

Report of the Trustees and financial statements

YEAR ENDED 31 MARCH 2021



 **NFER**
National Foundation for
Educational Research

Contents

Officers and members of the Board of Trustees	4
.....	
Administrative details	5
.....	
Chair’s Statement	6
.....	
Report of the Board of Trustees	8
.....	
Statement of the Trustees’ responsibilities	28
.....	
Independent auditor’s report	29
.....	
Consolidated statement of financial activities	33
.....	
Group and Company balance sheets	34
.....	
Consolidated statement of cash flows	35
.....	
Notes to the financial statements	36
.....	

Officers and members of the Board of Trustees

President	Sir Jim Rose, CBE, FRSA
Vice President	Ms A J Shaw, MA (Hons)
Chair of Board of Trustees	Ms J L Cocking, BA (Hons) (1) (3) (4)
Treasurer	Mr N Hollister, MA (Hons), Cantab (1) (3)
Trustees	Mr I Bauckham, CBE, MA (Hons) Cantab, MA (resigned 31 December 2020)
	Ms F Capstick, MBA
	Professor M Day, BSc (Hons), PGCE, PhD
	Ms S Douglas, BA (QTS) Hons (1)
	Ms H Ghantiwala, BA (Hons), MA, Solicitor (2)
	Mr N Hillman, BA (Hons), PGCE, MA
	Mr M Keen, MA (Hons) Oxon, FCA, (1)(2)(3)(4)
	Mr S Macdonald, BA (Hons), Solicitor (1)(3)(4)
	Mr D Madoc-Jones, BA (Hons) (2)
	Mr C Ryan, BA (Hons), MA
Membership of committees	(1) Remuneration Committee
	(2) Audit Committee
	(3) Nominations Committee
	(4) Investment Committee

Administrative details

for the year ended 31 March 2021

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

Trustees and Directors

The Trustees of the charity are the directors of the charitable company for the purposes of charity law and are referred to as the Trustees throughout this report. The Trustees serving during the year and up to the date of signature of the accounts are disclosed on page 3 of this report.

Senior Management Team

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

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

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

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

Mr Sanjeet Maghera, MBAe (LSE) (Chief Digital Officer from 10 August 2020)

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

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

Chair's Statement

Lorna Cocking
Chair of the Board of Trustees

The lives of children and young people worldwide are inextricably linked to the quality of education they receive.

The pandemic has brought this into sharp relief as the education of over 1.7 billion children across the world was heavily disrupted, joining the 258 million children who were not attending school before the pandemic.

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

Never has this been more important. Over the last 18 months, education has faced unprecedented challenges and will take time to recover. I am proud that NFER has led on creating the evidence-base to find solutions to overcoming these challenges.

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

NFER acted quickly and decisively in response to the emerging Covid-19 pandemic at the start of this financial year. Our priorities were the health and well-being of our staff, and ensuring the organisation could continue to operate remotely in order to provide the insights needed to understand the impact of the pandemic on schools, children and young people.

Our initial research into the impact of Covid-19 on education received widespread coverage across the media and was cited by politicians of all parties in parliament. It is this research that helped ensure education recovery became a national priority. NFER has continued to provide ground breaking research into the scale and nature of the recovery measures needed going forward.

The year 2021 marks a significant anniversary for NFER – 75 years since the organisation was founded. Despite the challenging start to this calendar year, I look forward to reflecting on this significant milestone in NFER's history and exploring how we can light the way for future generations.



The commitment and resilience of the Executive Team, our dedicated team of experts and our Trustees have seen NFER tackle the turmoil of the last year with vigour, and NFER remains in a strong financial position.

As we emerge from the lifting of lockdown restrictions, I am looking forward to NFER continuing to increase its influence and impact, not only in the UK, but also internationally through its globalisation programme.

NFER has overcome extraordinary challenges throughout the last year, and this next year will be an exciting time to mark 75 years of our research and expertise, and an opportunity to deliver even more robust research and insights for the future.



The commitment and resilience of the Executive Team, our dedicated team of experts and our Trustees have seen NFER tackle the turmoil of the last year with vigour.

Report of the Board of Trustees

for the year ended 31 March 2021

The Board presents this annual Trustees' report and the audited accounts for the year ended 31 March 2021 as required by the Companies Act. This report provides a full account of the activities for the year and includes the information required of the Trustees of the charity by the Charity Commission.

Governing document

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

Our members comprise the serving Trustees of the company.

Objectives and activities

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

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

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

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

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

NFER does not carry out any fundraising activities.

The public benefits of NFER's work

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

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

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

Last year we said we would focus on:

- Supporting the education sector to understand and respond to the impact of the Covid-19 pandemic with a particular focus on education inequalities
- Supporting our staff through this uncertain and challenging time
- Increasing our charitable impact through greater stakeholder engagement, influencing and visibility
- Growing our portfolio of international work, providing evidence to improve education systems in other countries and supporting our priority of diversifying and expanding our client base
- Investing in a major transformation programme to increase the quality, security and value of what we do and strengthening our capabilities in e-assessment

Covid-19 pandemic

We led the way in undertaking research and producing insights on the impact of Covid-19 on education, much of which was supported through our own research funds.

Supporting education through the pandemic

- In the spring and summer of 2020, NFER undertook crucial research into the early impacts of the pandemic on education, focusing on pupils returning to schools, engagement in remote learning, and the impact on vulnerable pupils. This identified the scale and nature of the challenges schools and children were facing, and informed the measures needed – such as greater availability of technology to support home learning – to support them through this crisis.
- The pandemic had some unexpected consequences, with NFER’s research showing an increase in applications to teacher training, as well as a reduction in the number of teachers leaving the state sector. However, we also demonstrated the immense pressures schools were under, and warned that this might only be a temporary reprieve for England’s teacher supply challenge.
- NFER continued to lead on research into the impacts of the pandemic on education throughout the year. We published the first major study in England on attainment and disadvantage gaps based on robust pupil assessments in January, and analysis of the financial impacts of the pandemic on schools in December. We also undertook a more in-depth investigation of teaching practices and children’s wellbeing, as well as their academic needs, following the second period of school closures in spring 2021.
- Our evaluation of the National Tutoring Programme and our delivery of the National Reference Test ensures that we will continue to be at the forefront of measuring the impact of Covid-19 on education and producing policy recommendations to mitigate the damage caused. Our work has also explored the experiences young people are facing in transitioning to further education and employment post-16, with projects on T-Levels and apprenticeships completed during the year.
- As more children returned to school after the lockdown in early spring 2021, primary schools made much greater use of our suite of standardised assessments to understand children’s progress and inform their recovery efforts.
- NFER also launched a new assessment product – Bite into Writing, designed for year 6 teachers to help them confidently teach and assess Key Stage 2 writing and to tackle any attainment gaps in writing caused by the pandemic.



NFER's approach provides a model for really effective collaboration between research, policy and practice. Concise reports, clear recommendations and useful resources, coupled with a focus on sharing insights with the sector, help to maximise impact. We should all continue to create closer links between these disciplines to help change education for the better.

OLLY NEWTON, EXECUTIVE DIRECTOR,
EDGE FOUNDATION

Supporting our staff

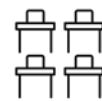
- NFER moved to remote working for the majority of its staff in March 2020, following the Government's advice for people to work from home if they could. Our IT and facilities staff rapidly overcame technical challenges and introduced new communication tools, ensuring that our work remained on track.
- NFER prioritised the well-being of its staff, ensuring that support was readily available both in-house and through our specialist well-being advisers.
- We also prioritised communications with colleagues during this period, with more regular staff briefings, and staff surveys to understand colleagues' needs.

80%

of our stakeholders describe NFER as respected, professional and credible

156,000

downloads of sample materials, publications and assessment hub articles



76%

agree that NFER provides valuable insights for school leaders and practitioners

Increasing our impact

Our research and insights are reaching more key decision-makers in a variety of different ways

Growing our influence and awareness amongst parliamentarians

- Carole Willis (Chief Executive) and Jack Worth (Lead Economist) presented findings and policy recommendations from our work on the pandemic at the Conservative and Labour party conferences.
- Angela Donkin (Chief Social Scientist) appeared as a witness in front of the Women & Equalities Select Committee as part of the Committee's inquiry into the impact of Covid-19 on children's education, alongside other education sector experts.
- NFER's research into the impact of Covid-19 on education was cited widely by Members of Parliament and Members of the House of Lords from all parties during many different debates in Westminster spanning many months.
- NFER's experts presented research and evidence at various meetings of All Party Parliamentary Groups (APPGs), including the APPGs for Teaching, Education Technology and Literacy, alongside leading politicians.
- We used our robust evidence-base to submit responses to government consultations and select committee inquiries.

Expanding our reach through the media

- Our research into the impact of Covid-19 on education led to thousands of pieces of local and national media coverage.
- Carole Willis discussed our research during numerous local and national radio and TV interviews.
- NFER's research and recommendations reached the front pages of leading national newspapers, such as the Guardian and the Independent.
- Our work was used widely by the education sector press, with dozens of articles written-up about our research in outlets including TES, Schools Week and FE Week.

Contributing to the education policy debate

- NFER's experts spoke at over one hundred education-related events over the last year, with the vast majority of these being virtual presentations. Our researchers spoke alongside distinguished figures from the education sector as well as politicians.
- Through the use of a new webinar platform, we also ran our own virtual events, showcasing the evidence that our researchers have produced over the last year and helping to ensure that the insights reached decision makers.



1320
HTML pages
on the website

1,237,400
impressions
on Twitter



95%
of our stakeholders
that read NFER
publications
said they had an
impact on their
organisation

Widening our reach with the sector

- NFER continues to meet and interact with influential stakeholders in the education sector. This enables us to raise our profile and ensure that our research and evidence reaches a wide variety of stakeholders working in schools, membership organisations, governments and many others.



NFER occupy a rather unique space on the education landscape – respected by, but independent of, government and demonstrably prepared to speak truth to power. They are an incredibly talented team of professionals that have the credibility to influence; with the organisational scale to make their voice heard on the national stage.

NICK BROOK, DEPUTY GENERAL SECRETARY,
NATIONAL ASSOCIATION OF HEAD TEACHERS (NAHT)

Global impact

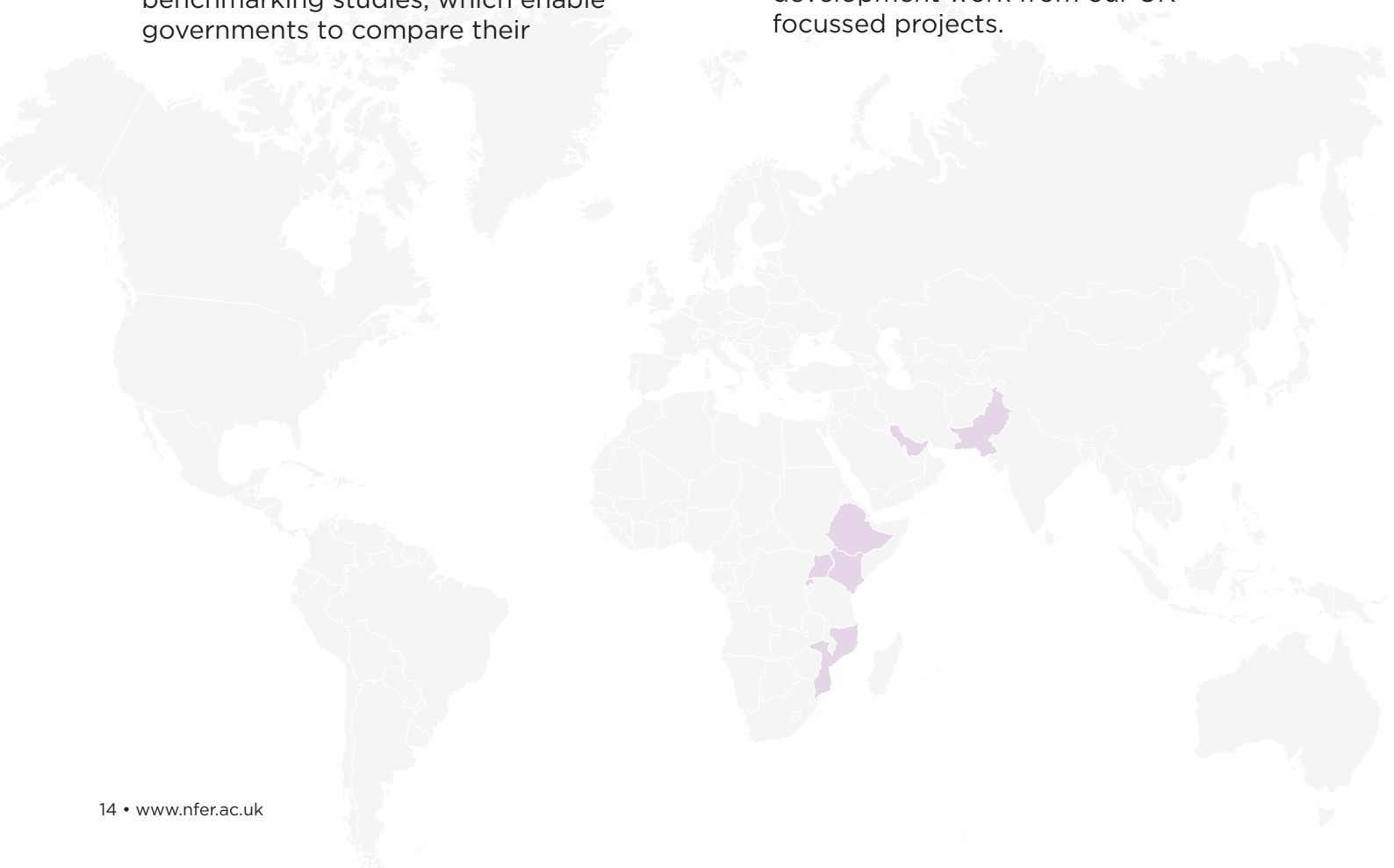
We support the development of education systems worldwide by creating and sharing evidence and insights on education policy and practice.

Globalisation programme

- NFER is working with governments and non-governmental organisations to improve education systems worldwide. Our research projects are already making a difference by improving understanding of approaches to education recovery, helping to identify methods to engage with marginalised groups in society and understanding how to improve teaching quality in schools.
- We continue to deliver large-scale international assessments and benchmarking studies, which enable governments to compare their

education systems with others and identify areas for improvement. Studies published over the last year include the Trends in International Mathematics and Science Study (TIMSS) in Northern Ireland, the new International Early Learning and Child Well-being Study (IELS) and various reports based on the data collected by NFER through both IELS and the most recent Programme for International Student Assessment (PISA).

- This year, we launched our new ‘NFER International’ brand and website, which distinguishes our international development work from our UK-focussed projects.



Transforming NFER

Harnessing the use of technology to strengthen our capability, increase our efficiency and ensure the most rigorous standards are applied to all our work.

Delivery of e-assessment capability

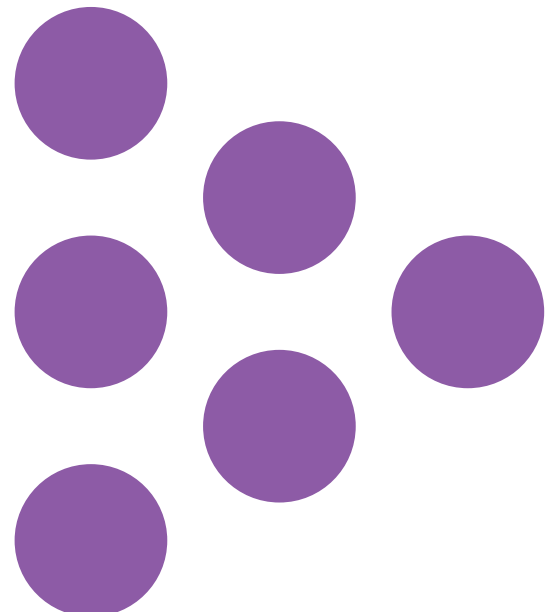
- The use of e-assessment is expanding rapidly in education, spurred on by the pandemic. It offers greater opportunity to understand children's abilities in a more robust, flexible and streamlined way, informing teaching and learning. NFER has continued to strengthen its e-assessment capabilities over this last year to provide improved tools for understanding children's learning needs.

Empowering the use of technology

- We are upgrading our systems to enable our colleagues to use technology in new and innovative ways. This will support our research, analysis, communication and working methods to enable us to better achieve our long-term objectives.

Streamlining operational activities

- We are working on new digital processes and systems which will enable our activities to be increasingly streamlined, and will ensure the best service for our customers, clients and research participants.



Looking forward

NFER's 75th anniversary

Our 75th anniversary is a major milestone and, despite the ongoing pandemic, NFER intends to mark this landmark year through various activities with a focus on NFER's future contribution to improving education in collaboration with partners across the education system.

Education recovery

Education recovery from the global pandemic will be a long-term endeavour. NFER will continue to lead the way in undertaking research into the ongoing impact of Covid-19 on education, in proposing innovative policy recommendations, and in supporting school teachers and leaders to find effective recovery strategies in the classroom.

Through the use of our sub-brand 'NFER Classroom', we will ensure that information, resources and practical support is provided to schools across the country. This includes digestible research insights, free practitioner resources and expert guidance,

in addition to our widely-used, evidence-based products and services.

A key element of education recovery in England will be a revamping of further education and skills provision. Through our new 'Skills Imperative' project, funded by the Nuffield Foundation, we will be at the forefront of exploring what skills employers will need in future and how young people can acquire them.

The statutory rollout of the Reception Baseline Assessment starting in September 2021 will provide a new and fairer basis for measuring children's progress and therefore the contribution that schools make to their development throughout the whole of their time in primary school.

Continuing to transform NFER

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

Promoting the success of the charity

Throughout the year the trustees of the charity have acted in the way they consider, in good faith, to promote the success of the charity and its charitable purpose, acting for the benefit of its stakeholders as a whole, and in doing so have had regard to:

the likely consequences of any decision in the long term;

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

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

Structure, governance and management



Appointment of Trustees

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

Trustee induction, training and continued support

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

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

Organisation

The Trustees are responsible for agreeing the aims and direction of the organisation but have delegated the day-to-day management to a Chief Executive, supported by a Senior Management Team (as outlined on page 4). Each year the Trustees approve the annual business plan and budget; anything that is not included in that plan must be referred back to the Trustees for approval. The Board has reserved for itself the approval of the Annual Report and Accounts, key policies and all matters relating to property. It has established specialist committees to oversee specific areas, namely investments, audit, remuneration and nominations. Working groups are also established to enable Trustees to engage with specific business matters.

Related parties

NFER had three wholly owned subsidiaries during the year. The first, NFER Trading Limited, Company Number 03954591, was formed in 2000 with its prime role to deliver certain commercial contracts. The other two, i-nfer Assessment Limited, Company Number 05946075, (incorporated in 2006) and Futurelab Education Limited Company Number 05689928, (both acquired by the Group in 2012) remained dormant throughout the financial year. Futurelab Education Limited was struck off on 7 September 2021.

Energy use

The charity uses energy for the purposes of heating, lighting and air-conditioning its office spaces. During the year the group consumed 477,000KW of electricity to power and air-condition its offices (2019-20: 692,000KW) and 429,000KW of gas to heat them (2019-20: 523,000KW). In total these two sources of energy represent annual CO2e emissions of 190 tonnes (2019-20: 257 tonnes). The charity is investigating ways in which it can reduce its consumption of fossil fuels, including the feasibility of generating its own renewable energy.

Risk management

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

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

- The pandemic has placed a heavy burden on the public purse and, notwithstanding the clear imperative to understand and address the impact of the disruption to children's learning, there is a risk that some of our key government clients may reduce the levels of funding available for research. NFER is actively exploring new market

opportunities to mitigate this risk, and has other sources of funding, including its own suite of standardised optional tests for primary schools which are helping teachers to understand and address children's learning gaps.

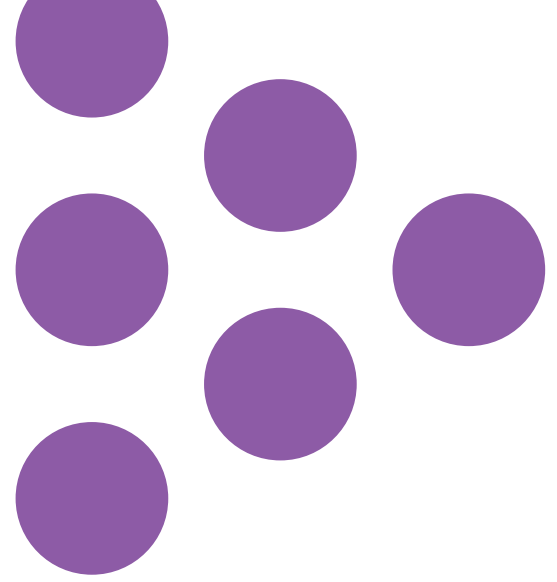
- The willingness of schools to engage in NFER's research projects in the wake of the pandemic will affect the speed of our financial recovery. In addition to the high levels of customer care that we rely on to encourage school engagement, we are also investigating project designs that minimise the burden on schools, utilising existing data sets wherever possible.
- The absence of statutory test data in the summers of 2020 and 2021, which is used for a variety of purposes, makes it more difficult to carry out research. NFER has been involved in a number of research and assessment projects during the past year which have provided evidence of the impact of the pandemic on children's learning which will help to mitigate the shortcomings of the statutory data sets.
- Ensuring the security of our information continues to be a key area of focus, particularly as most staff continue to work remotely. We are safeguarding the integrity of our systems through careful management of information security risks in line with our ISO27001 certification and Cyber Essentials Plus status, and through investing in business resilience and continuity.

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

Financial instruments

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

- Our investment portfolio, where risk is controlled by the Investment Committee through the appointment of investment managers, a wide spread of investments and a policy to hold a proportion of the assets in bonds and property funds that are not as exposed to downside risk as an exclusively equities portfolio.
- A 20-year bank mortgage (four years remaining at 31 March 2021), in which upward interest rate risk has been eliminated by fixing the rate of interest throughout the term.
- A six year Coronavirus Business Interruption Loan (CBILS) for £2m which was entered into in May 2021, the majority of which is fixed interest.



Buckinghamshire Pension Fund

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

Qualifying indemnity insurance

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

Financial review of the group

NFER's overall level of income was £15.8m for the year (2019-20: £18.8m). Income from research was £9.6m (2019-20: £12m) whereas income from sales of our

educational resources was £5m (2019-20: £6.2m). There was a net deficit on charitable activities of £3.4m compared to a net surplus on charitable activities of £0.5m last year.

The investment portfolio has generated a reduced level of dividend and interest income at £498k (2019-20: £633k). The value of the portfolio at 31 March 2021 has increased to £23.6m (2020: £19.9m) having experienced considerable growth after the fall in market value in the final weeks of last year.

Interest costs incurred on the mortgage decrease as the capital amount of the loan reduces; this year it was £109k compared to £128k last year. In addition, in accordance with the requirements of FRS102, an interest charge on the pension deficit has been calculated at £455k. The equivalent figure for the prior year was £527k.

Overall, the organisation generated a total net surplus for the year of £942k compared to a net deficit of £1,453k in 2019-20. This reflects a loss on our charitable activities which was more than offset by the increase in value of our investments. In 2019-20 NFER experienced a surplus on our charitable activities which was more than offset by the decrease in the value of the investment portfolio.

The FRS102 actuarial losses reported for this year amount to £5.5m (2019-20: gain of £2.6m). The result of this actuarial loss is an increase in the net pension deficit from £18.3m in 2020 to £23.8m at the year end. The overall net movement of funds for the

year, after these actuarial losses, amounted to -£4.5m, which gives NFER total reserves of £9.3m at the end of the year, compared to £13.8m at the end of last year.

The charity's only active subsidiary, NFER Trading Limited, made an operating profit of £13k (2019-20: loss of £141k before the grant from the Charity) and will not remit any Gift Aid this year (2019-20: profit remitted of Nil). No grants were made to NFER Trading Ltd this year in comparison to a grant of £595k made during 2019-20 together with the issuance of a letter of support. The revenue of £105k (2019-20: £297k) has decreased as a result of the signing of no new contracts in the name of NFER Trading Limited.

Reserves policy and plans for future years

Having considered the challenges and opportunities that the charity may face in the medium to longer term, the Trustees calculated the need for a level of free reserves (i.e. those unrestricted reserves that have not been designated for specific purposes) in the range of £3.2m to £6.4m based on three to six months unavoidable expenditure. This range was determined by an assessment of the period over which a downturn in the business of NFER would have to be managed before positive results could be achieved from the implementation of remedial actions.

As at 31 March 2021, NFER's total group reserves stood at £9.3m (2020: £13.8m). This is composed of:

Designated fixed assets reserve	£5.8m	See Note 11
Pension reserve	(£23.8m)	Actuarial valuation of pension deficit
Unrestricted reserves	£27.3m	To allow the charity to manage challenges and opportunities
Total reserves	£9.3m	

The Trustees' strategy in future years is to manage the free reserves of the charity, which currently stand at approximately £3.5m, to achieve a value within the target range, taking into account the expected value of the pension settlement.



Investment policy and performance

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

The performance of the assets managed by the principal fund managers (Investec and Smith & Williamson) is measured against a Total Return (capital and income) benchmark over the medium term, based on the RPI index plus 4.25%. The benchmark is reviewed periodically.

Each of the investment managers has the same minimum and maximum asset class parameters so that, overall, exposure to different assets will be within acceptable boundaries, thereby mitigating risk.

The current planning ranges, which will be subject to annual review, are:

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%
.....	

In the year, investment capital increased to £23.6m (2019-20: decreased to £19.9m) and so the investments met the objective of exceeding RPI plus 4.25%, as a result of the increase in market values during the year.

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



Going concern

The financial statements are approved at a time when the uncertainty arising from the global Coronavirus pandemic (COVID-19) continues. The impact of the COVID 19 pandemic on NFER's future financial performance remains unclear, but the situation has improved over the last year and the management of the charity is confident in its financial resilience. Having reviewed its investment portfolio, the funding facilities available to the Charity together with the expected future cash flows, the trustees believe that the charity has adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the charity's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Pension schemes

During the year, the NFER participated in two pension schemes: its own defined contribution pension scheme independently run by Pan Trustees Ltd (NRSP) and the Teachers' Pension Scheme (TPS), administered by Teachers' Pensions (TP) on behalf of the Department for Education (DfE).

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

NFER's active membership of the Buckinghamshire Pension Fund ceased on 30 June 2011. The Buckinghamshire Pension

Fund is accounted for as a defined benefit fund under Financial Reporting Standard 102 and was replaced with the NFER's own defined contribution pension scheme.

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

Engagement with employees

Throughout the financial year senior managers have engaged with staff:

- To inform them through fortnightly staff briefings and regular newsletters of the charity's performance and achievements, developments in the markets in which we operate and how we have taken account of the interests and queries raised by members of staff. This process has been extended significantly since the outbreak of the Coronavirus pandemic to ensure that staff working from home during 'lockdown' are informed of the impact of Covid-19 on our charitable work and of the support that we can offer to staff to assist them with their work and their wellbeing.
- To enquire through three externally administered surveys how effectively the charity is supporting their needs and addressing the challenges that it faces. Two of these surveys took place following the closure of the

charity's offices due to Covid-19 to hear the staff's views on the transition to homeworking and the support offered to them by the charity. Another follow up survey took place in the autumn. All the surveys conducted to date have indicated high levels of satisfaction with the charity as an employer and with its response to the challenges raised by the pandemic.

- Through the elected members of the Staff Council. This group has met with senior managers on a regular basis throughout the financial year and has continued to meet virtually during 'lockdown'. The elected Chair of the Staff Council regularly attends SMT meetings to report on the main interests and concerns of staff.

Equal opportunities and remuneration policies

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



maximised. This policy is fully supported by the Trustees and Senior Management Team (SMT) and is monitored on an ongoing basis.

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

Our 2020 gender pay gap report indicates for the fourth year running that the differences in pay between men and women are modest, markedly different from the national picture. These figures, calculated using the 2017 Regulations and the Equality Act 2010, showed that the median pay gap calculated as at 5 April 2020 was 0.0% (2019: +4.6% in favour of men) as compared to the national average as at that date of +15.5% (2019 +17.3%). The mean average for NFER at the same date was 1.5% (2019: 0.0%). The figures suggest that gender pay is neutral at NFER whereas the national pay gap remains consistently and heavily in favour of males.

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

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

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

Senior Management Team

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

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

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

levels across the organisation (including the annual leave entitlement, our approach to flexible working arrangements, and the scope for personal development).

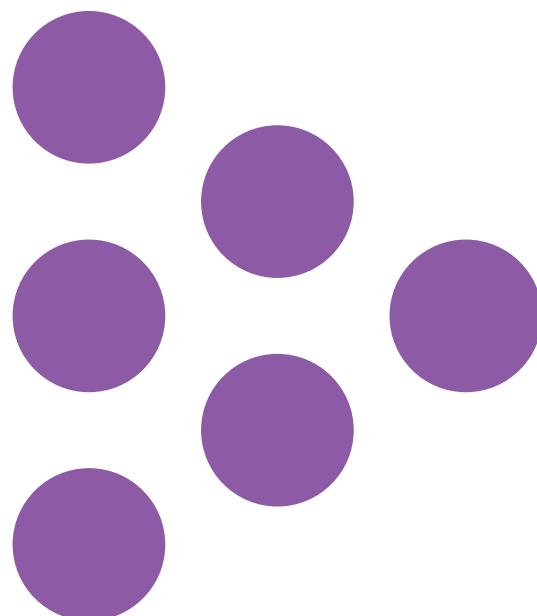
Details of the key management personnel remuneration, expenses and related party transactions are disclosed in notes 9 and 10 to the accounts.

Trustees

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

Auditors

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



Statement of the Trustees' responsibilities

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

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

select suitable accounting policies and then apply them consistently

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

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

So far as each of the Trustees is aware:

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

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

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



J L Cocking
Chair

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

10 November 2021

Independent auditor's report

to the Members of the National Foundation for Educational Research in England and Wales (Company number 00900899)

Opinion

We have audited the financial statements of the National Foundation for Educational Research in England and Wales for the year ended 31 March 2021 which comprise Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2021 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

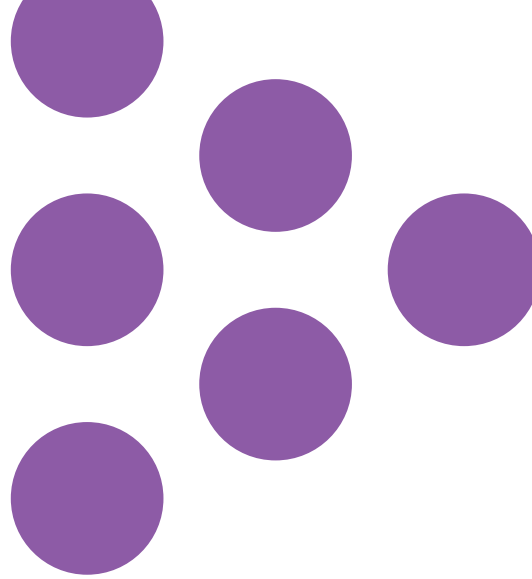
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of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

Conclusions relating to going concern

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

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

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



Other information

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

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

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company

or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to GDPR and charity and company

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

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

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charitable company relevant to the preparation of the financial statements to ensure these were in place throughout the year, including during the Covid-19 remote working period;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals;
- Reviewing correspondence with regulators, including tax authorities;
- Challenging assumptions and judgements made by management in their critical accounting estimates, in particular the recognition of project income and expenditure; and

- Reviewing the assumptions and judgements used by the professional actuary in relation to the charitable company's pension valuations.

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

Use of our report

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



Tracey Young
Senior Statutory Auditor

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

10 November 2021

Consolidated statement of financial activities

(including income and expenditure account and statement of recognised gains and losses) for the year ended 31 March 2021

	Notes	2020-21 £'000	2019-20 £'000
Income from:			
Government grants and donations	4(a)	696	-
Charitable activities	4(b)	14,572	18,153
Investments	4(c)	498	633
Other	4(d)	6	6
Total income		15,772	18,792
Expenditure on:			
Investment Management		(91)	(99)
Charitable activities	5	(17,950)	(17,637)
Mortgage Interest		(109)	(128)
Net interest and admin expenses on defined pension liability	17(d)	(455)	(527)
Total expenditure		(18,605)	(18,391)
Net (expenditure) / income before gains on investments		(2,833)	401
Net gains / (losses) on investments	12	3,775	(1,854)
Net income / (expenditure)		942	(1,453)
Other recognised (losses) / gains:			
Actuarial (losses) / gains on defined benefit pension schemes	17(g)	(5,483)	2,594
Net movement in funds		(4,541)	1,141
Reconciliation of funds:			
Total funds brought forward		13,796	12,655
Total funds carried forward		9,255	13,796

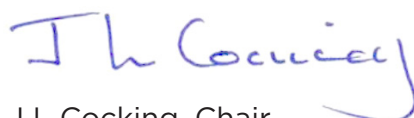
The statement includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

Group and Company balance sheet

as at 31 March 2021

	Note	Group		Company	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Fixed Assets:					
Intangible Assets	11	38	61	38	61
Tangible Assets	11	5,765	5,887	5,765	5,887
Investments	12	23,571	19,888	23,571	19,888
Total Fixed Assets		29,374	25,836	29,374	25,836
Current Assets:					
Stocks: finished goods		414	852	414	852
Debtors	14	3,503	5,098	3,463	5,106
Cash at bank and in hand		5,131	5,532	5,126	5,525
Total Current Assets		9,048	11,482	9,003	11,483
Liabilities:					
Creditors: Amounts falling due within one year	15	(4,034)	(3,497)	(3,997)	(3,492)
Net current assets		5,014	7,985	5,006	7,991
Total assets less current liabilities		34,388	33,821	34,380	33,827
Creditors: Amounts falling due after more than one year	15	(1,362)	(1,733)	(1,362)	(1,733)
Net assets excluding pension liability		33,026	32,088	33,018	32,094
Defined benefit pension scheme liability	17	(23,771)	(18,292)	(23,771)	(18,292)
Total net assets		9,255	13,796	9,247	13,802
The funds of the charity: Unrestricted					
Designated Funds	18	5,803	5,948	5,803	5,948
Free Reserves	18	27,223	26,140	27,215	26,146
Pension reserve	18	(23,771)	(18,292)	(23,771)	(18,292)
Total unrestricted and charity funds		9,255	13,796	9,247	13,802

The financial statements on pages 30 to 50 were approved and authorised for issue by the Board of Directors on 5 November 2020 and signed on its behalf by:


J L Cocking, Chair
Company number 00900899

Consolidated statement of cash flows

for the year ended 31 March 2021

	Note	2020-21 £'000	2019-20 £'000
Cash flows from operating activities	19(a)	(407)	(191)
Cash flows from investing activities			
Dividends from investments, interest and rents		504	639
Purchase of fixed assets		(179)	(387)
Proceeds from sale of investments		4,809	3,122
Purchase of investments		(5,218)	(2,656)
Movement in cash held for investment		501	(370)
Net cash provided by investing activities		417	348
Cash flows from financing activities			
Repayments of borrowing		(351)	(332)
Net cash used in financing activities		(351)	(332)
Change in cash and cash equivalents in the reporting period		(341)	(175)
Cash and cash equivalents at the beginning of the reporting period		5,532	5,707
Effect of foreign exchange rate changes on cash and cash equivalents		(60)	-
Cash and cash equivalents at the end of the reporting period	19(b)	5,131	5,532

Notes to the financial statements

for the year ended 31 March 2021

1. Status of the NFER

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

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

2. Accounting policies

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

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

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

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest one thousand pounds.

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

b) Going concern

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

c) Recognition of income and expenditure

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

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

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

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

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

d) Expenditure

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

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

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

e) Impact projects and educational resources development

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

f) Fixed assets and depreciation

Freehold property is included in the accounts at cost.

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

Freehold buildings	50 years
IT equipment	1 to 5 years
Other equipment	3 years
Software	1 to 5 years

Freehold land is not depreciated.

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

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

Intangible assets comprise software.

g) Investments

Investments are stated in the balance sheet at market value.

h) Stock: finished goods

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

i) Employee benefits

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

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

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

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

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

j) Fund Accounting

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

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

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

k) Irrecoverable VAT

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

l) Foreign currency translation

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

m) Unrealised gains and losses

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

n) Debtors

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

o) Cash at bank and in hand

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

p) Creditors

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

q) Financial instruments

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

3. Judgements and key sources of estimation uncertainty

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

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

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

a) Project income recognition

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

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

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

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

4. Income

a) Government grants and donations

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

b) Charitable activities

	2021	2020
	£'000	£'000
Research	9,577	11,980
Educational Resources	4,995	6,173
	14,572	18,153

Research

This comprises income from the following activities:

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

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

Educational resources

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

c) Investment income

	2021	2020
	£'000	£'000
From listed investments	479	585
Interest on cash deposits	19	48
	498	633

d) Other

This comprises rent receivable including service charges.

5. Charitable activities expenditure

For year ended 31 March 2021

	Direct salaries	Direct costs	Support costs	2021 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

For year ended 31 March 2020

	Direct salaries	Direct costs	Support costs	2020 Total
	£'000	£'000	£'000	£'000
Research	6,888	2,726	4,497	14,111
Educational resources	996	1,541	689	3,226
Educational Resource development	152	52	96	300
Total	8,036	4,319	5,282	17,637

6. Support Costs

	2021 £'000	2020 £'000
Salary and pension costs	3,366	3,301
Recruitment and other staff costs	431	574
Property and office costs	553	583
Consultancy	199	177
Marketing	155	152
Depreciation	316	312
Amortisation	23	37
Exchange losses/(gains)	2	(28)
Governance (see Note 7)	142	174
*Including transactional gains	5,187	5,282

7. Governance costs

	2021 £'000	2020 £'000
Board and Board Committee expenses	-	3
Audit and legal fees	76	99
Insurance	66	72
	142	174

8. Net income before gains on investments

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

	2021 £'000	2020 £'000
Auditor's remuneration (incl. VAT)		
- as auditors	37	32
- for other services	7	3
Depreciation and amortisation	339	349
Operating lease rentals - land and buildings	51	96

9. Employees

Staff costs during the year:

	2021 £'000	2020 £'000
Wages and salaries	10,000	9,654
Social security costs	922	851
Pension costs	912	832
	11,834	11,337

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

	2021		2020	
	FTE	Head count	FTE	Head count
Permanent staff	214	234	205	226
Temporary staff	14	109	93	206
	228	343	298	432
Research staff	165	261	199	247
Other staff	63	82	99	185
	228	343	298	432

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

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

The six (2020: seven) members of the Senior Management Team received total remuneration of £732k (2020: £716k) comprising both annual salary and pension contributions.

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

	2021 Number	2020 Number
£60,001-£70,000	11	9
£70,001- £80,000	1	1
£80,001- £90,000	2	1
£90,001-£100,000	3	3
£100,001-£110,000	1	1
£130,001-£140,000	0	1
£140,001-£150,000	1	0

The number of higher paid staff to whom retirement benefits are paid into defined contribution pension schemes was 19 (2020: 16). The total contribution in respect of these employees was £161,386 (2020: £136,063).

The charity made redundancy payments of £20,893 during the year (2020: £77,000).

10. Members of the Board

No trustees received expenses for travel and subsistence costs (2020: 6 trustees totalling £3,078). During the year insurance costing £7,280 (2020: £6,087) was purchased to indemnify the Trustees and

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

11. Intangible and Tangible fixed assets

Intangible Fixed Assets Group & Company	IT Software £'000
Cost	
1 April 2020	167
Additions in year	-
31 March 2021	167
Amortisation	
1 April 2020	106
Charge for year	23
31 March 2021	129
Net book amount	
31 March 2021	38
1 April 2020	61

Tangible Fixed Assets Group & Company	Land	Freehold property	IT equipment	Other equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
1 April 2020	700	7,612	1,113	287	9,712
Additions in year	-	-	108	86	194
31 March 2021	700	7,612	1,221	373	9,906
Depreciation and Impairment					
1 April 2020	-	2,898	674	253	3,825
Charge for year	-	153	131	32	316
31 March 2021	-	3,051	805	285	4,141
Net book amount					
31 March 2021	700	4,561	416	88	5,765
1 April 2020	700	4,714	439	34	5,887

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

12. Investments

Group and Company

	2021	2020
Listed Investments	£'000	£'000
Market value at 1 April 2020	18,955	21,275
Less: Disposals at net book value	(4,809)	(3,122)
Add: Acquisitions at cost	5,218	2,656
Net gain/(loss) on revaluation at 31 March 2021	3,775	(1,854)
Market value at 31 March 2021	23,139	18,955
Cash allocated for investment	432	933
Total Investments at 31 March 2021	23,571	19,888

Investments can be analysed as follows:

UK Investments (including cash)	14,368	13,252
Non UK Investments	9,203	6,636
	23,571	19,888

Total investment income for the year amounted to £479k. Of this sum, £315k was derived from investments held in the UK and £164k derived from non UK investments.

The historic cost of listed investments is £17.0m (2020: £16.8m).

13. Subsidiary Undertakings

a) NFER Trading Limited (Company Number 0394591)

NFER Trading Ltd is a company registered in England and Wales (company number 03954591), with a share capital of £100 and wholly owned by NFER. It was established to pursue trading opportunities outside of NFER's charitable objectives and to protect the charity from commercial risk. At the balance sheet date the company had a net surplus on its capital and reserves of £8,166 (2020: £5,087 deficit). Audited accounts are available at Companies House.

During the year the Charity did not make a grant to NFER Trading Limited (2020: £595,000). As at 31 March 2021 the amount owed by NFER Trading Limited to the Charity was £438,432 (2020: £615,690). The grant reflects the support provided by NFER Trading Limited in meeting the Charity's charitable objectives.

NFER Trading Limited's summary results were:

	2021	2020
	£'000	£'000
Sales	105	297
Other Operating Income	-	595
Cost of sales	(87)	(422)
Gross profit	18	470
Administrative expenses	(5)	(16)
Trading profit	13	454
Gift aid	-	-
Corporation tax	-	-
Retained surplus after tax	13	454
	2021	2020
	£'000	£'000
Debtors & Cash	483	616
Creditors & Other Liabilities	(475)	(621)
Capital & Reserves	8	(5)

b) Futurelab Education Limited (Company Number 05689928)

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

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

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

14. Debtors

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	1,832	1,697	1,354	1,697
Other debtors	175	157	175	157
Prepayments	409	589	409	589
Amounts recoverable on contracts	1,087	2,654	1,087	2,048
VAT Debtor	-	1	-	-
Subsidiary undertakings	-	-	438	615
	3,503	5,098	3,463	5,106

Trade debtors are stated after provisions for impairment of £117k (2020: £117k).

15. Creditors

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<i>Amounts falling due within one year:</i>				
Mortgage loan	371	351	371	351
Provision for pensions	129	118	129	118
Trade creditors	680	1,056	680	1,056
Other taxation and social security	343	367	311	367
Deferred income and payments on account	1,728	1,059	1,728	1,059
Accruals	783	546	778	541
	4,034	3,497	3,997	3,492
<i>Amounts falling due after more than 1 year:</i>				
Mortgage Loan	1,362	1,733	1,362	1,733
	1,362	1,733	1,362	1,733

The mortgage loan represents the amount that remains outstanding on an initial facility of £5.5 million. The loan is a fixed interest loan at 5.67% for its 20-year term from May 2005 which, with the capital repayment, fixes the annual outlay to the same rate for each year. The loan is secured by way of fixed charge over the property assets of NFER, and the company is required to maintain a loan to value (LTV) ratio below 60%. The LTV ratio as at the 31 March 2021 was 20.9% (2020: 25.1%)

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

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

	2021	2020
	£'000	£'000
Within one year	371	351
Between two and five years	1,362	1,619
More than 5 years	-	114
Total	1,733	2,084

Since the year end, two Coronavirus Business Interruption Loan Scheme (CBILS) loans, secured on 25 March 2021, totalling £2.0m were drawn down on 5 May 2021.

16. Financial commitments

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

Group and Company	2021	2021	2020	2020
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Expiring:				
Within one year	37	1	50	-
Between two to five years	-	25	-	27
	37	26	50	27

17. Pension benefits

As at 31 March 2021, NFER (the Company and the Group) participated in two pension schemes:

- Defined Contribution Scheme, independently managed by Pan Trustees Ltd
- Teachers' Pension Scheme administered by Teachers' Pensions on behalf of the Department for Education.

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

Defined Contribution Scheme

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

Teachers' Pension Scheme

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

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

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

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

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

At 31 March 2021 there were 4 (2020:4) active members of the scheme.

Buckinghamshire Pension Fund

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

From 1 July 2011, the NFER, following agreement with the Buckinghamshire Pension Fund, ceased active membership of the defined benefit pension scheme. On 30 November 2015 NFER and

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

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

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

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

The actuarial valuation has been updated on an approximate basis to 31 March 2019 as set out below.

a) Assumptions

i) Demographic

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

	Retiring today (March 2021)	Retiring in 20 years (March 2041)
	Years	Years
Males	21.6	22.9
Females	25.0	26.4

ii) Financial

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

	At 31 March 2021	At 31 March 2020
Price increases (RPI)	3.2%	2.7%
Price increases (CPI)	2.8%	1.9%
Rate of increase in salaries	2.8%	1.9%
Rate of increase in pensions	2.8%	1.9%
Discount rate	2.0%	2.35%

b) Assets in the scheme and expected rate of return

	Value at 31 March 2021	Value at 31 March 2020
	£'000	£'000
Equities	22,948	17,151
Property	2,295	2,394
Gilts	3,536	2,804
Other Bonds	5,701	5,995
Cash	556	791
Alternative Assets	483	256
Hedge Funds	1,843	1,647
Absolute Return Portfolio	1,725	1,519
Total	39,087	32,557

c) Net pension liability

	As at 31 March 2021	As at 31 March 2020
	£'000	£'000
Present value of funded obligations	62,834	50,823
Fair value of scheme assets (bid value)	(39,087)	(32,557)
Net liability	23,747	18,266
Present value of unfunded obligation	24	26
Net Liability in Balance Sheet	23,771	18,292

d) Statement of financial activities costs for the year:

The amounts recognised in the statement of financial activities are:	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
Net interest on the defined liability	425	495
Administration expenses	30	32
Total	455	527
Actual return on scheme assets	7,612	(1,269)

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

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

	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
Opening defined benefit obligation	50,849	55,046
Interest cost	1,178	1,302
Experience loss on defined liability obligation	-	835
Change in financial assumptions	12,910	(4,310)
Change in demographic assumptions	(567)	(347)
Estimated benefits paid net of transfers in	(1,509)	(1,673)
Unfunded pension payments	(3)	(4)
Closing defined benefit obligation	62,858	50,849

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

	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
Opening fair value of scheme assets	32,557	34,234
Interest on assets	753	807
Return on assets less interest	6,859	(2,076)
Administration expenses	(30)	(32)
Contributions by employer including unfunded benefits	460	453
Other actuarial gain	-	848
Estimated benefits paid net of transfers in and including unfunded benefits	(1,512)	(1,677)
Fair value of scheme assets at end of period	39,087	32,557

g) Reconciliation of opening and closing deficit:

	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
Deficit at beginning of the year	(18,292)	(20,812)
Net interest on defined liability and administration expenses	(455)	(527)
Contributions by employer	460	453
Unfunded pension payments	3	4
Other finance cost	(4)	(4)
Actuarial (losses) / gains	(5,483)	2,594
Deficit at end of the year	(23,771)	(18,292)

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

Group Unrestricted funds	Designated Fixed Assets Fund £'000	Pension Reserve Liability £'000	Free Reserve Accumulated Fund £'000	TOTAL 2021 £'000
Balance brought forward at 1 April 2020	5,948	(18,292)	26,140	13,796
Net movement in resources	(145)	(5,479)	1,083	(4,541)
Transfers between funds	-	-	-	-
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 Unrestricted funds	Designated Fixed Assets Fund £'000	Pension Reserve Pension Liability £'000	Free Reserve Accumulated Fund £'000	TOTAL 2021 £'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)
Transfers between funds	-	-	-	-
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

18b. Statement of movement in Reserve Funds: 1 April 2019 to 31 March 2020

Group Unrestricted funds	Designated Fixed Assets Fund £'000	Pension Reserve Pension Liability £'000	Free Reserve Accumulated Fund £'000	TOTAL 2020 £'000
Balance brought forward at 1 April 2019	5,910	(20,812)	27,557	12,655
Net movement in resources	38	2,520	(1,417)	1,141
Transfers between funds	-	-	-	-
Balance carried forward at 31 March 2020	5,948	(18,292)	26,140	13,796
Represented by:				
Fixed assets	5,948	-	19,888	25,836
Current assets	-	-	11,482	11,482
Creditors falling due within one year	-	-	(3,497)	(3,497)
Creditors falling due after one year	-	-	(1,733)	(1,733)
Defined benefit pension liability	-	(18,292)	-	(18,292)
	5,948	(18,292)	26,140	13,796

Company Unrestricted funds	Designated Fixed Assets Fund £'000	Pension Reserve Pension Liability £'000	Free Reserve Accumulated Fund £'000	TOTAL 2020 £'000
Funds				
Balance brought forward at 1 April 2019	5,910	(20,812)	28,017	13,115
Net movement in resources	38	2,520	(1,871)	687
Transfers between funds	-	-	-	-
Balance carried forward at 31 March 2020	5,948	(18,292)	26,146	13,802
Represented by:				
Fixed assets	5,948	-	19,888	25,836
Current assets	-	-	11,483	11,483
Creditors falling due within one year	-	-	(3,492)	(3,492)
Creditors falling due after one year	-	-	(1,733)	(1,733)
Defined benefit pension liability	-	(18,292)	-	(18,292)
	5,948	(18,292)	26,146	13,802

Designated funds

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

Fixed Assets

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

Undesignated funds

Free Reserves

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

reserves is set in the range of three to six months of unavoidable expenditure which for 2020-21 amounts to £3.2m and £6.4m. The current level of net free reserves less the pension reserve (see below) stands at £3.5m (2020: £7.8m).

Pension Reserve

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

Restricted funds

No restricted funds were held at the reporting date.

19. Notes to the cash flow statement

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

Reconciliation of net income to net cash flow from operating activities

	2021	2020
	£'000	£'000
Net income/(deficit) for the reporting period (as per the statement of financial activities)	942	(1,453)
Adjustments for:		
Depreciation and amortisation charges	339	349
(Gains)/losses on investments	(3,775)	1,854
Dividends from investments, interest and rents	(504)	(639)
Defined benefit pension scheme cost	455	527
Payments towards pension deficit	(460)	(453)
Decrease/(increase) in stocks	438	(374)
Decrease/(increase) in debtors	1,595	(475)
Increase in creditors	503	473
Unrealised foreign exchange loss	60	-
Net cash used by operating activities	(407)	(191)

b) Analysis of Cash and Cash Equivalents

	2021	2020
	£'000	£'000
Cash in hand and at bank	3,605	2,767
Notice deposits (less than 5 months, 2020: less than 8 months)	1,526	2,765
Total cash and cash equivalents	5,131	5,532

c) Reconciliation to net funds

	2021	2020
	£ '000	£ '000
Net funds at 1 April 2020 (Note 19(d))	3,448	3,291
Decrease in cash during the year	(341)	(175)
Cash inflow from reduction of debt	351	332
Effect of exchange rate changes on cash held in other currencies	(60)	-
Net funds at 31 March 2021 (Note 19(d))	3,398	3,448

d) Analysis of net funds

	As at 1 April 2020	Cash flows	Transfers	As at 31 March 2021
	£'000	£'000	£'000	£'000
Cash at bank	5,532	(401)	-	5,131
Debt – due within one year	(351)	351	(371)	(371)
Debt – due after more than one year	(1,733)	-	371	(1,362)
	3,448	(50)	-	3,398

20. Results of the Company

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

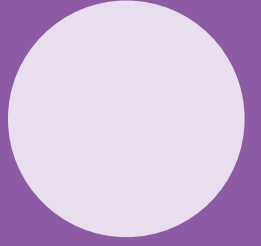
March 2021 was a net movement in funds of £(4,555)k after actuarial losses on the defined benefit pension scheme of £5,483k (2020: net movement in funds of £687k after actuarial gains of £2,594k).

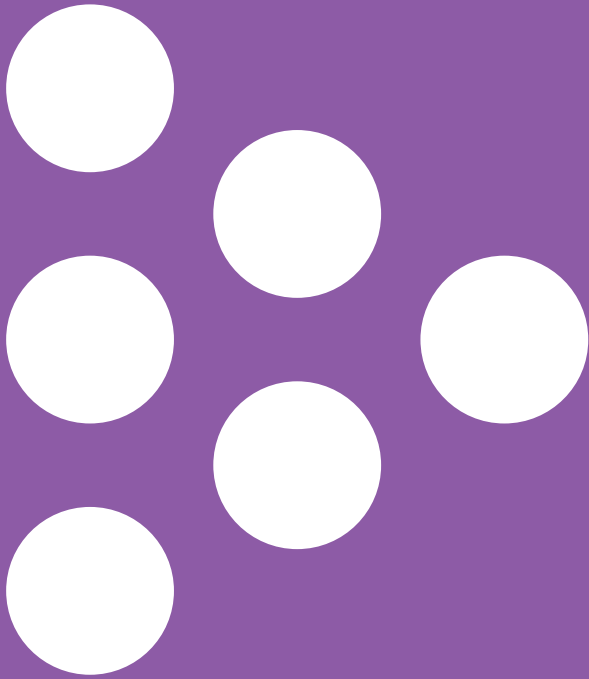
21. Related party transactions

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

	2021	2020
	£'000	£'000
Balance between parent company and NFER Trading Ltd	438	616
Inter-company recharge of expenses during the year	86	394

There are no other related party transactions.





Evidence for excellence in education

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

www.nfer.ac.uk

