

NCFE

Trustees' Report and Financial Statements

31 July 2017

Reference and administrative information

Charity Registration No. 1034808
Company Registration No. 02896700

Registered office and operational address

Q6
Quorum Business Park
Benton Lane
Newcastle upon Tyne
Tyne and Wear
NE12 8BT

Auditor

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

Barclays Bank
Percy Street
Newcastle upon Tyne
NE1 4QL

Rathbones

Earl Grey House
75-85 Grey Street
Newcastle upon Tyne
NE1 6EF

Lloyds Bank PLC

King Street
Manchester
M2 4LQ

Solicitors

Womble Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE99 1SB

Bates Wells Braithwaite

10 Queen Street Place
London
EC4R 1BE

Reference and administrative information

Charity Registration No. 1034808
Company Registration No. 02896700

Trustees

Mr T Hodgkinson
Ms A O'Donoghue (resigned 28 March 2017)
Ms L Armstrong (resigned 28 March 2017)
Mr C Fleetwood (resigned 9 October 2017)
Mr N Hudson
Mr M Robinson
Mr M Austin
Mr D Wilson (appointed 28 March 2017)
Mrs D M Jenkins (appointed 28 March 2017)
Mrs R A Cuschieri (appointed 9 October 2017)
Mrs B H Ashton (appointed 9 October 2017)
Mr C M V Peel (appointed 9 October 2017)

Company Secretary
E Winch

Chief Executive Officer
D J Grailey

Report of the Board of Trustees (incorporating the Strategic Report)

for the period ended 31 July 2017

The Trustees present their annual report together with the audited financial statements of NCFE for the period ended 31 July 2017.

Purpose and objectives

The primary purpose of the company is to promote and advance education and training of young persons and adults.

NCFE offers through its Awarding Organisation, a wide range of qualifications, together with a wide portfolio of awards. It also offers accreditation services whereby customers can, subject to satisfying the appropriate quality assurance criteria, receive national awarding body accreditation for their own bespoke provision.

Our main aim is to provide a broad range of vocational qualifications which are predominantly delivered by Further Education Colleges, Private Training Providers and Schools. The objective is to ensure the qualifications we develop are fully aligned to the desired learning outcomes of our learners which provide the skills and knowledge required to become successful in the workplace. This is being largely informed by the Government's Post-16 Skills Plan which was issued in July 2016 whilst working closely with our customers to ensure our qualifications are structured in such a way as to facilitate effective delivery and assessment.

Strategies for achieving objectives

The Government's Post-16 Skills Plan clearly articulates the need for more highly skilled young people, trained effectively with the appropriate skills to help grow the UK economy and raise productivity. This will also ensure prosperity and security for our learners. Our aim is to ensure the qualifications we offer provide learners with the skills and knowledge to progress onto further education or to become successful in their chosen careers. We have responded to the Government's Apprentice policies by reviewing how we can advance in the End Point Assessment markets.

In the UK, we are regulated by the Office of Qualifications and Examination Regulation (Ofqual) and Qualifications Wales who have a responsibility for maintaining standards and confidence in qualifications in England and Wales respectively, as well as the Council for Curriculum, Examinations and Assessment (CCEA). We therefore have an obligation to ensure our qualifications are being delivered in accordance with each of our regulators' requirements, which generally centre around Ofqual's 'General Conditions of Recognition'. This includes stipulations regarding the development, delivery and award of our qualifications.

Activities for achieving objectives

Our aim is to increase our market share of the awarding markets and associated in the UK and internationally through both organic and strategic growth opportunities. We will seek to collaborate with other market leading awarding brands and professional bodies who offer qualifications to their members.

Main activities undertaken to further the charity's purposes for the public benefit

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006, to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

NCFE's charitable purpose as enshrined in its objects is to promote and advance the education and training of young persons and adults.

Report of the Board of Trustees (incorporating the Strategic Report)

for the period ended 31 July 2017

Main activities undertaken to further the charity's purposes for the public benefit (continued)

The Trustees ensure that this purpose is carried out for the public benefit by:

1. Providing examinations and assessments in a range of subjects and sectors and at a variety of levels, making those examinations and assessments available through a very wide range of educational and training establishments to those persons for whom they are considered appropriate.
2. Awarding certificates of achievement to those learners successful in meeting the examination or assessment requirements and awarding prizes to learners demonstrating outstanding achievement.

The charity is also involved in community and charity work. We contribute to work with Save the Children UK and Save India to deliver training programmes that have been designed to establish a common approach for case management in child protection. It also contributes to a number of good causes both financially and via the provision of staff time.

Achievements and performance

The 9 month period has been one of consolidation for NCFE with further restructuring of its operations to ensure integration of the two acquisitions made in the prior year, CACHE (1 September 2015) and ForSkills Limited (15 July 2016). The systems integration work planned during the period was completed in June, with all customers and back office functions now using one system and supporting structures.

NCFE registered approximately 393,000 candidates for the nine month period, spread across over 2,000 active centres. Whilst our core base has remained Further Education Colleges and Private Training Providers in England, it continues to expand to encompass schools, employers and training centres overseas. We now have international customers in both the Middle East, in the United Arab Emirates, and in the Far East, in India and Malaysia.

There has been continued investment in the product portfolio focusing on qualifications which both match the funding priorities of Government (Post-16 Skills Plan) and have the support of employers. Development plans are strongly guided by Government priorities, with Apprenticeships and End Point Assessment provision being our main focus. During the period NCFE continued to expand its successful range of GCSE equivalent vocational qualifications (V Certs) for the schools market.

Key financial performance indicators

We continue to measure our performance using three key metrics:

- Revenue and profit – tracking revenue against budget and forecast using a 'live' dashboard. This tracks our revenue by qualification type, customer type (Further Education Colleges, Private Training Providers and Schools), sector and customer.
- Customer engagement – we undertake an annual customer survey to assess customer service and experience. Using an independent body to conduct the survey, we target an engagement score of 82%.

Financial review

Revenue for the period was £20.3m and net income, before investment gains, was £436,000 which was broadly in line with the business plan. The result for the period was satisfactory in the context of continuing changes to the further education sector and further uncertainty following the 'Brexit' vote.

At 31 July 2017 NCFE was in a financially strong position with cash and investments totalling £18.2m (31 October 2016: £13.3m) and net assets of £28.3m (31 October 2016: £27.2m).

NCFE is unusual as a registered charity in that all income is earned. As such, NCFE's continued success is reliant upon continuing to meet the needs of customers by aligning its qualification portfolio to skills and Government funding priorities and seeking new opportunities with the education sector.

Report of the Board of Trustees (incorporating the Strategic Report)

for the period ended 31 July 2017

Financial review (continued)

As further changes are expected it will be necessary for NCFE to continue investment in its product portfolio and infrastructure to allow ongoing provision of solutions to customers with exceptional service. NCFE will fund necessary investment from existing reserves and seek to raise borrowing as deemed appropriate.

Investment powers and policy

Under its Memorandum and Articles of Association, the Trustees have the power to invest as they see fit to meet the charitable purpose.

The investment policy agreed by the Trustees has continued to follow a 'managed funds' approach, based on a 'progressive' risk profile. All investment decisions are delegated to the judgement of the organisation's investment advisors. The policy allows for tactical asset allocation across a range of investment types:

<u>Asset Class</u>	<u>Range permitted for investment of charity funds allocated</u>
Fixed Interest	10% to 25%
Equities	50% to 80%
Alternatives	10% to 20%
Cash	Up to 5%

The Trustees' objective is capital growth and is acknowledged that this is likely to require commitment to a 'medium term' investment period of up to 5 years.

The final position at 31 July 2017 showed gains in the period of £636,000. The Trustees are satisfied that the portfolio has performed in line with expectations and has exceeded the level of return which would have been achieved had the monies been held as cash.

Report of the Board of Trustees (incorporating the Strategic Report)

for the period ended 31 July 2017

Principal risks and uncertainties

The primary risk to NCFE arises from changes in government policy and funding cuts, including uncertainty over European Funding. The release of the Post-16 Skills Plan and its updates has provided clarity on the government's plans for further education and we are re-positioning our portfolio of qualifications so they are more aligned to the future funding streams, particularly in the Childcare and Health & Social Care sectors. We are also targeting growth in the schools market where funding is protected and our V Cert portfolio of qualifications has seen significant growth in 2016/17.

Due to the specialist nature of awarding, the loss of key staff is another principal risk. To address this we conduct regular salary benchmarking to ensure our colleagues' remuneration is marked to market. We also offer a range of other colleague benefits including flexible working and training and development to encourage retention.

Reserves policy

The Trustees have reviewed the charity's needs for reserves in line with guidance issued by the Charity Commission. The Trustees believe that an appropriate level of reserves, which would be required to wind down the charity's activities, is the equivalent of up to a maximum of 9 months support services costs. These costs include office overheads and salary costs for the period required to conclude the charity's affairs with the minimum disruption to customers and to maintain customer service.

Any funds in excess of this figure will be designated for future developments in furtherance of NCFE's charitable purpose to further the education of young persons and adults. Designated reserves are set aside when required to cover the expected costs of investment activity, significant IT developments, acquisition of property and other developments.

The Trustees consider the balance of uncommitted reserves to be appropriate, given the continued uncertainties over future income levels. The position will be reviewed on a regular basis and further transfers will be made if deemed appropriate.

Plans for future periods

NCFE will build on work already undertaken in response to changes in skills priorities set by Government. This work includes development of new products in response to Government policies such as Apprenticeships and English and Maths which will enable NCFE to remain competitive.

In addition, NCFE is recognised as an organisation driven by service excellence and it will continue to ensure that service is central to everything that the company does.

We are reviewing the value of UK qualifications to international markets and will exploit opportunities where they arise, evaluating both risk and reward.

Structure, governance and management

Governing document

NCFE is a company listed by guarantee governed by its Memorandum and Articles of Association dated 10 February 1994 and last amended on 12 July 2016. It is registered as a charity with the Charity Commission. Anyone over the age of 18 can become a member of the company and there are currently 7 members (2016: 7), each of whom agrees to contribute £1 in the event of the charity winding up.

The members of the Board of Trustees, who are also the directors for the purpose of company law, are listed on page 1.

Report of the Board of Trustees (incorporating the Strategic Report)

for the period ended 31 July 2017

Method of appointment or election of Trustees

The management of the company and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

As set out in the Articles of Association, the Chair of the Trustees is nominated from within the current membership by the Trustees.

Individual Trustees are sought when a vacancy arises on the Board. The Board seeks to maintain a reasonable balance of gender, ethnicity, skills and work backgrounds and will target individuals who have the requisite mix for any specific vacancy.

Trustees serve a 3 year term, at the end of which they may seek re-election for a further 3 years.

There is no outside party who can appoint trustees.

Trustee induction and training

All new Trustees undergo a detailed induction at which members of the Executive brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and the recent financial performance of the charity. During the induction they are also introduced to various members of staff.

Trustees are encouraged to attend appropriate external training events and conferences where these will facilitate the undertaking of their role.

Pay policy for senior staff

The company undertakes annual, independent benchmarking of remuneration for executives and the senior leadership team. The salary for the Chief Executives is agreed by Trustees, with salaries for the Senior Leadership team being set by the Chief Executive and member of the Executive team within parameters defined by the budgets approved by Trustees.

Organisational structure and decision making

The Board of Trustees, which can have up to 12 members, administers the charity.

The Board meets 4 times a year, at least one meeting of which is extended to enable members to give greater consideration to the future strategic direction of the organisation.

A Chief Executive is appointed by the Trustees to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and education-related activity.

The Chief Executive manages the Executive who have Directorate level responsibility. Within each Directorate there are a number of teams each of which has a manager who sits as part of the Senior Leadership Team with responsibility for operational activity.

Report of the Board of Trustees (incorporating the Strategic Report)

for the period ended 31 July 2017

Related parties

The links between Board members and the organisations in which they hold senior positions are disclosed in note 21.

NCFE has a trading subsidiary, NCFE Trading Limited, which is a 50% member of The Reed NCFE Partnership LLP, a limited liability partnership.

Risk management

The Trustees have a risk management strategy which comprises:

- Quarterly review of the Group risk registers and action plans.
- an annual review of the strategic risks the charity may face, contained within the business plan
- the establishment of systems and procedures to mitigate those risks identified in the plan.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The company and the group carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback.

The company and the group has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the company and the group's equal opportunities policy, the company and the group has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the company and the group's offices.

Disclosure of information to auditor

Each of the persons who are Trustees at the time when the Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

This report was approved by the Trustees on 13 December 2017 and signed on their behalf by:



Ms D Jenkins
Trustee

Statement of Trustees' responsibilities

The Trustees (who are also directors of NCFE for the purpose of company law) are responsible for preparing the Report of the Board of Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

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

Independent auditor's report

to the members of NCFE

Opinion

We have audited the financial statements of NCFE for the period ended 31 July 2017 which comprise the Group Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Statement of Cash Flows and the related notes 1 to 24, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the charitable company's affairs as at 31 July 2017 and of its net income and application of resources, including its income and expenditure, for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

Other information

The other information comprises the information included in the annual report set out on pages 3 to 8, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditor's report

to the members of NCFE

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have identified no material misstatements in the strategic report or the directors' report included within the Report of the Board of Trustees.

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

- ▶ adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the 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.

Independent auditor's report

to the members of NCFE

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities statement set out on page 9, 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 give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

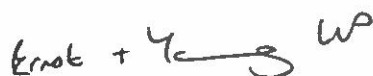
In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the charitable company or to cease operations, or has 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.

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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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



Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

16 December 2017

Group statement of financial activities (incorporating and income and expenditure account)

for the period ended 31 July 2017

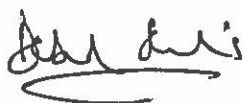
		<i>Total unrestricted funds Period ended 31 July 2017 £000</i>	<i>Total unrestricted funds Year ended 31 October 2016 £000</i>
	<i>Notes</i>		
Income from:			
Investment income	2	401	515
Other trading activities		835	682
Share of joint venture (loss)/profit		(73)	144
Charitable activities:			
Examination and assessment		19,092	23,941
Other income	3	-	835
Total income		<u>20,255</u>	<u>26,117</u>
Expenditure			
Raising funds:			
Trading		757	377
Investment management costs	4	39	54
Charitable activities:			
Examination and assessment	5	19,023	22,939
Total resources expended		<u>19,819</u>	<u>23,370</u>
Net income before other recognised gains and losses		436	2,747
Gains on revaluations of investment assets	13	636	565
Net movement in funds for the period		<u>1,072</u>	<u>3,312</u>
Reconciliation of funds:			
Total funds brought forward		27,186	23,874
Total funds carried forward		<u>28,258</u>	<u>27,186</u>

Consolidated balance sheet

at 31 July 2017

	Notes	31 July 2017 £000	31 October 2016 £000
Fixed assets			
Intangible assets	11	5,378	6,838
Tangible assets	12	3,548	3,805
Investments	13	10,779	9,736
		<u>19,705</u>	<u>20,379</u>
Investments in joint ventures			
Share of gross assets		358	612
Share of gross liabilities		(290)	(471)
Share of net assets	13	<u>68</u>	<u>141</u>
		<u>19,773</u>	<u>20,520</u>
Current assets			
Debtors	14	4,951	7,473
Cash at bank and in hand		<u>7,389</u>	<u>3,616</u>
		12,340	11,089
Creditors: amounts falling due within one year	15	<u>(3,855)</u>	<u>(4,425)</u>
Net current assets		<u>8,485</u>	<u>6,664</u>
Total assets less current liabilities		<u>28,258</u>	<u>27,186</u>
Net assets		<u>28,258</u>	<u>27,186</u>
Charity funds			
Unrestricted funds:			
Unrestricted funds	16	28,258	26,403
Revaluation reserve	16	-	783
Total unrestricted funds	16	<u>28,258</u>	<u>27,186</u>
Total funds	16	<u>28,258</u>	<u>27,186</u>

The financial statements were approved by the Trustees on 13 December 2017 and signed on their behalf, by:



Ms D Jenkins

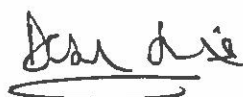
The notes on pages 16 to 31 form part of these financial statements.

Company balance sheet

at 31 July 2017

		31 July 2017	31 October 2016
	Notes	£	£
Fixed assets			
Intangible assets	11	3,004	3,734
Tangible assets	12	3,545	3,800
Investments	13	14,155	13,341
		<u>20,704</u>	<u>20,875</u>
Current assets			
Debtors	14	5,243	7,118
Cash at bank and in hand		6,870	3,265
		<u>12,113</u>	<u>10,383</u>
Creditors: amounts falling due within one year	15	<u>(3,749)</u>	<u>(4,325)</u>
Net current assets		<u>8,364</u>	<u>6,058</u>
Total assets less total liabilities		<u>29,068</u>	<u>26,933</u>
Net assets		<u>29,068</u>	<u>26,933</u>
Charity funds			
Unrestricted funds:			
Unrestricted income funds		29,068	26,150
Revaluation reserve		-	783
Total unrestricted funds		<u>29,068</u>	<u>26,933</u>
Total funds		<u>29,068</u>	<u>26,933</u>

The financial statements were approved by the Trustees on 13 December 2017 and signed on their behalf by:



Ms D Jenkins

The notes on pages 16 to 31 form part of these financial statements.

Statement of cash flows

for the period ended 31 July 2017

	<i>Notes</i>	<i>2017</i> <i>£000</i>	<i>2016</i> <i>£000</i>
Cash flows from operating activities			
Net cash provided by operating activities	17	<u>4,245</u>	<u>1,896</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		155	258
Proceeds from the sale of tangible fixed assets		-	5,554
Purchase of tangible fixed assets		(220)	(517)
Proceeds from sale of investments		2,803	3,697
Purchase of listed investments		(3,210)	(3,083)
Purchase of subsidiaries		-	(2,896)
Net cash (used in)/provided by investing activities		<u>(472)</u>	<u>3,013</u>
Cash flows from financing activities:			
Repayments of borrowings		-	(5,000)
Net cash used in financing activities		<u>-</u>	<u>(5,000)</u>
Change in cash and cash equivalents in the period/year		3,773	(91)
Cash and cash equivalents brought forward		<u>3,616</u>	<u>3,707</u>
Cash and cash equivalents carried forward	18	<u>7,389</u>	<u>3,616</u>

Notes to the financial statements

at 31 July 2017

1. Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1,000.

NCFE meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised as historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

Basis of consolidation

The financial statements consolidate the accounts of NCFE and its subsidiary undertakings, NCFE Trading Limited, For Skills Limited and Guroo Limited up to 31 July 2017. The results of its joint venture, The Reed NCFE Partnership LLP, up to 31 July 2017 are accounted for using the gross equity method. The results of the subsidiaries are consolidated on a line by line basis.

The results of subsidiaries acquired during the prior year are included from the effective date of acquisition.

No separate SOFA has been presented for the parent company alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP. The net income and expenditure for the period dealt with in the accounts of the company was £2,135,000 (Year ended 31 October 2016: £2,298,000).

Company status

The charity is a company limited by guarantee. The members of the charity are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

Notes to the financial statements

at 31 July 2017

1. Accounting policies (continued)

Incoming resources

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from charitable activities represents the values of fees for the provision of examinations and assessments and related services.

Registration income is included within income resources in the period in which the relevant registration is made by the customer regardless of academic session.

Certification income is recognised in the period in which the certificate is issued.

Interest receivable is included when receivable by the company.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Resources expended

Expenditure is recognised once there is a legal or constructive obligation to transfer payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs are allocated to the applicable expenditure heading on a basis consistent with the use of resources.

Charitable activity costs include expenditure relating to the provision of examination and assessment services and include both the direct costs and support costs relating to these activities.

Support costs are those costs incurred directly in support of expenditure on the objects of the group and include project management carried out at the head office.

Intangible fixed assets and amortisation

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

Intangible assets represent the brands acquired, valued as the difference between the identifiable net assets of the purchase, and the consideration paid.

Amortisation is provided on all intangible assets so as to write off the cost of an asset over its estimated useful life as follows:

Brands	-	5 years straight line
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Intangible assets are reviewed for impairment where market conditions or other factors indicate a reduction in future economic benefits. Impairments losses are expenses to the statement of financial activities.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Costs include the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

Long-term leasehold property	Over the term of the lease
Fixtures and fittings	33% straight line
Office and computer equipment	33% straight line

Assets residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

Notes to the financial statements

at 31 July 2017

1. Accounting policies (continued)

Fixed asset investments

Listed investments, which have been classified as fixed asset investments, are measured initially and subsequently at fair value. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Joint venture undertakings

Investments in joint ventures are stated at the company's share of net assets. The company's share of the profits or losses of the joint ventures is included in the consolidated statement of financial activities using the equity accounting basis.

Leases

All of the group's leasing arrangements are operating leases. Rental payments under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term, even if payments are not made on such a basis.

Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Financial instruments

The group only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances and loans to or from related parties. All such instruments are due within one year, and are measured, initially and subsequently at the transaction price.

Employee benefits

Short term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Notes to the financial statements

at 31 July 2017

1. Accounting policies (continued)

Defined contribution pension plan

The group operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet.

NCFE makes an employer's contribution of 9% of pensionable pay, provided that the employee makes a minimum contribution of 3%, 6% provided that the employee contributes 2%, and 3% when the employee contributes 1%. These amounts are paid over to the fund on a monthly basis.

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Estimates included within these financial statements include depreciation and amortisation charges based upon the useful economic lives of both tangible and intangible assets, and asset impairments (for example provisions against debtors and stock). None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical areas of judgement

A critical area of judgement is considered to be the amount of income deferred in relation to annual fees received at the start of the academic year, which relies upon judgement over the rate of drop out of students, and hence the amount of income that will not be collected. No material uncertainty is considered to exist in relation to this key area of judgement.

2. Investment income

	<i>Period ended 31 July 2017</i>	<i>Year ended 31 October 2016</i>
	<i>£000</i>	<i>£000</i>
Rent receivable	246	257
Dividends – UK equities	151	232
Interest receivable	4	26
	<u>401</u>	<u>515</u>

3. Other incoming resources

	<i>Period ended 31 July 2017</i>	<i>Year ended 31 October 2016</i>
	<i>£000</i>	<i>£000</i>
Profit on sale of property	<u>-</u>	<u>835</u>

Notes to the financial statements

at 31 July 2017

4. Investment management costs

	<i>Period ended 31 July 2017</i>	<i>Year ended 31 October 2016</i>
	<i>£000</i>	<i>£000</i>
Investment management fees	39	54

5. Analysis of resources expended by activities

	<i>Activities undertaken directly</i>	<i>Support costs</i>	<i>Total</i>	<i>Total Year ended 31 October 2016</i>
	<i>Period ended 31 July 2017 £000</i>	<i>Period ended 31 July 2017 £000</i>	<i>Period ended 31 July 2017 £000</i>	<i>£000</i>
Examination and assessment activities	16,423	2,600	19,023	22,939

6. Direct costs

	<i>Period ended 31 July 2017</i>	<i>Year ended 31 October 2016</i>
	<i>£000</i>	<i>£000</i>
Examination and assessment costs	10,445	11,525
Wages and salaries	5,186	6,848
National insurance	469	724
Pension cost	323	656
	16,423	19,753

7. Support costs

	<i>Examination and assessment £000</i>	<i>Period ended 31 July 2017 £000</i>	<i>Year ended 31 October 2016 £000</i>
Auditor's remuneration	20	20	20
Wages and salaries	2,186	2,186	2,779
National insurance	233	233	217
Pension cost	161	161	170
	2,600	2,600	3,186

Support costs have been allocated based on staff costs of certain departments which provide support in undertaking the objectives of the charitable company.

Notes to the financial statements

at 31 July 2017

8. Net incoming / outgoing resources

This is stated after charging:

	<i>Period ended 31 July 2017</i>	<i>Year ended 31 October 2016</i>
	<i>£000</i>	<i>£000</i>
Depreciation of tangible fixed assets:		
- owned by the charity	388	754
Operating lease rentals:		
- plant and machinery	25	32
- other operating leases	78	62
Amortisation of intangible assets	1,233	1,167
Auditor's remuneration	32	11
Auditor's remuneration – non-audit services	10	-

9. Staff costs

Staff costs were as follows:

	<i>Period ended 31 October 2017</i>	<i>Year ended 31 July 2016</i>
	<i>£000</i>	<i>£000</i>
Wages and salaries	8,808	9,627
Social security costs	754	942
Other pensions costs	504	826
	<u>10,066</u>	<u>11,395</u>

The average monthly number of employees was 303 (2016: 318) and the average monthly number of employees during the year expressed as full time equivalents was as follows (including casual and part time staff):

	<i>2017</i>	<i>2016</i>
	<i>No.</i>	<i>No.</i>
Examination and assessment	303	318
Governance	-	-
	<u>303</u>	<u>318</u>

Notes to the financial statements

at 31 July 2017

9. Staff costs (continued)

The number of higher paid employees was:

	<i>Period ended 31 July 2017</i>	<i>Year ended 31 October 2016</i>
	<i>No.</i>	<i>No.</i>
In the band £60,001 - £70,000	4	2
In the band £70,001 - £80,000	3	1
In the band £80,001 - £90,000	1	2
In the band £100,001 - £110,000	1	1
In the band £130,000 - £140,000	1	1

During 2017, redundancy payments totalling £114,000 were paid as part of the continuing restructuring of the business.

None of the employees whose emoluments exceed £60,000 have retirement benefits accruing under defined benefit schemes (2016: none). All of the above members of staff are members of the company's defined contribution scheme.

One Trustee (2016: one) received an Honorarium of £12,000 (2016: £12,000) for services to the charity. 7 Trustees were reimbursed a total of £3,247 for travelling expenses (2016: 6 were reimbursed £7,838).

Remuneration and benefits received by key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees for planning, directing and controlling the activities of the charity. In 2016/17 the aggregate remuneration of the 3 executives and 13 senior leaders who were considered by the Trustees to be the key management of the charity totalled £1,091,491 (2016: £935,199).

10. Interest payable

	<i>Period ended 31 July 2017</i>	<i>Year ended 31 October 2016</i>
	<i>£000</i>	<i>£000</i>
Other interest payable	44	80

Notes to the financial statements

at 31 July 2017

11. Intangible fixed assets

	<i>Brands</i> <i>£000</i>
Group	
Cost	
At 1 November 2016	8,223
Adjustment to deferred consideration	(227)
At 31 July 2017	<u>7,996</u>
Amortisation	
At 1 November 2016	1,385
Charge for the period	1,233
At 31 July 2017	<u>2,618</u>
Carrying amount	
At 31 July 2017	<u>5,378</u>
At 31 October 2016	<u>6,838</u>
	<i>Brands</i> <i>£000</i>
Company	
Cost	
At 1 November 2016 and 31 July 2017	<u>4,926</u>
Amortisation	
At 1 November 2016	1,192
Charge for the year	730
At 31 July 2017	<u>1,922</u>
Carrying amount	
At 31 July 2017	<u>3,004</u>
At 31 October 2016	<u>3,734</u>

Notes to the financial statements

at 31 July 2017

12. Tangible fixed assets

	<i>Long-term leasehold property £000</i>	<i>Fixtures and fittings £000</i>	<i>Office equipment £000</i>	<i>Assets under construction £000</i>	<i>Total £000</i>
Group					
Cost					
At 1 November 2016	1,406	2,328	2,352	-	6,086
Additions	26	10	19	165	220
Disposals	-	-	(119)	-	(119)
Transfer between classes	(13)	11	2	-	-
At 31 July 2017	1,419	2,349	2,254	165	6,187
Depreciation					
At 1 November 2016	41	329	1,911	-	2,281
Charge for the period	37	173	178	-	388
On disposals	-	-	(30)	-	(30)
Transfer between classes	46	135	(181)	-	-
At 31 July 2017	124	637	1,878	-	2,639
Net book value					
At 31 July 2017	1,295	1,712	376	165	3,548
At 31 October 2016	1,365	1,999	441	-	3,805

	<i>Long-term leasehold property £000</i>	<i>Fixtures and fittings £000</i>	<i>Office equipment £000</i>	<i>Assets under construction £000</i>	<i>Total £000</i>
Company					
Cost					
At 1 November 2016	1,406	2,328	2,347	-	6,081
Additions	26	10	19	165	220
Disposals	-	-	(117)	-	(117)
Transfer between classes	(13)	11	2	-	-
At 31 July 2017	1,419	2,349	2,251	165	6,184
Depreciation					
At 1 November 2016	41	329	1,911	-	2,281
Charge for the period	37	173	178	-	388
On disposals	-	-	(30)	-	(30)
Transfer between classes	46	135	(181)	-	-
At 31 July 2017	124	637	1,878	-	2,639
Net book value					
At 31 July 2017	1,295	1,712	373	165	3,545
At 31 October 2016	1,365	1,999	436	-	3,800

Notes to the financial statements

at 31 July 2017

13. Fixed asset investments

	<i>Listed securities £000</i>	<i>Joint ventures £000</i>	<i>Total £000</i>
Group			
Market value			
At 1 November 2016	9,736	141	9,879
Additions	3,210	-	3,210
Disposals	(2,803)	-	(2,803)
Revaluations	636	-	636
Share of loss	-	(73)	(73)
At 31 July 2017	<u>10,779</u>	<u>68</u>	<u>10,847</u>
Historical cost	<u>9,362</u>	<u>-</u>	<u>9,362</u>

Valuation

Listed investments are valued at the market rate at the year-end date. Investments in joint ventures are valued at the company's share of the book value of the net assets at the balance sheet date.

	<i>Listed securities £000</i>	<i>Subsidiary undertakings £000</i>	<i>Total £000</i>
Company			
Market value			
At 1 November 2016	9,736	3,603	13,341
Additions	3,210	-	3,210
Disposals	(2,803)	-	(2,803)
Adjustment to contingent consideration	-	(227)	(227)
Revaluations	636	-	636
At 31 July 2017	<u>10,779</u>	<u>3,376</u>	<u>14,155</u>
Historical cost	<u>9,362</u>	<u>3,376</u>	<u>9,362</u>

Listed investments held

	<i>31 July 2017 £000</i>	<i>31 October 2016 £000</i>
UK bonds	1,720	1,405
Overseas bonds	423	689
UK equities	2,248	2,579
US equities	2,615	1,225
Pooled funds	3,773	3,838
	<u>10,779</u>	<u>9,738</u>

All listed investments are held in funds managed by Rathbones Investment Management on behalf of the company.

Notes to the financial statements

at 31 July 2017

13. Fixed asset investments (continued)

The charity owns one £1 ordinary share, 100% of the voting capital in NCFE Trading Limited, a company incorporated and registered in England and Wales. The principal activity of the company is that of a holding company.

The charity is also a member of the Reed NCFE Partnership LLP, in which it has a 50% share.

On 15 July 2016, the company acquired 100% of the voting capital in For Skills Limited, a company incorporated and registered in England and Wales, and its subsidiary undertaking Guroo Limited. The principal activity of the company is the provision of online assessments, diagnostics and e-learning resources.

14. Debtors

	<i>31 July</i> <i>2017</i> <i>£000</i>	<i>Group</i> <i>31 October</i> <i>2016</i> <i>£000</i>	<i>31 July</i> <i>2017</i> <i>£000</i>	<i>Company</i> <i>31 October</i> <i>2016</i> <i>£000</i>
Trade debtors	4,303	7,049	3,940	6,730
Amounts owed by undertakings in which the company has a participating interest	121	138	121	138
Amounts due from subsidiary undertakings	-	-	672	-
Other debtors	188	81	186	45
Prepayments and accrued income	339	205	324	205
	<u>4,951</u>	<u>7,473</u>	<u>5,243</u>	<u>7,118</u>

15. Creditors: amounts falling due within one year

	<i>31 July</i> <i>2017</i> <i>£000</i>	<i>Group</i> <i>31 October</i> <i>2016</i> <i>£000</i>	<i>31 July</i> <i>2017</i> <i>£000</i>	<i>Company</i> <i>31 October</i> <i>2016</i> <i>£000</i>
Trade creditors	631	370	624	362
Amounts owed to joint ventures	2	48	2	48
Corporation tax	-	45	-	-
Other taxation and social security	343	291	269	244
Other creditors	436	846	431	846
Accruals and deferred income	2,443	2,825	2,423	2,825
	<u>3,855</u>	<u>4,425</u>	<u>3,749</u>	<u>4,325</u>

Deferred income

	<i>Group and</i> <i>Company</i> <i>£000</i>
Deferred income at 1 November 2016	1,307
Resources deferred during the period	-
Amounts released from previous years	(1,139)
Deferred income at 31 July 2017	<u>168</u>

Notes to the financial statements

at 31 July 2017

16. Statement of funds

	<i>Brought forward</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (losses)</i>	<i>Carried forward</i>
	£000	£000	£000	£000	£000	£000
Designated funds						
IT investment fund	1,000	-	-	-	-	1,000
Capital asset fund	4,198	-	-	-	-	4,198
Investment fund	6,308	-	-	-	-	6,308
	<u>11,506</u>		<u>-</u>			<u>11,506</u>
General funds						
General funds	14,753	20,328	(19,819)	783	636	16,681
Revaluation reserve	783	-	-	(783)	-	-
	<u>15,536</u>	<u>20,328</u>	<u>(19,819)</u>		<u>66</u>	<u>16,681</u>
Total, unrestricted funds, before joint ventures	<u>27,042</u>	<u>20,328</u>	<u>(19,819)</u>		<u>66</u>	<u>27,617</u>
Share of net income from joint ventures	144	(73)	-	-	-	71
Total Unrestricted funds	<u>27,186</u>	<u>20,255</u>	<u>(19,819)</u>		<u>66</u>	<u>27,688</u>

The income funds of the charitable company include the following designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes:

The capital asset fund relates to the fixed assets held for use in the business, including the property at Quorum Business Park. An amount equal to the net book value of the assets has been allocated to the capital fund which is being released over the useful economic life of the assets.

The investment fund is used to invest in suitable business ventures to improve the services offered by the charity, and represents the value of goodwill. Again, these investments reflect funds tied up for the long term and hence do not form part of the free reserves.

The IT investment fund represents the amount set aside by the Trustees during 2016 to undertake IT and infrastructure improvement projects within the business over the coming 2 years.

Notes to the financial statements

at 31 July 2017

17. Reconciliation of net movement in funds to net cash flow from operating activities

	<i>Period ended 31 July 2017 £000</i>	<i>Year ended 31 October 2016 £000</i>
Net income for the period/year (as per Statement of Financial Activities)	436	2,747
Adjustment for:		
Depreciation	388	754
Dividends, interest and rents from investments	(155)	(258)
Loss/(profit) on the sale of fixed assets	89	(674)
Decrease/(increase) in debtors	2,522	(1,096)
(Decrease)/increase in creditors	(568)	202
Contingent consideration adjustment	227	-
Share of loss/(profit) from joint venture	73	(144)
Decrease in provisions	-	(802)
Amortisation	1,233	1,167
Net cash provided by operating activities	4,245	1,896

18. Analysis of cash and cash equivalents

	<i>31 July 2017 £000</i>	<i>31 October 2016 £000</i>
Cash in hand	6,960	2,901
Notice deposits (less than 3 months)	429	715
	7,389	3,616

19. Pension commitments

NCFE operates a defined contribution pension scheme, the Group Personal Pension Scheme. The assets of the scheme are held separately from those of the charitable company in a separately administered fund. The pension costs charge represents contributions payable by the group to the fund and amounted to £504,000 (2016: £826,000). Contributions totalling £151,000 (2016: £177,000) were payable to the fund at the balance sheet date and are included within creditors.

20. Operating lease commitments

Future minimum lease payments under non-cancellable operating leases fall due as follows:

	<i>31 July 2017 £000</i>	<i>31 October 2016 £000</i>
Group and Company		
Not later than 1 year	64	85
Later than 1 year and not later than 5 years	75	94
	139	179

Notes to the financial statements

at 31 July 2017

21. Related party transactions

During the year, transactions were carried out at full market value with the following individuals or organisations in which directors of NCFE also held senior positions or held shares, as follows.

	<i>Value of transactions</i>	<i>Outstanding at the year end</i>	<i>Value of transactions</i>	<i>Outstanding at the year end</i>
	<i>2017</i>	<i>2017</i>	<i>2016</i>	<i>2016</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Terry Hodgkinson Limited	8	-	12	-
South Essex College of Further and Higher Education	-	-	194	46
Tyneside Cinema	2	-	2	-
Mr N Hudson	1	-	3	-

Terry Hodgkinson Limited is related by the common directorship of Mr T. kinson. Mrs A O'Donoghue is the principal of South Essex College of Further and Higher Education. Ms L Armstrong, a director of NCFE is also a director of Tyneside Cinema. Mr N Hudson invoices NCFE directly for services provided to The Reed NCFE Partnership.

Included within debtors are balance of £196,000 (2016: £138,000) owing to NCFE from The Reed NCFE Partnership LLP. Included within creditors are balances of £nil (2016: £48,000) due to The Reed NCFE Partnership LLP.

22. Principal subsidiaries and joint ventures

a. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
NCFE Trading Limited	UK	100%	Dormant
For Skills Limited	UK	100%	Provision of online assessments, diagnostics and e-learning resources
Guroo Limited	UK	100%	Provision of online assessments, diagnostics and e-learning resources
BSKB Online Limited	UK	100%	Dormant

b. Principal joint ventures

Company name	Country	Percentage Shareholding	Description
The Reed NCFE Partnership LLP	UK	50%	Delivery of brokerage services

Notes to the financial statements

at 31 July 2017

23. Controlling party

The charitable company is controlled by the Board of Trustees.

24. Financial instruments

	<i>31 July 2017</i>	<i>31 October 2016</i>
	<i>£000</i>	<i>£000</i>
Financial assets measured at fair value through income and expenditure	10,779	9,736
Financial assets measured as amortised cost	21,334	21,873
	<u>32,113</u>	<u>31,611</u>
Financial liabilities measured at amortised cost	<u>3,855</u>	<u>4,425</u>

Financial assets measured at fair value through income and expenditure comprise listed investments.

Financial assets measured at amortised cost comprise tangible fixed assets, intangible fixed assets, investments in joint ventures, debtors and cash.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, accruals and provisions.