



NOCN

(A Company limited by guarantee)

Trustees' Report and Consolidated Financial Statements
31 July 2020

Registered Charity No. 1079785
Company Registration No. 03829217



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Reference and Administrative Details of the Charity, its Trustees and Advisers for the Year Ended 31 July 2020

Directors and Trustees

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

NOCN Trustees' and Directors:

Chair	Gareth Jones	
Vice Chair	Alison Lamplough**	(Reappointed 16 July 2020)
Trustees	Seb Schmoller	
	John Fuller	
	Kay Dickinson*	
	Peter Wallwork*	
	Anthony Saunders	(Resigned 28 February 2021)
	Leckraz Boyjoonauth	(Reappointed 27 February 2020)
	Kam Penglin	(Resigned 25 November 2020)
	Graham McPhail	(Resigned 11 May 2020) Corrina Hembury
	Michael Mason	(Resigned 27 November 2020)
	Lesley Griffin*	(Resigned 19 June 2020)
	Michelle Elliott*	(Appointed 1 July 2020)
	Adrian Toomey	(Appointed 25 February 2021)

*Trustees are also current or past trustees of One Awards

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

Secretary Sarah Standeven

One Awards Trustees' and Directors:

Chair	Peter Stonell	(Resigned 5 May 2020)
	David Balme	(Appointed as Chair on 5 May 2020)
Trustees	Nigel Harrett	(Resigned 13 September 2020)
	Heloise Allan	(Resigned 10 December 2019)
	Leslie Woodward	
	Andrew McHale	
	Rachael Hennigan	(Resigned 10 December 2019)
	Jane Oswald	
	Sheila McQueen	(Resigned 9 December 2020)
	Paul Richardson	(Resigned 13 September 2019)
	Lesley Griffin	(Resigned 19 June 2020)
	Michelle Elliott	
	Kay Dickinson	(Resigned 2 March 2021)
	John Rees	(Appointed 13 March 2020)
	Peter Wallwork	(Appointed 2 March 2021)

Secretary Dawn Rush

NOCN Job Cards Trustees' and Directors

Chair	Alison Lamplough	
Trustees	Graham Hasting-Evans	
	Simon Renny	(Resigned 3 November 2020)
	Mark Buckton	(Resigned 29 July 2020)
	Kevin Minton	

Trevor Gamble	
David Mosley	(Appointed 14 February 2020)
Paul Allman	(Appointed 2 November 2020)
Tim Brownbridge	(Appointed 2 November 2020)

NOCN India Skills Foundation Directors:

Director	Graham Hasting-Evans
	Dr Sunil Abrol

Key Management Personnel - NOCN Group Senior Leadership Team in 2019/20:

Chief Executive Officer	Graham Hasting-Evans
Group Deputy Managing Director (left 7 November 2019)	Jan Richardson-Wilde
Group Executive Director of Finance & Governance	Simon Renny
Group Executive Director of Customer Services & Operations (left 13 November 2020)	Stephanie Birch
Group Director - Job Cards & Services	Mark Buckton
Managing Director One Awards	Fabienne Bailey

Reference and administrative details

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

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

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

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

Trustees' Report for the year ending 31 July 2020

The Trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiaries for the year ending 31 July 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Chair's report

What an extraordinary year it has been. Who could have predicted, in August 2019, as we set our sights on achieving our vision and goals for 2019/20, that we would face a global pandemic, coupled with a national lockdown. Education, business, leisure and retail were all put on hold, and people confined to their homes, in a bid to keep people safe from Covid19. Yet, despite all the challenges that we have faced, many positives have emerged.

Change has occurred at a lightening pace, with our teams, their customers and learners reverting to virtual communications through Microsoft Teams and Zoom, enabling contact to continue locally, nationally and globally. Remote delivery of learning has become normalised, where at all possible, and assessments have been centre-assessed to award qualifications to learners, to ensure their continued learner journey.

At NOCN Group, our Vision remains constant, to be the Educational & Skills Charity of choice, helping learners and apprentices to reach their potential and organisations to thrive. Whilst our growth may have been temporarily halted by the pandemic, our resolve to continue with our growth plan remains strong. We are determined to emerge from the storms stronger and more digitally able than before.

NOCN retained its position as a top 10 Awarding Organisation in England. We continued to develop significant numbers of new and improved qualifications, in time for the Government's moratorium, whilst liaising closely with Ofqual to put over 25,000 learners through the summer assessment window.

Our Apprenticeship Endpoint Assessment operation has grown, approved to assess 60 apprenticeship standards, the most of any EPAO, and increasing the numbers of assessments undertaken by 139% vs the prior year.

We have improved and digitised the operations for the Construction Plant Card Scheme (CPCS), overcoming the onboarding problems, moving to 'smart' (digitally enabled) cards and improving the renewal service for card holders. Regrettably, there has been a number of issues in respect of the purchase and transfer of CPCS from CITB which has resulted in NOCN issuing legal proceedings.

Our One Awards team liaised closely with the Quality Assurance Agency to process and award our Access to Higher Education Diplomas during the pandemic, issuing certificates within 1 working day, to ensure that students going on to university had every chance of success. Steady growth of the Bespoke and Quality Mark programmes was evident, and One Awards Training was successfully launched.

Internationally, whilst many new registrations were held back by the pandemic, our ESOL International examinations continued their steady growth.

Looking forward, with the third lockdown late in 2020 and uncertainty of future waves of the pandemic ahead of us, it looks as if we will be facing a recession, on a par with the Great Recession of 2008, or worse. To help us recover from this, there will be an increasing focus on the importance of upskilling and reskilling in the post-COVID19 era, and the FE sector will play a vital part in building strong foundations for recovery. We at NOCN Group will be ready to join in the effort to reignite the economy with future skills.



Gareth Jones
28 April 2021

Our Purpose, Objectives and Activities

The Purpose of the Charity

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

The Objectives of the Charity

The Objectives of the Charity are:

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

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

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

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

Public Benefit

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

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

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

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

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

Key Achievements, Activities & Performance in the year

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

NOCN Awarding Organisation

Consistent with the general qualification market conditions, the NOCN Awarding Organisation saw a continued downturn in qualification registration activity in the pre-covid period of 2019/20 compared to 2018/19, the reduction in registrations was primarily at level 2 and primarily in construction in line with the transfer to Trailblazer apprenticeship standards. With the closure of colleges and training providers during lockdown this position significantly worsened with qualification and unit registrations approximately 50% lower than normal during the lockdown period.

In terms of qualification awards, for the 12 months to the end of June 2020 there were 103,285 awards made in 2019/20 compared with 144,710 in 2018/19, a 29% reduction.

NOCN has continued as a top 10 Awarding Organisation (AO) in England as per the Ofqual published league tables and continues to be ranked second in the Construction sector. NOCN has continued to comply through the year as a Regulated Awarding Organisation with Ofqual, CCEA and Qualification Wales regulations and has maintained a strong quality assurance record.

With the impact of Covid, NOCN, along with other AO's, was required by Ofqual in the summer to undertake centre based assessments of Vocational & Technical Qualifications (VTQs)

awards. NOCN processed over 25,000 learner assessments under Ofqual's Extraordinary Regulatory Framework for the summer assessment window on time with no issues raised.

Through the year NOCN has continued to undertake significant work to improve NOCN's registration system operations over the year to ensure it meets the needs of NOCN's centres and has undertaken a range of webinars and workshops to help our centres get trained on our systems.

NOCN has continued to develop the range of qualifications and support materials it can offer such as the new functional skills qualifications including the development of an online offering for functional skills, 15 new construction qualifications and along with online support materials. In total 46 (2018/19 – 37) new qualifications being developed in the year and 55 (2018/19 – 19) being withdrawn. These statistics hide the huge amount of work that has been done this year as we launched 97 new qualifications on the 1st August, which was necessary to prepare for the funding moratorium which was brought in in September 2020.

In 2019/20 NOCN extended the provision of its qualifications to 105 (2018/19: 123) new training providers.

NOCN Apprenticeships

NOCN's apprenticeship end point assessment operations has continued to grow and at the end of July was approved to assess 61 (2018/19: 51) apprenticeship standards, the highest number of apprenticeship standards of all registered End Point Assessment Organisations as at October 2020.

27 (2018/19: 14) separate external audits of NOCN's End Point Assessment operations were undertaken in the year and NOCN received clear reports from all External Quality Assurance Organisations.

Despite the impact of Covid, NOCN has delivered a 194% increase in 2019/20 (2018/19: 248%) in terms of the volume of assessments undertaken compared to the prior year. We expect the volume of assessments to continue to grow significantly in 2020/21 with a strong pipeline of new business across a range of standards as well as deferred assessments from 2019/20.

Covid significantly impacted the undertaking of assessments, and therefore income in the year, where the standard requires a physical assessment. However, NOCN was still able to successfully deliver assessments for many standards remotely throughout lockdown.

2019/20 also saw continued investment in NOCN's EPA registration system to help support the efficient management of this increased growth in volume.

NOCN Job Cards

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

In addition, the CISRS card scheme transferred from CITB on 1 December to be operated under a contract with CISRS.

From 1 December 2019 there were significant issues in relation to CPCS and CISRS following the transfer of the card scheme data from CITB for CPCS cards onto NOCN Job Cards'

systems. These were compounded by issues in relation to the Health and Safety testing carried out under contract on our behalf by Pearson Vue.

These issues impacted on the delivery of the CPCS and CISRS cards for a number of months and required significant additional staffing and IT work to address the issues and clear the processing backlog. Whilst the issues have now been addressed, the issues incurred have negatively impacted both the CPCS and the NOCN businesses and caused significant extra cost to the Group in order to resolve problems and provide a good service to the cardholders and industry.

CPCS application levels pre-Covid were lower than expected. The impact of Covid lockdown meant that application levels saw further significant declines as test centres closed and the construction sector ceased work. Following the relaxation of lockdown in the construction sector and at test centres, we saw these levels increase in Autumn 2020 and the business has moved into surplus generating position in 2021/22, however they are still not operating at the level of income projected by CITB in its CPCS sale prospectus.

These factors have resulted in NOCN Job Cards generating a significant loss in 2019/20 of £833k (2018/19: £24k loss) after depreciation and amortisation. NOCN has committed to continue to financially support NOCN Job Cards and as a result NOCN Job Cards remains a going concern despite the lower than expected income, and is expected to move to generating a surplus in 2020/21.

As a result of the significantly lower than expected income levels and data transfer issues in relation to the CPCS business, NOCN Job Cards has submitted a legal claim against CITB to court in March 2021 in respect of the purchase of the CPCS business from CITB.

On a more positive note, NOCN Job Cards has invested in the card systems in 2019/20 to improve the functionality of the cards, including the move from 'dumb' to 'smart' cards. It is also starting to provide more on-line application facilities which it will continue to invest in during 2020/21 for both CPCS and CISRS. It has, and will continue to, work with the CPCS Management Committee and other industry stakeholders to ensure that the CPCS scheme is further developed to meet the needs of the sector's employers and the cardholders.

One Awards - Access to HE, Bespoke & Training

Until the declaration of the Covid 19 pandemic on 20th March 2020, One Awards performed well against targets, budget and service standards.

The Centre Support team continued to assist centres with our internally set high standard of issuing 98% of all certificates within 3-4 working days of receipt of correctly completed and verified results. Results processing and external verification remained as an in-house operation to ensure quality and efficiency in the service.

Access to HE Diploma certificates were produced in an average of one working day, maintaining the high standard of the previous year, meaning that universities could access student results from our Regional Results Service on the day they were verified. Regular praise is received for the Centre Support Team e.g.

*'Just a courtesy email to thank you so much for your time yesterday.
The team found the advice and information extremely helpful and were very impressed with your professionalism.'* (Paul Lund – Finchale Group)

Celebrating achievement continues to be a priority for us and every year we plan and deliver a number of events including award ceremonies. In November 2019 we were delighted to hold the fourth of our Higher Education Admissions Fair in the North East. The event was

held at Middlesbrough Football Club which provided the space and event management to make this a high-quality experience for attendees. Its purpose was to give students an opportunity to meet with representatives from over 30 universities and higher education providers throughout the UK to find out more about the vast range of courses available. Hundreds of Access to HE students attended and took advantage of being able to talk to a range of institutions about possible next steps into higher education and to attend a variety of workshops. Feedback from students and tutors was very positive.

One Awards bespoke units continued to be used by new and existing centres, offering them a flexible accreditation service to support their own bespoke training programmes. Similarly, there was steady growth in the use of the Quality Mark endorsement which moved to One Awards for full management within the Group.

One Awards Training was a success in its first year. It delivered on all of the planned CPD training for staff working in the FE sector, it achieved a surplus on the budgeted income and it achieved a fully compliant External Quality Assurance report.

Our Access to HE Diploma offer continued to be developed and in 2019-20, over 40 diplomas were available to providers. Our regular review and development process ensures that recognised Access to HE centres continue to have access to a wide range of relevant diplomas to meet the needs of their learners and enable progression to Higher Education. The Access to Health diploma remained the most popular diploma chosen by students and 1 provider ran a successful fully online Access to Health diploma in this year.

The QAA applied a 'low risk' rating to One Awards at the start of 2019/20 and this was maintained following the September submission which included a thematic review of our development, validation, modifications and withdrawal of Access to HE Diplomas.

A further successful February submission followed which included a full data impact review.

On 20th March 2020, the Government directed the country to go into national lockdown as a result of the global Covid 19 pandemic and the disaster recovery plan was implemented. All staff were directed to work from home and the office was closed until further notice.

As Access to HE students required a means of completing their studies and achieving grades to enable them to progress, the Quality Assurance Agency introduced an extraordinary regulatory framework for all AVAs and Access providers to work within. The One Awards team adapted very well to this new framework despite the numerous challenges and changes that were required to our way of working. The team were highlighted by the QAA as being very proactive and responsive throughout the process and we were able to achieve a successful extraordinary awards board at the end of the year. The team also received numerous compliments from the Access providers who were grateful for our support to them throughout the very challenging year.

"Thank you for the regular updates, the communications from One Awards have been by far the best across all awarding bodies, during this period." (Shaun Hope, Hartlepool College of Further Education).

As lockdown continued and travel/working restrictions remained in place, the Board of Trustees decided to postpone the planned office move in September 2020 and instead gave notice to the office landlord that the One Awards team would vacate the Peterlee office at the end of the lease term. This resulted in the need to consult with the staff on moving to a home working contract. This was completed successfully with no challenge posed from staff and

everyone adapting well to the new way of working. This will be monitored throughout 2020/21 to review if this can become a permanent arrangement.

International

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

We saw steady growth in ESOL International examinations in Greece, despite the pandemic.

NOCN Education and Skills Policy & Research

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

In addition, NOCN has taken part in and supported research on education and skills development to promote learning and open up skills development to more and more of our communities. In 2019/20, this included:

- The joint publication of the 'Close the Gap' report with City & Guilds.
- Contributing to the Learning and Work Institute's 'Bridging the Gap' report;
- The launch the 'Constructing SMARTER' report with WorldSkills UK and Dudley College at World Skills Live at the NEC. This received positive comments from within the construction industry and policy makers and resulted in an invite to No 10 Policy Unit for education and skills as well as an invite from DfE to present to the Japanese Government and construction industry representatives.
- Worked with Association of Colleges, CITB, BACH and the Construction Leadership Council (CLC) to develop a set of proposals for supporting learners in FE Colleges into employment in construction which is being considered by DfE.
- Working with Association of Colleges and others on the research in the 'College of the Future'.

Group Corporate Functions

As a result of the immediate and significant financial impact of the Covid lockdown in March, significant work was undertaken to ensure that NOCN and its subsidiaries remained a going concern. Please see the Financial Review section for more information on the actions taken.

Aside from this, work continued in 2019/20 to develop our staff and systems and processes across all our functions and ensure that we can deliver as efficiently as possible in the light of the changed financial position. Covid has resulted in our business having to work on a reduced capacity, as well as working remotely to ensure that we continue to operate in line with Government guidelines. The move to remote working was successful and did not cause any significant impact on our operations. In 2020/21 we expect that NOCN and its subsidiaries will continue to operate on a mainly remote basis and One Awards has closed the Peterlee Office on this basis in 2020/21.

Financial Review (including financial impact of Covid)

Up to the end of February 2020, before the Covid lockdown started, the business saw the Group's year to date incoming resources increase compared with the same period in the prior year. Whilst NOCN's Awarding Organisation's incoming resources had reduced, the growth in incoming resources for the Endpoint Assessment activity had helped to offset this. In addition, the Group's incoming resources were increased with CPCS incoming resources which did not transfer in the prior year until the beginning of March 2019 and CISRS incoming resources which transferred on 1 December 2019. However, it is worth noting that the level of income on CPCS up to this point was significantly (approx. 20%) less than budgeted.

Up to this point operating costs had also increased year-on-year impacting on the surplus generated by the group. However, the group was still making a year-to-date surplus before depreciation & amortisation at this point of £765k.

The Covid lockdown in March significantly impacted on the Group's incoming resources as Colleges, private training providers, and construction sites ceased to operate during this period (both in the UK and internationally). This impacted on the incoming resources of all our businesses with the bulk of the business seeing reductions of around 50% of revenues from that point which significantly impacted on the group's surpluses given that most of the business has largely fixed costs. The reduction on End Point Assessment was also very significant given most of the expected income in the year was due to be earned in the latter period of the year and 30% of this was either reduced or cancelled.

The Group took the following action to address this shortfall:

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

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

The Group ended the year with an operating deficit of £294k (2018/19: £851k surplus) before depreciation/amortisation and before the impact of the change in the One Awards pension deficit.

One Awards staff are members of the Teesside Local Government Pension Scheme. Due to the impact of Covid on the economy, the long-term interest rates used to discount the pension scheme obligations dropped to historic lows. As a direct consequence of this, the pension scheme liability under FRS 102 on the One Awards subsidiary saw a £2.1m increase in its defined benefit pension liability in the year to £3.3m. This increased the Group's deficit in the year by £2.1m (2019: £481k increase). £2,015k of this has been reflected in the Recognised gains and losses for the year of the SOFA, and the rest being reflected in the pensions pay cost. Taking into account £1,179k (2019: £952k) of amortisation & depreciation charges for the year, the Group's net deficit was £3,572k (2019: £582k deficit).

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

£000s	2018/19	2019/20
Income	10,731	11,413
Operating costs	9,880	11,707
Operating surplus/(deficit)	851	(294)
Depreciation & Amortisation	952	1,179
One Awards Pension liability revaluation (including £99k associated pensions pay cost charge)	481	2,114
Other revaluations	-	(15)
Net (outgoing) / incoming resources after other gains/(losses)	(582)	(3,572)

At the half year point of 2020/21 (end of January), despite the economic impact of Covid, the Group's income has increased by 17% compared to the same period last year. The overall financial position is considerably improved and NOCN Group is ahead of budget with an unaudited group operating surplus of £3.5m before depreciation, amortisation and any pension liability revaluation (this figure is unaudited).

Going Concern

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

In assessing going concern of the Group at the date of this report (April 2021) we have reviewed our forecasts for 2021/22 and developed reasonable best and worst case income scenarios for 2021/22 taking into account the likely external economic environment as a result of Covid as well as other external market factors. We also took action in 2020 to reduce the Group's cost base by 20% to ensure it can continue to operate and still generate the operating surpluses it needs to generate to support its cashflow over the coming year. As noted above the Group has seen income increase by 17% and it has achieved a £3.5m group operating surplus in the first 6 months of 2020/21 (these figures are unaudited).

As part of the going concern assessment we carried out sensitivity tests on our Statement of financial activities and cashflow projections looking forward to end of 2021/22 and have looked at how much income would need to drop in 2021/22 beyond our worst case income scenario assuming we take no action to reduce costs, such that we cannot meet all our liabilities as they fall due at any point. This stress test showed that the business has sufficient capacity to pay its liabilities as they fall due if there is a decrease in income below our worst case scenario. This is without any reductions in staff costs, which is clearly an option open to us if required. We do not expect to go below our worst case scenario as we have been prudent on these projections and if income did start to drop to such levels then we would take action in good time to cut our costs through measures such as reintroducing a staff pay cut as we did successfully last year and cutting discretionary costs.

The Board, with the input of specialist advice, considers that the Group and its subsidiaries remain a going concern and that the Group will make sufficient surpluses in 2020/21 and 2021/22 to cover the Group's remaining purchase payments for Cskills and CPCS as well as other liabilities as they fall due. In making this assessment we have assumed prudently that there will be no reduction in the CPCS purchase price agreed with CITB despite our legal claim in this matter.

This assessment is supported by:

- the cost saving work carried out in the latter part of 2019/20 and the ongoing cost control, which has allowed the business to continue to operate on a lower cost base. This cost saving work has resulted in costs in 2020/21 being 16% lower than in 2019/20 at the half year-point despite income being 17% higher (these figures are unaudited);
- the securing of a 6 year £1.5m loan through the CBILS programme;
- The fact that a prudent income budget has been developed for next year which will still allow the business to generate the operating surpluses it needs to cover its liabilities as they fall due including the future CPCS and Cskills business purchase payments as well as start to rebuild its reserves;
- the fact that the colleges, training providers, and construction industry are now operational again and volumes are at least meeting or exceeding the budgeted projections so far in 2020/21 despite the introduction of the 3rd lockdown in 2020/21.
- the detailed forward projection of the Group's cashflow for the next two financial years which shows that the business has sufficient cash to meet its liabilities as they fall due; and
- the ability to undertake further mitigating action to reduce costs and increase cash financing if income does not come in at the budgeted levels due to further Covid lockdowns.

At 31 July 2020 and at the date of this report (April 2021) the balance sheet and forward cash projections show that the Group can continue to meet its all its obligations as they fall due over at least the next 12 months and has been prudently calculated on the basis that NOCN Job Cards pays the full contractually agreed purchase price for CPCS.

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

Subsidiary going concern assessments

It is worth noting that the One Awards pension liability is ringfenced in One Awards and NOCN is not a guarantor of this liability. One Awards will continue to work with the pension scheme administrators in order to try to come to a resolution on this deficit. However, in the meantime the Board considers that One Awards remains a going concern, on the basis that it can pay its liabilities as they fall due as long as NOCN continues to be solvent and recognising the One Awards pension liability is not a real cash liability.

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

Key Risks in the year

The key risks NOCN has faced in 2019/20 have been:

- The UK economic position deteriorates in sectors that could significantly impact on the Group's financial performance and ability to continue. This risk was heightened with advent of Covid lockdown which impacted on the organisation's income streams.
- The continued reduction in the CITB levy reduces the level of spending on construction qualifications and cards and impacts on EPA construction assessment volumes. We are mitigating this through reducing our cost base, developing new products and diversification of the sectors we support and look to reduce our product prices where we can to support our customers.
- Linked to the above and the impact of Covid, there is the key risk that NOCN is not sustainable financially. This is a risk that we have continued to monitor through the year and take action where appropriate to ensure that NOCN and its subsidiaries reduce costs and secure sufficient financing to ensure the business remains a going concern in line with the lower income levels. As a result of these actions the business moves forward into 2020/21 with a lower cost base and is assessed to continue to be a going concern.
- NOCN fails to implement major changes to its business systems and fails resolve the CPCS data and system issues. We have aimed to mitigate this risk by increasing our capacity and capabilities of our IT function to support this work, increased investment in our project management support and contracting in external support to provide additional specialist expertise where necessary. In addition, we have been working with CITB to address the legacy data and interface issues in relation to CPCS.

Powers of Investment

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

Reserves Policy

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

Should reserves drop below 12 weeks an action plan will be agreed by the Board to ensure that NOCN is likely to remain a going concern and build up its reserves to the minimum level. As at the end of July 2020 NOCN's reserve levels have dropped into negative reserve levels. The main reason for this was as a result of a £2.1m increase in the One Awards pension liability as well as an operating deficit arising due to reduced income as a result of poor trading conditions through Covid and income coming in less than expected on the Construction Plant Card Scheme.

The Board approved a business plan and budget for 2020/21 which will increase the reserve levels but it is recognised that it will take a number of years before the business can operate back within its reserves policy.

Future Plans

The Charity's strategic objectives for the following three years continue to be:

- To diversify our product range, customer portfolio and international presence;
- To maintain our position in the UK market and as a sustainable and compliant organisation and ensure our core business is still supported and maintained;
- To develop our organisational capacity and skills;
- To continue to integrate our new businesses and staff;
- To strengthen our business and digital skills;
- To continue to invest to develop the business range and offer; and
- To improve efficiency and service delivery standards.

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

Structure, Governance and Management

Governing Document and structure

The organisation is a charitable company limited by guarantee incorporated on 18 August 1999.

The National Open College Network (NOCN) was registered in England and Wales as a charity on 10 March 2000. The members agreed by vote on 10 October 2013 to change the name to NOCN. This change was formally recorded in Companies House on 18 October 2013. There were 10 members of the company as at 31 July 2020.

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

One Awards joined the NOCN Group with effect from 1 August 2018 following a change in its articles which gives NOCN majority voting rights on the Board. There are 136 members of One Awards.

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

Appointment of Trustees

As set out in the revised Articles of Association, NOCN seeks and recruits trustees who are drawn from a wide range of backgrounds, including industry sectors where NOCN works. As at the 31 July 2020 there were 12 trustees in post at NOCN Group's Board. The chairs of the Board and the sub-committees are appointed trustees. As at the 31 July 2020 there were 6 trustees in post at NOCN Job Cards Board. The Chair of the Board is an appointed trustee and Vice Chair of the NOCN Group Board.

Since 1 August 2019 there have been 2 resignations from the NOCN Group Board. During this period 1 was appointed to the Board. Additionally, 2 were reappointed during the year. Since 1 August 2019 there was 1 resignation from the NOCN Job Cards Board. During this period 2 have been appointed to the Board.

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

Trustee Induction and Training

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

Statement of Regulatory Compliance

All awarding organisations are required to submit their formal statement of compliance, under the General Conditions of Recognition, published by Ofqual. This is a key governance document, which NOCN submitted to the 3 regulators of qualifications in the UK in December 2020. NOCN recorded that it was compliant with the General Conditions of Recognition both times.

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

Compliance with the Charity Governance Code

The Trustees monitor the group's compliance with the Charity Governance Code, which was last updated in December 2020. It has been assessed that NOCN is substantially compliant with the Code, and further improvements in group policies and processes are implemented as required to ensure compliance. The remaining areas addressed to fully comply with the Code include the introduction of regular trustee appraisals, trustee skills audits. These were addressed in early 2021.

Organisational Structure

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

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

Pay policy for senior staff

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

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

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

Risk Management

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

- Consider best practice in designing a risk management framework;
- Encourage well-managed taking of risk to deliver business objectives;
- Provide staff with policies and procedures necessary to manage risk;
- Embed risk management in the day-to-day conduct of business;
- Identify and prioritise risk using the risk management technology;
- Regularly monitor risk at Managing Director and Director Level; and
- Achieve continuous improvement in risk management.

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

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

Trustees' responsibilities in relation to the financial statements

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

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

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

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

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

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

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board of trustees

A handwritten signature in black ink, appearing to read 'G Jones', with a stylized flourish at the end.

Gareth Jones (Chair)

28 April 2021

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF NOCN

Opinion

We have audited the financial statements of NOCN ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 July 2020 which comprise the consolidated statement of financial activities, the consolidated and charity statement of financial position, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 July 2020 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in notes to the financial statements, 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 related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information.

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' Report, which includes 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 Directors' Report, which are included in the Trustees' Report, has 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 Strategic report or the Trustee's 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 returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines 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

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
HELEN KNOWLES
DAED9B91914A4A7...

Helen Knowles (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Leeds

Date: 28 May 2021

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

Consolidated Statement of Financial Activities

Including the statement of comprehensive income

For the Year ended 31 July 2020

	Notes	2020 Unrestricted Funds £	2019 Unrestricted Funds £
Incoming resources			
Grants and Donations	1	469,066	-
Charitable activities	2	10,943,649	10,730,895
Total incoming resources		11,412,716	10,730,895
Resources expended			
Charitable activities	3	12,985,890	10,915,461
Total resources expended		12,985,890	10,915,461
Net movement in funds before other gains/(losses)	6	(1,573,174)	(184,566)
Other recognised gains/(losses)	22	(1,999,306)	(398,000)
Net movement in funds after other gains/(losses)	27	(3,572,481)	(582,566)
Total funds brought forward		1,968,923	2,551,489
Total funds carried forward	20	(1,603,558)	1,968,923

The notes on pages 28 to 47 form part of these financial statements.

The incoming resources and resources expended derive from continuing operations.

NOCN uses the exemption conferred by section 408 of the Companies Act 2006 in not preparing a separate income and expenditure account for NOCN as a separate company. The net deficit recorded by the parent company for the year was £705,567 (2019: net surplus £582,564)

Consolidated Statement of Financial Position

As at 31 July 2020

	Notes	2020 Unrestricted Funds £	2019 Unrestricted Funds £
Fixed assets			
Intangible assets	11	8,604,686	10,104,500
Tangible assets	12	351,718	355,511
Investments	13	-	-
Total fixed assets		8,956,404	10,460,011
Current assets			
Debtors	14	2,754,665	2,943,032
Stock	15	43,858	38,231
Cash at bank and in hand	26	740,826	300,076
Total current assets		3,539,349	3,281,339
Current liabilities			
Creditors: Amounts falling due within one year	16	(6,077,216)	(4,777,290)
Net current (liabilities) / assets		(2,537,867)	(1,495,951)
Total assets less current liabilities		6,418,538	8,964,060
Creditors: Amounts falling due after more than one year	18	(4,737,096)	(5,824,137)
Net assets excluding defined benefit pension plan liability		1,681,442	3,139,923
Defined benefit pension plan liability	21	(3,285,000)	(1,171,000)
Net (liability)/assets including defined benefit pension plan liability		(1,603,558)	1,968,923
Represented by:			
General funds	20	(1,603,558)	1,968,923
Total funds		(1,603,558)	1,968,923

The notes on pages 28 to 47 form part of these financial statements.

All funds are unrestricted

The financial statements were approved by the Board of Directors and authorised for issue on 28th April 2021 and were signed on its behalf by:



Gareth Jones
Chair, NOCN Board of Trustees

Company Statement of Financial Position

As at 31 July 2020

Company Registration No.
03829217

	Notes	2020 Unrestricted Funds £	2019 Unrestricted Funds £
Fixed assets			
Intangible assets	11	4,437,174	5,036,684
Tangible assets	12	296,730	332,917
Investments	13	99	99
Total fixed assets		4,734,003	5,369,700
Current assets			
Debtors	14	3,755,824	3,542,575
Stock	15	10,935	23,335
Cash at bank and in hand		530,182	175,669
Total current assets		4,296,941	3,741,579
Current liabilities			
Creditors: Amounts falling due within one year	16	(4,379,077)	(3,733,681)
Net current (liabilities) / assets		(82,136)	7,898
Total assets less current liabilities		4,651,867	5,377,598
Creditors: Amounts falling due after more than one year	18	(2,895,516)	(2,915,681)
Total net assets		1,756,352	2,461,917
Represented by:			
General funds	20	1,756,352	2,461,917
Total funds		1,756,352	2,461,917

The notes on pages 28 to 47 form part of these financial statements.

All funds are unrestricted

The financial statements were approved by the Board of Directors and authorised for issue on 28th April 2021 and were signed on its behalf by:



Gareth Jones
Chair, NOCN Board of Trustees

Consolidated Statement of Cash Flows

For the financial year ended 31 July 2020

	2020 £	2019 Restated £
Cash flows from operating activities		
Net cash (used in)/provided by operating activities	(677,485)	979,972
Cash flows from investing activities		
Purchase of intangible fixed assets & debtors	(287,363)	(1,500,000)
Purchase of tangible fixed assets	(94,402)	(85,397)
Net cash used in investing activities	(381,765)	(1,585,397)
Cash flows from financing activities		
New bank loans	1,500,000	-
Net cash provided by financing activities	1,500,000	-
Changes in cash and cash equivalents in the year	440,750	(605,425)
Cash and cash equivalents at the beginning of the year	300,076	905,501
Cash and cash equivalents at the end of the year	740,826	300,076
Reconciliation of net movement in funds before other gains/(losses) to net cash flow from operating activities		
Net movement in funds in the period as per the statement of financial activities	(1,573,174)	(184,566)
Adjustments for:		
Depreciation and amortisation	1,179,137	952,185
Increase in Stock	(5,626)	(20,772)
Decrease/(increase) in debtors	188,367	(1,036,708)
(Decrease)/increase in creditors	(466,189)	1,269,833
Net cash (used in)/provided by operating activities	(677,485)	979,972

The prior year reconciliation of net income to net cash flow from operating activities has been restated to exclude the non-cash revaluation of goodwill movement of £244,339, and the associated equal and opposite movement within 'other creditors'. The Net Movement in Funds figure to be reconciled against has also been amended to exclude the other gains and loss figure in line with the Charities SORP and the other creditors line has been amended as a result. Lastly, the purchase of intangible fixed assets figure within cash flows from investing activities has been restated to exclude the non-cash deferred consideration element of the CPCS acquisition, amounting to £3,881,644, with a corresponding equal and opposite adjustment to the increase in creditors within the reconciliation of net income to net cash flow from operating activities. The total net cash and cash equivalents remains unchanged as a result of these adjustments.

Notes to the Financial Statements

Accounting Policies

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

Charitable company information

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

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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

Consolidation

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

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

Preparation of the accounts on a going concern basis

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

In assessing going concern of the Group at the date of this report (April 2021) we have reviewed our forecasts for 2021/22 and developed reasonable best and worst case income scenarios for 2021/22 taking into account the likely external economic environment as a result of Covid as well as other external market factors. We also took action in 2020 to reduce the Group's cost base by 20% to ensure it can continue to operate and still generate the operating surpluses it needs to generate to support its cashflow over the coming year. As noted above the Group has seen income increase by 17% and it has achieved a £3.5m group operating surplus in the first 6 months of 2020/21 (these figures are unaudited).

As part of the going concern assessment we carried out sensitivity tests on our Statement of financial activities and cashflow projections looking forward to end of 2021/22 and have looked at how much income would need to drop in 2021/22 beyond our worst case income scenario assuming we take no action to reduce costs, such that we cannot meet all our liabilities as they fall due at any point. This stress test showed that the business has sufficient capacity to pay its liabilities as they fall due if there is a decrease in income below our worst case scenario. This is without any reductions in staff costs, which is clearly an option open to us if required. We do not expect to go below our worst case scenario as we have been prudent on these projections and if income did start to drop to such levels then we would take action in good time to cut our costs through measures such as reintroducing a staff pay cut as we did successfully last year and cutting discretionary costs.

The Board, with the input of specialist advice, considers that the Group and its subsidiaries remain a going concern and that the Group will make sufficient surpluses in 2020/21 and 2021/22 to cover the Group's remaining purchase payments for Cskills and CPCS as well as other liabilities as they fall due. In making this assessment we have assumed prudently that there will be no reduction in the CPCS purchase price agreed with CITB despite our legal claim in this matter.

ACCOUNTING POLICIES (CONTINUED)

This assessment is supported by:

- the cost saving work carried out in the latter part of 2019/20 and the ongoing cost control, which has allowed the business to continue to operate on a lower cost base. This cost saving work has resulted in costs in 2020/21 being 16% lower than in 2019/20 at the half year-point despite income being 17% higher (these figures are unaudited);
- the securing of a 6 year £1.5m loan through the CBILS programme;
- The fact that a prudent income budget has been developed for next year which will still allow the business to generate the operating surpluses it needs to cover its liabilities as they fall due including the future CPCS and Cskills business purchase payments as well as start to rebuild its reserves;
- the fact that the colleges, training providers, and construction industry are now operational again and volumes are at least meeting or exceeding the budgeted projections so far in 2020/21 despite the introduction of the 3rd lockdown in 2020/21.
- the detailed forward projection of the Group's cashflow for the next two financial years which shows that the business has sufficient cash to meet its liabilities as they fall due; and
- the ability to undertake further mitigating action to reduce costs and increase cash financing if income does not come in at the budgeted levels due to further Covid lockdowns.

At 31 July 2020 and at the date of this report (April 2021) the balance sheet and forward cash projections show that the Group can continue to meet its all its obligations as they fall due over at least the next 12 months and has been prudently calculated on the basis that NOCN Job Cards pays the full contractually agreed purchase price for CPCS.

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

Subsidiary going concern assessments

It is worth noting that the One Awards pension liability is ringfenced in One Awards and NOCN is not a guarantor of this liability. One Awards will continue to work with the pension scheme administrators in order to try to come to a resolution on this deficit. However, in the meantime the Board considers that One Awards remains a going concern, on the basis that it can pay its liabilities as they fall due as long as NOCN continues to be solvent and recognising the One Awards pension liability is not a real cash liability.

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

Liability of Members

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

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

Incoming Resources

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

NOCN income streams are recognised as follows:

- Interest is accrued on a daily basis;
- Delivery Partner Fees are recognised in full in the year the service is provided;
- Learner registration charges are recognised at the time of registration;

ACCOUNTING POLICIES (CONTINUED)

- Replacement certificate income is recognised at point of request and in advance of release of certificate;
- Examination fees are accounted for on receipt of completed examination papers. The income is recognised in the period the examination takes place;
- Apprenticeship End point assessment fees are recognised as follows: Initial up-front charge is recognised when the apprentice is registered with NOCN. The remaining charge is recognised at the point the assessment takes place.

Foreign Currencies

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

Financial Instruments

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

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

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

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

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

Resources Expended

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

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

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

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

Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

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

Tangible Fixed Assets and Depreciation

Tangible assets are included at cost less accumulated depreciation.

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

ACCOUNTING POLICIES (CONTINUED)

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

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

Intangible Fixed Assets and Amortisation

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

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

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

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

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

Software development costs	- 5 years
Goodwill	- 10 years

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

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

Stocks

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

Annual Support Fee Provision

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

The annual centre support fees for the period 1 August 2018 to 31 July 2019 were invoiced in 2018-19 therefore no deferment was required. In reporting the deferred support fee income, a provision is recognised to account for providers who may choose not to continue working with the charity. The deferred Annual Support fee income is therefore adjusted downwards by the provision.

The provision is based on the number of providers who are expected to lapse by the end of a particular period and is based on a combination of historical trends and market behaviours at that time.

ACCOUNTING POLICIES (CONTINUED)

Taxation

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

Pensions

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

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

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

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

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

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

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

Leased Assets

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

Fund Accounting

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

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

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

Notes To The Accounts

1. Incoming resources from grants and donations

	2020 £	2019 £
Government furlough grants	469,066	-
Total	469,066	-

All incoming resources from grants and donations in 2020 were unrestricted.

2. Incoming resources from charitable activities

	2020 £	2019 £
NOCN awarding organisation	6,275,690	8,093,214
End point assessments	1,170,837	621,118
NOCN Job Cards (CPCS & CISRS) (See note below *)	2,889,751	1,546,842
One Awards	532,817	429,243
NOCN India Skills Foundation	74,555	40,478
Total	10,943,649	10,730,895

* CPCS transferred in 1 March 2019

* CISRS transferred in 1 December 2019

All incoming resources from charitable activities in 2020 and 2019 are unrestricted.

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

	Unrestricted Funds 2020 £	Total Funds 2020 £	Restated Total Funds 2019 £
NOCN awarding organisation	6,139,408	6,139,408	6,692,616
End point assessments	1,568,179	1,568,179	748,854
Governance	201,104	201,104	198,976
NOCN Job Cards (CPCS & CISRS)	3,283,182	3,283,182	1,340,643
One Awards	542,925	542,925	952,383
NOCN India Skills Foundation	71,956	71,956	29,806
Depreciation & Amortisation	1,179,136	1,179,136	952,184
Total	12,985,890	12,985,890	10,915,461

2019 figures have been reclassified to be consistent with 2020 categories.

All resources expended from charitable activities in 2020 and 2019 are unrestricted.

The 2019 figures have been restated to separately break out the Group's depreciation and amortisation charge along with some minor reallocations of costs between lines.

4. Total resources expended by activities

	Activities undertaken directly £	Support costs £	2020 £
NOCN awarding organisation	5,465,096	674,312	6,139,408
End point assessments	1,395,941	172,238	1,568,179
Governance	-	201,104	201,104
NOCN Job Cards (CPCS & CISRS)	2,514,348	768,834	3,283,182
One Awards	325,034	217,891	542,925
NOCN India Skills Foundation	71,956	-	71,956
Depreciation & Amortisation	-	1,179,136	1,179,136
Total	9,772,375	3,213,515	12,985,890

	Restated Activities undertaken directly £	Restated Support costs £	Restated 2019 £
NOCN awarding organisation	5,434,012	1,258,604	6,692,616
End point assessments	608,026	140,828	748,854
Governance	198,976	-	198,976
NOCN Job Cards (CPCS & CISRS)	1,253,024	87,619	1,340,643
One Awards	592,270	360,113	952,383
NOCN India Skills Foundation	29,806	-	29,806
Group Depreciation & Amortisation	-	952,184	952,184
Total	8,116,113	2,799,348	10,915,461

The 2019 figures have been restated to separately break out the Group's depreciation and amortisation charge and move this cost to support costs; and minor reallocations of costs between lines; and a minor reallocation between the activities undertaken directly figures and the corresponding support cost figures.

5. Governance

	2020 £	2019 £
Meeting costs	6,885	4,552
Expenses paid to trustees	1,057	110
Legal costs	-	5,035
Internal audit fees	6,300	4,620
External audit fees	31,455	34,497
Management costs	155,407	150,162
Total	201,104	198,976

Allocations have been made on the following basis:

- Governance costs are directly attributed.
- Management costs have been apportioned based on estimate of time allocated.

6. Net incoming resources

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

	2020 £	2019 £
Depreciation	98,195	85,844
Amortisation	1,080,942	866,340
External audit fees	31,455	34,497
Operating lease in respect of buildings	366,753	342,809
Operating lease in respect of equipment and cars	48,256	59,328

7. Staff numbers and costs

	2020	2019
	£	£
Wages and salaries	5,416,507	4,149,936
Social security costs	549,813	404,051
Pension costs	514,763	403,031
Total	6,481,082	4,957,018

The pension costs in 2020 includes £81,000 related to the increase in the defined benefits pension liability of One Awards (note 21).

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

	2020	2019
	number	number
£60,000 to £69,999	3	2
£70,000 to £79,999	3	1
£80,000 to £89,999	-	2
£90,000 to £99,999	-	1
£170,000 to £179,999	1	1

In respect of the above employees' pension contributions paid to a defined contribution pension scheme during the year were £59,509 (2019 £81,797).

The average number of employees, calculated on a full-time equivalent basis, analysed by function was:

	2020	2019
	number	number
Charitable activities	115	88
Management and administration of the charity	42	32
Total	157	120

During the financial year the Group incurred Organisational Change costs of £181,420 (2019 – Nil). This includes statutory redundancy pay, payment in lieu of notice and other miscellaneous costs. Group policy for organisational change is documented fully and is available on-line to all staff. The objective of the policy is to ensure that unavoidable redundancies are handled in a fair, consistent, timely and non-discriminatory way.

8. Trustee remuneration

	2020	2019
	£	£
Travel and subsistence	1,057	110
Total	1,057	110

	2020	2019
	number	number
Travel and subsistence	2	1
Total	2	1

9. Auditor remuneration

	2020	2019
	£	£
External audit of Group / Parent company	15,000	17,856
External audit of NOCN Job Cards (Subsidiary)	5,000	5,600
External audit of One Awards (Subsidiary)	6,000	10,922
External audit of NOCN India Skills Foundation (Subsidiary)	255	119
Other non-audit work carried out by auditor	3,500	-
Total	29,755	34,497

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

The net deficit dealt with in the financial statements of the parent company was £705,567 (£582,564 net surplus in 2019). This comprises net deficit on unrestricted funds.

11. Intangible fixed assets

Group	Software Dev	Goodwill - Cskills	Goodwill - CPCS	Software Dev	Brand Intangible - One Awards	Total
Entity	NOCN £	NOCN £	NOCN Job Cards £	NOCN Job Cards £	Group £	£
Cost / valuation						
At beginning of year	74,010	6,225,909	5,135,238	-	183,183	11,618,340
Additions	204,858	-	-	82,505	-	287,363
Impairment	-	(212,810)	(493,424)	-	-	(706,234)
At end of year	278,868	6,013,099	4,641,814	82,505	183,183	11,199,468
Amortisation						
At beginning of year	18,053	1,245,182	213,968	-	36,637	1,513,840
Charge for the year	32,809	558,748	443,771	8,977	36,637	1,080,942
At end of year	50,862	1,803,930	657,739	8,977	73,274	2,594,782
Net book value at 31 July 2020	228,006	4,209,168	3,984,075	73,528	109,909	8,604,686
Net book value at 31 July 2019	55,957	4,980,727	4,921,270	-	146,546	10,104,500
Company	Software Dev £	Goodwill - Cskills £	Total £			
Cost / valuation						
At beginning of year	74,010	6,225,909	6,299,919			
Additions	204,858	-	204,858			
Fair value assessment		(212,810)	(212,810)			
At end of year	278,868	6,013,099	6,291,967			
Amortisation						
At beginning of year	18,053	1,245,182	1,263,235			
Charge for the year	32,809	558,748	591,557			
At end of year	50,862	1,803,930	1,854,792			
Net book value at 31 July 2020	228,006	4,209,168	4,437,174			
Net book value at 31 July 2019	55,957	4,980,727	5,036,684			

12. Tangible fixed assets

Group	Computer equipment £	Fixtures and fittings £	Total £
Cost			
At beginning of year	323,105	352,985	676,090
Additions	58,339	36,063	94,402
Disposals	(12,605)	-	(12,605)
At end of year	368,839	389,048	757,887
Depreciation			
At beginning of year	249,252	71,327	320,579
Charge for the year	52,597	45,598	98,195
Disposals	(12,605)	-	(12,605)
At end of year	289,244	116,925	406,169
Net book value at 31 July 2020	79,595	272,123	351,718
Net book value at 31 July 2019	73,853	281,658	355,511

Company	Computer equipment £	Fixtures and fittings £	Total £
Cost			
At beginning of year	304,457	346,876	651,333
Additions	46,404	4,020	50,424
At end of year	350,861	350,896	701,757
Depreciation			
At beginning of year	248,444	69,972	318,416
Charge for the year	44,906	41,705	86,611
At end of year	293,350	111,677	405,027
Net book value at 31 July 2020	57,511	239,219	296,730
Net book value at 31 July 2019	56,013	276,904	332,917

13. Fixed asset investment

Company	2020 £	2019 £
Cost		
At beginning of year	99	99
Additions	-	-
At end of year	99	99

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

Subsidiary Undertakings

The following were subsidiary undertakings of NOCN:

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

Note on NOCN India Skills Foundation: The aggregate of the share capital and reserves as at 31 July 2020 and of the profit or loss for the year ended on that date for this subsidiary undertaking were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
NOCN India Skills Foundation	17,469	2,599

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

14. Debtors

Group	2020 £	2019 £
Trade debtors	2,453,606	2,282,966
Prepayments and accrued income	301,059	660,066
Total	2,754,665	2,943,032

Company	2020 £	2019 £
Trade debtors	1,755,586	1,800,837
Prepayments and accrued income	112,567	477,428
Intercompany debtors	1,887,670	1,264,310
Total	3,755,824	3,542,575

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

15. Stock

Group	2020 £	2019 £
At beginning of year	38,231	17,498
Purchased in the year	46,134	47,331
Charged in the year	(40,507)	(26,598)
At end of year	43,858	38,231

Company	2020 £	2019 £
At beginning of year	23,335	17,498
Purchased in the year	9,534	32,435
Charged in the year	(21,934)	(26,598)
At end of year	10,935	23,335

16. Creditors - amounts falling due within one year

Group	2020 £	2019 £
Trade creditors	256,628	570,516
Accruals	926,058	939,624
Deferred income - note 17	592,246	335,132
Taxes and social security	899,718	258,220
Coronavirus Business Interruption Loan (CBILS) Loan	75,000	-
Other creditors	3,327,566	2,673,798
Total	6,077,216	4,777,290

Company	2020 £	2019 £
Trade creditors	185,484	488,466
Accruals	671,917	446,799
Deferred income - note 17	592,246	335,132
Intercompany creditors	488,274	590,167
Taxes and social security	657,797	178,741
Coronavirus Business Interruption Loan (CBILS) Loan	75,000	-
Other creditors	1,708,359	1,694,376
Total	4,379,077	3,733,681

17. Deferred income

Group	2020 £	2019 £
At beginning of year	335,132	36,500
Released in the year	(335,132)	(36,500)
Charged in the year	592,246	335,132
At end of year	592,246	335,132

Company	2020 £	2019 £
At beginning of year	335,132	36,500
Released in the year	(335,132)	(36,500)
Charged in the year	592,246	335,132
At end of year	592,246	335,132

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

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

Group	2020 £	2019 £
Coronavirus Business Interruption Loan (CBILS)	1,425,000	-
Other creditors	3,312,096	5,824,137
Total	4,737,096	5,824,137

Company	2020 £	2019 £
Coronavirus Business Interruption Loan (CBILS)	1,425,000	-
Other creditors	1,470,516	2,915,681
Total	2,895,516	2,915,681

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

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

19. Analysis of net assets between funds

Group	2020 Unrestricted Funds £	2019 Unrestricted Funds £
Intangible fixed assets	8,604,686	10,104,500
Tangible fixed assets	351,718	355,511
Current assets	3,539,349	3,281,339
Current liabilities due in less than one year	(6,077,216)	(4,777,290)
Liabilities due after more than one year	(4,737,096)	(5,824,137)
Net assets excluding defined pension plan liability	1,681,442	3,139,923
Defined pension plan liability	(3,285,000)	(1,171,000)
Net assets including defined pension plan liability	(1,603,558)	1,968,923

Company	2020 Unrestricted Funds £	2019 Unrestricted Funds £
Intangible fixed assets	4,437,174	5,036,684
Tangible fixed assets	296,730	332,917
Investments	99	99
Current assets	4,296,941	3,741,579
Current liabilities due in less than one year	(4,379,077)	(3,733,681)
Liabilities due after more than one year	(2,895,516)	(2,915,681)
Net assets	1,756,352	2,461,917

20. Statement of funds

Group	At 31 July 2019	Incoming resources £	Outgoing resources £	Gains / (losses) £	At 31 July 2020 £
General funds	3,139,923	11,412,716	(12,886,891)	15,694	1,681,442
Pension fund - defined benefit - One Awards	(1,171,000)	-	(99,000)	(2,015,000)	(3,285,000)
Total unrestricted funds	1,968,923	11,412,716	(12,985,890)	(1,999,306)	(1,603,558)

Company	At 31 July 2019	Incoming resources £	Outgoing resources £	Gains / losses £	At 31 July 2020 £
General funds	2,461,919	7,758,361	(8,463,929)	-	1,756,352
Total unrestricted funds	2,461,919	7,758,361	(8,463,929)	-	1,756,352

21. Pension commitments

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

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

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

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

	At 31 July 2020 %	At 31 July 2019 %
Discount rate	1.40	2.20
Future salary increases	2.30	2.20
Future pension increases	2.30	2.20
Inflation assumption	2.30	2.20
Revaluation rate	2.30	2.20
	At 31 July 2020 Years	At 31 July 2019 Years
Mortality rates (in years)		
- for a male aged 65 now	21.8	21.9
- at 65 for a male aged 45 now	23.2	23.6
- for a female aged 65 now	23.5	23.8
- at 65 for a female aged 45 now	25.3	25.7

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

	At 31 July 2020 £	At 31 July 2019 £
Present value of defined benefit obligations	(6,952,000)	(5,086,000)
Fair value of plan assets	3,667,000	3,915,000
Net pension liability	(3,285,000)	(1,171,000)

The actual loss on scheme assets was £274,000 (2019 - £197,000 return).

21. Pension commitments (continued)

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

	2020 £	2019 £
Current service cost	155,000	140,000
Net interest expense	25,000	18,000
Remeasurements: actuarial losses	2,015,000	396,000
Total amount recognised in the Statement of Financial Activities	2,195,000	554,000

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

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

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

	2020 £
Opening fair value of scheme assets	3,915,000
Interest income	86,000
Actuarial losses	(360,000)
Contributions by employer	81,000
Contributions by scheme participants	31,000
Net benefits paid out	(86,000)
Fair value of plan assets	3,667,000

Consideration of the recent McCloud and GMP judgements have been applied in the FRS102 actuarial assumptions, with a past service cost of £10,000 being applied during the year.

22. Other recognised gains/(losses)

	2020 £	2019 £
Cskills acquisition fair value adjustment gain	57,770	-
CPCS acquisition fair value adjustment loss	(42,076)	-
One Awards defined benefit liability revaluation	(2,015,000)	(398,000)
Total	(1,999,306)	(398,000)

23. Financial commitments

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

	2020 £	2019 £
Buildings:		
Within one year	305,212	372,687
Between two and five years	508,298	850,036
Equipment:		
Within one year	44,281	60,784
Between two and five years	19,979	53,713

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

	2020 £	2019 £
Buildings:		
Within one year	299,186	372,687
Between two and five years	508,298	850,036
Equipment:		
Within one year	44,176	60,784
Between two and five years	19,979	53,713

24. Cash flows from investing activities

Purchase of tangible fixed assets:

During the year the Group acquired tangible fixed assets with the aggregate cost £94,902 (2019 - £85,398). Cash payments were made totalling £94,902 (2019 - £85,398) to purchase the equipment.

Purchase of intangible fixed assets:

During the year the Group acquired intangible fixed assets with the aggregate cost £287,363 (2019 - £5,318,421). Cash payments were made totalling £287,363 (2019 - £1,500,000) to purchase the goodwill and pay for the software developed.

25. Related Party Transactions

	2020 £	2020 £	2020 £	2019 £	2019 £	2019 £
	Income	Purchases	Amount due from at year end	Income	Purchases	Amount due from at year end
CITB	72,506	-	72,206	3,652	-	500
CITB (CISRS)	41,850	-	24,780	-	-	-
NCC (part of CITB)	317,802	-	17,509	105,166	-	22,895
NSAC (part of CITB)	106,818	-	6,354	90,242	-	2,708
OCN Northern Ireland	36,250	-	-	35,567	-	-
British Ass'n Construction Heads	-	698	-	-	3,945	-
Van Elle (Holdings) Ltd	16,248	-	1,107	14,234	-	590
Northern College	6,282	-	500	4,858	-	-
Credit Services Association	-	-	-	3,072	-	1,303
TUC	17,850	-	-	17,000	1,500	-
Sheffield College	30,682	-	30,667	100,287	-	61,054
Barnsley College	75,684	-	4,086	15,525	-	578
Maggie Hasting-Evans	-	262	-	-	-	-
Laing O'Rourke Civil Eng Ltd	999	-	3,049	2,050	-	2,050

Transactions relating to CITB are for learner registration and certification fees from the NCC and NSAC centres that form part of CITB. Graham McPhail is an executive director of CITB.

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

Transactions with Van Elle (Holdings) Ltd are for learner registration and certification fees. Michael Mason is a Director of Van Elle Limited.

Transactions with Sheffield College represent qualification registration and certification income. Seb Schmoller, a Trustee of the Charity, was Chair of Sheffield College in the period of the accounts.

Transactions with Northern College represent qualification registration and certification income. Seb Schmoller is a Trustee of the Charity.

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

Transactions with Laing O'Rourke Civil Engineering Ltd relate to the issue of job cards. Alison Lamplough is an employee of Laing O'Rourke Civil Engineering Ltd.

26. Analysis of cash and cash equivalents

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

	2020 £	2019 £
Cash at bank	740,242	299,627
Cash in hand	584	449
Total	740,826	300,076

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

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

	2020 £	2019 £
Incoming Resources	11,412,716	10,730,895
Operating costs	11,707,753	9,880,277
Operating surplus/(deficit)	(295,037)	850,618
Depreciation & Amortisation	(1,179,137)	(952,184)
One Awards Pension liability revaluation (including £99k (2019: £83k) associated pensions pay cost charge)	(2,114,000)	(481,000)
Other revaluations	15,693	-
Net movement in funds after other gains/(losses)	(3,572,481)	(582,566)

28. Analysis of Net Debt

Group

	At 1 August 2019 £	Cashflow £	At 31 July 2020 £
Cash at bank and in hand	300,076	440,750	740,826
Bank Loan	-	(1,500,000)	(1,500,000)
	300,076	(1,059,250)	(759,174)

Company

	At 1 August 2019 £	Cashflow £	At 31 July 2020 £
Cash at bank and in hand	175,669	354,513	530,182
Bank Loan	-	(1,500,000)	(1,500,000)
	175,669	(1,145,487)	(969,818)

29. Post Balance Sheet events

On 25 March 2021, the Boards of NOCN and NOCN Job cards agreed to enter a legal claim against CITB in respect of the CPCS business purchase contract with CITB, following the failure of discussions with CITB to secure a mutually agreeable settlement. This was duly filed at the court and served against CITB on 30 March 2021. An estimate of the financial effect of this legal claim cannot currently be made.