

Report of the Trustees and financial statements

YEAR ENDED 31 MARCH 2022

Contents

Officers and members of the Board of Trustees	4
.....	
Administrative details	5
.....	
Chair’s Statement	6
.....	
Report of the Board of Trustees	8
.....	
Statement of the Trustees’ responsibilities	26
.....	
Independent auditor’s report	27
.....	
Consolidated statement of financial activities	32
.....	
Group and Company balance sheets	33
.....	
Consolidated statement of cash flows	34
.....	
Notes to the financial statements	35
.....	

Officers and members of the Board of Trustees

President	Sir Jim Rose, CBE, FRSA
Vice President	Ms A J Shaw, MA (Hons)
Chair of Board of Trustees	Ms J L Cocking, BA (Hons) (1) (3) (4)
Treasurer	Mr N Hollister, MA (Hons), Cantab (1) (3)
Trustees	Ms F Capstick, MBA
	Professor M Day, BSc (Hons), PGCE, PhD
	Ms S Douglas, BA (QTS) Hons (1)
	Ms H Ghantiwala, BA (Hons), MA, Solicitor (2) (resigned 10 November 2021)
	Mr N Hillman, BA (Hons), PGCE, MA
	Mr M Keen, MA (Hons) Oxon, FCA, (1)(2)(3)(4)
	Mr P James (appointed 24 June 2022)
	Mr S Macdonald, BA (Hons), Solicitor (1)(3)(4)
	Mr D Madoc-Jones, BA (Hons) (2)(4)
	Mr C Ryan, BA (Hons), MA
Membership of committees	(1) Remuneration Committee
	(2) Audit Committee
	(3) Nominations Committee
	(4) Investment Committee

Administrative details

for the year ended 31 March 2022

Charity name	National Foundation for Educational Research in England and Wales
Charity number	313392
Company number	00900899
Principal and registered office	The Mere, Upton Park, Slough, Berkshire SL1 2DQ
Auditor	Haysmacintyre LLP, 10 Queen Street Place, London EC4R 1AG
Bankers	National Westminster Bank plc, c/o Royal Bank of Scotland plc, (as agents) Corporate Banking, 3rd Floor, Cavell House, Charing Cross Road, London WC2H 0NN
Solicitors	Bates Wells London LLP, 10 Queen Street Place, London EC4R 1BE
Investment managers	Investec Wealth and Investment Ltd, 2 Gresham Street, London EC2V 7QP Smith & Williamson Investment Management LLP, 25 Moorgate, London EC2R 6AY

Trustees and Directors

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

Senior Management Team

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

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

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

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

Mr Sanjeet Maghera, MBAe (LSE) (Chief Digital Officer - resigned 5 November 2021)

Mr Alan Read MA (Oxon), (Chief Digital Officer) (appointed 8 Nov 2021)

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

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

Chair's Statement

Lorna Cocking
Chair of the Board of Trustees

NFER's mission is to generate evidence and insights that can be used to improve outcomes for future generations everywhere, and to support positive change across education systems.

Education has faced its greatest challenge in NFER's history during the last two years. We are proud to have been at the forefront of providing the robust research, evidence and insights needed to understand and overcome the challenges of the pandemic; ensuring that children and young people are on their way to recover from missed learning and the effects on their wider development.

This report includes examples of how we have been fulfilling our mission over the last year, how we have responded to the ongoing impact of the pandemic, and the contribution we have made to education policy and practice.

The year 2021 marked a significant anniversary for NFER – 75 years since the organisation was founded. We used the year to reflect on this significant milestone through a series of articles published on our website and in the sector press on topics covering the length and breadth of NFER's expertise. We also brought together key stakeholders and politicians in a celebratory reception held in Parliament during the summer of 2022. This enabled us to highlight the huge contribution that NFER has made to education since 1946 and to set out the priorities ahead for the organisation.

The pandemic has highlighted the stark differences in children's opportunities and educational progress – across countries, regions and across different parts of society. NFER's crucial role is to provide the evidence to help understand these differences and how they can be overcome.

As we emerge from the pandemic, I look forward to NFER continuing to grow its influence and impact, not only in the UK, but also internationally through its globalisation programme.



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Report of the Board of Trustees

for the year ended 31 March 2022

The Board presents this annual Trustees' report and the audited accounts for the year ended 31 March 2022 as required by the Companies Act. This report provides a full account of the activities for the year and includes the information required of the Trustees of the charity by the Charity Commission.

Governing document

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

Our members comprise the serving Trustees of the company.

Objectives and activities

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

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

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

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

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

NFER does not carry out any fundraising activities.

1,267

HTML pages
on the website

1,042,300

impressions
on Twitter



114,000

downloads of
sample materials,
publications and
assessment hub
articles

The public benefits of NFER's work

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

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

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

Supporting education recovery and improvement

Following the most turbulent year in education in peacetime, NFER was focussed and determined to shed new light on key issues affecting education in order to improve national policy and classroom practice.

Evaluating the impact of Covid-19 and measures to support recovery

NFER's work to evaluate the initial impact of Covid-19 on education during 2020 proved vital to those working in policy and in the classroom. We continued our work to evaluate the ongoing impacts with numerous research projects, including monitoring the progress of key stage 1 pupils in reading and maths, exploring the impact on schools in deprived communities and those not in mainstream education, and understanding what schools and pupils needed following the lockdowns.

The government's National Tutoring Programme provides funding for schools to spend on targeted academic support to aid recovery. NFER was commissioned by the Education Endowment Foundation, and subsequently by the Department for Education, to evaluate the impact and effectiveness of the programme. Evaluations of years 1 and 2 have been underway during this year, with our first report due to be released later in 2022.

NFER's high quality optional assessments for primary schools have been very popular following the pandemic, enabling schools to understand and address the gaps in children's learning created by interrupted schooling. Schools have also valued the additional support and resources that we have made available through our on-line Assessment Hub.

We published the Results Digest for the National Reference Test (NRT) in December. The purpose of the NRT is to inform decisions about grade boundaries for GCSEs and has been conducted every year since 2017. The digest also provides valuable information about changes in the attainment of year 11 students over time, offering an insight into the impact of the pandemic on this age group.

The pandemic has also changed the way that NFER staff work and interact with colleagues and external stakeholders. As an organisation, we undertook in-depth consultations with our staff to understand how we could provide the best working environment to ensure that we could continue to deliver our vital work. NFER's new hybrid working arrangements give colleagues the flexibility to continue providing our high-calibre research while ensuring that staff well-being is sustained. Our human resources colleagues are putting a greater emphasis on staff well-being, including rolling out new, more frequent staff surveys to ensure that working at NFER remains a fulfilling and rewarding experience.

Our wider work to inform and improve policy and practice

Throughout the year, NFER published numerous reports which brought to light new and existing issues facing the education sector, and which included wide-ranging policy and practice recommendations. Some of our major reports included:

- ‘Putting apprenticeships to work for young people’, which found that apprenticeship starts across learners of all ages had fallen significantly prior to the pandemic, and this was exacerbated over the last year. Young people, and those from disadvantaged backgrounds, have been disproportionately affected and the report sets out a series of recommendations to address these challenges.
- Our ‘Investigating the changing landscape of pupil disadvantage’ report examined the impact of recent and anticipated changes in free school meal eligibility resulting from the Universal Credit transitional arrangements in England. The report recommended the development of a basket of measures to better understand and interpret the evolution of attainment among disadvantaged pupils and their peers.
- ‘Investigating the use of long-term measures’ looked at whether new measures can be developed to provide schools and colleges with information about the longer-term destinations of their former students. The research

found that the institution at which a young person studies their post-16 qualifications is associated with a small but significant impact on their longer-term earnings and employment outcomes.

- Our ‘Teacher Labour Market’ reports for England and Wales set out the emerging trends in recruitment and retention for the profession. The reports highlighted the significant risk of under-recruitment of trainee teachers across a large range of secondary subjects in 2022, including traditional “shortage” subjects (physics, maths, chemistry, computing, design and technology and modern foreign languages) as well as subjects, such as geography and English, which typically recruit well.
- ‘The Skills Imperative 2035’ is a major new project, funded by the Nuffield Foundation, that aims to identify the essential employment skills young people will need for work by 2035. The first report of this multi-year project explored the existing literature on the skills employers are likely to need in future, to set the scene for our wider research study.
- NFER has continued to make a vital contribution to the accountability landscape by delivering more than half a million Reception Baseline Assessments to all primary schools in England with a Reception class intake. This will provide a fairer and more robust baseline from which to measure children’s progress throughout their time at primary school than the current KS1 measure.

Transforming NFER

Increasing the visibility and use of our work

Our research enables us to create and share new insights within the education sector and beyond. The more extensive our reach, the more influence our findings are likely to have on decision making and the quality of education.

Over the last year, we have written extensively on a wide range of topics. Our articles are posted on our own website and have also appeared in national and sector press outlets, including the BBC, The Telegraph, The Guardian, The Times, The Sun, The Daily Mirror, The Daily Mail, The Evening Standard, TES, Schools Week, FE News, Teaching Times and more.

Our articles over the last year have covered a broad range of topics, including:

- Recovering from the Covid-19 pandemic
- Empowering teachers to build effective learning environments across the world
- Assessment reform
- Teacher pay and bursaries
- Levelling up education
- Applications to Initial Teacher Training
- Computer adaptive tests
- Pupil disadvantage
- Apprenticeship starts
- Reading policy in the Republic of Ireland

Feeding our research findings and recommendations directly into the policy-making process is one of the ways we can ensure our work is having an impact. Over the last year, we have responded to many government consultations and committee inquiries, including:

- The House of Commons Public Accounts Committee inquiry into the financial sustainability of schools.
- The Department for Education's consultation into the National Funding Formula.
- HM Treasury's Spending Review.
- The House of Lords Youth Unemployment Committee's inquiry into youth unemployment.
- The Education Select Committee's inquiry into post-16 qualifications.
- The All-Party Parliamentary Group for Alternative Provision's inquiry into school exclusions.

Our policy engagement over the last year has ensured our findings and recommendations are used widely in the policy-making process: being included in parliamentary questions to Ministers, references to our research in Select Committee reports, and the use of our findings in papers from the House of Commons Library and Department of Education policy papers.

We are committed to seeking more avenues for engagement in the policy-making process. For the first time this year Carole Willis spoke at two in-person events at the political party conferences in Brighton and Manchester. Our researchers also regularly attend and speak at meetings of All-Party Parliamentary Groups and are happy to discuss our insights with politicians, whilst always maintaining our strict impartiality.

Global activities

NFER has continued to grow its international presence this year, publishing new reports and developing new relationships amongst the international community. NFER was responsible for delivering the OECD's first International Early Learning and Child Well-being Study (IELS) in England, on behalf of the Department for Education. Following its publication in 2020, we published two new reports this year using data from IELS which analysed young children's development and deprivation, and young children's physical development in England.

This year, we also conducted an independent evaluation of the Inspect and Improve (I&I) pilot project in Eastern Uganda, which is a school inspections and improvement programme implemented by Promoting Equality in African Schools (PEAS) in partnership with Uganda's Ministry of Education and Sports.

Technological advances

The changing nature of work as a result of the pandemic encouraged NFER to update its technology in order to support colleagues' hybrid working patterns. We recruited a new permanent Chief Digital Officer and migrated to Microsoft Office 365, enabling us to move to using cloud technology. In doing so, we are ensuring that we operate with the highest levels of security and are embracing automation as an organisation, improving our efficiency.

We have also continued to develop our e-assessment expertise, enabling us to contribute to more engaging and sophisticated ways of assessing children's learning.

96%

of our stakeholders agree we are an important provider of education evidence

90%

or more consider NFER to be professional, independent, and rigorous



88%

perceive NFER to be influential; 86% view us as authoritative

Celebrating our 75th anniversary

In 2021, we marked 75 years since NFER was established. NFER was founded in 1946 – in the aftermath of the Second World War – with the aim of building a body of evidence that would transform education for children and young people.

Over the last two years we have seen the largest disruption to education in peacetime – the aftermath of the Covid-19 crisis will be felt in education across the world for many years. The need for high-quality, impartial evidence to inform policy and practice has never been greater if the interests of children and young people are to be at the centre of recovery.

Our 75th year also marked an important achievement, as NFER was successfully awarded Independent Research Organisation (IRO) status following an application to UK Research and Innovation (UKRI). There are only around 70 IROs across all research areas in the UK. The status enables NFER to apply for funding through UKRI from across the nine UK Research Councils, including the Economic and Social Research Council (ESRC). This will enable us to conduct more high-quality research into the pressing issues in education.



NFER

National Foundation for
Educational Research



NFER

Classroom



NFER

International

Looking forward

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

Our 75th year as an organisation has provided a good opportunity to reflect back on our work and achievements over three-quarters of a century. It has also provided a good basis from which to plan our future growth and we will seek to develop and implement a new organisational strategy over the next year.

Increasing our visibility and impact

Education recovery

We will continue to support children and teachers in combatting the impact of Covid-19 on education. We will do this through projects such as the evaluation of the National Tutoring Programme, monitoring the speed of children's recovery using NFER Tests, and by providing analysis and feedback to teachers to support their teaching priorities.

Widening our stakeholder networks

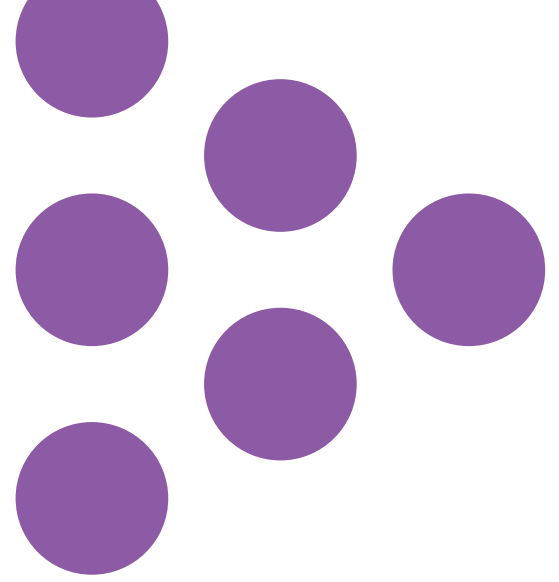
As we continue to innovate and undertake research into broader areas, we will engage with a more diverse range of stakeholders in the education sector and beyond. Our Skills Imperative 2035 project will enable us to engage with business and industry in new ways, whilst we also solidify and deepen existing relationships within the education sphere.

Expanding our global reach

Our international development work is underpinned by our mission to build better futures globally, and to support improvements within education systems. We will continue to invest in this area of the organisation, building on the successful work of the last year. 2022 and beyond will see us growing the number of projects we work on internationally and the number of countries we work in.

Transforming our technology and processes

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



Promoting the success of the charity

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

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

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

Structure, governance and management

Appointment of Trustees

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

Trustee induction, training and continued support

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

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

Organisation

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

Related parties

NFER had three wholly owned subsidiaries at the start of the year. NFER Trading Limited, Company Number 03954591, was formed in 2000 with its prime role to deliver selected commercial contracts. i-nfer Assessment Limited, Company Number 05946075 (incorporated in 2006 and acquired by the Group in 2012) remained dormant throughout the financial year. Futurelab Education Limited, also acquired by the Group in 2012, was dormant during the period until the directors took the decision to strike it off the Register of Companies. This change of status was registered on 7 September 2021.

Energy use

The charity uses energy for the purposes of heating, lighting and air-conditioning its office spaces. During the year the group consumed 516,400KW of electricity to power and air-condition its offices (2020-21: 477,000KW) and 545,500KW of gas to heat them (2020-21: 429,000KW). In total these two sources of energy represent annual CO₂e emissions of 210 tonnes (2020-21: 190 tonnes). The charity is investigating ways in which it can reduce its consumption of fossil fuels, including the feasibility of generating its own renewable energy.

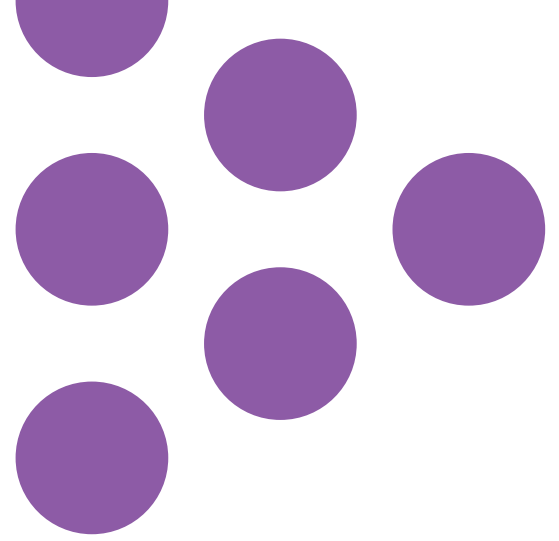


Risk management

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

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

- Consumer price inflation in the UK has risen from 2% to over 10% in the last 12 months, exacerbated since February by the significant increases in energy prices. NFER entered into long term fixed price contracts for its energy requirements last year which will mitigate the impact of energy price increases until 2025 but is very aware that this high level of inflation will adversely impact its customers, suppliers and staff, potentially pushing up its costs and constraining its income. NFER will monitor these developments and mitigate where it can.
- The willingness of schools to engage in NFER's research projects in the wake of the pandemic may affect the validity of our research. In addition to the high levels of customer care that we rely on to encourage school engagement, we are also investigating project designs



that minimise the burden on schools, and utilising existing data sets wherever possible.

- The current buoyant employment market in the UK is making it increasingly difficult for employers to attract and retain staff. In response to this challenge and the risk of not being able to recruit sufficient numbers of highly skilled staff to meet its ambitious business plan, NFER has implemented flexible working arrangements to broaden the pool of candidates from which we recruit as well as looking at the career paths and training needs of its current staff.
- Changes in ministerial personnel at the DfE runs the risk of unexpected changes in education policy which could have a significant bearing on NFER's current projects and schools' participation in our work. We are working very closely with our clients to ensure that the value of our work is recognised both within government and across the education sector and are actively seeking to diversify our client base.
- Ensuring the security of our information continues to be a key area of focus, particularly as most staff continue to work remotely. We are safeguarding the integrity of our systems and those of our suppliers through careful management of information security risks in line with our ISO27001 certification and Cyber Essentials Plus status, and through investing in business improvement and resilience. We are also reviewing our

approach to safeguarding checks on our partners and suppliers to continue to safeguard all our research participants.

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

Financial instruments

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

Our investment portfolio, where risk is controlled by the Investment Committee through the appointment of investment managers, a wide spread of investments and a policy to hold a proportion of the assets in bonds and property funds that are not as exposed to downside risk as an exclusively equities portfolio.

A 20-year bank mortgage (three years remaining at 31 March 2022), in which upward interest rate risk has been eliminated by fixing the rate of interest throughout the term.

A six year Coronavirus Business Interruption Loan (CBILS) for £2m which was entered into in May 2021, the majority of which is fixed interest.



Buckinghamshire Pension Fund

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

Qualifying indemnity insurance

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

Financial review of the group

NFER's overall level of income was £19.5m for the year (2020-21: £15.8m). Income from research was £12m (2020-21: £9.6m) whereas income from sales of our educational resources was £7m (2020-21: £5m). There was a net deficit on charitable activities of £1.7m compared to a net deficit

on charitable activities of £3.4m last year. These deficits reflect a deliberate focus by the Trustees on investing in the long term success of the charity - transforming its technology and strengthening the quality and efficiency of its work to better support the education system in future.

The investment portfolio has generated a slightly reduced level of dividend and interest income at £473k (2020-21: £498k). The value of the portfolio at 31 March 2022 has increased to £24.7m (2021: £23.6m).

Interest costs incurred on the mortgage decrease as the capital amount of the loan reduces; this year it was £89k compared to £109k last year. In addition, in accordance with the requirements of FRS102, an interest charge and administrative charges on NFER's share of the Buckinghamshire Pension Fund deficit has been calculated at £503k. The equivalent figure for the prior year was £455k.

Overall, the organisation generated a total net deficit for the year of £595k compared to a net surplus of £942k in 2020-21. This reflects a loss on our charitable activities which was reduced by the increase in value of our investments. In 2020-21 NFER experienced a deficit on our charitable activities which was more than offset by the increase in the value of the investment portfolio.

The FRS102 actuarial gains reported for this year amount to £4.4m (2020-21: loss of £5.5m). The result of this actuarial gain is a decrease in the net pension deficit from £23.8m in 2021 to £19.5m at the year end. The overall net movement of funds for the

year, after these actuarial gains, amounted to £3.8m, which gives NFER total reserves of £13m at the end of the year, compared to £9.3m at the end of last year.

The charity's only active subsidiary, NFER Trading Limited, made an operating profit of £0k (2020-21: profit of £13k) and will not remit any Gift Aid this year (2020-21: profit remitted of Nil). No new contracts were signed in the name of NFER Trading Limited and the revenue for the year was £0k (2020-21: £105k).

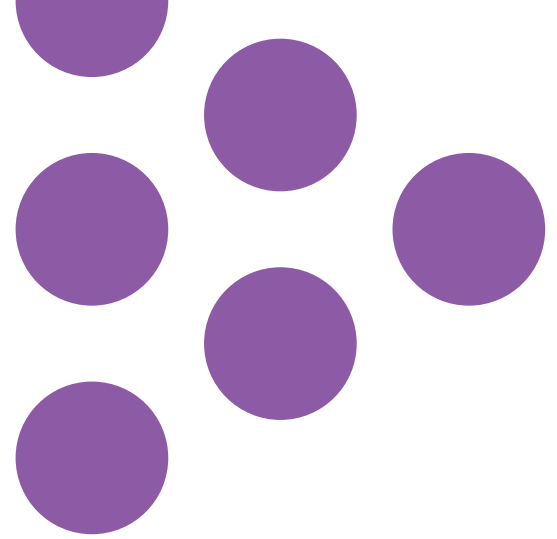
Reserves policy and plans for future years

Having considered the challenges and opportunities that the charity may face in the medium to longer term, the Trustees calculated the need for a level of free reserves (i.e. those unrestricted reserves that have not been designated for specific purposes) in the range of £3.7m to £7.4m based on three to six months unavoidable expenditure. This range was determined by an assessment of the period over which a downturn in the business of NFER would have to be managed before positive results could be achieved from the implementation of remedial actions.

As at 31 March 2022, NFER's total group reserves stood at £13m (2021: £9.3m). This is composed of:

Designated fixed assets reserve	£5.6m	See Note 11
Pension reserve	(£19.5m)	Actuarial valuation of pension deficit
Unrestricted reserves	£26.9m	To allow the charity to manage challenges and opportunities
Total reserves	£13.0m	

The Trustees' strategy in future years is to manage the free reserves of the charity, which currently stand at approximately £7.4m, to maintain a value within the target range, taking into account the expected value of the pension settlement.



Investment policy and performance

NFER's policy on investments during the year was to maximise the total return on investments commensurate with achieving a specified level of income (which is reviewed annually by NFER and agreed with its principal investment managers) and increasing the capital value of the investments in real terms over the long term (any period of five years). Investments are not permitted in derivatives or in companies whose principal trading activities involve tobacco, gambling or pornography.

The performance of the assets managed by the principal fund managers during the year (Investec and Smith & Williamson) was measured against a total return (capital and income) benchmark over the medium term, based on the RPI index plus 4.25%. The policy and the benchmark were reviewed on 20 July 2022 and the index amended to CPI plus 4%.

During the year both of the investment managers had the same minimum and maximum asset class parameters so that, overall, exposure to different assets was within acceptable boundaries, thereby mitigating risk.

The planning ranges for the year were:

UK and Overseas equities	30-80%
.....	
Bonds including Indexed Linked bonds	12-60% including cash (a max of 50% in Government bonds)
.....	
Cash	Included in bonds above
.....	
Property	0-10%
.....	
Other	0-5%
.....	

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

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

In the year, investment capital increased to £24.7m (2020-21: increased to £23.6m). The investments did not meet the objective of exceeding RPI plus 4.25% as a result of the significant increase in inflation during the year.

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

Going concern

The financial statements are approved at a time of uncertainty arising from rising inflation. The impact of this high domestic inflation on NFER's financial performance over the next 12 months will be limited as most of its income and cost base, including our energy costs, is secure. The situation over the longer term is less clear; however, the management of the charity is confident in its financial resilience. Having reviewed its future income streams, its investment portfolio and the funding facilities available to the charity, the Trustees believe that the charity has adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the charity's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Pension schemes

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

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

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

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

Engagement with employees

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

- To inform them through fortnightly staff briefings and regular communications of the charity's performance and achievements, developments in the markets in which we operate and how we have taken account of the interests and queries raised by members of staff. This process has been extended since the outbreak of the Coronavirus pandemic to ensure that staff working from home are informed of developments in our charitable work and of the support that we can offer to staff to assist them with their work and their wellbeing.
- To enquire through three externally administered surveys how effectively the charity is supporting their needs and addressing the challenges that it faces. All the surveys conducted to date have indicated high levels of satisfaction with the charity as an employer and with its response to the challenges raised by the pandemic.
- Through the elected members of the Staff Council. This group meets senior managers on a regular basis throughout the financial year. The elected Chair of the Staff Council regularly attends Senior Management Team meetings to report on the main interests and concerns of staff.

Equal opportunities and remuneration policies

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

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

Our 2021 gender pay gap report continues to show that the differences in pay between men and women are modest, markedly different from the national picture where the pay gap remains consistently and heavily in favour of males. These figures, calculated using the 2017 Regulations and the Equality Act 2010, showed that the median pay gap calculated as at 5 April 2021 was 4.6% (2020: 0.0%) in favour of men as compared to the national average



as at that date of +15.4% (2020 revised +14.9%). The mean average for NFER at the same date was 3.2% (2020: 1.5 %) in favour of men. The mean bonus gap is 5.6% in favour of women (prior year: 13.3% in favour of women).

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

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

Senior Management Team

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

Pay for the SMT is determined by NFER's Remuneration Committee. Pay levels are set

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

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

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

Trustees

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

Auditors

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

Statement of the Trustees' responsibilities

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

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

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

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

So far as each of the Trustees is aware:

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

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

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



J L Cocking
Chair

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

9 November 2022

Independent auditor's report

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

Opinion

We have audited the financial statements of the National Foundation for Educational Research in England and Wales for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2022 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

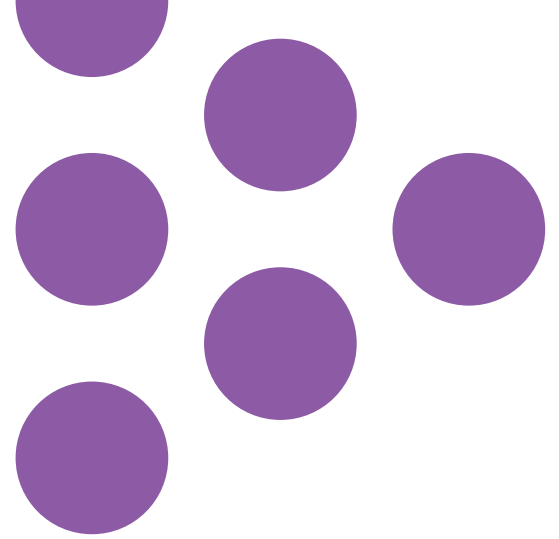
Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).



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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charitable company relevant to the preparation of the financial

statements to ensure these were in place throughout the year;

- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals;
- Reviewing correspondence with regulators, including tax authorities;
- Challenging assumptions and judgements made by management in their critical accounting estimates, in particular the recognition of project income and expenditure; and
- Reviewing the assumptions and judgements used by the professional actuary in relation to the charitable company's pension valuations.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting

Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Tracey Young
Senior Statutory Auditor

For and on behalf of
Haysmacintyre LLP, Statutory Auditors
10 Queen Street Place, London EC4R 1AG

23 November 2022



Consolidated statement of financial activities

(including income and expenditure account and statement of recognised gains and losses) for the year ended 31 March 2022

	Note	2021-22 £'000	2020-21 £'000
Income from:			
Government grants and donations	4(a)	17	696
Charitable activities	4(b)	19,012	14,572
Investments	4(c)	473	498
Other	4(d)	7	6
Total income		19,509	15,772
Expenditure on:			
Investment Management		(104)	(91)
Charitable activities	5	(20,667)	(17,950)
Mortgage Interest		(89)	(109)
Net interest and admin expenses on defined pension liability	17(d)	(503)	(455)
Total expenditure		(21,363)	(18,605)
Net expenditure before gains on investments		(1,854)	(2,833)
Net gains on investments	12	1,259	3,775
Net (expenditure) / income		(595)	942
Other recognised gains / (losses):			
Actuarial gains / (losses) on defined benefit pension schemes	17(g)	4,351	(5,483)
Net movement in funds		3,756	(4,541)
Reconciliation of funds:			
Total funds brought forward		9,255	13,796
Total funds carried forward		13,011	9,255

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

Group and Company balance sheet

as at 31 March 2022

	Note	2022 £'000	Group 2021 £'000	2022 £'000	Company 2021 £'000
Fixed Assets:					
Intangible Assets	11	20	38	20	38
Tangible Assets	11	5,564	5,765	5,564	5,765
Investments	12	24,727	23,571	24,727	23,571
Total Fixed Assets		30,311	29,374	30,311	29,374
Current Assets:					
Stocks: finished goods		486	414	486	414
Debtors	14	4,006	3,503	4,006	3,463
Cash at bank and in hand		4,254	5,131	4,254	5,126
Total Current Assets		8,746	9,048	8,746	9,003
Liabilities:					
Creditors: Amounts falling due within one year	15	(3,700)	(4,034)	(3,708)	(3,997)
Net current assets		5,046	5,014	5,038	5,006
Total assets less current liabilities		35,357	34,388	35,349	34,380
Creditors: Amounts falling due after more than one year	15	(2,886)	(1,362)	(2,886)	(1,362)
Net assets excluding pension liability		32,471	33,026	32,463	33,018
Defined benefit pension scheme liability	17(c)	(19,460)	(23,771)	(19,460)	(23,771)
Total net assets		13,011	9,255	13,003	9,247
The funds of the charity: Unrestricted					
Designated Funds	18	5,584	5,803	5,584	5,803
Free Reserves	18	26,887	27,223	26,879	27,215
Pension reserve	18	(19,460)	(23,771)	(19,460)	(23,771)
Total unrestricted and charity funds		13,011	9,255	13,003	9,247

The financial statements on pages 33 to 53 were approved and authorised for issue by the Board of Directors on 9 November 2022 and signed on its behalf by



J L Cocking
Chair
Company number 00900899

Consolidated statement of cash flows

for the year ended 31 March 2022

	Note	2021-22 £'000	2020-21 £'000
Cash flows from operating activities	19(a)	(2,993)	(407)
Cash flows from investing activities			
Dividends from investments, interest and rents		480	504
Purchase of fixed assets		(126)	(179)
Proceeds from sale of investments		6,383	4,809
Purchase of investments		(4,912)	(5,218)
Movement in cash held for investment		(1,368)	501
Net cash provided by investing activities		457	417
Cash flows from financing activities			
Receipt of CBILS loans		2,000	-
Repayments of borrowing		(371)	(351)
Net cash received / (used) in financing activities		1,629	(351)
Change in cash and cash equivalents in the reporting period		(907)	(341)
Cash and cash equivalents at the beginning of the reporting period		5,131	5,532
Effect of foreign exchange rate changes on cash and cash equivalents		30	(60)
Cash and cash equivalents at the end of the reporting period	19(b)	4,254	5,131

Notes to the financial statements

for the year ended 31 March 2022

1. Status of the NFER

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

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

2. Accounting policies

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

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

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

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

in pounds.

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

b) Going concern

The Trustees have determined that, notwithstanding the advent and impact of the coronavirus pandemic and high levels of inflation, there are no material uncertainties related to events or conditions that cast significant doubt on the NFER's ability to continue as a going concern for at least 12 months beyond the date the accounts are signed, as there is sufficient work secured for the next 12 months and the organisation has enough cash and investments that can be easily liquidated to cover running costs for that period.

c) Recognition of income and expenditure

Income and direct research expenditure are recognised as project activity progresses. Income is recognised as earned when, and to the extent that, the charity obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to

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

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

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

Government grant income represents the total amount claimed from HMRC under the Coronavirus Job Retention Scheme (CJRS). The income is accounted for in the period in which the associated salary payments are made to furloughed staff.

d) Expenditure

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

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

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

e) Impact projects and educational resources development

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

f) Fixed assets and depreciation

Freehold property is included in the accounts at cost.

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

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

Freehold land is not depreciated.

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

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

Intangible assets comprise software.

g) Investments

Investments are stated in the balance sheet at market value.

h) Stock: finished goods

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

i) Employee benefits

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

Contributions in respect of NFER's defined contribution scheme are charged to the

Statement of Financial Activities in the year they are payable.

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

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

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

j) Fund Accounting

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

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

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

k) Irrecoverable VAT

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

l) Foreign currency translation

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

m) Unrealised gains and losses

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

n) Debtors

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

o) Cash at bank and in hand

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

p) Creditors

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

q) Financial instruments

NFER has financial assets and liabilities that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are subsequently measured at fair value through the statement of financial activities.

3. Judgements and key sources of estimation uncertainty

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

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

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

a) Project income recognition

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

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

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

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

4. Income

a) Government grants and donations

This represents income claimed from HMRC under the Coronavirus Job Retention Scheme (CJRS).

b) Charitable activities

	2022	2021
	£'000	£'000
Research	12,019	9,577
Educational Resources	6,993	4,995
	19,012	14,572

Research

This comprises income from the following activities:

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

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

Educational resources

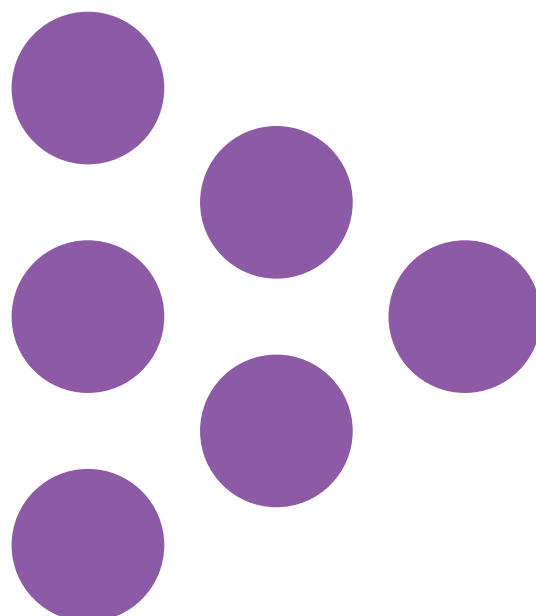
This comprises the sale of educational resources and services, predominantly to schools, including our Optional Tests.

c) Investment income

	2022	2021
	£'000	£'000
From listed investments	465	479
Interest on cash deposits	8	19
	473	498

d) Other

This comprises rent receivable including service charges.



5. Charitable activities expenditure

Alongside funding its own research into the impact of the pandemic on schools and their pupils, NFER has invested significantly into different aspects of the business in both the current year and prior year.

This reflects a deliberate intention by the Trustees to transform NFER's technology and processes in order to put the charity in a stronger position to support the education system in future.

For year ended 31 March 2022

	Direct salaries	Direct costs	Support costs	2022 Total
	£'000	£'000	£'000	£'000
Research	7,258	2,846	4,401	14,505
Educational resources	746	1,937	453	3,136
Educational resource development	1,504	611	911	3,026
Total	9,508	5,394	5,765	20,667

For year ended 31 March 2021

	Direct salaries	Direct costs	Support costs	2021 Total
	£'000	£'000	£'000	£'000
Research	6,465	2,558	4,221	13,244
Educational resources	936	1,233	573	2,742
Educational resource development	1,067	504	393	1,964
Total	8,468	4,295	5,187	17,950

6. Support Costs

	2022 £'000	2021 £'000
Salary and pension costs	3,550	3,366
Recruitment and other staff costs	550	431
Property and office costs	666	553
Consultancy	337	199
Marketing	147	155
Depreciation	327	316
Amortisation	18	23
Exchange (gains)/losses	(1)	2
Governance (see Note 7)	171	142
*Including transactional gains	5,765	5,187

7. Governance costs

	2022 £'000	2021 £'000
Audit and legal fees	112	76
Insurance	59	66
	171	142

8. Net expenditure before gains on investments

Net expenditure before gains on investments is stated after charging:

	2022 £'000	2021 £'000
Auditor's remuneration (incl. VAT)		
- as auditors	35	37
- for other services	4	7
Depreciation and amortisation	345	339
Operating lease rentals - land and buildings	30	51

9. Employees

Staff costs during the year:

	2022 £'000	2021 £'000
Wages and salaries	11,074	10,000
Social security costs	997	922
Pension costs	987	912
	13,058	11,834

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

	2022		2021	
	FTE	Head count	FTE	Head count
Permanent staff	220	238	214	234
Temporary staff	23	125	14	109
	243	363	228	343
Research staff	172	250	165	261
Other staff	71	113	63	82
	243	363	228	343

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

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

The six (2021: six) members of the Senior Management Team received total remuneration of £791k (2021: £732k) comprising both annual salary and pension contributions.

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

	2022 Number	2021 Number
£60,001-£70,000	12	11
£70,001- £80,000	6	1
£80,001- £90,000	1	2
£90,001-£100,000	5	3
£100,001-£110,000	-	1
£110,001- £120,000	1	-
£140,001-£150,000	1	1

The number of higher paid staff to whom retirement benefits are paid into defined contribution pension schemes was 26 (2021: 19). The total contribution in respect of these employees was £221,166 (2021: £161,386).

The charity made redundancy payments of £31,280 during the year (2021: £20,893).

10. Members of the Board

Two trustees received expenses of £340 in total for travel and subsistence costs (2021: none).

During the year insurance costing £9,178 (2021: £7,280) was purchased to indemnify

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

11. Intangible and Tangible fixed assets

Intangible Fixed Assets

Group & Company

IT Software

£'000

Cost

1 April 2021 167

Additions in year -

31 March 2022 167

Amortisation

1 April 2021 129

Charge for year 18

31 March 2022 147

Net book value

31 March 2022 20

1 April 2021 38

Tangible Fixed Assets

Group & Company

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

Cost

1 April 2021 700 7,612 1,221 373 9,906

Additions in year - - 9 117 126

31 March 2022 700 7,612 1,230 490 10,032

Depreciation and Impairment

1 April 2021 - 3,051 805 285 4,141

Charge for year - 152 127 48 327

31 March 2022 - 3,203 932 333 4,468

Net book value

31 March 2022 700 4,409 298 157 5,564

1 April 2021 700 4,561 416 88 5,765

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

12. Investments

Group and Company

	2022	2021
	£'000	£'000
Listed Investments		
Market value at 1 April 2021	23,139	18,955
Less: Disposals at net book value	(6,383)	(4,809)
Add: Acquisitions at cost	4,912	5,218
Net gain on revaluation at 31 March 2022	1,259	3,775
Market value at 31 March 2022	22,927	23,139
Cash allocated for investment	1,800	432
Total Investments at 31 March 2022	24,727	23,571

Investments can be analysed as follows:

UK Investments (including cash)	15,094	14,368
Non UK Investments	9,633	9,203
	24,727	23,571

Total investment income for the year amounted to £465k. Of this sum, £284k was derived from investments held in the UK and £181k derived from non UK investments.

The historic cost of listed investments is £18.4m (2021: £17.0m).

13. Subsidiary Undertakings

a) NFER Trading Limited (Company Number 03954591)

NFER Trading Ltd is a company registered in England and Wales (company number 03954591), with a share capital of £100 and wholly owned by NFER. It was established to pursue trading opportunities outside of NFER's charitable objectives and to protect the charity from commercial risk. At the balance sheet date the company had a net surplus on its capital and reserves of £7,730 (2021: £8,166 surplus). Audited accounts are available at Companies House.

NFER Trading Limited's summary results were:

	2022	2021
	£'000	£'000
Sales	-	105
Other Operating Income	-	-
Cost of sales	-	(87)
Gross profit	-	18
Administrative expenses	-	(5)
Trading profit	-	13
Gift aid	-	-
Corporation tax	-	-
Retained surplus after tax	-	13
	2022	2021
	£'000	£'000
Debtors & Cash	8	483
Creditors & Other Liabilities	-	(475)
Capital & Reserves	8	8

b) Futurelab Education Limited (Company Number 05689928)

This company remained dormant throughout the year following the transfer of the trade and assets to NFER in the 2011/12 financial year. The company was struck off Companies House register on 7 September 2021.

c) i-nfer assessment Limited (Company Number 05946075)

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

14. Debtors

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade debtors	1,642	1,832	1,642	1,354
Other debtors	110	175	110	175
Prepayments	359	409	359	409
Amounts recoverable on contracts	1,895	1,087	1,895	1,087
Subsidiary undertakings	-	-	-	438
	4,006	3,503	4,006	3,463

Trade debtors are stated after provisions for impairment of £50k (2021: £117k).

15. Creditors

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<i>Amounts falling due within one year:</i>				
Mortgage loan	393	371	393	371
CBILS loans	83	-	83	-
Provision for pensions	137	129	137	129
Trade creditors	310	680	310	680
Other taxation and social security	318	343	318	311
Deferred income and payments on account	1,198	1,728	1,198	1,728
Accruals	1,261	783	1,262	778
Subsidiary undertakings	-	-	7	-
	3,700	4,034	3,708	3,997
<i>Amounts falling due after more than 1 year:</i>				
Mortgage loan	969	1,362	969	1,362
CBILS loans	1,917	-	1,917	-
	2,886	1,362	2,886	1,362

The mortgage loan represents the amount that remains outstanding on an initial facility of £5.5 million. The loan is a fixed interest loan at 5.67% for its 20-year term from May 2005 which, with the capital repayment, fixes the annual outlay to the same rate for each year. The loan is secured by way of fixed charge over the property assets of NFER, and the company is required to maintain a loan to value (LTV) ratio below 60%. The LTV ratio as at the 31 March 2022 was 16.4% (2021: 20.9%).

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

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

	2022	2021
	£'000	£'000
Within one year	393	371
Between two and five years	969	1,362
Total	1,362	1,733

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

	2022	2021
	£'000	£'000
Within one year	83	-
Between two and five years	408	-
More than 5 years	1,509	-
Total	2,000	-

16. Financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due as follows:

	2022	2022	2021	2021
	Land and	Other	Land and	Other
	Buildings		Buildings	
Group and Company	£'000	£'000	£'000	£'000
Expiring:				
Within one year	19	2	37	1
Between two to five years	-	26	-	25
	19	28	37	26

17. Pension benefits

As at 31 March 2022, NFER (the Company and the Group) participated in three pension schemes:

- Defined Contribution Scheme, independently managed by Pan Trustees Ltd. Following the year end, with effect from July 2022, NFER opened a new Defined Contribution Scheme administered by Standard Life's Master trust. The assets in the scheme administered by Pan Trustees will transfer to the Standard Life Master Trust in September at which point the Pan scheme will be wound up.
- Teachers' Pension Scheme administered by Teachers' Pensions on behalf of the Department for Education.
- The People's Pensions, a large independent pension provider that we use for auto-enrolment for staff opting out of the Defined Contribution Scheme administered by Pan Trustees

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

Defined Contribution Scheme

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

Teachers' Pension Scheme

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

The standard contribution rate (SCR) on pension contributions is assessed in

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

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

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

At 31 March 2022 there were 5(2021:4) active members of the scheme.

The People's Pension Scheme

The People's Pension scheme is for employees who have chosen not to participate in the Defined Contribution Scheme and so have been auto-enrolled into this scheme. At 31 March 2022 there were 4 permanent and 239 temporary (2021: 3 permanent and 246 temporary) members of the scheme. Not all of the temporary members will have contributed during the year.

Buckinghamshire Pension Fund

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

From 1 July 2011, the NFER, following agreement with the Buckinghamshire Pension Fund, ceased active membership

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

The contributions to the Buckinghamshire Pension Fund are determined by a qualified actuary on the basis of a triennial valuation using the projected unit method. The most recent valuation was as at 31 March 2019.

The valuation in 2019 showed that the market value of the total fund's assets was £3,007m (2016: £2,203m) and the deficiency of liabilities accrued up to 31 March 2019 over the actuarial value of assets was £186 million (2016: £335m), equivalent to a 94% (2016: 87%) funding level.

At 31 March 2019 there were 0 (2016: 0) active members of the scheme, with 269 (2016: 300) deferred pensioners and 190 (2016: 170) pensioners.

The actuarial valuation has been updated on an approximate basis to 31 March 2022 as set out below.

a) Assumptions

i) Demographic

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

	Retiring today (March 2022)	Retiring in 20 years (March 2042)
	Years	Years
Males	21.6	23.0
Females	25.0	26.5

ii) Financial

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

	At 31 March 2022	At 31 March 2021
Price increases (RPI)	3.55%	3.2%
Price increases (CPI)	3.2%	2.8%
Rate of increase in salaries	3.2%	2.8%
Rate of increase in pensions	3.2%	2.8%
Discount rate	2.6%	2.0%

b) Assets in the scheme and expected rate of return

	Value at 31 March 2022	Value at 31 March 2021
	£'000	£'000
Equities	21,928	22,948
Property	2,539	2,295
Gilts	4,026	3,536
Other Bonds	5,553	5,701
Cash	1,388	556
Alternative Assets	1,224	483
Hedge Funds	-	1,843
Absolute Return Portfolio	-	1,725
Multi Assets	3,745	-
Private Debt	236	-
Total	40,639	39,087

c) Net pension liability

	As at 31 March 2022	As at 31 March 2021
	£'000	£'000
Present value of funded obligations	60,078	62,834
Fair value of scheme assets (bid value)	(40,639)	(39,087)
Net liability	19,439	23,747
Present value of unfunded obligation	21	24
Net Liability in Balance Sheet	19,460	23,771

d) Statement of financial activities costs for the year:

The amounts recognised in the statement of financial activities are:

	Year to 31 March 2022	Year to 31 March 2021
	£'000	£'000
Net interest on the defined liability	471	425
Administration expenses	32	30
Total	503	455
Actual return on scheme assets	2,730	7,612

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

	Year to 31 March 2022	Year to 31 March 2021
	£'000	£'000
Opening defined benefit obligation	62,858	50,849
Interest cost	1,241	1,178
Experience loss on defined liability obligation	183	-
Change in financial assumptions	(2,575)	12,910
Change in demographic assumptions	-	(567)
Estimated benefits paid net of transfers in	(1,605)	(1,509)
Unfunded pension payments	(3)	(3)
Closing defined benefit obligation	60,099	62,858

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

	Year to 31 March 2022	Year to 31 March 2021
	£'000	£'000
Opening fair value of scheme assets	39,087	32,557
Interest on assets	770	753
Return on assets less interest	1,960	6,859
Administration expenses	(32)	(30)
Contributions by employer including unfunded benefits	462	460
Estimated benefits paid net of transfers in and including unfunded benefits	(1,608)	(1,512)
Fair value of scheme assets at end of period	40,639	39,087

g) Reconciliation of opening and closing deficit:

	Year to 31 March 2022	Year to 31 March 2021
	£'000	£'000
Deficit at beginning of the year	(23,771)	(18,292)
Net interest on defined liability and administration expenses	(503)	(455)
Contributions by employer	459	460
Unfunded pension payments	3	3
Other finance gain / (cost)	1	(4)
Actuarial gains / (losses)	4,351	(5,483)
Deficit at end of the year	(19,460)	(23,771)

18a. Statement of movement in Reserve Funds: 1 April 2021 to 31 March 2022

Group	Designated Fixed Assets Fund	Pension Reserve Pension Liability	Free Reserve Accumulated Fund	TOTAL 2022
Unrestricted funds	£'000	£'000	£'000	£'000
Balance brought forward at 1 April 2021	5,803	(23,771)	27,223	9,255
Net movement in resources	(219)	4,311	(336)	3,756
Balance carried forward at 31 March 2022	5,584	(19,460)	26,887	13,011

Represented by:

Fixed assets	5,584	-	24,727	30,311
Current assets	-	-	8,746	8,746
Creditors falling due within one year	-	-	(3,700)	(3,700)
Creditors falling due after one year	-	-	(2,886)	(2,886)
Defined benefit pension liability	-	(19,460)	-	(19,460)
	5,584	(19,460)	26,887	13,011

Company	Designated Fixed Assets Fund	Pension Reserve Pension Liability	Free Reserve Accumulated Fund	TOTAL 2022
Unrestricted funds	£'000	£'000	£'000	£'000
Funds				
Balance brought forward at 1 April 2021	5,803	(23,771)	27,215	9,247
Net movement in resources	(219)	4,311	(336)	3,756
Balance carried forward at 31 March 2022	5,584	(19,460)	26,879	13,003
Represented by:				
Fixed assets	5,584	-	24,727	30,311
Current assets	-	-	8,746	8,746
Creditors falling due within one year	-	-	(3,708)	(3,708)
Creditors falling due after one year	-	-	(2,886)	(2,886)
Defined benefit pension liability	-	(19,460)	-	(19,460)
	5,584	(19,460)	26,879	13,003

18b. Statement of movement in Reserve Funds: 1 April 2020 to 31 March 2021

Group	Designated Fixed Assets Fund	Pension Reserve Pension Liability	Free Reserve Accumulated Fund	TOTAL 2021
Unrestricted funds	£'000	£'000	£'000	£'000
Balance brought forward at 1 April 2020	5,948	(18,292)	26,140	13,796
Net movement in resources	(145)	(5,479)	1,083	(4,541)
Balance carried forward at 31 March 2021	5,803	(23,771)	27,223	9,255
Represented by:				
Fixed assets	5,803	-	23,571	29,374
Current assets	-	-	9,048	9,048
Creditors falling due within one year	-	-	(4,034)	(4,034)
Creditors falling due after one year	-	-	(1,362)	(1,362)
Defined benefit pension liability	-	(23,771)	-	(23,771)
	5,803	(23,771)	27,223	9,255

Company	Designated Fixed Assets Fund	Pension Reserve Pension Liability	Free Reserve Accumulated Fund	TOTAL 2021
Unrestricted funds	£'000	£'000	£'000	£'000
Funds				
Balance brought forward at 1 April 2020	5,948	(18,292)	26,146	13,802
Net movement in resources	(145)	(5,479)	1,069	(4,555)
Balance carried forward at 31 March 2021	5,803	(23,771)	27,215	9,247
Represented by:				
Fixed assets	5,803	-	23,571	29,374
Current assets	-	-	9,003	9,003
Creditors falling due within one year	-	-	(3,997)	(3,997)
Creditors falling due after one year	-	-	(1,362)	(1,362)
Defined benefit pension liability	-	(23,771)	-	(23,771)
	5,803	(23,771)	27,215	9,247

18. Statement of movement in Reserve Funds: 1 April 2021 to 31 March 2022

Designated funds

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

Fixed Assets

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

Undesignated funds

Free Reserves

The charity maintains a level of free reserves in order to fund its working capital and future developments and retain a level of contingency. The target level of net free

reserves is set in the range of three to six months of unavoidable expenditure which for 2021-22 amounts to £3.7m and £7.4m. The current level of net free reserves less the pension reserve (see below) stands at £7.4m (2021: £3.5m).

Pension Reserve

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

Restricted funds

No restricted funds were held at the reporting date.

19. Notes to the cash flow statement

a) Reconciliation of Group net income to net cash flow from operating activities

	2022	2021
	£'000	£'000
Net (deficit)/income for the reporting period (as per the statement of financial activities)	(595)	942
Adjustments for:		
Depreciation and amortisation charges	345	339
Gains on investments	(1,259)	(3,775)
Dividends from investments, interest and rents	(480)	(504)
Defined benefit pension scheme cost	503	455
Payments towards pension deficit	(462)	(460)
(Increase)/decrease in stocks	(72)	438
(Increase)/decrease in debtors	(503)	1,595
(Decrease)/increase in creditors	(440)	503
Unrealised foreign exchange (gain)/loss	(30)	60
Net cash used by operating activities	(2,993)	(407)

b) Analysis of Cash and Cash Equivalents

	2022	2021
	£'000	£'000
Cash in hand and at bank	3,751	3,605
Notice deposits (less than 5 months, 2021: less than 5 months)	503	1,526
Total cash and cash equivalents	4,254	5,131

c) Reconciliation to net funds

	2022	2021
	£'000	£'000
Net funds at 1 April 2021 (Note 19(d))	3,398	3,448
Decrease in cash during the year	(907)	(341)
Receipt of CBILS loan	(2,000)	-
Cash inflow from reduction of debt	371	351
Effect of exchange rate changes on cash held in other currencies	30	(60)
Net funds at 31 March 2022 (Note 19(d))	892	3,398

d) Analysis of net funds

	As at 1 April 2021	Cash flows	Transfers	As at 31 March 2022
	£'000	£'000	£'000	£'000
Cash at bank	5,131	(877)		4,254
Debt – due within one year	(371)	371	(476)	(476)
Debt – due after more than one year	(1,362)	(2,000)	476	(2,886)
	3,398	(2,506)	-	892

20. Results of the Company

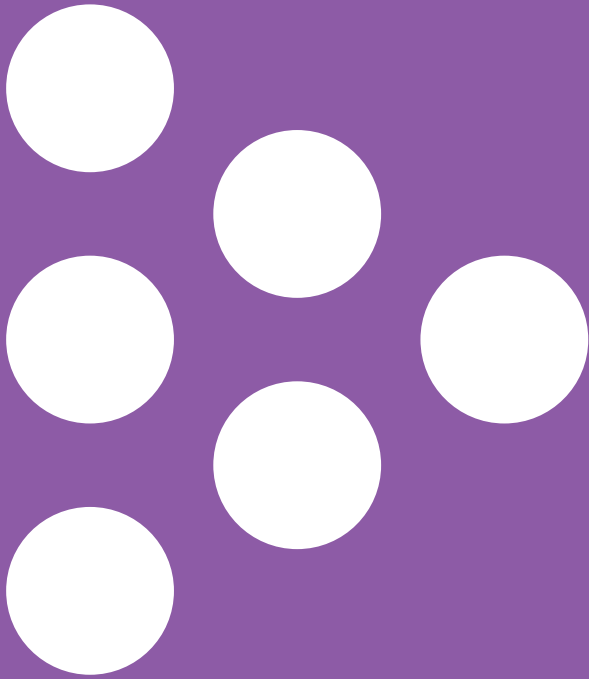
As permitted under Section 408 of the Companies Act 2006, the Statement of Financial Activities of the company has not been presented as part of these financial statements. The results of the parent undertaking for the year ended 31 March 2022 was a net movement in funds of £3,756k after actuarial gains on the defined benefit pension scheme of £4,351k (2021: net movement in funds of £(4,555)k after actuarial losses of £5,483k).

21. Related party transactions

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

	2022	2021
	£'000	£'000
Balance between parent company and NFER Trading Ltd	(7)	438
Inter-company recharge of expenses during the year	-	86

There are no other related party transactions.



Evidence for excellence in education

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Charity Number: 313392

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