – due after more than one year	(2,886)		516	(2,370)
	<b>892</b>	<b>839</b>	<b>-</b>	<b>1,731</b>

## 20. Results of the Company

As permitted under Section 408 of the Companies Act 2006, the Statement of Financial Activities of the company has not been presented as part of these financial statements. The results of the parent undertaking for the year ended 31 March

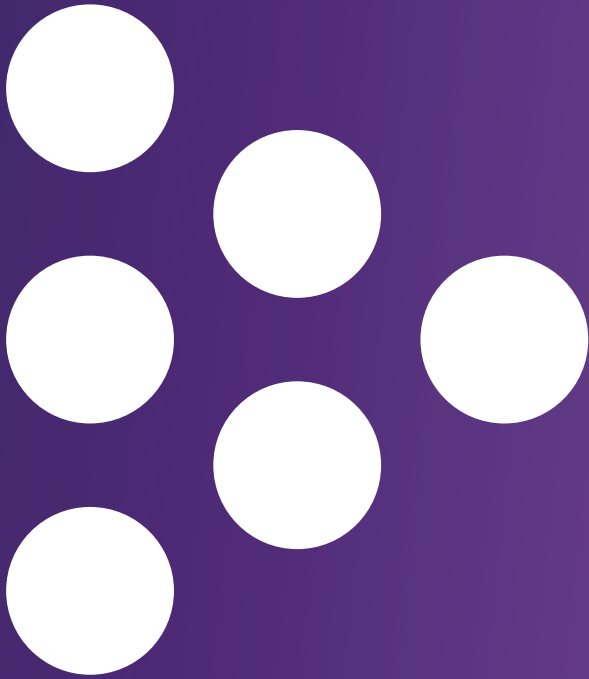
2023 was a net movement in funds of £11,295k after actuarial gains on the defined benefit pension scheme of £16,229k (2022: net movement in funds of £3,756k after actuarial gains of £4,351k).

## 21. Related party transactions

The parent company has the following related party transactions that need to be disclosed under FRS102 section 9:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Balance between parent company and NFER Trading Ltd	(7)	(7)
Inter-company recharge of expenses during the year	-	-

There are no other related party transactions.



# Evidence for excellence in education

Company Number: 00900899  
Charity Number: 313392

The Mere, Upton Park, Slough, Berks SL1 2DQ  
T: +44 (0)1753 574123  
F: +44 (0)1753 691632  
[enquiries@nfer.ac.uk](mailto:enquiries@nfer.ac.uk)

[www.nfer.ac.uk](http://www.nfer.ac.uk)



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# Accounts

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# Report of the Trustees and financial statements

YEAR ENDED 31 MARCH 2022



 **NFER**  
National Foundation for  
Educational Research



# Contents

Officers and members of the Board of Trustees	4
.....	
Administrative details	5
.....	
Chair's Statement	6
.....	
Report of the Board of Trustees	8
.....	
Statement of the Trustees' responsibilities	26
.....	
Independent auditor's report	27
.....	
Consolidated statement of financial activities	32
.....	
Group and Company balance sheets	33
.....	
Consolidated statement of cash flows	34
.....	
Notes to the financial statements	35
.....	

# Officers and members of the Board of Trustees

President	Sir Jim Rose, CBE, FRSA
Vice President	Ms A J Shaw, MA (Hons)
Chair of Board of Trustees	Ms J L Cocking, BA (Hons) (1) (3) (4)
Treasurer	Mr N Hollister, MA (Hons), Cantab (1) (3)
Trustees	Ms F Capstick, MBA Professor M Day, BSc (Hons), PGCE, PhD Ms S Douglas, BA (QTS) Hons (1) Ms H Ghantiwala, BA (Hons), MA, Solicitor (2) (resigned 10 November 2021) Mr N Hillman, BA (Hons), PGCE, MA Mr M Keen, MA (Hons) Oxon, FCA, (1)(2)(3)(4) Mr P James (appointed 24 June 2022) Mr S Macdonald, BA (Hons), Solicitor (1)(3)(4) Mr D Madoc-Jones, BA (Hons) (2)(4) Mr C Ryan, BA (Hons), MA
Membership of committees	(1) Remuneration Committee (2) Audit Committee (3) Nominations Committee (4) Investment Committee

# Administrative details

for the year ended 31 March 2022

Charity name	National Foundation for Educational Research in England and Wales
Charity number	313392
Company number	00900899
Principal and registered office	The Mere, Upton Park, Slough, Berkshire SL1 2DQ
Auditor	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Bankers	National Westminster Bank plc, c/o Royal Bank of Scotland plc, (as agents) Corporate Banking, 3rd Floor, Cavell House, Charing Cross Road, London WC2H 0NN
Solicitors	Bates Wells London LLP, 10 Queen Street Place, London EC4R 1BE
Investment managers	Investec Wealth and Investment Ltd, 2 Gresham Street, London EC2V 7QP  Smith & Williamson Investment Management LLP, 25 Moorgate, London EC2R 6AY

## Trustees and Directors

The Trustees of the charity are the directors of the charitable company for the purposes of charity law and are referred to as the Trustees throughout this report. The Trustees serving during the year and up to the date of signature of the accounts are disclosed on page 4 of this report.

## Senior Management Team

Day-to-day management of the charity is delegated to the Chief Executive, supported by the Senior Management Team. The Senior Management Team comprised:

Ms C Willis, BA (Hons), MSc (Chief Executive)

Mr R Birkett MA, (Hons), ACA (Commercial Director and Company Secretary)

Dr L Duff PhD, MA, BSc (Director of Research)

Mr Sanjeet Maghera, MBAe (LSE) (Chief Digital Officer - resigned 5 November 2021)

Mr Alan Read MA (Oxon), (Chief Digital Officer) (appointed 8 Nov 2021)

Ms M Wheeler, BA (Hons) (Director of Communications)

Mr G Woodcock, MBA, MSc, BSc (Hons) (Director of Operations)

# Chair's Statement

Lorna Cocking  
Chair of the Board of Trustees

**NFER's mission is to generate evidence and insights that can be used to improve outcomes for future generations everywhere, and to support positive change across education systems.**

Education has faced its greatest challenge in NFER's history during the last two years. We are proud to have been at the forefront of providing the robust research, evidence and insights needed to understand and overcome the challenges of the pandemic; ensuring that children and young people are on their way to recover from missed learning and the effects on their wider development.

This report includes examples of how we have been fulfilling our mission over the last year, how we have responded to the ongoing impact of the pandemic, and the contribution we have made to education policy and practice.

The year 2021 marked a significant anniversary for NFER – 75 years since the organisation was founded. We used the year to reflect on this significant milestone through a series of articles published on our website and in the sector press on topics covering the length and breadth of NFER's expertise. We also brought together key stakeholders and politicians in a celebratory reception held in Parliament during the summer of 2022. This enabled us to highlight the huge contribution that NFER has made to education since 1946 and to set out the priorities ahead for the organisation.

The pandemic has highlighted the stark differences in children's opportunities and educational progress – across countries, regions and across different parts of society. NFER's crucial role is to provide the evidence to help understand these differences and how they can be overcome.

As we emerge from the pandemic, I look forward to NFER continuing to grow its influence and impact, not only in the UK, but also internationally through its globalisation programme.



We also brought together key stakeholders and politicians in a celebratory reception held in Parliament during the summer of 2022. This enabled us to highlight the huge contribution that NFER has made to education since 1946 and to set out the priorities ahead for the organisation.

# Report of the Board of Trustees

for the year ended 31 March 2022

The Board presents this annual Trustees' report and the audited accounts for the year ended 31 March 2022 as required by the Companies Act. This report provides a full account of the activities for the year and includes the information required of the Trustees of the charity by the Charity Commission.

## Governing document

The National Foundation for Educational Research in England and Wales (NFER) is a company limited by guarantee and governed by Articles of Association, last amended on 28 November 2019. It is also a charity registered with the Charity Commission for England and Wales (the Charity Commission).

Our members comprise the serving Trustees of the company.

## Objectives and activities

NFER is a leading independent provider of research, assessments and related services for education. Our clients include government departments, grant making bodies and agencies at international, national and local levels, which call upon NFER's range of expertise and professional services to develop and deliver education

policy and practice. NFER's purpose is to provide robust, independent research and assessment services that improve education, particularly for school-aged children and young people. As a charity, the impact of our work is central to everything we do. Our work seeks to support effective policy and practice in education, both in the UK and internationally.

The statutory objects of NFER, as stated in the Articles of Association, are:

- to undertake research and development in education and allied subjects for the public benefit and the publication and dissemination of the useful results thereof; and
- to advance education for the public benefit, in particular but not exclusively, through the provision of educational services.

In the furtherance of these objects, NFER conducts research into all aspects of education, disseminates the results of that research and exchanges education ideas and information. We also create resources based on research evidence that help to improve the quality of education.

NFER does not carry out any fundraising activities.

1,267  
HTML pages  
on the website

1,042,300  
impressions  
on Twitter 



114,000  
downloads of  
sample materials,  
publications and  
assessment hub  
articles

## The public benefits of NFER's work

The Charity Commission sets out the criteria for assessing the public benefits of research and identifies the key points that organisations with charitable status should take into account when embarking on a research project. It states that research will qualify as charitable only if:

- it is on a subject or directed towards establishing an outcome which is of value and calculated to promote in a meaningful and direct way the charity's aims and
- it is undertaken with the intention that the useful knowledge acquired as a result of the research is disseminated to the public or others to utilise or benefit from it and
- it is undertaken for the benefit of the public or a section of the public and not solely or mainly for self-interest or for private or commercial consumption.

The Charity Commission's general guidance on public benefit has been referred to when reviewing NFER's aims and when planning future activities and the Trustees are satisfied that the work carried out by the charity complies with the public benefit requirements set out by the Commission.

# Supporting education recovery and improvement

Following the most turbulent year in education in peacetime, NFER was focussed and determined to shed new light on key issues affecting education in order to improve national policy and classroom practice.

## Evaluating the impact of Covid-19 and measures to support recovery

NFER's work to evaluate the initial impact of Covid-19 on education during 2020 proved vital to those working in policy and in the classroom. We continued our work to evaluate the ongoing impacts with numerous research projects, including monitoring the progress of key stage 1 pupils in reading and maths, exploring the impact on schools in deprived communities and those not in mainstream education, and understanding what schools and pupils needed following the lockdowns.

The government's National Tutoring Programme provides funding for schools to spend on targeted academic support to aid recovery. NFER was commissioned by the Education Endowment Foundation, and subsequently by the Department for Education, to evaluate the impact and effectiveness of the programme. Evaluations of years 1 and 2 have been underway during this year, with our first report due to be released later in 2022.

NFER's high quality optional assessments for primary schools have been very popular following the pandemic, enabling schools to understand and address the gaps in children's learning created by interrupted schooling. Schools have also valued the additional support and resources that we have made available through our on-line Assessment Hub.

We published the Results Digest for the National Reference Test (NRT) in December. The purpose of the NRT is to inform decisions about grade boundaries for GCSEs and has been conducted every year since 2017. The digest also provides valuable information about changes in the attainment of year 11 students over time, offering an insight into the impact of the pandemic on this age group.

The pandemic has also changed the way that NFER staff work and interact with colleagues and external stakeholders. As an organisation, we undertook in-depth consultations with our staff to understand how we could provide the best working environment to ensure that we could continue to deliver our vital work. NFER's new hybrid working arrangements give colleagues the flexibility to continue providing our high-calibre research while ensuring that staff well-being is sustained. Our human resources colleagues are putting a greater emphasis on staff well-being, including rolling out new, more frequent staff surveys to ensure that working at NFER remains a fulfilling and rewarding experience.

## Our wider work to inform and improve policy and practice

Throughout the year, NFER published numerous reports which brought to light new and existing issues facing the education sector, and which included wide-ranging policy and practice recommendations. Some of our major reports included:

- ‘Putting apprenticeships to work for young people’, which found that apprenticeship starts across learners of all ages had fallen significantly prior to the pandemic, and this was exacerbated over the last year. Young people, and those from disadvantaged backgrounds, have been disproportionately affected and the report sets out a series of recommendations to address these challenges.
- Our ‘Investigating the changing landscape of pupil disadvantage’ report examined the impact of recent and anticipated changes in free school meal eligibility resulting from the Universal Credit transitional arrangements in England. The report recommended the development of a basket of measures to better understand and interpret the evolution of attainment among disadvantaged pupils and their peers.
- ‘Investigating the use of long-term measures’ looked at whether new measures can be developed to provide schools and colleges with information about the longer-term destinations of their former students. The research

found that the institution at which a young person studies their post-16 qualifications is associated with a small but significant impact on their longer-term earnings and employment outcomes.

- Our ‘Teacher Labour Market’ reports for England and Wales set out the emerging trends in recruitment and retention for the profession. The reports highlighted the significant risk of under-recruitment of trainee teachers across a large range of secondary subjects in 2022, including traditional “shortage” subjects (physics, maths, chemistry, computing, design and technology and modern foreign languages) as well as subjects, such as geography and English, which typically recruit well.
- ‘The Skills Imperative 2035’ is a major new project, funded by the Nuffield Foundation, that aims to identify the essential employment skills young people will need for work by 2035. The first report of this multi-year project explored the existing literature on the skills employers are likely to need in future, to set the scene for our wider research study.
- NFER has continued to make a vital contribution to the accountability landscape by delivering more than half a million Reception Baseline Assessments to all primary schools in England with a Reception class intake. This will provide a fairer and more robust baseline from which to measure children’s progress throughout their time at primary school than the current KS1 measure.

# Transforming NFER

## Increasing the visibility and use of our work

Our research enables us to create and share new insights within the education sector and beyond. The more extensive our reach, the more influence our findings are likely to have on decision making and the quality of education.

Over the last year, we have written extensively on a wide range of topics. Our articles are posted on our own website and have also appeared in national and sector press outlets, including the BBC, The Telegraph, The Guardian, The Times, The Sun, The Daily Mirror, The Daily Mail, The Evening Standard, TES, Schools Week, FE News, Teaching Times and more.

Our articles over the last year have covered a broad range of topics, including:

- Recovering from the Covid-19 pandemic
- Empowering teachers to build effective learning environments across the world
- Assessment reform
- Teacher pay and bursaries
- Levelling up education
- Applications to Initial Teacher Training
- Computer adaptive tests
- Pupil disadvantage
- Apprenticeship starts
- Reading policy in the Republic of Ireland

Feeding our research findings and recommendations directly into the policy-making process is one of the ways we can ensure our work is having an impact. Over the last year, we have responded to many government consultations and committee inquiries, including:

- The House of Commons Public Accounts Committee inquiry into the financial sustainability of schools.
- The Department for Education's consultation into the National Funding Formula.
- HM Treasury's Spending Review.
- The House of Lords Youth Unemployment Committee's inquiry into youth unemployment.
- The Education Select Committee's inquiry into post-16 qualifications.
- The All-Party Parliamentary Group for Alternative Provision's inquiry into school exclusions.

Our policy engagement over the last year has ensured our findings and recommendations are used widely in the policy-making process: being included in parliamentary questions to Ministers, references to our research in Select Committee reports, and the use of our findings in papers from the House of Commons Library and Department of Education policy papers.

We are committed to seeking more avenues for engagement in the policy-making process. For the first time this year Carole Willis spoke at two in-person events at the political party conferences in Brighton and Manchester. Our researchers also regularly attend and speak at meetings of All-Party Parliamentary Groups and are happy to discuss our insights with politicians, whilst always maintaining our strict impartiality.

## Global activities

NFER has continued to grow its international presence this year, publishing new reports and developing new relationships amongst the international community. NFER was responsible for delivering the OECD's first International Early Learning and Child Well-being Study (IELS) in England, on behalf of the Department for Education. Following its publication in 2020, we published two new reports this year using data from IELS which analysed young children's development and deprivation, and young children's physical development in England.

**96%**  
of our stakeholders agree we are an important provider of education evidence

This year, we also conducted an independent evaluation of the Inspect and Improve (I&I) pilot project in Eastern Uganda, which is a school inspections and improvement programme implemented by Promoting Equality in African Schools (PEAS) in partnership with Uganda's Ministry of Education and Sports.

## Technological advances

The changing nature of work as a result of the pandemic encouraged NFER to update its technology in order to support colleagues' hybrid working patterns. We recruited a new permanent Chief Digital Officer and migrated to Microsoft Office 365, enabling us to move to using cloud technology. In doing so, we are ensuring that we operate with the highest levels of security and are embracing automation as an organisation, improving our efficiency.

We have also continued to develop our e-assessment expertise, enabling us to contribute to more engaging and sophisticated ways of assessing children's learning.

**90%**  
or more consider NFER to be professional, independent, and rigorous



**88%**  
perceive NFER to be influential; 86% view us as authoritative

# Celebrating our 75th anniversary

In 2021, we marked 75 years since NFER was established. NFER was founded in 1946 - in the aftermath of the Second World War - with the aim of building a body of evidence that would transform education for children and young people.

Over the last two years we have seen the largest disruption to education in peacetime - the aftermath of the Covid-19 crisis will be felt in education across the world for many years. The need for high-quality, impartial evidence to inform policy and practice has never been greater if the interests of children and young people are to be at the centre of recovery.

Our 75th year also marked an important achievement, as NFER was successfully awarded Independent Research Organisation (IRO) status following an application to UK Research and Innovation (UKRI). There are only around 70 IROs across all research areas in the UK. The status enables NFER to apply for funding through UKRI from across the nine UK Research Councils, including the Economic and Social Research Council (ESRC). This will enable us to conduct more high-quality research into the pressing issues in education.



**NFER**

National Foundation for Educational Research



**NFER**

Classroom



**NFER**

International

# Looking forward

We will continue to invest in NFER's future, increasing our visibility and influence, expanding our global presence and improving the quality, flexibility and innovation of our services through technology.

Our 75th year as an organisation has provided a good opportunity to reflect back on our work and achievements over three-quarters of a century. It has also provided a good basis from which to plan our future growth and we will seek to develop and implement a new organisational strategy over the next year.

## Increasing our visibility and impact

### Education recovery

We will continue to support children and teachers in combatting the impact of Covid-19 on education. We will do this through projects such as the evaluation of the National Tutoring Programme, monitoring the speed of children's recovery using NFER Tests, and by providing analysis and feedback to teachers to support their teaching priorities.

### Widening our stakeholder networks

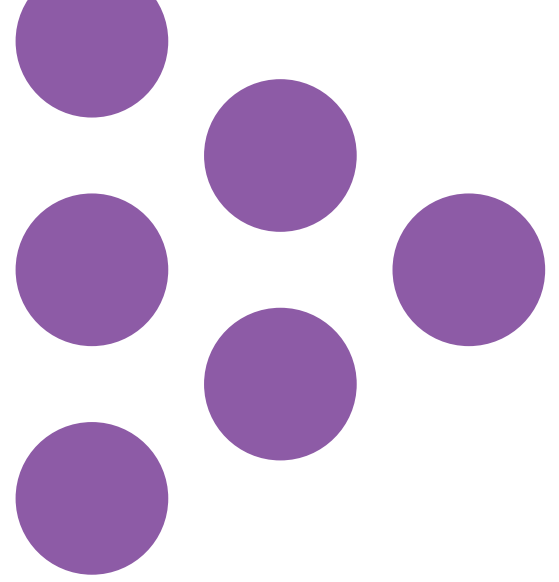
As we continue to innovate and undertake research into broader areas, we will engage with a more diverse range of stakeholders in the education sector and beyond. Our Skills Imperative 2035 project will enable us to engage with business and industry in new ways, whilst we also solidify and deepen existing relationships within the education sphere.

## Expanding our global reach

Our international development work is underpinned by our mission to build better futures globally, and to support improvements within education systems. We will continue to invest in this area of the organisation, building on the successful work of the last year. 2022 and beyond will see us growing the number of projects we work on internationally and the number of countries we work in.

## Transforming our technology and processes

We have implemented new digital processes and systems over the last year to enable our activities to be increasingly streamlined, which will ensure the best service for our customers, clients and research participants. We will continue to invest in upgrading our systems over the next year as we embrace the digital revolution. This will include strengthening our e-assessment capabilities to assess children's abilities in a more robust, flexible and streamlined way, informing teaching and learning.



## Promoting the success of the charity

Throughout the year the Trustees of the charity have acted in the way they consider will promote the success of the charity and its charitable purpose, acting for the benefit of its stakeholders as a whole, and having regard to:

- the likely consequences of any decision in the long term;
- the interests of the charity's employees;
- the need to foster the charity's business relationships with suppliers, customers and others;
- the impact of the charity's operations on the community and the environment;
- the desirability of the charity maintaining a reputation for high standards of business conduct;
- the need to act fairly as between stakeholders of the company.

The charity's stakeholders include the partners and suppliers with whom we work to produce and promote our research, self-employed consultants and temporary staff upon whom we rely to conduct surveys and administer assessments, the media organisations with whom we collaborate to ensure that our research findings reach the appropriate audience, our clients with whom we develop our research ideas and who fund our activities and teachers and head teachers who inform our surveys, help develop our assessments and work with us to improve the education of the children in their schools. The Trustees are very aware of the contribution that the charity's stakeholders make to its success and have regard to them when developing strategy for the future.

# Structure, governance and management

## Appointment of Trustees

As set out in the Articles of Association as amended on 28 November 2019, all Trustees are elected by the Board and serve for a maximum of three terms of three years, nine years in total. The only exception to this rule would be for those serving in the roles of Chair, Vice Chair and Treasurer who could serve a fourth term. The Trustees conduct a regular review of skills required and use this review to inform the recruitment of future Trustees.

## Trustee induction, training and continued support

All newly appointed Trustees are given appropriate induction materials and opportunities to understand the operations of NFER. The new Trustees are invited to meet senior members of staff and are provided with key documents including the Articles of Association, the latest Annual Report and Accounts, and recent Board minutes. Opportunities for specific training are offered on an “as needed” basis.

In addition to the schedule of business meetings, Trustees also participate in an annual strategic planning day to discuss future strategy for the organisation. This often includes an element of training and updating on new areas of business, legislation and best practice.

## Organisation

The Trustees are responsible for agreeing the aims and direction of the organisation but have delegated the day-to-day management to a Chief Executive, supported by a Senior Management Team (as outlined on page 5). Each year the Trustees approve the annual business plan and budget; anything that is not included in that plan must be referred back to the Trustees for approval. The Board has reserved for itself the approval of the Annual Report and Accounts, key policies and all matters relating to property. It has established specialist committees to oversee specific areas, namely investments, audit, remuneration and nominations. Working groups are also established to enable Trustees to engage with specific business matters.

## Related parties

NFER had three wholly owned subsidiaries at the start of the year. NFER Trading Limited, Company Number 03954591, was formed in 2000 with its prime role to deliver selected commercial contracts. i-nfer Assessment Limited, Company Number 05946075 (incorporated in 2006 and acquired by the Group in 2012) remained dormant throughout the financial year. Futurelab Education Limited, also acquired by the Group in 2012, was dormant during the period until the directors took the decision to strike it off the Register of Companies. This change of status was registered on 7 September 2021.

## Energy use

The charity uses energy for the purposes of heating, lighting and air-conditioning its office spaces. During the year the group consumed 516,400KW of electricity to power and air-condition its offices (2020-21: 477,000KW) and 545,500KW of gas to heat them (2020-21: 429,000KW). In total these two sources of energy represent annual CO<sub>2</sub>e emissions of 210 tonnes (2020-21: 190 tonnes). The charity is investigating ways in which it can reduce its consumption of fossil fuels, including the feasibility of generating its own renewable energy.

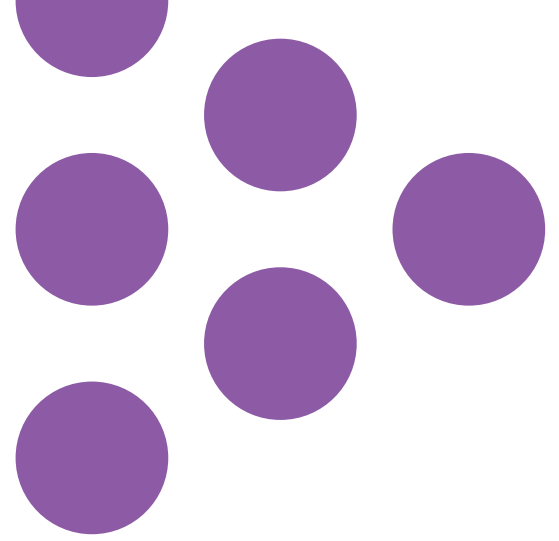


## Risk management

The Trustees conduct an annual risk management review based on the latest risk register prepared by the Executive to identify all the principal risks to the charity, including all active subsidiaries, and to assess the impact and likelihood of the occurrence of each risk. Based on this analysis, Trustees ensure that the Executive have appropriate systems and actions in place to eliminate, reduce or mitigate these risks.

The most significant risks facing the Group and corresponding strategies for managing them are summarised below.

- Consumer price inflation in the UK has risen from 2% to over 10% in the last 12 months, exacerbated since February by the significant increases in energy prices. NFER entered into long term fixed price contracts for its energy requirements last year which will mitigate the impact of energy price increases until 2025 but is very aware that this high level of inflation will adversely impact its customers, suppliers and staff, potentially pushing up its costs and constraining its income. NFER will monitor these developments and mitigate where it can.
- The willingness of schools to engage in NFER's research projects in the wake of the pandemic may affect the validity of our research. In addition to the high levels of customer care that we rely on to encourage school engagement, we are also investigating project designs



that minimise the burden on schools, and utilising existing data sets wherever possible.

- The current buoyant employment market in the UK is making it increasingly difficult for employers to attract and retain staff. In response to this challenge and the risk of not being able to recruit sufficient numbers of highly skilled staff to meet its ambitious business plan, NFER has implemented flexible working arrangements to broaden the pool of candidates from which we recruit as well as looking at the career paths and training needs of its current staff.
- Changes in ministerial personnel at the DfE runs the risk of unexpected changes in education policy which could have a significant bearing on NFER's current projects and schools' participation in our work. We are working very closely with our clients to ensure that the value of our work is recognised both within government and across the education sector and are actively seeking to diversify our client base.
- Ensuring the security of our information continues to be a key area of focus, particularly as most staff continue to work remotely. We are safeguarding the integrity of our systems and those of our suppliers through careful management of information security risks in line with our ISO27001 certification and Cyber Essentials Plus status, and through investing in business improvement and resilience. We are also reviewing our

approach to safeguarding checks on our partners and suppliers to continue to safeguard all our research participants.

Having conducted the risk management review, the Trustees are satisfied that the principal risks facing NFER have been identified and that the mitigating actions identified are appropriate for eliminating or managing any potential impact.

## Financial instruments

It is the policy of the charity not to engage in complex financial instruments where there could be financial risk. NFER only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. The most significant of these, together with the strategy for managing any associated risks, are:

Our investment portfolio, where risk is controlled by the Investment Committee through the appointment of investment managers, a wide spread of investments and a policy to hold a proportion of the assets in bonds and property funds that are not as exposed to downside risk as an exclusively equities portfolio.

A 20-year bank mortgage (three years remaining at 31 March 2022), in which upward interest rate risk has been eliminated by fixing the rate of interest throughout the term.

A six year Coronavirus Business Interruption Loan (CBILS) for £2m which was entered into in May 2021, the majority of which is fixed interest.



## Buckinghamshire Pension Fund

The company's membership of a local government pension scheme prior to 2011 also exposes the company to financial risk from market forces, which affect its value. This is controlled by external bodies that manage the scheme. The company mitigated this risk by agreeing a settlement with the pension fund in November 2015, which involves monthly payments to the pension fund for each of the subsequent 19 years. In the event that a deficit remains in NFER's share of the fund at the end of this period, NFER and Buckinghamshire Pension Fund will agree on how to settle the outstanding amount.

## Qualifying indemnity insurance

The charitable company has granted an indemnity to its Trustees against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity insurance remains in force as at the date of approving the Trustees' report.

## Financial review of the group

NFER's overall level of income was £19.5m for the year (2020-21: £15.8m). Income from research was £12m (2020-21: £9.6m) whereas income from sales of our educational resources was £7m (2020-21: £5m). There was a net deficit on charitable activities of £1.7m compared to a net deficit

on charitable activities of £3.4m last year. These deficits reflect a deliberate focus by the Trustees on investing in the long term success of the charity - transforming its technology and strengthening the quality and efficiency of its work to better support the education system in future.

The investment portfolio has generated a slightly reduced level of dividend and interest income at £473k (2020-21: £498k). The value of the portfolio at 31 March 2022 has increased to £24.7m (2021: £23.6m).

Interest costs incurred on the mortgage decrease as the capital amount of the loan reduces; this year it was £89k compared to £109k last year. In addition, in accordance with the requirements of FRS102, an interest charge and administrative charges on NFER's share of the Buckinghamshire Pension Fund deficit has been calculated at £503k. The equivalent figure for the prior year was £455k.

Overall, the organisation generated a total net deficit for the year of £595k compared to a net surplus of £942k in 2020-21. This reflects a loss on our charitable activities which was reduced by the increase in value of our investments. In 2020-21 NFER experienced a deficit on our charitable activities which was more than offset by the increase in the value of the investment portfolio.

The FRS102 actuarial gains reported for this year amount to £4.4m (2020-21: loss of £5.5m). The result of this actuarial gain is a decrease in the net pension deficit from £23.8m in 2021 to £19.5m at the year end. The overall net movement of funds for the

year, after these actuarial gains, amounted to £3.8m, which gives NFER total reserves of £13m at the end of the year, compared to £9.3m at the end of last year.

The charity's only active subsidiary, NFER Trading Limited, made an operating profit of £0k (2020-21: profit of £13k) and will not remit any Gift Aid this year (2020-21: profit remitted of Nil). No new contracts were signed in the name of NFER Trading Limited and the revenue for the year was £0k (2020-21: £105k).

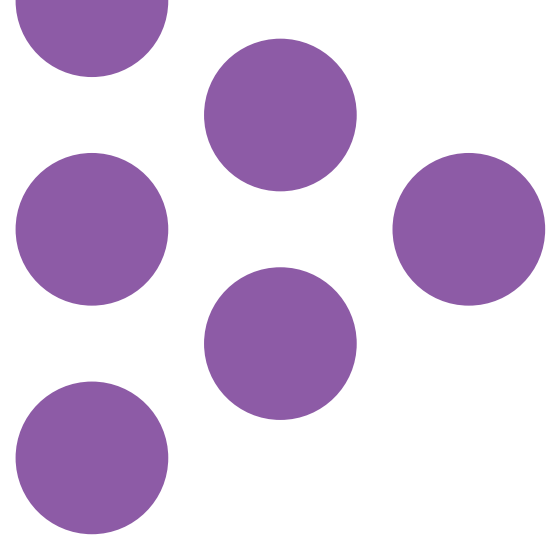
## Reserves policy and plans for future years

Having considered the challenges and opportunities that the charity may face in the medium to longer term, the Trustees calculated the need for a level of free reserves (i.e. those unrestricted reserves that have not been designated for specific purposes) in the range of £3.7m to £7.4m based on three to six months unavoidable expenditure. This range was determined by an assessment of the period over which a downturn in the business of NFER would have to be managed before positive results could be achieved from the implementation of remedial actions.

As at 31 March 2022, NFER's total group reserves stood at £13m (2021: £9.3m). This is composed of:

Designated fixed assets reserve	£5.6m	See Note 11
Pension reserve	(£19.5m)	Actuarial valuation of pension deficit
Unrestricted reserves	£26.9m	To allow the charity to manage challenges and opportunities
<b>Total reserves</b>	<b>£13.0m</b>	

The Trustees' strategy in future years is to manage the free reserves of the charity, which currently stand at approximately £7.4m, to maintain a value within the target range, taking into account the expected value of the pension settlement.



## Investment policy and performance

NFER's policy on investments during the year was to maximise the total return on investments commensurate with achieving a specified level of income (which is reviewed annually by NFER and agreed with its principal investment managers) and increasing the capital value of the investments in real terms over the long term (any period of five years). Investments are not permitted in derivatives or in companies whose principal trading activities involve tobacco, gambling or pornography.

The performance of the assets managed by the principal fund managers during the year (Investec and Smith & Williamson) was measured against a total return (capital and income) benchmark over the medium term, based on the RPI index plus 4.25%. The policy and the benchmark were reviewed on 20 July 2022 and the index amended to CPI plus 4%.

During the year both of the investment managers had the same minimum and maximum asset class parameters so that, overall, exposure to different assets was within acceptable boundaries, thereby mitigating risk.

The planning ranges for the year were:

<b>UK and Overseas equities</b>	30-80%
<b>Bonds including Indexed Linked bonds</b>	12-60% including cash (a max of 50% in Government bonds)
<b>Cash</b>	Included in bonds above
<b>Property</b>	0-10%
<b>Other</b>	0-5%

On 20 July the Trustees amended the Investment policy to state that NFER will invest in one or more multi asset or segregated funds that meet its ethical requirements and which are expected to:

- have consistently good performance over time;
- charge competitive management fees for their services;
- manage risk through a balanced spread of investments in the major markets and through the use of pooled funds where appropriate to spread risk (e.g. for smaller investments in other markets or alternative asset classes) and by investing in tracker or multi-asset funds to reduce management costs and/or mitigate risks as required.

In the year, investment capital increased to £24.7m (2020-21: increased to £23.6m). The investments did not meet the objective of exceeding RPI plus 4.25% as a result of the significant increase in inflation during the year.

This policy and related controls are to ensure that the security of the assets and their proper management are reviewed on a periodic basis. A general review of this policy is conducted every three years. The Investment Committee meets twice yearly to monitor and evaluate performance of the investments and the investment managers.

## Going concern

The financial statements are approved at a time of uncertainty arising from rising inflation. The impact of this high domestic inflation on NFER's financial performance over the next 12 months will be limited as most of its income and cost base, including our energy costs, is secure. The situation over the longer term is less clear; however, the management of the charity is confident in its financial resilience. Having reviewed its future income streams, its investment portfolio and the funding facilities available to the charity, the Trustees believe that the charity has adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the charity's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## Pension schemes

During the year, the NFER participated in three pension schemes: its own defined contribution pension scheme independently run by Pan Trustees Ltd (NRSP), the Teachers' Pension Scheme (TPS), administered by Teachers' Pensions (TP) on behalf of the Department for Education (DfE) and the People's Pension scheme for those members of staff that do not want to participate in the NRSP.

The TPS is accounted for as a defined contribution scheme under Financial Reporting Standard 102 (section 28) Employee Benefits.

NFER's active membership of the Buckinghamshire Pension Fund ceased on 30 June 2011. The Buckinghamshire Pension Fund is accounted for as a defined benefit scheme under Financial Reporting Standard 102 and was replaced with the NFER's own defined contribution pension scheme.

NFER and Buckinghamshire Pension Fund signed a settlement agreement in 2015 to determine the arrangements for payment of the share of the fund deficit relating to NFER's Admission Agreement. The Scheme's future funding requirements over the nineteen years of the agreement now form part of the company's annual and long term planning and budgeting processes.

## Engagement with employees

Throughout the financial year the CEO and senior managers have engaged with staff:

- To inform them through fortnightly staff briefings and regular communications of the charity's performance and achievements, developments in the markets in which we operate and how we have taken account of the interests and queries raised by members of staff. This process has been extended since the outbreak of the Coronavirus pandemic to ensure that staff working from home are informed of developments in our charitable work and of the support that we can offer to staff to assist them with their work and their wellbeing.
- To enquire through three externally administered surveys how effectively the charity is supporting their needs and addressing the challenges that it faces. All the surveys conducted to date have indicated high levels of satisfaction with the charity as an employer and with its response to the challenges raised by the pandemic.
- Through the elected members of the Staff Council. This group meets senior managers on a regular basis throughout the financial year. The elected Chair of the Staff Council regularly attends Senior Management Team meetings to report on the main interests and concerns of staff.

## Equal opportunities and remuneration policies

Our staff are crucial to our success and we want to attract and retain the brightest and most talented employees, in line with our equality, diversity and inclusion policy. NFER is committed to being an equal opportunities employer and to creating an environment where the staff, Trustees, clients, partners and suppliers experience equality, diversity and inclusion in all our activities. All employees, whether part-time, full-time or temporary, are treated fairly and with respect. Selection for employment, promotion, training or any other benefit is on the basis of aptitude and ability. All employees are helped and encouraged to develop their potential so that the talents and resources of our staff are fully utilised and the efficiency of the organisation is maximised. This policy is fully supported by the Trustees and Senior Management Team (SMT) and is monitored on an ongoing basis.

The Trustees consider that the Board of Trustees and the SMT are the key management personnel who have authority and responsibility for planning, directing and controlling the activities of NFER.

Our 2021 gender pay gap report continues to show that the differences in pay between men and women are modest, markedly different from the national picture where the pay gap remains consistently and heavily in favour of males. These figures, calculated using the 2017 Regulations and the Equality Act 2010, showed that the median pay gap calculated as at 5 April 2021 was 4.6% (2020: 0.0%) in favour of men as compared to the national average



as at that date of +15.4% (2020 revised +14.9%). The mean average for NFER at the same date was 3.2% (2020: 1.5 %) in favour of men. The mean bonus gap is 5.6% in favour of women (prior year: 13.3% in favour of women).

Remuneration for all staff, including the SMT, is reviewed annually by the Remuneration Committee, a sub-committee of the Board of Trustees, taking account of the following aims and principles:

- to ensure the availability of the skills, experience and expertise required to deliver the organisation's objectives
- to attract and retain a motivated workforce in order to achieve organisational effectiveness
- to recognise individual performance and contribution to the organisation's development and success
- to reflect the performance of the organisation
- to reflect NFER's ethos, aims and values.

## Senior Management Team

Employment at NFER is valued by our staff as a result of the respect with which the organisation's work in the field of education is held. However, NFER operates in a labour market where there is increasing competition for the specialist and leadership skills required to meet its aims and objectives, making it important to be able to offer competitive salaries.

Pay for the SMT is determined by NFER's Remuneration Committee. Pay levels are set

on the basis of the principles set out above, and with reference to the pay award for the organisation as a whole. Information on increases in national earnings, and publicly available information on planned pay awards in other organisations, is used to inform pay awards. Pay levels are reviewed annually.

As for all NFER employees, remuneration for the SMT includes salary and pension scheme contributions. Contributions are made by NFER to the NFER Retirement Savings Plan (NRSP) at the rate of up to 10% of the member of staff's base salary. Other elements of the organisation's remuneration and benefits package are also attractive and of value to staff at all levels across the organisation (including the annual leave entitlement, our approach to flexible working arrangements, and the scope for personal development).

Details of the key management personnel remuneration, expenses and related party transactions are disclosed in notes 9 and 10 to the accounts.

## Trustees

The Board of Trustees is collectively responsible for the overall governance, aims and strategic direction of the Charity and the Group. There is no fee payable in respect of appointment as a Trustee; Trustees are entitled to reimbursement for any reasonable out-of-pocket expenses.

## Auditors

The Trustees reappointed Haysmacintyre LLP as auditors of the Charity and the Group for the year.

# Statement of the Trustees' responsibilities

The Trustees (who are also directors of the NFER for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards, including FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company and group will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware:

- there is no relevant information of which the charitable company's auditor is unaware
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

None of the Trustees had any beneficial interest in any contract to which the NFER was party during the year.

The Trustees' Annual Report and Strategic Report were approved by the Board of Trustees and signed by:



**J L Cocking**  
Chair

The Mere, Upton Park,  
Slough, Berks SL1 2DQ

9 November 2022

# Independent auditor's report

to the Members of the National Foundation  
for Educational Research in England and Wales

## Opinion

We have audited the financial statements of the National Foundation for Educational Research in England and Wales for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, 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).

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 March 2022 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group'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' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

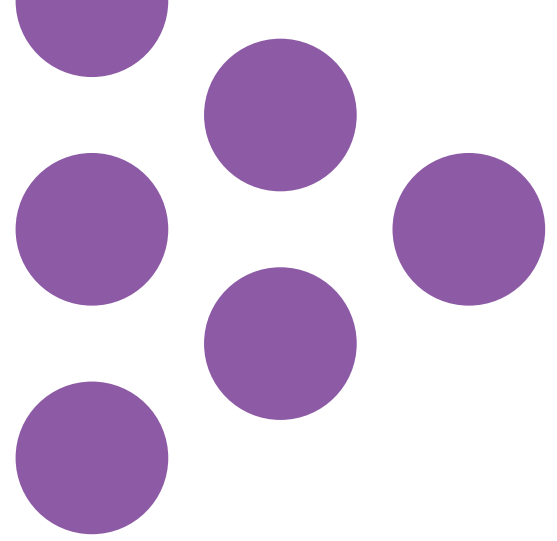
## Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' 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 by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of trustees for the financial statements

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.

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 of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to GDPR and charity and company law applicable in England and Wales and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to income recognition. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charitable company relevant to the preparation of the financial

statements to ensure these were in place throughout the year;

- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals;
- Reviewing correspondence with regulators, including tax authorities;
- Challenging assumptions and judgements made by management in their critical accounting estimates, in particular the recognition of project income and expenditure; and
- Reviewing the assumptions and judgements used by the professional actuary in relation to the charitable company's pension valuations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting

Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



**Tracey Young**  
**Senior Statutory Auditor**

For and on behalf of  
Haysmacintyre LLP, Statutory Auditors  
10 Queen Street Place, London EC4R 1AG

23 November 2022



# Consolidated statement of financial activities

(including income and expenditure account and statement of recognised gains and losses) for the year ended 31 March 2022

	Note	2021-22 £'000	2020-21 £'000
<b>Income from:</b>			
Government grants and donations	4(a)	17	696
Charitable activities	4(b)	19,012	14,572
Investments	4(c)	473	498
Other	4(d)	7	6
<b>Total income</b>		<b>19,509</b>	<b>15,772</b>
<b>Expenditure on:</b>			
Investment Management		(104)	(91)
Charitable activities	5	(20,667)	(17,950)
Mortgage Interest		(89)	(109)
Net interest and admin expenses on defined pension liability	17(d)	(503)	(455)
<b>Total expenditure</b>		<b>(21,363)</b>	<b>(18,605)</b>
<b>Net expenditure before gains on investments</b>		<b>(1,854)</b>	<b>(2,833)</b>
<b>Net gains on investments</b>	12	<b>1,259</b>	<b>3,775</b>
<b>Net (expenditure) / income</b>		<b>(595)</b>	<b>942</b>
<b>Other recognised gains / (losses):</b>			
Actuarial gains / (losses) on defined benefit pension schemes	17(g)	4,351	(5,483)
<b>Net movement in funds</b>		<b>3,756</b>	<b>(4,541)</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward		9,255	13,796
<b>Total funds carried forward</b>		<b>13,011</b>	<b>9,255</b>

The statement includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

# Group and Company balance sheet

as at 31 March 2022

	Note	Group		Company	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
<b>Fixed Assets:</b>					
Intangible Assets	11	20	38	20	38
Tangible Assets	11	5,564	5,765	5,564	5,765
Investments	12	24,727	23,571	24,727	23,571
<b>Total Fixed Assets</b>		<b>30,311</b>	<b>29,374</b>	<b>30,311</b>	<b>29,374</b>
<b>Current Assets:</b>					
Stocks: finished goods		486	414	486	414
Debtors	14	4,006	3,503	4,006	3,463
Cash at bank and in hand		4,254	5,131	4,254	5,126
<b>Total Current Assets</b>		<b>8,746</b>	<b>9,048</b>	<b>8,746</b>	<b>9,003</b>
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	15	(3,700)	(4,034)	(3,708)	(3,997)
<b>Net current assets</b>		<b>5,046</b>	<b>5,014</b>	<b>5,038</b>	<b>5,006</b>
<b>Total assets less current liabilities</b>		<b>35,357</b>	<b>34,388</b>	<b>35,349</b>	<b>34,380</b>
Creditors: Amounts falling due after more than one year	15	(2,886)	(1,362)	(2,886)	(1,362)
<b>Net assets excluding pension liability</b>		<b>32,471</b>	<b>33,026</b>	<b>32,463</b>	<b>33,018</b>
Defined benefit pension scheme liability	17(c)	(19,460)	(23,771)	(19,460)	(23,771)
<b>Total net assets</b>		<b>13,011</b>	<b>9,255</b>	<b>13,003</b>	<b>9,247</b>
<b>The funds of the charity: Unrestricted</b>					
Designated Funds	18	5,584	5,803	5,584	5,803
Free Reserves	18	26,887	27,223	26,879	27,215
Pension reserve	18	(19,460)	(23,771)	(19,460)	(23,771)
<b>Total unrestricted and charity funds</b>		<b>13,011</b>	<b>9,255</b>	<b>13,003</b>	<b>9,247</b>

The financial statements on pages 33 to 53 were approved and authorised for issue by the Board of Directors on 9 November 2022 and signed on its behalf by



J L Cocking  
Chair  
Company number 00900899

# Consolidated statement of cash flows

for the year ended 31 March 2022

	Note	2021-22 £'000	2020-21 £'000
<b>Cash flows from operating activities</b>	<b>19(a)</b>	<b>(2,993)</b>	<b>(407)</b>
<b>Cash flows from investing activities</b>			
Dividends from investments, interest and rents		480	504
Purchase of fixed assets		(126)	(179)
Proceeds from sale of investments		6,383	4,809
Purchase of investments		(4,912)	(5,218)
Movement in cash held for investment		(1,368)	501
<b>Net cash provided by investing activities</b>		<b>457</b>	<b>417</b>
<b>Cash flows from financing activities</b>			
Receipt of CBILS loans		2,000	-
Repayments of borrowing		(371)	(351)
<b>Net cash received / (used) in financing activities</b>		<b>1,629</b>	<b>(351)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(907)</b>	<b>(341)</b>
Cash and cash equivalents at the beginning of the reporting period		5,131	5,532
Effect of foreign exchange rate changes on cash and cash equivalents		30	(60)
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>19(b)</b>	<b>4,254</b>	<b>5,131</b>

# Notes to the financial statements

for the year ended 31 March 2022

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## 1. Status of the NFER

NFER is a company domiciled and incorporated in England and Wales under the Companies Act (Company No. 00900899) and is limited by guarantee. In the event of NFER being wound up the liability of its members, the number of whom is variable, is limited to £1 each. NFER is exempt from tax on income and

gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable purposes by virtue of being a registered charitable body (Charity No. 313392). NFER's subsidiary undertakings are detailed in Note 13 to the accounts.

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## 2. Accounting policies

### a) Accounting convention and basis of preparation of the financial statements

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The charitable company and its subsidiaries are a public benefit group for the purposes of FRS 102 and therefore the charity also prepared its financial statements in accordance with the Statement of Recommended Practice (The FRS 102 Charities SORP 2nd Edition), the Companies Act 2006 and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) and the Charities Act 2011.

The consolidated financial statements incorporate the accounts of NFER and all of its subsidiary undertakings using the acquisition method from the date that control passes. All financial statements are made up to 31 March each year.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest one thousand pounds with the exception of note 10 where they are stated

in pounds.

The accounting policies of the group and company remain unchanged from the previous year.

### b) Going concern

The Trustees have determined that, notwithstanding the advent and impact of the coronavirus pandemic and high levels of inflation, there are no material uncertainties related to events or conditions that cast significant doubt on the NFER's ability to continue as a going concern for at least 12 months beyond the date the accounts are signed, as there is sufficient work secured for the next 12 months and the organisation has enough cash and investments that can be easily liquidated to cover running costs for that period.

### c) Recognition of income and expenditure

Income and direct research expenditure are recognised as project activity progresses. Income is recognised as earned when, and to the extent that, the charity obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to

consideration, which represents amounts chargeable. In respect of incomplete research projects, the income recognised reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Income recognised but not yet invoiced is included in debtors as 'amounts recoverable on contracts'. Income billed in advance of contract performance is included in creditors as 'deferred income and payments on account'.

Any excess direct expenditure on completed projects, or any excess direct expenditure on incomplete projects which is unlikely to be recovered over the life of the project, is provided for in full as soon as it is anticipated.

Other income and expenditure is recognised on an accruals basis when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Government grant income represents the total amount claimed from HMRC under the Coronavirus Job Retention Scheme (CJRS). The income is accounted for in the period in which the associated salary payments are made to furloughed staff.

#### **d) Expenditure**

Direct charitable expenditure relates to salaries and expenditure directly incurred in the delivery of research, educational services, and related resources. Staff salaries are allocated to specific projects, products and services based on the time spent on those activities.

Support costs comprise the costs of non-research staff, accommodation and other overheads; these costs are allocated between activities on the basis of direct salaries.

Leased assets and obligations: annual rentals paid under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term, with any lease incentives or rent free periods spread over the lease term.

#### **e) Impact projects and educational resources development**

NFER invests in its own research and development activity. Any such expenditure is written off to the income and expenditure account in the period in which it is incurred. Also, development expenditure for new educational resources is written off in the year in which it is incurred.

#### **f) Fixed assets and depreciation**

Freehold property is included in the accounts at cost.

Both tangible and intangible fixed assets are depreciated/amortised by equal annual instalments over their estimated useful lives as follows:

Freehold buildings	50 years
IT equipment	1 to 5 years
Other equipment	1 to 5 years
Software	1 to 5 years

Freehold land is not depreciated.

Assets that are impaired in value are written down to their economic value.

Assets purchased/acquired for less than £5,000 are not capitalised.

Intangible assets comprise software.

#### **g) Investments**

Investments are stated in the balance sheet at market value.

#### **h) Stock: finished goods**

Stocks have been valued at the lower of cost and net realisable value.

#### **i) Employee benefits**

Retirement benefits to employees of NFER are provided by its own defined contribution scheme, the Teachers' Pension Scheme (TPS) and the Buckinghamshire Pension Fund.

Contributions in respect of NFER's defined contribution scheme are charged to the

Statement of Financial Activities in the year they are payable.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives in such a way that the pension cost is a substantially level percentage of current and future pensionable pay. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 17, the TPS is a multi-employer scheme and NFER is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised in the Statement of Financial Activities in the year they are payable.

NFER is a non-active member of the Buckinghamshire Pension Fund, a defined benefit pension scheme. The scheme is funded, with the assets held separately from the company in trustee administered funds. The liability recognised in the balance sheet in respect of defined benefit pension schemes is the fair value of the pension scheme liabilities less the fair value of the assets held in the scheme. Pension scheme assets are measured at fair value and the liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined benefit schemes the expected return on assets and the interest cost are shown as a net finance gain or loss. Actuarial gains and losses are recognised immediately in other gains and losses.

#### **j) Fund Accounting**

Designated funds are unrestricted funds set aside at the discretion of the Trustees for specific purposes as described in Note 18 to the accounts.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Unrestricted funds represent projects and other income received that contains no restriction relating to the use of those funds.

#### **k) Irrecoverable VAT**

All input VAT that cannot be recovered in full is expensed. The amount of input VAT credited to overheads that can be partially recovered is calculated using the standard turnover method.

#### **l) Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange applicable at the balance sheet date. Transactions in foreign currencies are recorded at the rate applicable at the date of the transaction. All differences are taken to the statement of financial activities.

#### **m) Unrealised gains and losses**

NFER operates a 'mark-to-market' policy, whereby the carrying value of the company's investments is updated to market value on a continuous basis. As a result, gains and losses on investments held at the year end are classified as unrealised.

#### **n) Debtors**

Trade debtors are amounts invoiced and unpaid. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Amounts invoiced but not yet due for payment are recognised as debtors.

#### **o) Cash at bank and in hand**

Cash at bank and in hand includes cash and short term liquid deposit accounts which are repayable on demand or at short notice.

## p) Creditors

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

## q) Financial instruments

NFER has financial assets and liabilities that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are subsequently measured at fair value through the statement of financial activities.

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## 3. Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions with the most significant effect on amounts recognised in the financial statements are as follows:

### a) Project income recognition

Income from projects is assessed on an individual basis with income being recognised based on the stage of

completion of the project which is estimated using a combination of the milestones in the contract and the time and costs spent to date compared to the total expected to be required to undertake the project. Estimates of the total time and costs required to complete the projects are made on a quarterly basis and subject to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

### b) Defined benefit pension scheme (Buckinghamshire Pension Fund) assumptions

The charity has an obligation to pay pension benefits to certain employees under a defined benefit pension scheme. The cost of these benefits and the present value of the obligation depend on a number of factors that are determined on an actuarial basis using a variety of assumptions including; life expectancy, asset valuations and the discount rate on corporate bonds. Any changes in these assumptions, which are disclosed in Note 17, will impact the carrying amount of the pension liability.

## 4. Income

### a) Government grants and donations

This represents income claimed from HMRC under the Coronavirus Job Retention Scheme (CJRS).

### b) Charitable activities

	2022	2021
	£'000	£'000
Research	12,019	9,577
Educational Resources	6,993	4,995
	19,012	14,572

#### Research

This comprises income from the following activities:

- undertaking research related to education and training
- the development and use of assessment instruments and procedures
- undertaking surveys and similar services to support research
- supplying information developed from the above to stakeholders in schools and other education institutions.

It is not possible to analyse income into the above categories as the majority of projects involve a mixture of all elements.

#### Educational resources

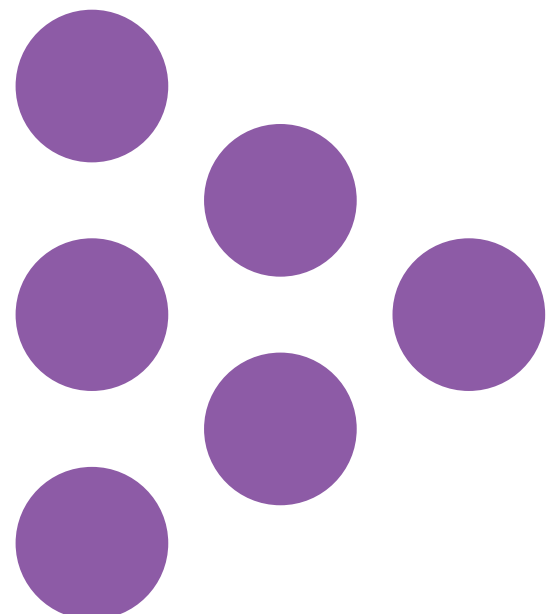
This comprises the sale of educational resources and services, predominantly to schools, including our Optional Tests.

### c) Investment income

	2022	2021
	£'000	£'000
From listed investments	465	479
Interest on cash deposits	8	19
	473	498

### d) Other

This comprises rent receivable including service charges.



## 5. Charitable activities expenditure

Alongside funding its own research into the impact of the pandemic on schools and their pupils, NFER has invested significantly into different aspects of the business in both the current year and prior year.

This reflects a deliberate intention by the Trustees to transform NFER's technology and processes in order to put the charity in a stronger position to support the education system in future.

### For year ended 31 March 2022

	<b>Direct salaries</b>	<b>Direct costs</b>	<b>Support costs</b>	<b>2022 Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Research	7,258	2,846	4,401	<b>14,505</b>
Educational resources	746	1,937	453	<b>3,136</b>
Educational resource development	1,504	611	911	<b>3,026</b>
<b>Total</b>	<b>9,508</b>	<b>5,394</b>	<b>5,765</b>	<b>20,667</b>

### For year ended 31 March 2021

	<b>Direct salaries</b>	<b>Direct costs</b>	<b>Support costs</b>	<b>2021 Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Research	6,465	2,558	4,221	<b>13,244</b>
Educational resources	936	1,233	573	<b>2,742</b>
Educational resource development	1,067	504	393	<b>1,964</b>
<b>Total</b>	<b>8,468</b>	<b>4,295</b>	<b>5,187</b>	<b>17,950</b>

## 6. Support Costs

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Salary and pension costs	3,550	3,366
Recruitment and other staff costs	550	431
Property and office costs	666	553
Consultancy	337	199
Marketing	147	155
Depreciation	327	316
Amortisation	18	23
Exchange (gains)/losses	(1)	2
Governance (see Note 7)	171	142
<b>*Including transactional gains</b>	<b>5,765</b>	<b>5,187</b>

## 7. Governance costs

	2022	2021
	£'000	£'000
Audit and legal fees	112	76
Insurance	59	66
	<b>171</b>	<b>142</b>

## 8. Net expenditure before gains on investments

Net expenditure before gains on investments is stated after charging:

	2022	2021
	£'000	£'000
Auditor's remuneration (incl. VAT)		
- as auditors	35	37
- for other services	4	7
Depreciation and amortisation	345	339
Operating lease rentals - land and buildings	30	51

## 9. Employees

Staff costs during the year:

	2022	2021
	£'000	£'000
Wages and salaries	11,074	10,000
Social security costs	997	922
Pension costs	987	912
	<b>13,058</b>	<b>11,834</b>

The average number employed (excluding the Trustees) during the year for Group and Company was:

	2022		2021	
	FTE	Head count	FTE	Head count
Permanent staff	220	238	214	234
Temporary staff	23	125	14	109
	<b>243</b>	<b>363</b>	<b>228</b>	<b>343</b>
Research staff	172	250	165	261
Other staff	71	113	63	82
	<b>243</b>	<b>363</b>	<b>228</b>	<b>343</b>

Key management personnel comprise the Trustees and the Senior Management Team.

None of the Trustees, who are the directors of the company, received any remuneration in the current or previous year.

The six (2021: six) members of the Senior Management Team received total remuneration of £791k (2021: £732k) comprising both annual salary and pension contributions.

The following number of employees earned £60,000 per annum or more:

	2022	2021
	Number	Number
£60,001-£70,000	12	11
£70,001- £80,000	6	1
£80,001- £90,000	1	2
£90,001-£100,000	5	3
£100,001-£110,000	-	1
£110,001- £120,000	1	-
£140,001-£150,000	1	1

The number of higher paid staff to whom retirement benefits are paid into defined contribution pension schemes was 26 (2021: 19). The total contribution in respect of these employees was £221,166 (2021: £161,386).

The charity made redundancy payments of £31,280 during the year (2021: £20,893).

## 10. Members of the Board

Two trustees received expenses of £340 in total for travel and subsistence costs (2021: none).

During the year insurance costing £9,178 (2021: £7,280) was purchased to indemnify

the Trustees and other officers against the consequences of any neglect or default on their part and to protect NFER from loss arising from the neglect or default of its Board, officers or staff.

## 11. Intangible and Tangible fixed assets

### Intangible Fixed Assets

#### Group & Company

#### IT Software

£'000

#### Cost

1 April 2021 167

Additions in year -

**31 March 2022 167**

#### Amortisation

1 April 2021 129

Charge for year 18

**31 March 2022 147**

#### Net book value

**31 March 2022 20**

**1 April 2021 38**

### Tangible Fixed Assets

#### Group & Company

	Land	Freehold property	IT equipment	Other equipment	Total
	£'000	£'000	£'000	£'000	£'000

#### Cost

1 April 2021 700 7,612 1,221 373 9,906

Additions in year - - 9 117 126

**31 March 2022 700 7,612 1,230 490 10,032**

#### Depreciation and Impairment

1 April 2021 - 3,051 805 285 4,141

Charge for year - 152 127 48 327

**31 March 2022 - 3,203 932 333 4,468**

#### Net book value

**31 March 2022 700 4,409 298 157 5,564**

**1 April 2021 700 4,561 416 88 5,765**

All assets continue to be used for charitable purposes. It is not practicable to split assets between direct and support expenditure.

## 12. Investments

### Group and Company

	2022	2021
	£'000	£'000
<b>Listed Investments</b>		
Market value at 1 April 2021	23,139	18,955
Less: Disposals at net book value	(6,383)	(4,809)
Add: Acquisitions at cost	4,912	5,218
Net gain on revaluation at 31 March 2022	1,259	3,775
<b>Market value at 31 March 2022</b>	<b>22,927</b>	<b>23,139</b>
Cash allocated for investment	1,800	432
<b>Total Investments at 31 March 2022</b>	<b>24,727</b>	<b>23,571</b>

### Investments can be analysed as follows:

UK Investments (including cash)	15,094	14,368
Non UK Investments	9,633	9,203
	<b>24,727</b>	<b>23,571</b>

Total investment income for the year amounted to £465k. Of this sum, £284k was derived from investments held in the UK and £181k derived from non UK investments.

The historic cost of listed investments is £18.4m (2021: £17.0m).

## 13. Subsidiary Undertakings

### a) NFER Trading Limited (Company Number 03954591)

NFER Trading Ltd is a company registered in England and Wales (company number 03954591), with a share capital of £100 and wholly owned by NFER. It was established to pursue trading opportunities outside of NFER's charitable objectives and to protect the charity from commercial risk. At the balance sheet date the company had a net surplus on its capital and reserves of £7,730 (2021: £8,166 surplus). Audited accounts are available at Companies House.

NFER Trading Limited's summary results were:

	2022	2021
	£'000	£'000
Sales	-	105
Other Operating Income	-	-
Cost of sales	-	(87)
Gross profit	-	18
Administrative expenses	-	(5)
Trading profit	-	13
Gift aid	-	-
Corporation tax	-	-
Retained surplus after tax	-	<b>13</b>
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Debtors & Cash	8	483
Creditors & Other Liabilities	-	(475)
Capital & Reserves	<b>8</b>	<b>8</b>

**b) Futurelab Education Limited (Company Number 05689928)**

This company remained dormant throughout the year following the transfer of the trade and assets to NFER in the 2011/12 financial year. The company was struck off Companies House register on 7 September 2021.

**c) i-nfer assessment Limited (Company Number 05946075)**

This company remained dormant throughout the year following the transfer of the trade and assets to NFER in the 2010/11 financial year.

## 14. Debtors

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade debtors	1,642	1,832	1,642	1,354
Other debtors	110	175	110	175
Prepayments	359	409	359	409
Amounts recoverable on contracts	1,895	1,087	1,895	1,087
Subsidiary undertakings	-	-	-	438
	<b>4,006</b>	<b>3,503</b>	<b>4,006</b>	<b>3,463</b>

Trade debtors are stated after provisions for impairment of £50k (2021: £117k).

## 15. Creditors

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<i>Amounts falling due within one year:</i>				
Mortgage loan	393	371	393	371
CBILS loans	83	-	83	-
Provision for pensions	137	129	137	129
Trade creditors	310	680	310	680
Other taxation and social security	318	343	318	311
Deferred income and payments on account	1,198	1,728	1,198	1,728
Accruals	1,261	783	1,262	778
Subsidiary undertakings	-	-	7	-
	<b>3,700</b>	<b>4,034</b>	<b>3,708</b>	<b>3,997</b>
<i>Amounts falling due after more than 1 year:</i>				
Mortgage loan	969	1,362	969	1,362
CBILS loans	1,917	-	1,917	-
	<b>2,886</b>	<b>1,362</b>	<b>2,886</b>	<b>1,362</b>

The mortgage loan represents the amount that remains outstanding on an initial facility of £5.5 million. The loan is a fixed interest loan at 5.67% for its 20-year term from May 2005 which, with the capital repayment, fixes the annual outlay to the same rate for each year. The loan is secured by way of fixed charge over the property assets of NFER, and the company is required to maintain a loan to value (LTV) ratio below 60%. The LTV ratio as at the 31 March 2022 was 16.4% (2021: 20.9%).

All deferred income relates to project income held at the balance sheet date for work to be completed in the following year. All deferred income held at the end of the previous financial year has been released within the year.

Financial commitments under a 20-year mortgage will result in the following capital payments falling due in the future.

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	393	371
Between two and five years	969	1,362
Total	<b>1,362</b>	<b>1,733</b>

Two Coronavirus Business Interruption Loan Scheme (CBILS) loans, secured on 25 March 2021, totalling £2.0m were drawn down on 5 May 2021. Financial commitments under the two CBILS loans will result in the following capital payments falling due in the future.

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	83	-
Between two and five years	408	-
More than 5 years	1,509	-
Total	<b>2,000</b>	<b>-</b>

## 16. Financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due as follows:

	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>Land and Buildings</b>	<b>Other</b>	<b>Land and Buildings</b>	<b>Other</b>
<b>Group and Company</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Expiring:				
Within one year	19	2	37	1
Between two to five years	-	26	-	25
	<b>19</b>	<b>28</b>	<b>37</b>	<b>26</b>

## 17. Pension benefits

As at 31 March 2022, NFER (the Company and the Group) participated in three pension schemes:

- Defined Contribution Scheme, independently managed by Pan Trustees Ltd. Following the year end, with effect from July 2022, NFER opened a new Defined Contribution Scheme administered by Standard Life's Master trust. The assets in the scheme administered by Pan Trustees will transfer to the Standard Life Master Trust in September at which point the Pan scheme will be wound up.
- Teachers' Pension Scheme administered by Teachers' Pensions on behalf of the Department for Education.
- The People's Pensions, a large independent pension provider that we use for auto-enrolment for staff opting out of the Defined Contribution Scheme administered by Pan Trustees

NFER's active membership of the Buckinghamshire Pension Fund, a defined benefit pension scheme, ceased in 2011.

### Defined Contribution Scheme

Contributions to the scheme are charged to the Statement of Financial Activities as they become payable.

### Teachers' Pension Scheme

The Department for Education Pension Scheme 2014, known as the Teachers' Pensions Scheme (TPS), is governed by the Teachers' Pensions Regulations. Under the regulations, contributions to the scheme are credited to the Exchequer and pension benefits together with all other expenditure are paid out of monies provided by Parliament. The Government Actuary is required to conduct a review at intervals of not less than every four years, with interim valuations in between, using normal actuarial principles. The aim of the review is to specify the level of future contributions.

The standard contribution rate (SCR) on pension contributions is assessed in

two parts: firstly a standard contribution, expressed as a percentage, that during the period would broadly defray the cost of benefits payable in respect of that service, and secondly, a supplementary contribution payable if, as a result of an actuarial investigation, it is found that accumulated liabilities for past and present teachers are not met by standard contributions to be paid in the future and by the notional fund built up from past contributions.

Contribution rates for the period have been set at an employer contribution rate of 23.68% and at employee rates ranging from 7.4% to 11.7%, depending on salary levels.

Under the definitions set out in FRS 102, the Teachers' Pension Scheme is a multi-employer pension scheme. NFER is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, NFER has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. NFER has set out above the information available on the scheme.

At 31 March 2022 there were 5(2021:4) active members of the scheme.

### The People's Pension Scheme

The People's Pension scheme is for employees who have chosen not to participate in the Defined Contribution Scheme and so have been auto-enrolled into this scheme. At 31 March 2022 there were 4 permanent and 239 temporary (2021: 3 permanent and 246 temporary) members of the scheme. Not all of the temporary members will have contributed during the year.

### Buckinghamshire Pension Fund

The Buckinghamshire Pension Fund is accounted for as a defined benefit scheme under Financial Reporting Standard 102 s17.22 on retirement benefits.

From 1 July 2011, the NFER, following agreement with the Buckinghamshire Pension Fund, ceased active membership

of the defined benefit pension scheme. On 30 November 2015 NFER and Buckinghamshire Pension Fund reached a settlement agreement that set out the arrangement for NFER to pay off its share of the Buckinghamshire Pension Fund deficit over the next 19 years. NFER made an initial payment of £1m on signing the settlement and is making further payments of £422,000 per annum starting from 1 January 2016 (subject to inflation) over the remaining term of the agreement. In the event that a deficit remains in NFER's share of the fund at the end of this period, NFER and the Buckinghamshire Pension Fund will agree on how to settle the outstanding amount.

The contributions to the Buckinghamshire Pension Fund are determined by a qualified actuary on the basis of a triennial valuation using the projected unit method. The most recent valuation was as at 31 March 2019.

The valuation in 2019 showed that the market value of the total fund's assets was £3,007m (2016: £2,203m) and the deficiency of liabilities accrued up to 31 March 2019 over the actuarial value of assets was £186 million (2016: £335m), equivalent to a 94% (2016: 87%) funding level.

At 31 March 2019 there were 0 (2016: 0) active members of the scheme, with 269 (2016: 300) deferred pensioners and 190 (2016: 170) pensioners.

The actuarial valuation has been updated on an approximate basis to 31 March 2022 as set out below.

#### a) Assumptions

##### i) Demographic

Life expectancy of members from age 65 is assumed as follows:

	<b>Retiring today (March 2022)</b>	<b>Retiring in 20 years (March 2042)</b>
	Years	Years
Males	21.6	23.0
Females	25.0	26.5

##### ii) Financial

The major assumptions used by the actuary were (in nominal terms):

	<b>At 31 March 2022</b>	<b>At 31 March 2021</b>
Price increases (RPI)	3.55%	3.2%
Price increases (CPI)	3.2%	2.8%
Rate of increase in salaries	3.2%	2.8%
Rate of increase in pensions	3.2%	2.8%
Discount rate	2.6%	2.0%

#### b) Assets in the scheme and expected rate of return

	<b>Value at 31 March 2022</b>	<b>Value at 31 March 2021</b>
	<b>£'000</b>	<b>£'000</b>
Equities	21,928	22,948
Property	2,539	2,295
Gilts	4,026	3,536
Other Bonds	5,553	5,701
Cash	1,388	556
Alternative Assets	1,224	483
Hedge Funds	-	1,843
Absolute Return Portfolio	-	1,725
Multi Assets	3,745	-
Private Debt	236	-
<b>Total</b>	<b>40,639</b>	<b>39,087</b>

#### c) Net pension liability

	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	60,078	62,834
Fair value of scheme assets (bid value)	(40,639)	(39,087)
<b>Net liability</b>	<b>19,439</b>	<b>23,747</b>
Present value of unfunded obligation	21	24
<b>Net Liability in Balance Sheet</b>	<b>19,460</b>	<b>23,771</b>

d) Statement of financial activities costs for the year:

The amounts recognised in the statement of financial activities are:	Year to	Year to
	31 March 2022	31 March 2021
	£'000	£'000
Net interest on the defined liability	471	425
Administration expenses	32	30
<b>Total</b>	<b>503</b>	<b>455</b>
<b>Actual return on scheme assets</b>	<b>2,730</b>	<b>7,612</b>

e) Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	Year to	Year to
	31 March 2022	31 March 2021
	£'000	£'000
<b>Opening defined benefit obligation</b>	62,858	50,849
Interest cost	1,241	1,178
Experience loss on defined liability obligation	183	-
Change in financial assumptions	(2,575)	12,910
Change in demographic assumptions	-	(567)
Estimated benefits paid net of transfers in	(1,605)	(1,509)
Unfunded pension payments	(3)	(3)
<b>Closing defined benefit obligation</b>	<b>60,099</b>	<b>62,858</b>

f) Reconciliation of opening and closing balances of the fair value of scheme assets:

	Year to	Year to
	31 March 2022	31 March 2021
	£'000	£'000
Opening fair value of scheme assets	39,087	32,557
Interest on assets	770	753
Return on assets less interest	1,960	6,859
Administration expenses	(32)	(30)
Contributions by employer including unfunded benefits	462	460
Estimated benefits paid net of transfers in and including unfunded benefits	(1,608)	(1,512)
<b>Fair value of scheme assets at end of period</b>	<b>40,639</b>	<b>39,087</b>

g) Reconciliation of opening and closing deficit:

	Year to 31 March 2022	Year to 31 March 2021
	£'000	£'000
Deficit at beginning of the year	(23,771)	(18,292)
Net interest on defined liability and administration expenses	(503)	(455)
Contributions by employer	459	460
Unfunded pension payments	3	3
Other finance gain / (cost)	1	(4)
Actuarial gains / (losses)	4,351	(5,483)
<b>Deficit at end of the year</b>	<b>(19,460)</b>	<b>(23,771)</b>

18a. Statement of movement in Reserve Funds: 1 April 2021 to 31 March 2022

Group	Designated Fixed Assets Fund	Pension Reserve Pension Liability	Free Reserve Accumulated Fund	TOTAL 2022
Unrestricted funds	£'000	£'000	£'000	£'000
Balance brought forward at 1 April 2021	5,803	(23,771)	27,223	9,255
Net movement in resources	(219)	4,311	(336)	3,756
<b>Balance carried forward at 31 March 2022</b>	<b>5,584</b>	<b>(19,460)</b>	<b>26,887</b>	<b>13,011</b>

**Represented by:**

Fixed assets	5,584	-	24,727	30,311
Current assets	-	-	8,746	8,746
Creditors falling due within one year	-	-	(3,700)	(3,700)
Creditors falling due after one year	-	-	(2,886)	(2,886)
Defined benefit pension liability	-	(19,460)	-	(19,460)
	<b>5,584</b>	<b>(19,460)</b>	<b>26,887</b>	<b>13,011</b>

Company	Designated Fixed Assets Fund	Pension Reserve Pension Liability	Free Reserve Accumulated Fund	TOTAL 2022
Unrestricted funds	£'000	£'000	£'000	£'000
<b>Funds</b>				
Balance brought forward at 1 April 2021	5,803	(23,771)	27,215	9,247
Net movement in resources	(219)	4,311	(336)	3,756
<b>Balance carried forward at 31 March 2022</b>	<b>5,584</b>	<b>(19,460)</b>	<b>26,879</b>	<b>13,003</b>
<b>Represented by:</b>				
Fixed assets	5,584	-	24,727	30,311
Current assets	-	-	8,746	8,746
Creditors falling due within one year	-	-	(3,708)	(3,708)
Creditors falling due after one year	-	-	(2,886)	(2,886)
Defined benefit pension liability	-	(19,460)	-	(19,460)
	<b>5,584</b>	<b>(19,460)</b>	<b>26,879</b>	<b>13,003</b>

## 18b. Statement of movement in Reserve Funds: 1 April 2020 to 31 March 2021

Group	Designated Fixed Assets Fund	Pension Reserve Pension Liability	Free Reserve Accumulated Fund	TOTAL 2021
Unrestricted funds	£'000	£'000	£'000	£'000
Balance brought forward at 1 April 2020	5,948	(18,292)	26,140	13,796
Net movement in resources	(145)	(5,479)	1,083	(4,541)
<b>Balance carried forward at 31 March 2021</b>	<b>5,803</b>	<b>(23,771)</b>	<b>27,223</b>	<b>9,255</b>
<b>Represented by:</b>				
Fixed assets	5,803	-	23,571	29,374
Current assets	-	-	9,048	9,048
Creditors falling due within one year	-	-	(4,034)	(4,034)
Creditors falling due after one year	-	-	(1,362)	(1,362)
Defined benefit pension liability	-	(23,771)	-	(23,771)
	<b>5,803</b>	<b>(23,771)</b>	<b>27,223</b>	<b>9,255</b>

Company	Designated Fixed Assets Fund	Pension Reserve Pension Liability	Free Reserve Accumulated Fund	TOTAL 2021
Unrestricted funds	£'000	£'000	£'000	£'000
<b>Funds</b>				
Balance brought forward at 1 April 2020	5,948	(18,292)	26,146	13,802
Net movement in resources	(145)	(5,479)	1,069	(4,555)
<b>Balance carried forward at 31 March 2021</b>	<b>5,803</b>	<b>(23,771)</b>	<b>27,215</b>	<b>9,247</b>
<b>Represented by:</b>				
Fixed assets	5,803	-	23,571	29,374
Current assets	-	-	9,003	9,003
Creditors falling due within one year	-	-	(3,997)	(3,997)
Creditors falling due after one year	-	-	(1,362)	(1,362)
Defined benefit pension liability	-	(23,771)	-	(23,771)
	<b>5,803</b>	<b>(23,771)</b>	<b>27,215</b>	<b>9,247</b>

## 18. Statement of movement in Reserve Funds: 1 April 2021 to 31 March 2022

### Designated funds

The Board of Trustees have designated unrestricted reserves for the following purposes:

#### Fixed Assets

The value of this fund is equal to the fixed asset value on the balance sheet (of which most relates to property). It recognises that these funds are illiquid in nature and are consequently not available for business expenditure (the assets would have to be sold in order to realise the cash).

### Undesignated funds

#### Free Reserves

The charity maintains a level of free reserves in order to fund its working capital and future developments and retain a level of contingency. The target level of net free

reserves is set in the range of three to six months of unavoidable expenditure which for 2021-22 amounts to £3.7m and £7.4m. The current level of net free reserves less the pension reserve (see below) stands at £7.4m (2021: £3.5m).

#### Pension Reserve

This is a reserve to recognise NFER's share of the estimated deficit of the Buckinghamshire Pension Fund as calculated in accordance with FRS102. NFER and Buckinghamshire Pension Fund signed a Settlement Agreement on 30 November 2015, which sets out the arrangements for paying off NFER's share of the scheme deficit over a 19-year period.

### Restricted funds

No restricted funds were held at the reporting date.

## 19. Notes to the cash flow statement

### a) Reconciliation of Group net income to net cash flow from operating activities

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Net (deficit)/income for the reporting period (as per the statement of financial activities)</b>	(595)	942
<b>Adjustments for:</b>		
Depreciation and amortisation charges	345	339
Gains on investments	(1,259)	(3,775)
Dividends from investments, interest and rents	(480)	(504)
Defined benefit pension scheme cost	503	455
Payments towards pension deficit	(462)	(460)
(Increase)/decrease in stocks	(72)	438
(Increase)/decrease in debtors	(503)	1,595
(Decrease)/increase in creditors	(440)	503
Unrealised foreign exchange (gain)/loss	(30)	60
<b>Net cash used by operating activities</b>	<b>(2,993)</b>	<b>(407)</b>

### b) Analysis of Cash and Cash Equivalents

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Cash in hand and at bank	3,751	3,605
Notice deposits (less than 5 months, 2021: less than 5 months)	503	1,526
<b>Total cash and cash equivalents</b>	<b>4,254</b>	<b>5,131</b>

### c) Reconciliation to net funds

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Net funds at 1 April 2021 (Note 19(d))	3,398	3,448
Decrease in cash during the year	(907)	(341)
Receipt of CBILS loan	(2,000)	-
Cash inflow from reduction of debt	371	351
Effect of exchange rate changes on cash held in other currencies	30	(60)
Net funds at 31 March 2022 (Note 19(d))	<b>892</b>	<b>3,398</b>

### d) Analysis of net funds

	<b>As at 1 April 2021</b>	<b>Cash flows</b>	<b>Transfers</b>	<b>As at 31 March 2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank	5,131	(877)		4,254
Debt – due within one year	(371)	371	(476)	(476)
Debt – due after more than one year	(1,362)	(2,000)	476	(2,886)
	<b>3,398</b>	<b>(2,506)</b>	-	<b>892</b>

## 20. Results of the Company

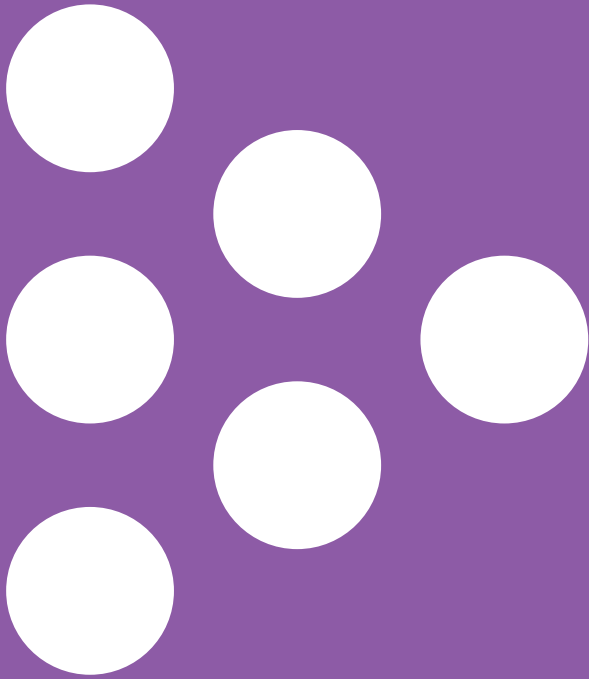
As permitted under Section 408 of the Companies Act 2006, the Statement of Financial Activities of the company has not been presented as part of these financial statements. The results of the parent undertaking for the year ended 31 March 2022 was a net movement in funds of £3,756k after actuarial gains on the defined benefit pension scheme of £4,351k (2021: net movement in funds of £(4,555)k after actuarial losses of £5,483k).

## 21. Related party transactions

The parent company has related party transactions that need to be disclosed under FRS102 section 9.

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Balance between parent company and NFER Trading Ltd	(7)	438
Inter-company recharge of expenses during the year	-	<b>86</b>

There are no other related party transactions.



# Evidence for excellence in education

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Charity Number: 313392

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[www.nfer.ac.uk](http://www.nfer.ac.uk)



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# Accounts

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# Report of the Trustees and financial statements

YEAR ENDED 31 MARCH 2021



 **NFER**

National Foundation for  
Educational Research

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# Contents

Officers and members of the Board of Trustees	4
.....	
Administrative details	5
.....	
Chair's Statement	6
.....	
Report of the Board of Trustees	8
.....	
Statement of the Trustees' responsibilities	28
.....	
Independent auditor's report	29
.....	
Consolidated statement of financial activities	33
.....	
Group and Company balance sheets	34
.....	
Consolidated statement of cash flows	35
.....	
Notes to the financial statements	36
.....	

# Officers and members of the Board of Trustees

President	Sir Jim Rose, CBE, FRSA
Vice President	Ms A J Shaw, MA (Hons)
Chair of Board of Trustees	Ms J L Cocking, BA (Hons) (1) (3) (4)
Treasurer	Mr N Hollister, MA (Hons), Cantab (1) (3)
Trustees	Mr I Bauckham, CBE, MA (Hons) Cantab, MA (resigned 31 December 2020)
	Ms F Capstick, MBA
	Professor M Day, BSc (Hons), PGCE, PhD
	Ms S Douglas, BA (QTS) Hons (1)
	Ms H Ghantiwala, BA (Hons), MA, Solicitor (2)
	Mr N Hillman, BA (Hons), PGCE, MA
	Mr M Keen, MA (Hons) Oxon, FCA, (1)(2)(3)(4)
	Mr S Macdonald, BA (Hons), Solicitor (1)(3)(4)
	Mr D Madoc-Jones, BA (Hons) (2)
	Mr C Ryan, BA (Hons), MA
Membership of committees	(1) Remuneration Committee
	(2) Audit Committee
	(3) Nominations Committee
	(4) Investment Committee

# Administrative details

for the year ended 31 March 2021

Charity name	National Foundation for Educational Research in England and Wales
Charity number	313392
Company number	00900899
Principal and registered office	The Mere, Upton Park, Slough, Berkshire SL1 2DQ
Auditor	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Bankers	National Westminster Bank plc, c/o Royal Bank of Scotland plc, (as agents) Corporate Banking, 3rd Floor, Cavell House, Charing Cross Road, London WC2H 0NN
Solicitors	Bates Wells London LLP, 10 Queen Street Place, London EC4R 1BE
Investment managers	Investec Wealth and Investment Ltd, 2 Gresham Street, London EC2V 7QP  Smith & Williamson Investment Management LLP, 25 Moorgate, London EC2R 6AY

## Trustees and Directors

The Trustees of the charity are the directors of the charitable company for the purposes of charity law and are referred to as the Trustees throughout this report. The Trustees serving during the year and up to the date of signature of the accounts are disclosed on page 3 of this report.

## Senior Management Team

Day-to-day management of the charity is delegated to the Chief Executive, supported by the Senior Management Team. The Senior Management Team comprised:

- Ms C Willis, BA (Hons), MSc (Chief Executive)
- Mr R Birkett MA, (Hons), ACA (Commercial Director and Company Secretary)
- Dr L Duff PhD, MA, BSc (Director of Research)
- Mr Sanjeet Maghera, MBAe (LSE) (Chief Digital Officer from 10 August 2020)
- Ms M Wheeler, BA (Hons) (Director of Communications)
- Mr G Woodcock, MBA, MSc, BSc (Hons) (Director of Operations)

# Chair's Statement

Lorna Cocking  
Chair of the Board of Trustees

**The lives of children and young people worldwide are inextricably linked to the quality of education they receive.**

The pandemic has brought this into sharp relief as the education of over 1.7 billion children across the world was heavily disrupted, joining the 258 million children who were not attending school before the pandemic.

NFER's mission is to generate evidence and insights that can be used to improve outcomes for future generations everywhere, and to support positive change across education systems.

Never has this been more important. Over the last 18 months, education has faced unprecedented challenges and will take time to recover. I am proud that NFER has led on creating the evidence-base to find solutions to overcoming these challenges.

This report includes examples of how we have been fulfilling our mission over the last year, and the contribution we have made to education policy and practice.

NFER acted quickly and decisively in response to the emerging Covid-19 pandemic at the start of this financial year. Our priorities were the health and well-being of our staff, and ensuring the organisation could continue to operate remotely in order to provide the insights needed to understand the impact of the pandemic on schools, children and young people.

Our initial research into the impact of Covid-19 on education received widespread coverage across the media and was cited by politicians of all parties in parliament. It is this research that helped ensure education recovery became a national priority. NFER has continued to provide ground breaking research into the scale and nature of the recovery measures needed going forward.

The year 2021 marks a significant anniversary for NFER – 75 years since the organisation was founded. Despite the challenging start to this calendar year, I look forward to reflecting on this significant milestone in NFER's history and exploring how we can light the way for future generations.



The commitment and resilience of the Executive Team, our dedicated team of experts and our Trustees have seen NFER tackle the turmoil of the last year with vigour, and NFER remains in a strong financial position.

As we emerge from the lifting of lockdown restrictions, I am looking forward to NFER continuing to increase its influence and impact, not only in the UK, but also internationally through its globalisation programme.

NFER has overcome extraordinary challenges throughout the last year, and this next year will be an exciting time to mark 75 years of our research and expertise, and an opportunity to deliver even more robust research and insights for the future.



The commitment and resilience of the Executive Team, our dedicated team of experts and our Trustees have seen NFER tackle the turmoil of the last year with vigour.

# Report of the Board of Trustees

for the year ended 31 March 2021

The Board presents this annual Trustees' report and the audited accounts for the year ended 31 March 2021 as required by the Companies Act. This report provides a full account of the activities for the year and includes the information required of the Trustees of the charity by the Charity Commission.

## Governing document

The National Foundation for Educational Research in England and Wales (NFER) is a company limited by guarantee and governed by Articles of Association, last amended on 28 November 2019. It is also a charity registered with the Charity Commission for England and Wales (the Charity Commission).

Our members comprise the serving Trustees of the company.

## Objectives and activities

NFER is a leading independent provider of research, assessments and related services for education, training and children's services. Our clients include government departments and agencies at international, national and local levels, which call upon NFER's range of expertise and professional services to develop and deliver education

policy and practice. NFER's purpose is to provide robust, independent research and assessment services that improve education, particularly for school-aged children and young people. As a charity, the impact of our work is central to everything we do. Our work seeks to support effective policy and practice in education, both in the UK and internationally.

The statutory objects of NFER, as stated in the Articles of Association, are:

- to undertake research and development in education and allied subjects for the public benefit and the publication and dissemination of the useful results thereof
- to advance education for the public benefit, in particular but not exclusively, through the provision of educational services.

In the furtherance of these objects, NFER conducts research into all aspects of education, disseminates the results of that research and exchanges education ideas and information. We also create resources based on research evidence that help to improve the quality of education.

NFER does not carry out any fundraising activities.

## The public benefits of NFER's work

The Charity Commission sets out the criteria for assessing the public benefits of research and identifies the key points that organisations with charitable status should take into account when embarking on a research project. It states that research will qualify as charitable only if:

- it is on a subject or directed towards establishing an outcome which is of value and calculated to promote in a meaningful and direct way the charity's aims and
- it is undertaken with the intention that the useful knowledge acquired as a result of the research is disseminated to the public or others to utilise or benefit from it and
- it is undertaken for the benefit of the public or a section of the public and not solely or mainly for self-interest or for private or commercial consumption.

The Charity Commission's general guidance on public benefit has been referred to when reviewing NFER's aims and when planning future activities and the Trustees are satisfied that the work carried out by the charity complies with the public benefit requirements set out by the Commission.

## Last year we said we would focus on:

- Supporting the education sector to understand and respond to the impact of the Covid-19 pandemic with a particular focus on education inequalities
- Supporting our staff through this uncertain and challenging time
- Increasing our charitable impact through greater stakeholder engagement, influencing and visibility
- Growing our portfolio of international work, providing evidence to improve education systems in other countries and supporting our priority of diversifying and expanding our client base
- Investing in a major transformation programme to increase the quality, security and value of what we do and strengthening our capabilities in e-assessment

# Covid-19 pandemic

We led the way in undertaking research and producing insights on the impact of Covid-19 on education, much of which was supported through our own research funds.

## Supporting education through the pandemic

- In the spring and summer of 2020, NFER undertook crucial research into the early impacts of the pandemic on education, focusing on pupils returning to schools, engagement in remote learning, and the impact on vulnerable pupils. This identified the scale and nature of the challenges schools and children were facing, and informed the measures needed – such as greater availability of technology to support home learning – to support them through this crisis.
- The pandemic had some unexpected consequences, with NFER’s research showing an increase in applications to teacher training, as well as a reduction in the number of teachers leaving the state sector. However, we also demonstrated the immense pressures schools were under, and warned that this might only be a temporary reprieve for England’s teacher supply challenge.
- NFER continued to lead on research into the impacts of the pandemic on education throughout the year. We published the first major study in England on attainment and disadvantage gaps based on robust pupil assessments in January, and analysis of the financial impacts of the pandemic on schools in December. We also undertook a more in-depth investigation of teaching practices and children’s wellbeing, as well as their academic needs, following the second period of school closures in spring 2021.
- Our evaluation of the National Tutoring Programme and our delivery of the National Reference Test ensures that we will continue to be at the forefront of measuring the impact of Covid-19 on education and producing policy recommendations to mitigate the damage caused. Our work has also explored the experiences young people are facing in transitioning to further education and employment post-16, with projects on T-Levels and apprenticeships completed during the year.
- As more children returned to school after the lockdown in early spring 2021, primary schools made much greater use of our suite of standardised assessments to understand children’s progress and inform their recovery efforts.
- NFER also launched a new assessment product – Bite into Writing, designed for year 6 teachers to help them confidently teach and assess Key Stage 2 writing and to tackle any attainment gaps in writing caused by the pandemic.



## Supporting our staff

- NFER moved to remote working for the majority of its staff in March 2020, following the Government's advice for people to work from home if they could. Our IT and facilities staff rapidly overcame technical challenges and introduced new communication tools, ensuring that our work remained on track.
- NFER prioritised the well-being of its staff, ensuring that support was readily available both in-house and through our specialist well-being advisers.
- We also prioritised communications with colleagues during this period, with more regular staff briefings, and staff surveys to understand colleagues' needs.

NFER's approach provides a model for really effective collaboration between research, policy and practice. Concise reports, clear recommendations and useful resources, coupled with a focus on sharing insights with the sector, help to maximise impact. We should all continue to create closer links between these disciplines to help change education for the better.

OLLY NEWTON, EXECUTIVE DIRECTOR,  
EDGE FOUNDATION

**80%**

of our stakeholders describe NFER as respected, professional and credible

**156,000**

downloads of sample materials, publications and assessment hub articles



**76%**

agree that NFER provides valuable insights for school leaders and practitioners

# Increasing our impact

Our research and insights are reaching more key decision-makers in a variety of different ways

## Growing our influence and awareness amongst parliamentarians

- Carole Willis (Chief Executive) and Jack Worth (Lead Economist) presented findings and policy recommendations from our work on the pandemic at the Conservative and Labour party conferences.
- Angela Donkin (Chief Social Scientist) appeared as a witness in front of the Women & Equalities Select Committee as part of the Committee's inquiry into the impact of Covid-19 on children's education, alongside other education sector experts.
- NFER's research into the impact of Covid-19 on education was cited widely by Members of Parliament and Members of the House of Lords from all parties during many different debates in Westminster spanning many months.
- NFER's experts presented research and evidence at various meetings of All Party Parliamentary Groups (APPGs), including the APPGs for Teaching, Education Technology and Literacy, alongside leading politicians.
- We used our robust evidence-base to submit responses to government consultations and select committee inquiries.

## Expanding our reach through the media

- Our research into the impact of Covid-19 on education led to thousands of pieces of local and national media coverage.
- Carole Willis discussed our research during numerous local and national radio and TV interviews.
- NFER's research and recommendations reached the front pages of leading national newspapers, such as the Guardian and the Independent.
- Our work was used widely by the education sector press, with dozens of articles written-up about our research in outlets including TES, Schools Week and FE Week.

## Contributing to the education policy debate

- NFER's experts spoke at over one hundred education-related events over the last year, with the vast majority of these being virtual presentations. Our researchers spoke alongside distinguished figures from the education sector as well as politicians.
- Through the use of a new webinar platform, we also ran our own virtual events, showcasing the evidence that our researchers have produced over the last year and helping to ensure that the insights reached decision makers.



**1320**  
HTML pages  
on the website

**1,237,400**  
impressions  
on Twitter 

**95%**  
of our stakeholders  
that read NFER  
publications  
said they had an  
impact on their  
organisation

## Widening our reach with the sector

- NFER continues to meet and interact with influential stakeholders in the education sector. This enables us to raise our profile and ensure that our research and evidence reaches a wide variety of stakeholders working in schools, membership organisations, governments and many others.



NFER occupy a rather unique space on the education landscape – respected by, but independent of, government and demonstrably prepared to speak truth to power. They are an incredibly talented team of professionals that have the credibility to influence; with the organisational scale to make their voice heard on the national stage.

NICK BROOK, DEPUTY GENERAL SECRETARY,  
NATIONAL ASSOCIATION OF HEAD TEACHERS (NAHT)

# Global impact

We support the development of education systems worldwide by creating and sharing evidence and insights on education policy and practice.

## Globalisation programme

- NFER is working with governments and non-governmental organisations to improve education systems worldwide. Our research projects are already making a difference by improving understanding of approaches to education recovery, helping to identify methods to engage with marginalised groups in society and understanding how to improve teaching quality in schools.
- We continue to deliver large-scale international assessments and benchmarking studies, which enable governments to compare their

education systems with others and identify areas for improvement. Studies published over the last year include the Trends in International Mathematics and Science Study (TIMSS) in Northern Ireland, the new International Early Learning and Child Well-being Study (IELS) and various reports based on the data collected by NFER through both IELS and the most recent Programme for International Student Assessment (PISA).

- This year, we launched our new 'NFER International' brand and website, which distinguishes our international development work from our UK-focussed projects.

# Transforming NFER

Harnessing the use of technology to strengthen our capability, increase our efficiency and ensure the most rigorous standards are applied to all our work.

## Delivery of e-assessment capability

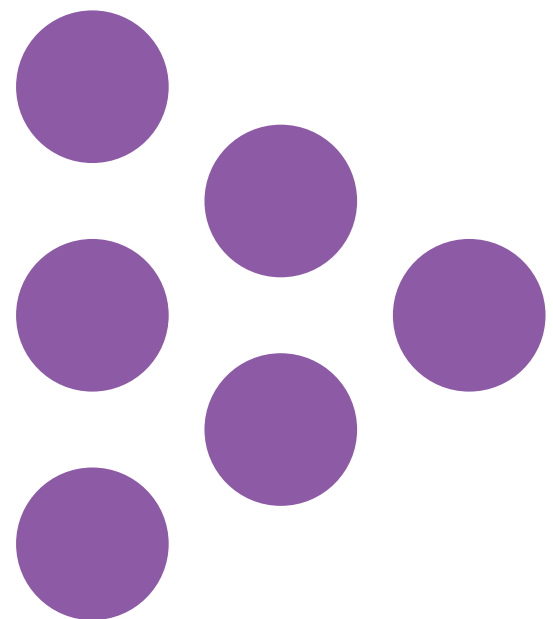
- The use of e-assessment is expanding rapidly in education, spurred on by the pandemic. It offers greater opportunity to understand children's abilities in a more robust, flexible and streamlined way, informing teaching and learning. NFER has continued to strengthen its e-assessment capabilities over this last year to provide improved tools for understanding children's learning needs.

## Empowering the use of technology

- We are upgrading our systems to enable our colleagues to use technology in new and innovative ways. This will support our research, analysis, communication and working methods to enable us to better achieve our long-term objectives.

## Streamlining operational activities

- We are working on new digital processes and systems which will enable our activities to be increasingly streamlined, and will ensure the best service for our customers, clients and research participants.



# Looking forward

## NFER's 75th anniversary

Our 75th anniversary is a major milestone and, despite the ongoing pandemic, NFER intends to mark this landmark year through various activities with a focus on NFER's future contribution to improving education in collaboration with partners across the education system.

## Education recovery

Education recovery from the global pandemic will be a long-term endeavour. NFER will continue to lead the way in undertaking research into the on-going impact of Covid-19 on education, in proposing innovative policy recommendations, and in supporting school teachers and leaders to find effective recovery strategies in the classroom.

Through the use of our sub-brand 'NFER Classroom', we will ensure that information, resources and practical support is provided to schools across the country. This includes digestible research insights, free practitioner resources and expert guidance,

in addition to our widely-used, evidence-based products and services.

A key element of education recovery in England will be a revamping of further education and skills provision. Through our new 'Skills Imperative' project, funded by the Nuffield Foundation, we will be at the forefront of exploring what skills employers will need in future and how young people can acquire them.

The statutory rollout of the Reception Baseline Assessment starting in September 2021 will provide a new and fairer basis for measuring children's progress and therefore the contribution that schools make to their development throughout the whole of their time in primary school.

## Continuing to transform NFER

We will continue to invest in NFER's future, increasing our visibility and influence, expanding our global presence and improving the quality, flexibility and innovation of our services through technology.

## Promoting the success of the charity

Throughout the year the trustees of the charity have acted in the way they consider, in good faith, to promote the success of the charity and its charitable purpose, acting for the benefit of its stakeholders as a whole, and in doing so have had regard to:

the likely consequences of any decision in the long term;

- the interests of the charity's employees;
- the need to foster the charity's business relationships with suppliers, customers and others;
- the impact of the charity's operations on the community and the environment;
- the desirability of the charity maintaining a reputation for high standards of business conduct;
- the need to act fairly as between stakeholders of the company.

The charity's stakeholders include the partners and suppliers with whom we work to produce and promote our research, self-employed consultants and temporary staff upon whom we rely to conduct surveys and administer assessments, the media organisations with whom we collaborate to ensure that our research findings reach the appropriate audience, our clients with whom we develop our research ideas and who fund our activities and teachers and head teachers who inform our surveys, help develop our assessments and work with us to improve the education of the children in their schools. The trustees are very aware of the contribution that the charity's stakeholders make to its success and have regard to them when developing strategy for the future.

# Structure, governance and management



## Appointment of Trustees

As set out in the Articles of Association as amended on 28 November 2019, all Trustees are elected by the Board and serve for a maximum of three terms of three years, nine years in total. The only exception to this rule would be for those serving in the roles of Chair, Vice Chair and Treasurer who could serve a fourth term. The Trustees conduct a regular review of skills required and use this review to inform the recruitment of future Trustees.

## Trustee induction, training and continued support

All newly appointed Trustees are given appropriate induction materials and opportunities to understand the operations of NFER. The new Trustees are invited to meet senior members of staff and are provided with key documents including the Articles of Association, the latest Annual Report and Accounts, and recent Board minutes. Opportunities for specific training are offered on an “as needed” basis.

In addition to the schedule of business meetings, Trustees also participate in an annual strategic planning day to discuss future strategy for the organisation. This often includes an element of training and updating on new areas of business, legislation and best practice.

## Organisation

The Trustees are responsible for agreeing the aims and direction of the organisation but have delegated the day-to-day management to a Chief Executive, supported by a Senior Management Team (as outlined on page 4). Each year the Trustees approve the annual business plan and budget; anything that is not included in that plan must be referred back to the Trustees for approval. The Board has reserved for itself the approval of the Annual Report and Accounts, key policies and all matters relating to property. It has established specialist committees to oversee specific areas, namely investments, audit, remuneration and nominations. Working groups are also established to enable Trustees to engage with specific business matters.

## Related parties

NFER had three wholly owned subsidiaries during the year. The first, NFER Trading Limited, Company Number 03954591, was formed in 2000 with its prime role to deliver certain commercial contracts. The other two, i-nfer Assessment Limited, Company Number 05946075, (incorporated in 2006) and Futurelab Education Limited Company Number 05689928, (both acquired by the Group in 2012) remained dormant throughout the financial year. Futurelab Education Limited was struck off on 7 September 2021.

## Energy use

The charity uses energy for the purposes of heating, lighting and air-conditioning its office spaces. During the year the group consumed 477,000KW of electricity to power and air-condition its offices (2019-20: 692,000KW) and 429,000KW of gas to heat them (2019-20: 523,000KW). In total these two sources of energy represent annual CO<sub>2</sub>e emissions of 190 tonnes (2019-20: 257 tonnes). The charity is investigating ways in which it can reduce its consumption of fossil fuels, including the feasibility of generating its own renewable energy.

## Risk management

The Trustees conduct an annual risk management exercise to identify all the risks to the charity, including all active subsidiaries, and to assess the impact and likelihood of the occurrence of each risk. Based on this analysis, Trustees ensure that appropriate systems and actions are in place to eliminate, reduce or mitigate these risks.

The most significant risks facing the Group and corresponding strategies for managing them are summarised below.

- The pandemic has placed a heavy burden on the public purse and, notwithstanding the clear imperative to understand and address the impact of the disruption to children's learning, there is a risk that some of our key government clients may reduce the levels of funding available for research. NFER is actively exploring new market

opportunities to mitigate this risk, and has other sources of funding, including its own suite of standardised optional tests for primary schools which are helping teachers to understand and address children's learning gaps.

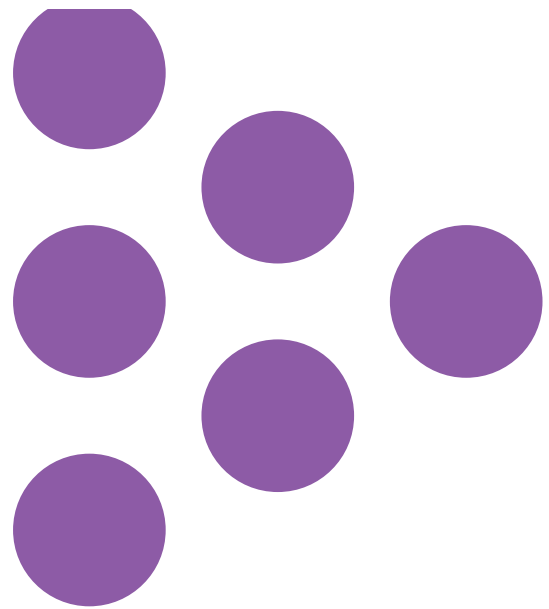
- The willingness of schools to engage in NFER's research projects in the wake of the pandemic will affect the speed of our financial recovery. In addition to the high levels of customer care that we rely on to encourage school engagement, we are also investigating project designs that minimise the burden on schools, utilising existing data sets wherever possible.
- The absence of statutory test data in the summers of 2020 and 2021, which is used for a variety of purposes, makes it more difficult to carry out research. NFER has been involved in a number of research and assessment projects during the past year which have provided evidence of the impact of the pandemic on children's learning which will help to mitigate the shortcomings of the statutory data sets.
- Ensuring the security of our information continues to be a key area of focus, particularly as most staff continue to work remotely. We are safeguarding the integrity of our systems through careful management of information security risks in line with our ISO27001 certification and Cyber Essentials Plus status, and through investing in business resilience and continuity.

Having conducted the risk management exercise, the Trustees are satisfied that the significant risks facing NFER have been identified and mitigating actions are appropriate for eliminating or managing any potential impact.

## Financial instruments

It is the policy of the charity not to engage in complex financial instruments where there could be financial risk. NFER only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. The most significant of these, together with the strategy for managing any associated risks, are:

- Our investment portfolio, where risk is controlled by the Investment Committee through the appointment of investment managers, a wide spread of investments and a policy to hold a proportion of the assets in bonds and property funds that are not as exposed to downside risk as an exclusively equities portfolio.
- A 20-year bank mortgage (four years remaining at 31 March 2021), in which upward interest rate risk has been eliminated by fixing the rate of interest throughout the term.
- A six year Coronavirus Business Interruption Loan (CBILS) for £2m which was entered into in May 2021, the majority of which is fixed interest.



## Buckinghamshire Pension Fund

The company's membership of a local government pension scheme prior to 2011 also exposes the company to financial risk from market forces, which affect its value. This is controlled by external bodies that manage the scheme. The company mitigated this risk by agreeing a settlement with the pension fund in November 2015, which involves regular monthly payments to the pension fund for each of the subsequent 19 years. In the event that a deficit remains in NFER's share of the fund at the end of this period, NFER and Buckinghamshire Pension Fund will agree on how to settle the outstanding amount.

## Qualifying indemnity insurance

The charitable company has granted an indemnity to its Trustees against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity insurance remains in force as at the date of approving the Trustees' report.

## Financial review of the group

NFER's overall level of income was £15.8m for the year (2019-20: £18.8m). Income from research was £9.6m (2019-20: £12m) whereas income from sales of our

educational resources was £5m (2019-20: £6.2m). There was a net deficit on charitable activities of £3.4m compared to a net surplus on charitable activities of £0.5m last year.

The investment portfolio has generated a reduced level of dividend and interest income at £498k (2019-20: £633k). The value of the portfolio at 31 March 2021 has increased to £23.6m (2020: £19.9m) having experienced considerable growth after the fall in market value in the final weeks of last year.

Interest costs incurred on the mortgage decrease as the capital amount of the loan reduces; this year it was £109k compared to £128k last year. In addition, in accordance with the requirements of FRS102, an interest charge on the pension deficit has been calculated at £455k. The equivalent figure for the prior year was £527k.

Overall, the organisation generated a total net surplus for the year of £942k compared to a net deficit of £1,453k in 2019-20. This reflects a loss on our charitable activities which was more than offset by the increase in value of our investments. In 2019-20 NFER experienced a surplus on our charitable activities which was more than offset by the decrease in the value of the investment portfolio.

The FRS102 actuarial losses reported for this year amount to £5.5m (2019-20: gain of £2.6m). The result of this actuarial loss is an increase in the net pension deficit from £18.3m in 2020 to £23.8m at the year end. The overall net movement of funds for the

year, after these actuarial losses, amounted to -£4.5m, which gives NFER total reserves of £9.3m at the end of the year, compared to £13.8m at the end of last year.

The charity's only active subsidiary, NFER Trading Limited, made an operating profit of £13k (2019-20: loss of £141k before the grant from the Charity) and will not remit any Gift Aid this year (2019-20: profit remitted of Nil). No grants were made to NFER Trading Ltd this year in comparison to a grant of £595k made during 2019-20 together with the issuance of a letter of support. The revenue of £105k (2019-20: £297k) has decreased as a result of the signing of no new contracts in the name of NFER Trading Limited.

## Reserves policy and plans for future years

Having considered the challenges and opportunities that the charity may face in the medium to longer term, the Trustees calculated the need for a level of free reserves (i.e. those unrestricted reserves that have not been designated for specific purposes) in the range of £3.2m to £6.4m based on three to six months unavoidable expenditure. This range was determined by an assessment of the period over which a downturn in the business of NFER would have to be managed before positive results could be achieved from the implementation of remedial actions.

As at 31 March 2021, NFER's total group reserves stood at £9.3m (2020: £13.8m). This is composed of:

Designated fixed assets reserve	£5.8m	See Note 11
Pension reserve	(£23.8m)	Actuarial valuation of pension deficit
Unrestricted reserves	£27.3m	To allow the charity to manage challenges and opportunities
<b>Total reserves</b>	<b>£9.3m</b>	

The Trustees' strategy in future years is to manage the free reserves of the charity, which currently stand at approximately £3.5m, to achieve a value within the target range, taking into account the expected value of the pension settlement.



## Investment policy and performance

NFER's policy on investments is to maximise the total return on investments commensurate with achieving a specified level of income (which will be reviewed annually by NFER and agreed with its principal investment managers) and increasing the capital value of the investments in real terms over the long term (any period of five years). Investments are not permitted in negotiable instruments known as derivatives or in companies whose principal businesses include tobacco, gambling or pornography.

The performance of the assets managed by the principal fund managers (Investec and Smith & Williamson) is measured against a Total Return (capital and income) benchmark over the medium term, based on the RPI index plus 4.25%. The benchmark is reviewed periodically.

Each of the investment managers has the same minimum and maximum asset class parameters so that, overall, exposure to different assets will be within acceptable boundaries, thereby mitigating risk.

The current planning ranges, which will be subject to annual review, are:

<b>UK and Overseas equities</b>	30-80%
.....	
<b>Bonds including Indexed Linked bonds</b>	12-60% including cash
.....	
<b>(a max of 50% in Government bonds)</b>	
.....	
<b>Cash</b>	Included in bonds above
.....	
<b>Property</b>	0-10%
.....	
<b>Other</b>	0-5%
.....	

In the year, investment capital increased to £23.6m (2019-20: decreased to £19.9m) and so the investments met the objective of exceeding RPI plus 4.25%, as a result of the increase in market values during the year.

This policy and related controls are to ensure that the security of the assets and their proper management are reviewed on a periodic basis. A general review of this policy is conducted on an annual basis with a detailed review every two years. The Investment Committee meets twice yearly to monitor and evaluate performance of the investments and the investment managers.



## Going concern

The financial statements are approved at a time when the uncertainty arising from the global Coronavirus pandemic (COVID-19) continues. The impact of the COVID 19 pandemic on NFER's future financial performance remains unclear, but the situation has improved over the last year and the management of the charity is confident in its financial resilience. Having reviewed its investment portfolio, the funding facilities available to the Charity together with the expected future cash flows, the trustees believe that the charity has adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the charity's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## Pension schemes

During the year, the NFER participated in two pension schemes: its own defined contribution pension scheme independently run by Pan Trustees Ltd (NRSP) and the Teachers' Pension Scheme (TPS), administered by Teachers' Pensions (TP) on behalf of the Department for Education (DfE).

The TPS is accounted for as a defined contribution scheme under Financial Reporting Standard 102 (section 28) Employee Benefits.

NFER's active membership of the Buckinghamshire Pension Fund ceased on 30 June 2011. The Buckinghamshire Pension

Fund is accounted for as a defined benefit fund under Financial Reporting Standard 102 and was replaced with the NFER's own defined contribution pension scheme.

NFER and Buckinghamshire Pension Fund signed a settlement agreement in 2015 to determine the arrangements for payment of the share of the fund deficit relating to NFER's Admission Agreement. The Scheme's future funding requirements over the nineteen years of the agreement now form part of the company's annual and long term planning and budgeting processes.

## Engagement with employees

Throughout the financial year senior managers have engaged with staff:

- To inform them through fortnightly staff briefings and regular newsletters of the charity's performance and achievements, developments in the markets in which we operate and how we have taken account of the interests and queries raised by members of staff. This process has been extended significantly since the outbreak of the Coronavirus pandemic to ensure that staff working from home during 'lockdown' are informed of the impact of Covid-19 on our charitable work and of the support that we can offer to staff to assist them with their work and their wellbeing.
- To enquire through three externally administered surveys how effectively the charity is supporting their needs and addressing the challenges that it faces. Two of these surveys took place following the closure of the

charity's offices due to Covid-19 to hear the staff's views on the transition to homeworking and the support offered to them by the charity. Another follow up survey took place in the autumn. All the surveys conducted to date have indicated high levels of satisfaction with the charity as an employer and with its response to the challenges raised by the pandemic.

- Through the elected members of the Staff Council. This group has met with senior managers on a regular basis throughout the financial year and has continued to meet virtually during 'lockdown'. The elected Chair of the Staff Council regularly attends SMT meetings to report on the main interests and concerns of staff.

## Equal opportunities and remuneration policies

Our staff are crucial to our success and we want to attract and retain the brightest and most talented employees, in line with our equality, diversity and inclusion policy. NFER is committed to being an equal opportunities employer and to creating an environment where the staff, Trustees, clients, partners and suppliers experience equality, diversity and inclusion in all our activities. All employees, whether part-time, full-time or temporary, are treated fairly and with respect. Selection for employment, promotion, training or any other benefit is on the basis of aptitude and ability. All employees are helped and encouraged to develop their potential so that the talents and resources of our staff are fully utilised and the efficiency of the organisation is



maximised. This policy is fully supported by the Trustees and Senior Management Team (SMT) and is monitored on an ongoing basis.

The Trustees consider that the Board of Trustees and the SMT are the key management personnel who have authority and responsibility for planning, directing and controlling the activities of NFER.

Our 2020 gender pay gap report indicates for the fourth year running that the differences in pay between men and women are modest, markedly different from the national picture. These figures, calculated using the 2017 Regulations and the Equality Act 2010, showed that the median pay gap calculated as at 5 April 2020 was 0.0% (2019: +4.6% in favour of men) as compared to the national average as at that date of +15.5% (2019 +17.3%). The mean average for NFER at the same date was 1.5% (2019: 0.0%). The figures suggest that gender pay is neutral at NFER whereas the national pay gap remains consistently and heavily in favour of males.

Remuneration for all staff, including the SMT, is reviewed annually by the Remuneration Committee, a sub-committee of the Board of Trustees, taking account of the following aims and principles:

- to ensure the availability of the skills, experience and expertise required to deliver the organisation's objectives
- to attract and retain a motivated workforce in order to achieve organisational effectiveness

- to recognise individual performance and contribution to the organisation's development and success
- to reflect the performance of the organisation
- to reflect NFER's ethos, aims and values.

## Senior Management Team

Employment at NFER is valued by our staff as a result of the respect with which the organisation's work in the field of education is held. However, NFER operates in a labour market where there is increasing competition for the specialist and leadership skills required to meet its aims and objectives, making it important to be able to offer competitive salaries.

Pay for the SMT is determined by NFER's Remuneration Committee. Pay levels are set on the basis of the principles set out above, and with reference to the pay award for the organisation as a whole. Information on increases in national earnings, and publicly available information on planned pay awards in other organisations, is used to inform pay awards. Pay levels are reviewed annually.

As for all NFER employees, remuneration for the SMT includes salary and pension scheme contributions. Contributions are made by NFER to the NFER Retirement Savings Plan (NRSP) at the rate of up to 10% of the member of staff's base salary. Other elements of the organisation's remuneration and benefits package are also attractive and of value to staff at all

levels across the organisation (including the annual leave entitlement, our approach to flexible working arrangements, and the scope for personal development).

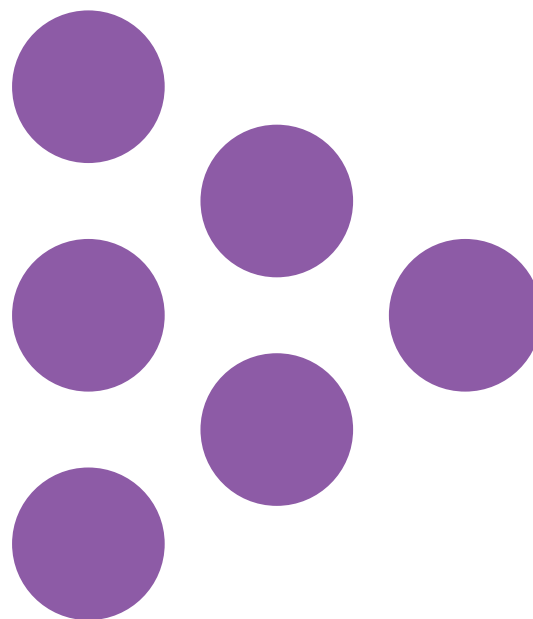
Details of the key management personnel remuneration, expenses and related party transactions are disclosed in notes 9 and 10 to the accounts.

## Trustees

The Board of Trustees is collectively responsible for the overall governance, aims and strategic direction of the Charity and the Group. There is no fee payable in respect of appointment as a Trustee; Trustees are entitled to reimbursement for any reasonable out-of-pocket expenses.

## Auditors

The Trustees reappointed Haysmacintyre LLP as auditors of the Charity and the Group for the year.



# Statement of the Trustees' responsibilities

The Trustees (who are also directors of the NFER for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the Trustees are required to:

select suitable accounting policies and then apply them consistently

- observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards, including FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company and group will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware:

- there is no relevant information of which the charitable company's auditor is unaware
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

None of the Trustees had any beneficial interest in any contract to which the NFER was party during the year.

The Trustees' Annual Report and Strategic Report were approved by the Board of Trustees and signed by:



**J L Cocking**  
Chair

The Mere, Upton Park,  
Slough, Berks SL1 2DQ

10 November 2021

# Independent auditor's report

to the Members of the National Foundation for Educational Research in England and Wales (Company number 00900899)

## Opinion

We have audited the financial statements of the National Foundation for Educational Research in England and Wales for the year ended 31 March 2021 which comprise Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, 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).

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 March 2021 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

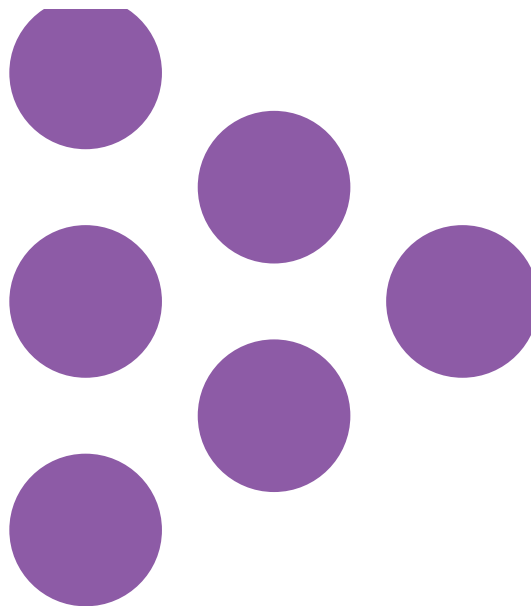
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group'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 Report of the Trustees and the Chair's Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Report of the Trustees have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees (which incorporates the strategic report and the directors' 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 by the parent charitable company or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 19, 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.

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 of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to GDPR and charity and company

law applicable in England and Wales and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to income recognition. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charitable company relevant to the preparation of the financial statements to ensure these were in place throughout the year, including during the Covid-19 remote working period;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals;
- Reviewing correspondence with regulators, including tax authorities;
- Challenging assumptions and judgements made by management in their critical accounting estimates, in particular the recognition of project income and expenditure; and

- Reviewing the assumptions and judgements used by the professional actuary in relation to the charitable company's pension valuations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



**Tracey Young**  
**Senior Statutory Auditor**

For and on behalf of  
Haysmacintyre LLP, Statutory Auditors  
10 Queen Street Place, London EC4R 1AG

10 November 2021

# Consolidated statement of financial activities

(including income and expenditure account and statement of recognised gains and losses) for the year ended 31 March 2021

	Notes	2020-21 £'000	2019-20 £'000
<b>Income from:</b>			
Government grants and donations	4(a)	696	-
Charitable activities	4(b)	14,572	18,153
Investments	4(c)	498	633
Other	4(d)	6	6
<b>Total income</b>		<b>15,772</b>	<b>18,792</b>
<b>Expenditure on:</b>			
Investment Management		(91)	(99)
Charitable activities	5	(17,950)	(17,637)
Mortgage Interest		(109)	(128)
Net interest and admin expenses on defined pension liability	17(d)	(455)	(527)
<b>Total expenditure</b>		<b>(18,605)</b>	<b>(18,391)</b>
<b>Net (expenditure) / income before gains on investments</b>		<b>(2,833)</b>	<b>401</b>
<b>Net gains / (losses) on investments</b>	12	<b>3,775</b>	<b>(1,854)</b>
<b>Net income / (expenditure)</b>		<b>942</b>	<b>(1,453)</b>
<b>Other recognised (losses) / gains:</b>			
Actuarial (losses) / gains on defined benefit pension schemes	17(g)	(5,483)	2,594
<b>Net movement in funds</b>		<b>(4,541)</b>	<b>1,141</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward		13,796	12,655
<b>Total funds carried forward</b>		<b>9,255</b>	<b>13,796</b>

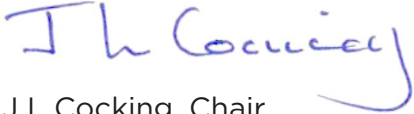
The statement includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

# Group and Company balance sheet

as at 31 March 2021

	Note	Group		Company	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
<b>Fixed Assets:</b>					
Intangible Assets	11	38	61	38	61
Tangible Assets	11	5,765	5,887	5,765	5,887
Investments	12	23,571	19,888	23,571	19,888
<b>Total Fixed Assets</b>		<b>29,374</b>	<b>25,836</b>	<b>29,374</b>	<b>25,836</b>
<b>Current Assets:</b>					
Stocks: finished goods		414	852	414	852
Debtors	14	3,503	5,098	3,463	5,106
Cash at bank and in hand		5,131	5,532	5,126	5,525
<b>Total Current Assets</b>		<b>9,048</b>	<b>11,482</b>	<b>9,003</b>	<b>11,483</b>
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	15	(4,034)	(3,497)	(3,997)	(3,492)
<b>Net current assets</b>		<b>5,014</b>	<b>7,985</b>	<b>5,006</b>	<b>7,991</b>
<b>Total assets less current liabilities</b>		<b>34,388</b>	<b>33,821</b>	<b>34,380</b>	<b>33,827</b>
Creditors: Amounts falling due after more than one year	15	(1,362)	(1,733)	(1,362)	(1,733)
<b>Net assets excluding pension liability</b>		<b>33,026</b>	<b>32,088</b>	<b>33,018</b>	<b>32,094</b>
Defined benefit pension scheme liability	17	(23,771)	(18,292)	(23,771)	(18,292)
<b>Total net assets</b>		<b>9,255</b>	<b>13,796</b>	<b>9,247</b>	<b>13,802</b>
<b>The funds of the charity: Unrestricted</b>					
Designated Funds	18	5,803	5,948	5,803	5,948
Free Reserves	18	27,223	26,140	27,215	26,146
Pension reserve	18	(23,771)	(18,292)	(23,771)	(18,292)
<b>Total unrestricted and charity funds</b>		<b>9,255</b>	<b>13,796</b>	<b>9,247</b>	<b>13,802</b>

The financial statements on pages 30 to 50 were approved and authorised for issue by the Board of Directors on 5 November 2020 and signed on its behalf by:

  
J L Cocking, Chair  
Company number 00900899

# Consolidated statement of cash flows

for the year ended 31 March 2021

	Note	2020-21 £'000	2019-20 £'000
<b>Cash flows from operating activities</b>	<b>19(a)</b>	<b>(407)</b>	<b>(191)</b>
<b>Cash flows from investing activities</b>			
Dividends from investments, interest and rents		504	639
Purchase of fixed assets		(179)	(387)
Proceeds from sale of investments		4,809	3,122
Purchase of investments		(5,218)	(2,656)
Movement in cash held for investment		501	(370)
<b>Net cash provided by investing activities</b>		<b>417</b>	<b>348</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowing		(351)	(332)
<b>Net cash used in financing activities</b>		<b>(351)</b>	<b>(332)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(341)</b>	<b>(175)</b>
Cash and cash equivalents at the beginning of the reporting period		5,532	5,707
Effect of foreign exchange rate changes on cash and cash equivalents		(60)	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>19(b)</b>	<b>5,131</b>	<b>5,532</b>

# Notes to the financial statements

for the year ended 31 March 2021

## 1. Status of the NFER

NFER is a body domiciled and incorporated in England and Wales under the Companies Act (Company No. 00900899), and is limited by guarantee. In the event of NFER being wound up the liability of its members, the number of whom is variable, is limited to £1 each. NFER is exempt from tax on income and gains falling within section

505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable purposes by virtue of being a registered charitable body (Charity No. 313392). NFER's subsidiary undertakings are detailed in Note 13 to the accounts.

## 2. Accounting policies

### a) Accounting convention and basis of preparation of the financial statements

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The charitable company and its subsidiaries are a public benefit group for the purposes of FRS 102 and therefore the charity also prepared its financial statements in accordance with the Statement of Recommended Practice (The FRS 102 Charities SORP 2nd Edition), the Companies Act 2006 and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) and the Charities Act 2011.

The consolidated financial statements incorporate the accounts of NFER and all of its subsidiary undertakings using the acquisition method from the date that control passes. All financial statements are made up to 31 March each year.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest one thousand pounds.

The accounting policies of the group and company remain unchanged from the previous year.

### b) Going concern

The Trustees have determined that, notwithstanding the advent and impact of the coronavirus pandemic, there are no material uncertainties related to events or conditions that cast significant doubt on the NFER's ability to continue as a going concern for at least 12 months beyond the date the accounts are signed, as there is sufficient work secured for the next 12 months and the organisation has enough cash and investments that can be easily liquidated to cover running costs for that period.

### c) Recognition of income and expenditure

Income and direct research expenditure are recognised as project activity progresses. Income is recognised as earned when, and to the extent that, the charity obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable. In respect of incomplete

research projects, the income recognised reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Income recognised but not yet invoiced is included in debtors as 'amounts recoverable on contracts'. Income billed in advance of contract performance is included in creditors as 'deferred income and payments on account'.

Any excess direct expenditure on completed projects, or any excess direct expenditure on incomplete projects which is unlikely to be recovered over the life of the project, is provided for in full as soon as it is anticipated.

Other income and expenditure is recognised on an accruals basis when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Government grant income represents the total amount claimed from HMRC under the Coronavirus Job Retention Scheme (CJRS). The income is accounted for in the period in which the associated salary payments are made to furloughed staff.

#### **d) Expenditure**

Direct charitable expenditure relates to salaries and expenditure directly incurred in the delivery of research, educational services, and related resources. Staff salaries are allocated to specific projects, products and services based on the time spent on those activities.

Support costs comprise the costs of non-research staff, accommodation and other overheads; these costs are allocated between activities on the basis of direct salaries.

Leased assets and obligations: annual rentals paid under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term, with any lease incentives or rent free periods spread over the lease term.

#### **e) Impact projects and educational resources development**

NFER invests in its own research and development activity. Any such expenditure is written off to the income and expenditure account in the period in which it is incurred. Also, development expenditure for new educational resources is written off in the year in which it is incurred.

#### **f) Fixed assets and depreciation**

Freehold property is included in the accounts at cost.

Both tangible and intangible fixed assets are depreciated/amortised by equal annual instalments over their estimated useful lives as follows:

Freehold buildings	50 years
IT equipment	1 to 5 years
Other equipment	3 years
Software	1 to 5 years

Freehold land is not depreciated.

Assets that are impaired in value are written down to their economic value.

Assets purchased/acquired for less than £5,000 are not capitalised.

Intangible assets comprise software.

#### **g) Investments**

Investments are stated in the balance sheet at market value.

#### **h) Stock: finished goods**

Stocks have been valued at the lower of cost and net realisable value.

#### **i) Employee benefits**

Retirement benefits to employees of NFER are provided by its own defined contribution scheme, the Teachers' Pension Scheme (TPS) and the Buckinghamshire Pension Fund.

Contributions in respect of NFER's defined contribution scheme are charged to the Statement of Financial Activities in the year they are payable.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives in such a way that the pension cost is a substantially level percentage of current and future pensionable pay. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 17, the TPS is a multi-employer scheme and NFER is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised in the Statement of Financial Activities in the year they are payable.

NFER is a non-active member of the Buckinghamshire Pension Fund, a defined benefit pension scheme. The scheme is funded, with the assets held separately from the company in trustee administered funds. The liability recognised in the balance sheet in respect of defined benefit pension schemes is the fair value of the pension scheme liabilities less the fair value of the assets held in the scheme. Pension scheme assets are measured at fair value and the liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined benefit schemes the expected return on assets and the interest cost are shown as a net finance gain or loss. Actuarial gains and losses are recognised immediately in other gains and losses.

#### **j) Fund Accounting**

Designated funds are unrestricted funds set aside at the discretion of the Trustees for specific purposes as described in Note 18 to the accounts.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Unrestricted funds represent projects and other income received that contains no restriction relating to the use of those funds.

#### **k) Irrecoverable VAT**

All input VAT that cannot be recovered in full is expensed. The amount of input VAT credited to overheads that can be partially recovered is calculated using the standard turnover method.

#### **l) Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange applicable at the balance sheet date. Transactions in foreign currencies are recorded at the rate applicable at the date of the transaction. All differences are taken to the statement of financial activities.

#### **m) Unrealised gains and losses**

NFER operates a 'mark-to-market' policy, whereby the carrying value of the company's investments is updated to market value on a continuous basis. As a result, gains and losses on investments held at the year end are classified as unrealised.

#### **n) Debtors**

Trade debtors are amounts invoiced and unpaid. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Amounts invoiced but not yet due for payment are recognised as debtors.

#### **o) Cash at bank and in hand**

Cash at bank and in hand includes cash and short term liquid deposit accounts which are repayable on demand or at short notice.

#### p) Creditors

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

#### q) Financial instruments

NFER has financial assets and liabilities that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are subsequently measured at fair value through the statement of financial activities.

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### 3. Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions with the most significant effect on amounts recognised in the financial statements are as follows:

#### a) Project income recognition

Income from projects is assessed on an individual basis with income being recognised based on the stage of completion of the project which is

estimated using a combination of the milestones in the contract and the time and costs spent to date compared to the total expected to be required to undertake the project. Estimates of the total time and costs required to complete the projects are made on a quarterly basis and subject to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

#### b) Defined benefit pension scheme (Buckinghamshire Pension Fund) assumptions

The charity has an obligation to pay pension benefits to certain employees under a defined benefit pension scheme. The cost of these benefits and the present value of the obligation depend on a number of factors that are determined on an actuarial basis using a variety of assumptions including; life expectancy, asset valuations and the discount rate on corporate bonds. Any changes in these assumptions, which are disclosed in Note 17, will impact the carrying amount of the pension liability.

## 4. Income

### a) Government grants and donations

This represents income claimed from HMRC under the Coronavirus Job Retention Scheme (CJRS).

### b) Charitable activities

	2021	2020
	£'000	£'000
Research	9,577	11,980
Educational Resources	4,995	6,173
	14,572	18,153

#### Research

This comprises income from the following activities:

- undertaking research related to education and training
- the development and use of assessment instruments and procedures
- undertaking surveys and similar services to support research
- supplying information developed from the above to stakeholders in schools and other education institutions.

It is not possible to analyse income into the above categories as the majority of projects involve a mixture of all elements.

#### Educational resources

This comprises the sale of educational resources and services, predominantly to schools, including our Optional Tests.

### c) Investment income

	2021	2020
	£'000	£'000
From listed investments	479	585
Interest on cash deposits	19	48
	498	633

### d) Other

This comprises rent receivable including service charges.

## 5. Charitable activities expenditure

For year ended 31 March 2021

	Direct salaries	Direct costs	Support costs	2021
	£'000	£'000	£'000	Total £'000
Research	6,465	2,558	4,221	<b>13,244</b>
Educational resources	936	1,233	573	<b>2,742</b>
Educational Resource development	1,067	504	393	<b>1,964</b>
Total	<b>8,468</b>	<b>4,295</b>	<b>5,187</b>	<b>17,950</b>

For year ended 31 March 2020

	Direct salaries	Direct costs	Support costs	2020
	£'000	£'000	£'000	Total £'000
Research	6,888	2,726	4,497	<b>14,111</b>
Educational resources	996	1,541	689	<b>3,226</b>
Educational Resource development	152	52	96	<b>300</b>
Total	<b>8,036</b>	<b>4,319</b>	<b>5,282</b>	<b>17,637</b>

## 6. Support Costs

	2021	2020
	£'000	£'000
Salary and pension costs	3,366	3,301
Recruitment and other staff costs	431	574
Property and office costs	553	583
Consultancy	199	177
Marketing	155	152
Depreciation	316	312
Amortisation	23	37
Exchange losses/(gains)	2	(28)
Governance (see Note 7)	<b>142</b>	<b>174</b>
*Including transactional gains	<b>5,187</b>	<b>5,282</b>

## 7. Governance costs

	2021 £'000	2020 £'000
Board and Board Committee expenses	-	3
Audit and legal fees	76	99
Insurance	66	72
	<b>142</b>	<b>174</b>

## 8. Net income before gains on investments

Net (expenditure) / income before gains on investments is stated after charging:

	2021 £'000	2020 £'000
Auditor's remuneration (incl. VAT)		
- as auditors	37	32
- for other services	7	3
Depreciation and amortisation	339	349
Operating lease rentals - land and buildings	51	96

## 9. Employees

Staff costs during the year:

	2021 £'000	2020 £'000
Wages and salaries	10,000	9,654
Social security costs	922	851
Pension costs	912	832
	<b>11,834</b>	<b>11,337</b>

The average number employed (excluding the Trustees) during the year for Group and Company was:

	2021		2020	
	FTE	Head count	FTE	Head count
Permanent staff	214	234	205	226
Temporary staff	14	109	93	206
	<b>228</b>	<b>343</b>	<b>298</b>	<b>432</b>
Research staff	165	261	199	247
Other staff	63	82	99	185
	<b>228</b>	<b>343</b>	<b>298</b>	<b>432</b>

Key management personnel comprise the Trustees and the Senior Management Team.

None of the Trustees, who are the directors of the company, received any remuneration in the current or previous year.

The six (2020: seven) members of the Senior Management Team received total remuneration of £732k (2020: £716k) comprising both annual salary and pension contributions.

The following number of employees earned £60,000 per annum or more:

	2021 Number	2020 Number
£60,001-£70,000	11	9
£70,001- £80,000	1	1
£80,001- £90,000	2	1
£90,001-£100,000	3	3
£100,001-£110,000	1	1
£130,001-£140,000	0	1
£140,001-£150,000	1	0

The number of higher paid staff to whom retirement benefits are paid into defined contribution pension schemes was 19 (2020: 16). The total contribution in respect of these employees was £161,386 (2020: £136,063).

The charity made redundancy payments of £20,893 during the year (2020: £77,000).

## 10. Members of the Board

No trustees received expenses for travel and subsistence costs (2020: 6 trustees totalling £3,078). During the year insurance costing £7,280 (2020: £6,087) was purchased to indemnify the Trustees and

other officers against the consequences of any neglect or default on their part and to protect NFER from loss arising from the neglect or default of its Board, officers or staff.

## 11. Intangible and Tangible fixed assets

<b>Intangible Fixed Assets Group &amp; Company</b>	<b>IT Software £'000</b>
<b>Cost</b>	
1 April 2020	167
Additions in year	-
<b>31 March 2021</b>	<b>167</b>
<b>Amortisation</b>	
1 April 2020	106
Charge for year	23
<b>31 March 2021</b>	<b>129</b>
<b>Net book amount</b>	
<b>31 March 2021</b>	<b>38</b>
1 April 2020	61

<b>Tangible Fixed Assets Group &amp; Company</b>	<b>Land £'000</b>	<b>Freehold property £'000</b>	<b>IT equipment £'000</b>	<b>Other equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
1 April 2020	700	7,612	1,113	287	9,712
Additions in year	-	-	108	86	194
<b>31 March 2021</b>	<b>700</b>	<b>7,612</b>	<b>1,221</b>	<b>373</b>	<b>9,906</b>
Depreciation and Impairment				211	3,513
1 April 2020	-	2,898	674	253	3,825
Charge for year	-	153	131	32	316
<b>31 March 2021</b>	<b>-</b>	<b>3,051</b>	<b>805</b>	<b>285</b>	<b>4,141</b>
<b>Net book amount</b>					
31 March 2021	700	4,561	416	88	5,765
1 April 2020	700	4,714	439	34	5,887

All assets continue to be used for charitable purposes. It is not practicable to split assets between direct and support expenditure.

## 12. Investments

### Group and Company

	2021	2020
	£'000	£'000
<b>Listed Investments</b>		
Market value at 1 April 2020	18,955	21,275
Less: Disposals at net book value	(4,809)	(3,122)
Add: Acquisitions at cost	5,218	2,656
Net gain/(loss) on revaluation at 31 March 2021	3,775	(1,854)
<b>Market value at 31 March 2021</b>	<b>23,139</b>	<b>18,955</b>
Cash allocated for investment	432	933
<b>Total Investments at 31 March 2021</b>	<b>23,571</b>	<b>19,888</b>

### Investments can be analysed as follows:

UK Investments (including cash)	14,368	13,252
Non UK Investments	9,203	6,636
	23,571	19,888

Total investment income for the year amounted to £479k. Of this sum, £315k was derived from investments held in the UK and £164k derived from non UK investments.

The historic cost of listed investments is £17.0m (2020: £16.8m).

## 13. Subsidiary Undertakings

### a) NFER Trading Limited (Company Number 0394591)

NFER Trading Ltd is a company registered in England and Wales (company number 03954591), with a share capital of £100 and wholly owned by NFER. It was established to pursue trading opportunities outside of NFER's charitable objectives and to protect the charity from commercial risk. At the balance sheet date the company had a net surplus on its capital and reserves of £8,166 (2020: £5,087 deficit). Audited accounts are available at Companies House.

During the year the Charity did not made a grant to NFER Trading Limited (2020: £595,000). As at 31 March 2021 the amount owed by NFER Trading Limited to the Charity was £438,432 (2020: £615,690). The grant reflects the support provided by NFER Trading Limited in meeting the Charity's charitable objectives.

NFER Trading Limited's summary results were:

	2021	2020
	£'000	£'000
Sales	105	297
Other Operating Income	-	595
Cost of sales	(87)	(422)
Gross profit	18	470
Administrative expenses	(5)	(16)
Trading profit	13	454
Gift aid	-	-
Corporation tax	-	-
Retained surplus after tax	13	454
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Debtors & Cash	483	616
Creditors & Other Liabilities	(475)	(621)
Capital & Reserves	8	(5)

**b) Futurelab Education Limited (Company Number 05689928)**

This company remained dormant throughout the year following the transfer of the trade and assets to NFER in the 2011/12 financial year. The company was struck off Companies House register on 7 September 2021.

**c) i-nfer assessment Limited (Company Number 05946075)**

This company remained dormant throughout the year following the transfer of the trade and assets to NFER in the 2010/11 financial year.

## 14. Debtors

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	1,832	1,697	1,354	1,697
Other debtors	175	157	175	157
Prepayments	409	589	409	589
Amounts recoverable on contracts	1,087	2,654	1,087	2,048
VAT Debtor	-	1	-	-
Subsidiary undertakings	-	-	438	615
	<b>3,503</b>	<b>5,098</b>	<b>3,463</b>	<b>5,106</b>

Trade debtors are stated after provisions for impairment of £117k (2020: £117k).

## 15. Creditors

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<i>Amounts falling due within one year:</i>				
Mortgage loan	371	351	371	351
Provision for pensions	129	118	129	118
Trade creditors	680	1,056	680	1,056
Other taxation and social security	343	367	311	367
Deferred income and payments on account	1,728	1,059	1,728	1,059
Accruals	783	546	778	541
	<b>4,034</b>	<b>3,497</b>	<b>3,997</b>	<b>3,492</b>
<i>Amounts falling due after more than 1 year:</i>				
Mortgage Loan	1,362	1,733	1,362	1,733
	<b>1,362</b>	<b>1,733</b>	<b>1,362</b>	<b>1,733</b>

The mortgage loan represents the amount that remains outstanding on an initial facility of £5.5 million. The loan is a fixed interest loan at 5.67% for its 20-year term from May 2005 which, with the capital repayment, fixes the annual outlay to the same rate for each year. The loan is secured by way of fixed charge over the property assets of NFER, and the company is required to maintain a loan to value (LTV) ratio below 60%. The LTV ratio as at the 31 March 2021 was 20.9% (2020: 25.1%)

All deferred income relates to project income held at the balance sheet date for work to be completed in the following year. All deferred income held at the end of the previous financial year has been released within the year.

Financial commitments under a 20-year mortgage will result in the following capital payments falling due in the future.

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	371	351
Between two and five years	1,362	1,619
More than 5 years	-	114
Total	<b>1,733</b>	<b>2,084</b>

Since the year end, two Coronavirus Business Interruption Loan Scheme (CBILS) loans, secured on 25 March 2021, totalling £2.0m were drawn down on 5 May 2021.

## 16. Financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due as follows:

<b>Group and Company</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>Land and Buildings</b>	<b>Other</b>	<b>Land and Buildings</b>	<b>Other</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Expiring:				
Within one year	37	1	50	-
Between two to five years	-	25	-	27
	<b>37</b>	<b>26</b>	<b>50</b>	<b>27</b>

## 17. Pension benefits

As at 31 March 2021, NFER (the Company and the Group) participated in two pension schemes:

- Defined Contribution Scheme, independently managed by Pan Trustees Ltd
- Teachers' Pension Scheme administered by Teachers' Pensions on behalf of the Department for Education.

NFER's active membership of the Buckinghamshire Pension Fund, a defined benefit pension scheme, ceased in 2011.

### Defined Contribution Scheme

Contributions to the scheme are charged to the Statement of Financial Activities as they become payable.

### Teachers' Pension Scheme

The Department for Education Pension Scheme 2014, known as the Teachers' Pensions Scheme (TPS), is governed by the Teachers' Pensions Regulations. Under the regulations, contributions to the scheme are credited to the Exchequer and pension benefits together with all other expenditure

are paid out of monies provided by Parliament. The Government Actuary is required to conduct a review at intervals of not less than every four years, with interim valuations in between, using normal actuarial principles. The aim of the review is to specify the level of future contributions.

The standard contribution rate (SCR) on pension contributions is assessed in two parts: firstly a standard contribution, expressed as a percentage, that during the period would broadly defray the cost of benefits payable in respect of that service, and secondly, a supplementary contribution payable if, as a result of an actuarial investigation, it is found that accumulated liabilities for past and present teachers are not met by standard contributions to be paid in the future and by the notional fund built up from past contributions.

Contribution rates for the period have been set at an employer contribution rate of 23.68% and at employee rates ranging from 7.4% to 11.7%, depending on salary levels.

Under the definitions set out in FRS 102, the Teachers' Pension Scheme is a multi-employer pension scheme. NFER is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, NFER has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. NFER has set out above the information available on the scheme.

At 31 March 2021 there were 4 (2020:4) active members of the scheme.

### **Buckinghamshire Pension Fund**

The Buckinghamshire Pension Fund is accounted for as a defined benefit scheme under Financial Reporting Standard 102 s17.22 on retirement benefits.

From 1 July 2011, the NFER, following agreement with the Buckinghamshire Pension Fund, ceased active membership of the defined benefit pension scheme. On 30 November 2015 NFER and

Buckinghamshire Pension Fund reached a settlement agreement that set out the arrangement for NFER to pay off its share of the Buckinghamshire Pension Fund deficit over the next 19 years. NFER made an initial payment of £1m on signing the settlement and is making further payments of £422,000 per annum starting from 1 January 2016 (subject to inflation) over the remaining term of the agreement. In the event that a deficit remains in NFER's share of the fund at the end of this period, NFER and the Buckinghamshire Pension Fund will agree on how to settle the outstanding amount.

The contributions to the Buckinghamshire Pension Fund are determined by a qualified actuary on the basis of a triennial valuation using the projected unit method. The most recent valuation was as at 31 March 2019.

The valuation in 2019 showed that the market value of the total fund's assets was £3,007m (2016: £2,203m) and the deficiency of liabilities accrued up to 31 March 2019 over the actuarial value of assets was £186 million (2016: £335m), equivalent to a 94% (2016: 87%) funding level.

At 31 March 2019 there were 0 (2016: 0) active members of the scheme, with 269 (2016: 300) deferred pensioners and 190 (2016: 170) pensioners.

The actuarial valuation has been updated on an approximate basis to 31 March 2019 as set out below.

#### **a) Assumptions**

##### **i) Demographic**

Life expectancy of members from age 65 is assumed as follows:

	<b>Retiring today (March 2021)</b>	<b>Retiring in 20 years (March 2041)</b>
	Years	Years
Males	21.6	22.9
Females	25.0	26.4

## ii) Financial

The major assumptions used by the actuary were (in nominal terms):

	<b>At 31 March 2021</b>	<b>At 31 March 2020</b>
Price increases (RPI)	3.2%	2.7%
Price increases (CPI)	2.8%	1.9%
Rate of increase in salaries	2.8%	1.9%
Rate of increase in pensions	2.8%	1.9%
Discount rate	2.0%	2.35%

## b) Assets in the scheme and expected rate of return

	<b>Value at 31 March 2021</b>	<b>Value at 31 March 2020</b>
	<b>£'000</b>	<b>£'000</b>
Equities	22,948	17,151
Property	2,295	2,394
Gilts	3,536	2,804
Other Bonds	5,701	5,995
Cash	556	791
Alternative Assets	483	256
Hedge Funds	1,843	1,647
Absolute Return Portfolio	1,725	1,519
Total	<b>39,087</b>	<b>32,557</b>

## c) Net pension liability

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	62,834	50,823
Fair value of scheme assets (bid value)	(39,087)	(32,557)
Net liability	23,747	18,266
Present value of unfunded obligation	24	26
Net Liability in Balance Sheet	<b>23,771</b>	<b>18,292</b>

**d) Statement of financial activities costs for the year:**

The amounts recognised in the statement of financial activities are:	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
Net interest on the defined liability	425	495
Administration expenses	30	32
<b>Total</b>	<b>455</b>	<b>527</b>
<b>Actual return on scheme assets</b>	<b>7,612</b>	<b>(1,269)</b>

**e) Reconciliation of opening and closing balances of the present value of the defined benefit obligation:**

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
<b>Opening defined benefit obligation</b>	50,849	55,046
Interest cost	1,178	1,302
Experience loss on defined liability obligation	-	835
Change in financial assumptions	12,910	(4,310)
Change in demographic assumptions	(567)	(347)
Estimated benefits paid net of transfers in	(1,509)	(1,673)
Unfunded pension payments	(3)	(4)
<b>Closing defined benefit obligation</b>	<b>62,858</b>	<b>50,849</b>

**f) Reconciliation of opening and closing balances of the fair value of scheme assets:**

	Year to 31 March 2021 £'000	Year to 31 March 2019 £'000
<b>Opening fair value of scheme assets</b>	<b>34,234</b>	<b>33,594</b>
Interest on assets	807	843
Return on assets less interest	(2,076)	888
Administration expenses	(32)	(29)
Contributions by employer including unfunded benefits	453	445
Other actuarial gain	848	-
Estimated benefits paid net of transfers in and including unfunded benefits	(1,677)	(1,507)
<b>Fair value of scheme assets at end of period</b>	<b>32,557</b>	<b>34,234</b>

g) Reconciliation of opening and closing deficit:

	Year to 31 March 2021 £'000	Year to 31 March 2019 £'000
<b>Deficit at beginning of the year</b>	<b>(18,292)</b>	<b>(20,812)</b>
Net interest on defined liability and administration expenses	(455)	(527)
Contributions by employer	460	453
Unfunded pension payments	3	4
Other finance cost	(4)	(4)
Actuarial (losses) / gains	(5,483)	2,594
<b>Deficit at end of the year</b>	<b>(23,771)</b>	<b>(18,292)</b>

18a. Statement of movement in Reserve Funds:  
1 April 2020 to 31 March 2021

Group Unrestricted funds	Designated Fixed Assets Fund £'000	Pension Reserve Liability £'000	Free Reserve Accumulated Fund £'000	TOTAL 2021 £'000
Balance brought forward at 1 April 2020	5,948	(18,292)	26,140	13,796
Net movement in resources	(145)	(5,479)	1,083	<b>(4,541)</b>
Transfers between funds	-	-	-	-
<b>Balance carried forward at 31 March 2021</b>	<b>5,803</b>	<b>(23,771)</b>	<b>27,223</b>	<b>9,255</b>
Represented by:				
Fixed assets	5,803	-	23,571	29,374
Current assets	-	-	9,048	9,048
Creditors falling due within one year	-	-	(4,034)	(4,034)
Creditors falling due after one year	-	-	(1,362)	(1,362)
Defined benefit pension liability	-	(23,771)	-	(23,771)
	<b>5,803</b>	<b>(23,771)</b>	<b>27,223</b>	<b>9,255</b>

<b>Company Unrestricted funds</b>	<b>Designated Fixed Assets Fund £'000</b>	<b>Pension Reserve Pension Liability £'000</b>	<b>Free Reserve Accumulated Fund £'000</b>	<b>TOTAL 2021 £'000</b>
<b>Funds</b>				
Balance brought forward at 1 April 2020	5,948	(18,292)	26,146	13,802
Net movement in resources	(145)	(5,479)	1,069	(4,555)
Transfers between funds	-	-	-	-
<b>Balance carried forward at 31 March 2021</b>	<b>5,803</b>	<b>(23,771)</b>	<b>27,215</b>	<b>9,247</b>
Represented by:				
Fixed assets	5,803	-	23,571	29,374
Current assets	-	-	9,003	9,003
Creditors falling due within one year	-	-	(3,997)	(3,997)
Creditors falling due after one year	-	-	(1,362)	(1,362)
Defined benefit pension liability	-	(23,771)	-	(23,771)
	<b>5,803</b>	<b>(23,771)</b>	<b>27,215</b>	<b>9,247</b>

## 18b. Statement of movement in Reserve Funds: 1 April 2019 to 31 March 2020

<b>Group Unrestricted funds</b>	<b>Designated Fixed Assets Fund £'000</b>	<b>Pension Reserve Pension Liability £'000</b>	<b>Free Reserve Accumulated Fund £'000</b>	<b>TOTAL 2020 £'000</b>
Balance brought forward at 1 April 2019	5,910	(20,812)	27,557	12,655
Net movement in resources	38	2,520	(1,417)	1,141
Transfers between funds	-	-	-	-
<b>Balance carried forward at 31 March 2020</b>	<b>5,948</b>	<b>(18,292)</b>	<b>26,140</b>	<b>13,796</b>
<b>Represented by:</b>				
Fixed assets	5,948	-	19,888	25,836
Current assets	-	-	11,482	11,482
Creditors falling due within one year	-	-	(3,497)	(3,497)
Creditors falling due after one year	-	-	(1,733)	(1,733)
Defined benefit pension liability	-	(18,292)	-	(18,292)
	<b>5,948</b>	<b>(18,292)</b>	<b>26,140</b>	<b>13,796</b>

<b>Company Unrestricted funds</b>	<b>Designated Fixed Assets Fund £'000</b>	<b>Pension Reserve Pension Liability £'000</b>	<b>Free Reserve Accumulated Fund £'000</b>	<b>TOTAL 2020 £'000</b>
<b>Funds</b>				
Balance brought forward at 1 April 2019	5,910	(20,812)	28,017	13,115
Net movement in resources	38	2,520	(1,871)	687
Transfers between funds	-	-	-	-
<b>Balance carried forward at 31 March 2020</b>	<b>5,948</b>	<b>(18,292)</b>	<b>26,146</b>	<b>13,802</b>
Represented by:				
Fixed assets	5,948	-	19,888	25,836
Current assets	-	-	11,483	11,483
Creditors falling due within one year	-	-	(3,492)	(3,492)
Creditors falling due after one year	-	-	(1,733)	(1,733)
Defined benefit pension liability	-	(18,292)	-	<b>(18,292)</b>
	<b>5,948</b>	<b>(18,292)</b>	<b>26,146</b>	<b>13,802</b>

### Designated funds

The Board of Trustees have designated unrestricted reserves for the following purposes:

#### *Fixed Assets*

The value of this fund is equal to the fixed asset value on the balance sheet (of which most relates to property). It recognises that these funds are illiquid in nature and are consequently not available for business expenditure (the assets would have to be sold in order to realise the cash).

#### **Undesignated funds**

#### *Free Reserves*

The charity maintains a level of free reserves in order to fund its working capital and future developments, and retain a level of contingency. The target level of net free

reserves is set in the range of three to six months of unavoidable expenditure which for 2020-21 amounts to £3.2m and £6.4m. The current level of net free reserves less the pension reserve (see below) stands at £3.5m (2020: £7.8m).

#### *Pension Reserve*

This is a reserve to recognise NFER's share of the estimated deficit of the Buckinghamshire Pension Fund as calculated in accordance with FRS102. NFER and Buckinghamshire Pension Fund signed a Settlement Agreement on 30 November 2015, which sets out the arrangements for paying off NFER's share of the scheme deficit over a 19-year period.

#### **Restricted funds**

No restricted funds were held at the reporting date.

## 19. Notes to the cash flow statement

### a) Reconciliation of Group net income to net cash flow from operating activities

#### Reconciliation of net income to net cash flow from operating activities

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Net income/(deficit) for the reporting period (as per the statement of financial activities)</b>	942	(1,453)
<b>Adjustments for:</b>		
Depreciation and amortisation charges	339	349
(Gains)/losses on investments	(3,775)	1,854
Dividends from investments, interest and rents	(504)	(639)
Defined benefit pension scheme cost	455	527
Payments towards pension deficit	(460)	(453)
Decrease/(increase) in stocks	438	(374)
Decrease/(increase) in debtors	1,595	(475)
Increase in creditors	503	473
Unrealised foreign exchange loss	60	-
<b>Net cash used by operating activities</b>	<b>(407)</b>	<b>(191)</b>

### b) Analysis of Cash and Cash Equivalents

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Cash in hand and at bank	3,605	2,767
Notice deposits (less than 5 months, 2020: less than 8 months)	1,526	2,765
<b>Total cash and cash equivalents</b>	<b>5,131</b>	<b>5,532</b>

### c) Reconciliation to net funds

	<b>2021</b>	<b>2020</b>
	<b>£ '000</b>	<b>£ '000</b>
Net funds at 1 April 2020 (Note 19(d))	3,448	3,291
Decrease in cash during the year	(341)	(175)
Cash inflow from reduction of debt	351	332
Effect of exchange rate changes on cash held in other currencies	(60)	-
<b>Net funds at 31 March 2021 (Note 19(d))</b>	<b>3,398</b>	<b>3,448</b>

#### d) Analysis of net funds

	<b>As at 1 April 2020</b>	<b>Cash flows</b>	<b>Transfers</b>	<b>As at 31 March 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank	5,532	(401)	-	5,131
Debt - due within one year	(351)	351	(371)	(371)
Debt - due after more than one year	(1,733)	-	371	(1,362)
	<b>3,448</b>	<b>(50)</b>	<b>-</b>	<b>3,398</b>

## 20. Results of the Company

As permitted under Section 408 of the Companies Act 2006, the Statement of Financial Activities of the company has not been presented as part of these financial statements. The results of the parent undertaking for the year ended 31

March 2021 was a net movement in funds of £(4,555)k after actuarial losses on the defined benefit pension scheme of £5,483k (2020: net movement in funds of £687k after actuarial gains of £2,594k).

## 21. Related party transactions

The parent company has related party transactions that need to be disclosed under FRS102 section 9.

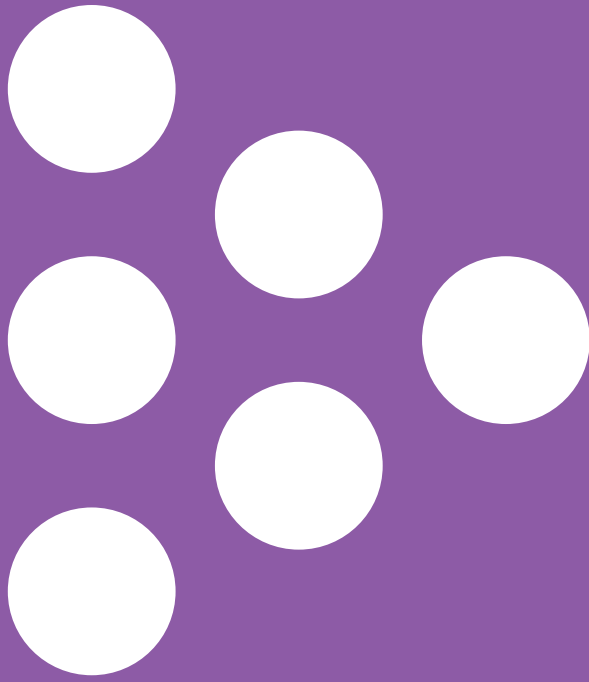
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Balance between parent company and NFER Trading Ltd	438	616
Inter-company recharge of expenses during the year	86	394

There are no other related party transactions.





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