Northcoders

Empowering tomorrow's Tech Leaders

– a year of innovation and growth

Northcoders Group PLC

Annual report and financial statements 2023

Company no. 13378742

About us

We are one of the **UK's leading B2C and B2B technology training specialists.** We operate a hybrid delivery model by providing services in person, at one of our regional office 'hubs' and digitally via our online platform.

What's inside

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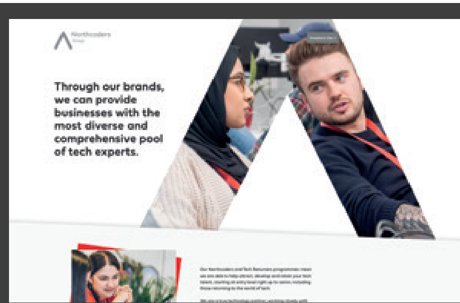
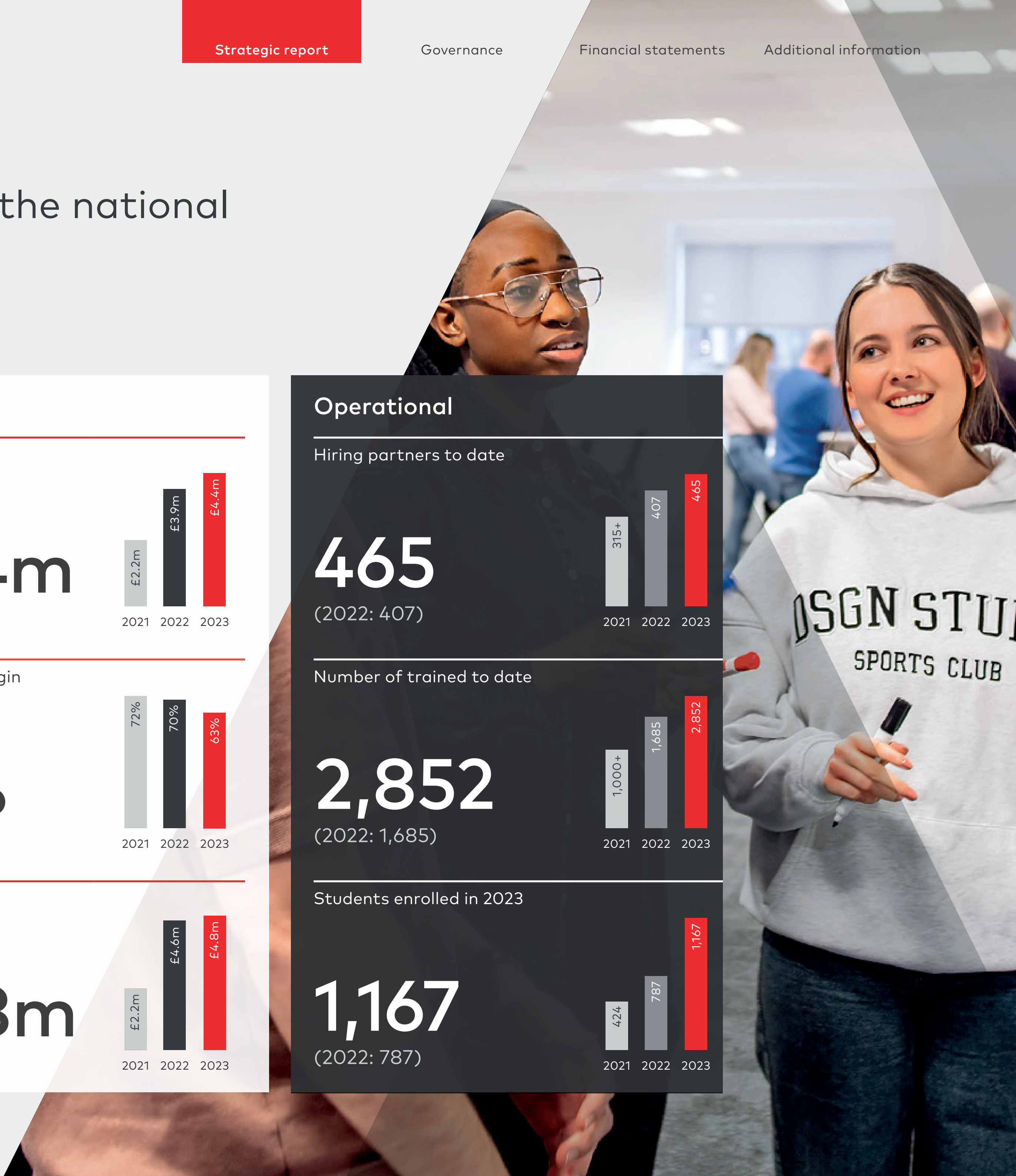
Additional information



> northcodersgroup.com

Highlights

Our results are testament to the national reputation of Northcoders.



Financial

Revenue

£7.1m
(2022: £5.6m)

2021	2022	2023
£3.0m	£5.6m	£7.1m

Gross profit

£4.4m
(2022: £3.9m)

2021	2022	2023
£2.2m	£3.9m	£4.4m

Adjusted EBITDA

£0.1m
(2022: £0.9m)

2021	2022	2023
£0.4m	£0.9m	£0.1m

Gross profit margin

63%
(2022: 70%)

2021	2022	2023
72%	70%	63%

Cash

£1.6m
(2022: £2.8m)

2021	2022	2023
£1.6m	£2.8m	£1.6m

Net assets

£4.8m
(2022: £4.6m)

2021	2022	2023
£2.2m	£4.6m	£4.8m

Operational

Hiring partners to date

465
(2022: 407)

2021	2022	2023
315+	407	465

Number of trained to date

2,852
(2022: 1,685)

2021	2022	2023
1,000+	1,685	2,852

Students enrolled in 2023

1,167
(2022: 787)

2021	2022	2023
424	787	1,167

Our scalable business model

Scalable business model with a **significant and reliable growth strategy** for both B2C and B2B divisions.

Resource/relationships

Customer experience

Partnering great qualified coders/people with employers and organisations who need their digital skills.

Products and services

Delivering excellence in training, coding and other new technology solutions for learners and employers.

Great people committed to others' development

Working as one team, with a common goal, to enable all our learners to achieve their potential and career ambitions.

Enabling people to learn

Attracting and training people, internally and externally, who have the passion to teach, learn and grow.

Source of revenue

Training (B2C)

Training bootcamps
- Software development
- Data engineering
- Cloud engineering

Business Solutions (B2B)

- **Consultancy**
- **Corporate academies**

Our strategic priorities

1. To **drive** sustainable growth in revenue and profit
2. To **champion excellence** across our brands
3. To create a **rewarding workplace** through improved operational efficiency

Outcomes

We provide life-changing opportunities for people from all walks of life...

Average starting salary of graduates
£29,303

Percentage of graduates into work
89%

Students trained to date
2,852

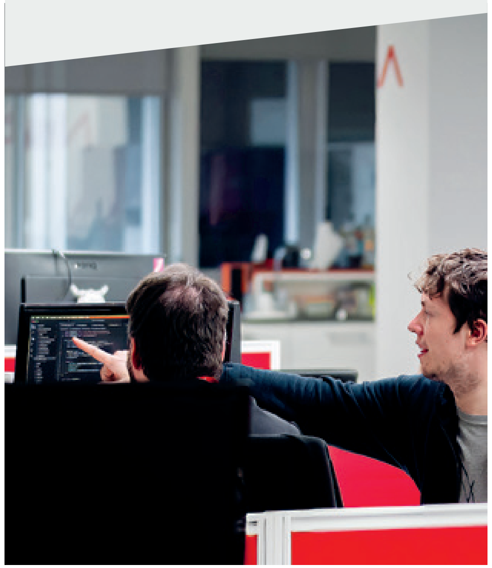
...which in turn benefits the wider economy

At a glance

Making our mark by ensuring that our **lead technology experts are from all walks of life.**

Our purpose:

To deliver life-changing opportunities for people from all walks of life and provide the UK tech industry with the skills it needs.



Delivered through our strategic priorities:

1. To drive sustainable growth in revenue and profit
2. To champion excellence across our brands
3. To create a rewarding workplace through improved operational efficiency

Supported by our values:

We put people first
With empathy and humility, we strive to do the right thing for everyone, even when it's not the easiest path to take.

We champion inclusion
And we actually do it. Diversity is our foundation and our future. Whatever your background, we stand for you.

We strive for excellence
That goes for us as well as our students. So, we get every detail right and take pride in everything we do.

We evolve and adapt
We believe in the power of education to transform lives and futures: our courses continually evolve to embrace new tech.

For the benefit of all our stakeholders:

- Our customers
- Our partner organisations
- Our people
- Our communities
- Our shareholders

Key messages

1

One of the UK's leading B2C and B2B technology training specialists

- We are widely regarded as one of the industry's highest quality operators, with student excellence attracting 600+ blue chip corporates and public sector partners
- We have successfully built expertise across a wide and dynamic suite of training products including software development, data engineering and cloud engineering (DevOps)
- A purpose-driven organisation, we are focused on making an immediate impact on diversity and accessibility in the UK technology industry
- Creating meaningful change through collaborating with employers to create life-changing opportunities for individuals from all walks of life

2

Scalable business model with clear growth strategy for B2C and B2B divisions

- Further ambitious B2C strategy with multiple, diversified growth levers; geographic expansion, increasing student lifetime value, increasing technology training specialisms and new training formats
- We will leverage blue-chip relationships and our market-leading reputation in B2C to launch B2B products – we are well positioned for the upturn in corporate spending as wider macroeconomic volatility improves

3

Delivering significant and reliable topline growth

- Focused on increasing profitability with FY22/23 investment in core digital platforms (NCore) and Company infrastructure, driving efficiencies to support investment in future growth
- Rolling Government bid wins are creating strong dependable cash flow
- Healthy balance sheet providing Northcoders with a robust financial base

4

Vast market opportunity with the global skills challenge increasing by the continuous introduction of emerging technologies

- We have long- term funding commitments to upskill both private and public sectors
- Digital transformation and looming AI implementation is at the top of private and public sector agendas

5

Building a track record of successful delivery executed by a young, ambitious and entrepreneurial management team whilst supported by leading sector specialist advisers

- Northcoders' executive Board is made up of a young entrepreneurial founding team with a high level of experience and knowledge within the bootcamp space. We have acknowledged that in order to grow as we envision we need the help of industry experts and leading sector specialist advisers. We have been able to attract great talent into these roles and are excited about the level of knowledge they will bring

Chair's statement

"Shaping the future through our commitment to developing tomorrow's tech talent. A successful year despite challenging market and economic conditions."

Angela Williams
Non-Executive Chair

Leading the way through developing high-quality tech talent – making a difference to corporates and individuals across the UK.

Introduction

FY23 has seen Northcoders once again successfully grow revenue to record levels, achieve record student applications, invest into new training products and platforms, and grow headcount despite a period of great macro-economic uncertainty. The technology market has been incredibly challenging with organisations experiencing headcount reductions, budget constraints and an uncertain economy. Despite these challenges, Northcoders has successfully grown its B2C and B2B bootcamps more efficiently, by maximizing the use of our new technology platform, whilst keeping our core values at the heart of everything we do.

We have experienced record demand for training courses and have helped to change the lives of over 3,000 people. We continue to scale geographically in many UK regions, including new areas such as Scotland.

Q1 FY23 saw the introduction of the new Cloud Engineering ('DevOps') programme which has gone from strength to strength throughout 2023. This was in line with our strategic plan and was supported by the delivery of our new NCore platform which is enabling us to scale efficiently and provide an excellent learning experience for all our customers.

Our mission remains sound, and our flexible product offering is ensuring we remain the solution for individuals and businesses regardless of the economic situation. Our team is well equipped, and our processes are refined and working effectively.

Chair's statement continued

Introduction continued

In February 2023 we acquired Tech Returners Limited ('Tech Returners'), an award-winning company which helps individuals return to technology later in life. This provides us with the opportunity to develop and attract an even broader audience, including more women seeking a return to technology, thereby helping us ensure we are leading the way in driving diversity and opportunity for all across the technology sector. We are pleased to report that the integration of Tech Returners is complete and is working effectively as part of the Group, benefiting from shared service areas and efficiencies while also providing an opportunity to support corporates to deliver their Environmental, Social, and Governance ('ESG') and Equality, Diversity, and Inclusion ('EDI') ambitions.

Financial review

FY23 has seen a 27% growth in revenue to £7.1 million from £5.6 million in 2022, and profits have been invested into new courses and service offerings. This marks our highest ever revenue year and provides further evidence of Northcoders strong momentum, giving a positive indicator for future growth. We reported a 63% gross profit margin, which whilst lower than 2022, demonstrates that we have been able to navigate the cost increases generated by inflation and the cost of living crisis.

The Group's adjusted EBITDA[1] was £0.1 million in line with market forecasts, down from £0.9 million in 2022. Whilst profitability has been impacted by the challenging market in 2023, our young entrepreneurial management team believe there have been numerous learnings from the Period. Helping us to focus on our core strengths, excellent products and services and fully maximise their potential. We are confident that with this more cautious, prudent approach we can continue to grow profit alongside our record revenues.

We have strong foundations in place, led by a group of inspirational entrepreneurs with a clear strategy and plan. We have great products and services all underpinned by the culture, values and behaviours of an ever-growing team of highly talented and committed experts. We are well positioned for further growth.

We are proud that we are making a genuine difference to individual learners and to our corporate customers who can grow their own talent, supported by, and in partnership with, Northcoders. This is where we add significant value to our business customers.

Strategy

Growth, resilience and quality profitable earnings are our ambition. 2023 has shown that we can achieve growth and develop new and exciting products to ensure that we remain in line with our mission. The growth that we strive for is growth in the number of lives that we change through our education, and increasingly the amount and range of companies and businesses that we provide solutions to. We now have the infrastructure in place to deliver this on a much larger scale, whilst creating efficiencies within our teaching model and therefore increasing profitability.

Once again, I want to acknowledge and thank our employees for all their efforts this year. They have continued to innovate and create great experiences, learning and partnerships that our customers appreciate, and consistently provide excellent feedback, whilst navigating ever-changing economic and market conditions.

Outlook

Trading in the current year to date has started well. B2C bootcamp applications and registrations remain at record-breaking levels, and we are seeing an increase in the Business Solutions' pipeline. Winning another, even larger Government contract with the Department for Education, as outlined below by our CEO, reaffirms the ongoing quality and reputation of Northcoders training and gives us fantastic visibility for the year ahead. I am very much looking forward to continuing to work with the Board and the Northcoders team to progress the excellent momentum of the past twelve months, as we continue to implement our growth strategy.

It is a privilege to lead Northcoders as Chair and I am extremely proud of the whole Northcoders team who have grown the organisation to where it is today. We are set up for the next exciting phase of our development: to make a difference to the lives of learners across the UK and deliver growth for our shareholders, learners, the businesses we work with and the Northcoders team.

We are making a positive impact, and I am confident that together, as one Northcoders team, we will be able to deliver our strategy and plans and take advantage of the opportunities ahead – exciting times!

Angela Williams

Non-Executive Chair

29 April 2024

1. The Directors have used adjusted EBITDA as an Alternative Performance Measure (APM) in the preparation of these financial statements. EBITDA represents earnings before interest, tax, depreciation and amortisation. The adjusted element removes non-recurring items which are not relevant to the underlying performance and cash generation of the business; in 2023 this comprised of share-based payment expenses, business restructuring costs and non-recurring overstated accrual of revenue. In 2022 the adjusted element removed share-based payment expenses.

Chief Executive Officer's review

"2023 saw further growth in the Group's core Consumer bootcamp division, with our Business Solutions division being well positioned to support our clients as market conditions become more favourable in the coming year."

Chris Hill

Founder and Chief Executive Officer

With digital transformation at the forefront of business priorities, companies are increasingly seeking innovative solutions to address their technology skills gaps.

Introduction

The financial year ended 31 December 2023 ('FY23' or the 'period') marked another successful milestone for Northcoders, showcasing the strength of our core business model in technology training bootcamps. Learner enrolment across our suite of B2C and B2B bootcamp courses experienced significant growth compared to previous years, reflecting the increasing demand for our high-quality training products. Despite the commendable performance in our training bootcamps, FY23 presented challenges amidst the prevailing headwinds in the technology market.

Factors such as budget constraints, workforce reductions and recruitment freezes impacted corporate clients, leading to delays and deferrals in budget commitments to our B2B Corporate Solutions division, Your Return to Tech, and Consultancy programmes. The downturn in the technology jobs market also impacted graduates looking for jobs. Outcomes for our DfE students that are unsuccessful or slower than our agreed contractual time frame mean that we receive a lower than possible amount of revenue.

These challenges made FY23 our most demanding trading year yet; however, amidst these challenges, we maintained resilience and adaptability, as evidenced by our record revenues.

Chief Executive Officer's review continued

Financial review

Despite heavy investment into growth areas of the business, and a downturn in the tech economy, the Group delivered growth in revenue and has been able to keep gross profit margins above 60%. Underlying performance was in line with expectations, and student numbers were higher than ever. Revenue, made up of B2C training bootcamps and Business Solutions, increased by 27% to £7.1 million (FY22: £5.6m). Gross profit for the year was £4.4 million (FY22: £3.9m) with a reported gross profit margin (GPM) of 63% (FY22: 70%). EBITDA, adjusted for share-based payments and exceptional/ non-recurring items, was £0.1 million (FY22: £0.9m). The main reason for the drop in EBITDA in 2023 was investment made for growth, at a time that didn't allow immediate payback. This has however put us into a strong position moving into 2023. A tougher economic landscape also made growing revenues more expensive, and our cost of acquisition increased. We are now seeing this ease off and our pipelines are strong.

The loss for the year before tax was £1.2m (2022: £0.3m profit). There was a small tax credit giving a loss for the year of £1.0m (2022: £0.4m profit). Basic earnings (loss) per share was 12.62p per share (2023: profit 5.12p). Net assets as at 31 December 2023 were £4.8m (FY22: £4.6m) of which cash was £1.6m (2022: £2.8m).

The cash balance at the year-end of £1.6 million will enable the Company to continue with its growth plans, whilst remaining prudent as appropriate with wider costs. Cash investment into internal infrastructure is expected to decrease in the year ahead and the new, extended contract with the Department for Education (DfE) won in January 2024 will enable cash generation to strengthen.

Operational review

In FY23, 1,167 Northcoders students started their life-changing journey on one of our training bootcamps. Our hybrid/ online business model remains the delivery method of choice for these learners and continues to be the most efficient model for our teaching team to keep excellence at the heart of everything they do as our student numbers increase. Application numbers from potential students reached an all-time high of 13,878; the demand for our courses is not slowing down despite volatility in consumer confidence.

Northcoders ended 2023 with a permanent headcount of 128 staff members compared to the 101 staff members at the start of the year. The Group invested in our business and administration support team to ensure we have a strong backbone as we embark on further growth. Most of the headcount increase was in areas such as Finance, IT Support, HR, Marketing, Compliance, and Contract Management.

Alongside growth, our focus in FY23 extended to scrutinising costs to increase future profit margins within our established course offerings. Outside of the delivery of our core training bootcamp, the Group's technical team have been focused on our end-to-end learner management and automation platform, NCore. NCore is now being rolled out into early-stage use and is expected to be fully operational before the end of 2024.

NCore's main business benefit is the ability to substantially decrease our student-to-tutor ratio whilst improving excellence in our courses by increasing the contact time offered to current and potential bootcamp students.

In FY23, Northcoders introduced a new technical discipline to our course offering: Cloud engineering. Feedback from learners and hiring partners has been positive. Our Data Engineering bootcamps division has also gone from strength to strength with record applications.

Consumer training bootcamps

B2C training bootcamps stand as the cornerstone of the Group's operations, representing 83% of our annual revenue. Our Consumer bootcamp courses cater to individuals of all ages and backgrounds aspiring to build careers in the technology sector, delivered over a 13-week period to ensure comprehensive skill development.

The expansion of our hiring partners network has been a key focus, with over 465 partners now collaborating with us to provide life-changing opportunities for Northcoders' graduates. This growth has contributed to an impressive rise in the average starting salary for our graduates, now reaching £29,303. Within three years, our graduates typically experience significant salary increases as they progress into more senior roles, reflecting the value of our training programmes.

Northcoders is on a mission to increase diversity within the technology industry; our statistics show 28% representation of women and 38% of non-university educated students within our cohorts.

Looking ahead to 2024 and beyond, our growth initiatives within the Consumer bootcamp division include the introduction of additional technical service lines and expanded coding languages and frameworks. Notably, Python, well suited for Data Engineering and AI projects, and Java, addressing an underserved sector in our industry, are among the focus areas. Additionally, we are set to launch a new consumer-oriented offering: a part-time 'learn as you earn' programme. Leveraging our influential brand power, we anticipate substantial demand and growth resulting from this initiative.

Chief Executive Officer's review continued

Skills bootcamps

Northcoders' commitment to providing accessible and impactful training extends to skills bootcamps, tailored for adults aged 19 and over residing in England. These flexible courses, spanning over 13 weeks, offer participants the opportunity for a job interview upon completion. Moreover, corporate entities can leverage this scheme to either onboard new talent or enhance the skills of their existing workforce.

For over two years, Northcoders has been utilising Government skills bootcamp funding to offer scholarships, ensuring that individuals facing financial constraints can access our transformative training bootcamps and enhance their career prospects.

Business Solutions

Our Business Solutions division delivers a corporate-focused consultancy service by assembling teams of graduates, further honed in consultancy skills to become associate consultants. The associate consultants are paired with an experienced tech lead for deployment in businesses. Upon the completion of the engagement period, while the tech lead rejoins Northcoders, the associate consultants are offered the opportunity to transition into permanent roles within the client's business at no extra cost.

This arrangement provides both immediate and long-term solutions for businesses, ensuring continuity and retention of expertise beyond the contract term. In a bid to diversify our service offerings, these teams are available both as autonomous 'incubated' groups and in collaboration with established consultancy firms. This strategy aims to enhance their service range while reducing dependency on higher-cost consulting services.

Additionally, the Business Solutions division also offers Academy programmes, designed for corporates looking to onboard emerging technologists or to re-skill individuals from different sectors of their organisation, further contributing to a dynamic and innovative workforce.

As reported at our half-year results announcement in September 2023, FY23 presented the Business Solutions division with various market challenges. Notable among these were budgetary constraints, workforce reductions and recruitment freezes within the technology sector. These conditions resulted in a number of corporate clients delaying or pausing their participation in Northcoders' Academy and Consultancy programmes. Pleasingly, we are now seeing improvement in conditions for our Business Solutions division.

Tech Returners

The Group acquired Tech Returners Limited in Q1 FY32 with the aim to further diversify Northcoders' Business Solutions division and add a new income stream to the Group's growing corporate-focused business model. Founded in 2016, Tech Returners specialises in remote training and the placement of senior-level professionals looking to re-enter the technology sector of the workplace. The business uses its industry-leading knowledge and techniques to up-skill corporate-sponsored individuals or existing corporate teams for large corporate clients across several industries. Tech Returners runs a yearly conference named 'Reframe Women In Tech', it is a not for profit conference with a mission to make personal development accessible for all and to reframe the narrative around women in tech.

Tech Returners faced the same macroeconomic hurdles as our Business Solutions division. In response, management introduced a new lower commitment training model called TR4: The 4-Week Returner Launchpad. Our latest model provides businesses with quicker access to diverse talent through our bespoke programme for returners. Early adoption of TR4 is positive and the Board has been pleased to see two new corporate contracts signed in the first few weeks since launch.

Chief Executive Officer's review continued

Current Trading and Outlook

Towards the latter part of FY23 and continuing into Q1 FY24 we have witnessed a positive shift in Corporate engagement for our Business Solutions division. New contracts have been secured, and our business development pipeline is robust, providing us with confidence to further invest in the revenue growth of our Business Solutions division. This momentum aligns with our strategic focus on expanding our offerings, leveraging our expertise and fulfilling our purpose as a company committed to driving diversity and accessibility in the technology industry.

A significant milestone was achieved on 16 January 2024, as Northcoders announced the successful win of its largest-ever DfE Government funding round. This development provides an increase in funding revenue per student, bolstering the Group's profitable growth trajectory and mitigating inflation-linked costs.

Further to the new funding, on 15 February 2024, we received a monitoring visit from Ofsted, which yielded a positive result, comparable with a 'Good in all areas' result should Ofsted's recent visit have been a full inspection. Satisfactory compliance with Ofsted's rules and best practice guidance safeguards the delivery and funding of our skills bootcamp provision and ensures us that we are doing the best by our students. The full report is hosted online and can be found on Ofsted's website. As a result of higher profit margins in Skills bootcamps and feedback of the course being more favourable amongst students we have decided to stop offering Apprenticeships as a learning mechanism for our courses. This has resulted in an impairment provision against the ESFA license in the accounts.

The UK Government's significant investment in skills bootcamps presents a prime opportunity for the Group to make a meaningful impact. Positioned at the forefront of these funding initiatives, our aim is to meet the heightened demand, empowering corporates to achieve their objectives while simultaneously creating transformative opportunities for individuals across diverse backgrounds.

The Group's Board is upbeat about the promising outlook for FY24, bolstered by record-high revenue access and contracted visibility already reaching £8.3 million for FY24. This marks a substantial 40% increase compared to January 2023. Profit margins are growing as we experience efficiencies from NCore and an increase seat price per head from the DfE contract, instilling strong confidence in meeting market expectations for the year ahead. Looking beyond, revenue visibility for FY25 already stands at an impressive £3.6 million.

Chris Hill

Founder and Chief Executive Officer

29 April 2024

Northcoders' history

- Q3 2021 – IPO on AIM of LSE raises £3.5m
- Q1 2022 – Reaches landmark of over 1,000 students trained to date
- Q3 2022 – Released new Data Engineering course
- Q4 2022 – Oversubscribed placing raising £2.1m
- Q1 2023 – Acquisition of Tech Returners
- Q1 2023 – Released new Cloud Engineering course
- Q3 2023 – Record applications of over 10,000 in period
- Q4 2023 – Enrols over 1,000 students in one year
- Q1 2024 – Largest ever DfE bid win – £10m
- Q1 2024 – Released news of new part-time course

Market opportunity

Significant market opportunity with the **global skills challenge increasing** by the continuous introduction of emerging technologies.

Market drivers

Software engineers in high demand: What employers need to know
| Employernews.co.uk

"The demand for software engineers continues to surge with each new ground-breaking technological advancement. Aspiring software engineers should pay attention to these trends, while employers need to adapt to meet this rising demand."

Tech skills and digital careers could boost the South West economy, new report says
| msm.com

"The study says the tech workforce in the South West is set to grow by 26% from 2022 to 2027, faster than any other sector. The region is home to nearly 18,000 tech companies, supporting 170,000 employees. But the South West had the lowest uptake of level 3 IT qualifications in England (5%) as of 2019.

It says there is a "disconnect" between the tech qualifications young people earn and the skills employers need, and says more young people should be encouraged to pursue IT-related qualifications."

Key statistics: A look at the numbers
| Employernews.co.uk

"In the fourth quarter of 2023, the UK stands out as a hotspot for software engineering talent. The average salary for software engineers in the UK has climbed to a remarkable £69,500, mirroring the heightened demand for their skills in the job market. Furthermore, a remarkable 74% of companies are gearing up for the future by increasing their budget allocations for software development in 2023. This emphasises the enduring significance of software engineers and their contributions to driving innovation in the digital realm."

Technical skills: Programming languages and software development
| Employernews.co.uk

"Mastery of programming languages such as Python, JavaScript and Java is crucial. Data science, algorithms and machine learning are also in high demand. With the continuous growth of cloud computing and data-driven decision-making, these skills are essential for success."

Target markets

Business Solutions (B2B)

We are revolutionising Business Solutions by providing consultancy services specifically tailored for SMEs with technology functions, public sector organisations seeking cost-effective alternatives to conventional consultancies, and blue-chip companies looking to bolster their tech teams with talented junior software engineers. This target market, often disenchanted with nearshore and offshore experiences or reluctant to consider them, appreciates the problem-solving abilities offered by our graduates. Our Business Solutions division addresses these needs by supplying rigorously trained talent, further trained in consultancy practices, delivering a combination of upskilling, consultancy and support services. This innovative approach offers a cost-effective, dynamic solution for organisations striving to navigate the complexities of digital transformation with a skilled, adaptable workforce.

Training (B2C)

The training target market includes aspiring tech professionals, continuous learners and underrepresented groups looking to establish their careers in the technology sector. These individuals range from recent graduates eager for a swift, impactful entrance into tech roles, to professionals from various sectors seeking to transition to technology-focused careers. We place a strong emphasis on attracting women, minorities and economically disadvantaged individuals to tech careers, addressing a market need and supporting a broader societal move towards diversity and inclusion within the tech sector. The attraction of our training courses lies in their ability to offer rapid skill development, making tech education accessible and affordable to a broad audience.

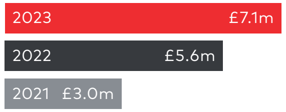
Key performance indicators (KPIs)

Financial

Revenue

KPI: Revenue per financial year.

Goal/target: We aim to continue materially growing revenue each year.



£7.1m

(2022: £5.6m)

Gross profit margin

KPI: Gross profit margin (GPM).

Goal/target: We have targeted a GPM of around 70% each year but aim to keep this margin as high as possible whilst understanding that consultancy work will lower this.

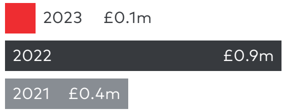
63%

(2022: 70%)

Adjusted EBITDA

KPI: Adjusted EBITDA per financial year.

Goal/target: We had a target of £0.1m EBITDA for 2023. 2023 has seen investments above the EBITDA line and we forecast growth going forward.



£0.1m

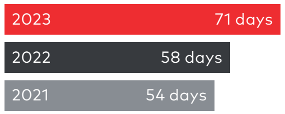
(2022: £0.9m)

Organisation

Placement rates

KPI: Time taken for students to find jobs after the bootcamp.

Goal/target: We want to keep the time taken for students to find jobs in line with previous years, even when we are increasing the number of graduates per cohort.



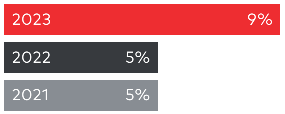
71 days

(2022: 58 days)

Drop-off rate

KPI: A measurement of how many students drop off the course part-way through.

Goal/target: We want this number to be as low as possible but understand that this will increase due to more students not paying for the course.



9%

(2022: 5%)

Percentage of students into jobs

KPI: A measurement of how many graduates, who are looking, go into jobs in digital after the course.

Goal/target: To maintain a high percentage.

89%

(2022: 93%)

Society

Women into tech

KPI: The percentage of women and gender minorities choosing to do our course and have a career in the tech industry.

Goal/target: To increase the number of women and gender minorities that are moving into tech.

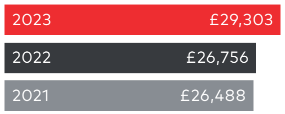
28%

(2022: 23%)

Average starting salary

KPI: The average starting salary a graduate goes on to earn.

Goal/target: To incrementally improve starting salaries of graduates.



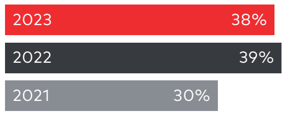
£29,303

(2022: £26,756)

Non-university educated

KPI: To improve social diversity, we want to increase the number of students who can enter our industry without having to go to university.

Goal/target: To increase this proportion year on year.



38%

(2022: 39%)

Environmental, social and governance

Our mission is to create life-changing opportunities within the tech sector for people from all walks of life. If tech and AI is going to change the way that we all live, then we need to make sure that it is being programmed by people from all backgrounds and walks of life. Diversity of thought is what is going to ensure that tech and AI is functional for all. This means that our goal is to make tech an accessible and attractive career for everyone.

28%
Women and gender minorities (2022: 23%)

40%
Identified as non-White British

We champion inclusion. It is part of who we are and why we exist. Our whole team works hard, day in day out, to improve diversity in the tech industry. At a time when technology will define how our world works, it is crucial that people from all walks of life build our future.

A more diverse workforce is a better workforce and we create this for our partners.

In 2023 we have seen a growing percentage of women and people from diverse backgrounds enter the tech industry. We have achieved this through:

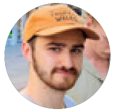
- Fully funded DfE scholarships
- Cost-of-living bursaries;
- Discounts for women and gender minorities;
- Gender-specific drop-in sessions/ taster courses;
- Development of our own practice platform (JS Basics); and
- Staff training around unconscious bias, imposter syndrome, neurodiversity and more.

Environmental, social and governance continued

Social impact

From Hospitality Manager to Web Developer

| Graduate stories

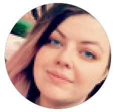


My time at Northcoders was great and I couldn't fault a thing!

| Tom Mann
Multimedia Production
Wales

From Counter Assistant to Junior DevOps Engineer

| Graduate stories



My time at Northcoders was amazing, I loved the mentors and learning something new every day!

| Elena Kay
Tech Consultancy
North England

From Delivery Driver to Digital Developer

| Graduate stories

Northcoders was an absolutely fantastic experience!

| Mike Sealey
Healthcare Distribution
Wales

Read these graduate stories and more in full on our website

https://northcoders.com/resources/testimonials/

Our staff members are passionate about ensuring that everyone feels welcome and have what they need to enter the tech industry. We have an internal committee called 'We Code' who are dedicated to overcoming any boundaries or issues that may arise surrounding inclusivity. In 2023 We Code has developed educational workshops for staff and students to ensure that Northcoders is a supportive and safe place, they have organised sessions to allow gender minorities to feel comfortable learning more about the course and have started a podcast called 'Queer Coded'.

In February 2023 the Group acquired Tech Returners Limited. Tech Returners' mission is 'to provide skilled tech professionals returning to the industry accessible opportunities to refresh their skills'.

Through a range of programmes, resources and development tools they help reignite individuals' careers – back to and through technology.

Their business is set up to allow people who have had a career break (mostly women), the skills and confidence that they need to re-enter the workplace.

JS Basics

In April 2023, we launched JS Basics: an internally built course designed to teach people the basics of coding and therefore help them through the initial stages of their learning journey, preparing for our Entry Challenge.

Previously, we relied on and sent applicants to third-party free courses to instil the absolute basics, but we noticed large drop-offs from applicants during this part of our onboarding journey.

These drop-offs were even more pronounced within women and gender minority groups. Realising that we needed to understand why women and gender minorities were dropping out of our platform at this stage, we developed our own: JS Basics.

Since launch, we have seen a 29% increase in applicants following through onto the course. This increase is even more pronounced in women and non-binary people. Women and non-binary applicants are 74% more likely to join one of our courses now than before we launched.

Other key social and environmental achievements

- We are committed to achieving net zero emissions by 2030
- We plant a tree for every new staff member and graduate
- We have a carbon offset policy
- We train all staff in mental health understanding and approach
- 50% Male, 50% Female and Non-Binary people
- Pay parity at Board and leadership level
- Pay parity overall

Stakeholders and section 172

The relationships Northcoders holds with all our stakeholders are fundamental to the success of the business and the engagement with each group underpins everything we do. The Board and Northcoders take their commitment to public collaboration and engaging with all stakeholders very seriously.

Our customers (empowering learners)

We are creating life-changing outcomes and opportunities for the individual learners we work with. Our 'Northcoders' are the reason that we do what we do.

Current engagement

We constantly engage with our customers, asking for regular feedback as they move through the course. We have whistleblowing helplines and help centres which students are reminded of weekly. We hold events for our alumni and are in contact with them on social media platforms. We truly believe in the phrase, 'Once a Northcoder, always a Northcoder' and like to ensure that we take feedback from our graduates as they move through the industry.

During the year, we have considered our customers when making decisions about the technical disciplines we teach, doing everything we can to ensure our training bootcamp graduates are best equipped to embark on their technology careers.

We also considered our students when deciding to change our funding provider to StepEx. StepEx enabled us to offer more accessible funding to our students from all walks of life. And finally, when deciding to move away from Apprenticeships.

What we hope our key stakeholders will say:

Joining Northcoders was the best decision I have made. I am now in a secure and well-paid role because of NC. I thoroughly enjoyed my experience on the course and it has set me up well for the world of work.

Our partner organisations

We provide highly skilled talent for organisations and employers to address their tech needs and complete their tech teams. We now do this at all levels and can help with part-time tech enablement too.

Current engagement

We work with over 465 hiring partners, offering graduates to businesses for no recruitment fee. Businesses can advertise their roles on our jobs board and can also present the roles to our current students for when they graduate. We hold events during the year called 'Match me if you can', essentially speed recruitment.

We also work with our partner organisations to ensure that the material that we are teaching is relevant to the world of industry.

We considered our partner organisations and their digital roadmaps when making the decision to expand our curriculum offerings into areas such as Data, Cloud and, more recently, Java Engineering.

We also considered our partner organisations when designing our Reframe Women In Tech conferences in the year ensuring that the organisations and their staff members benefited to the highest potential.

What we hope our key stakeholders will say:

Northcoders' graduates leave the course with the knowledge and expertise needed to work in a Junior Developer role. Their jobs board is easy to use and the recruitment process was straight forward. I would look to Northcoders when hiring more juniors and would recommend them to other businesses. Their Developer Incubator product enables us to fulfil our tech roadmap without the upfront hiring of a large team.

Our people

We create the right environment for everybody to be at their best, together as one Northcoders team.

Current engagement

Internal communication is a major focus within all areas of Northcoders. We are very aware that lack of communication within the team could have been a growing pain for us as a business and we have therefore focused on regular all-team meetings and social gatherings to ensure that the culture remains within the team. During our town hall meetings we enable anonymous feedback from all members of the team. We also have internal committees within our team, such as the group 'We Code', to ensure that the views and passions of all team members are heard and met.

More recently, we have conducted an employee satisfaction survey, highlighting key areas such as internal and external career progression and motivation. Together with strengthening the leadership of our people team, we are using these findings to make Northcoders a better organisation for everyone.

What we hope our key stakeholders will say:

Northcoders provides me with an environment to learn, grow, be listened to and have a chance to shape my own destiny. I have a lot of opportunities within the Northcoders Group. I am part of an environment where I am able to be my full self and I am accepted.

Stakeholders and section 172 continued

Our communities

We build strong, embedded and lasting relationships with the communities that we are involved with, whether this be community charitable organisations, Government organisations or local tech meet-ups. We also run the North's largest Women in Tech conference, Reframe, to raise awareness, increase motivation and share success stories from our communities.

Current engagement

We work with local charities and businesses who align with our values and mission. We work with them through sponsorships, through allowing them to use our premises and through time spent advising them on various governors boards etc. Some of these organisations include Innovate Her, Code and Stuff.

What we hope our key stakeholders will say:

Northcoders are the first people we think of when talking about the future. They live up to their values and we are proud to work with them. They always try to help where they can.

Our shareholders

We create value for our shareholders and aim to instil confidence in our investors and maintain their trust in our business. We will always consider this major stakeholder when making decisions.

Current engagement

Shareholders can contact the Company at any time using the Investor Relations email and on the website. The CEO and CFO offer presentations and meeting opportunities at interim and FY results.

Shareholder value is considered when deciding on key strategic investments that require capital investment, such as our internal learner management and teaching automation platform, NCore, and the brand, sales and marketing investments being made into our Business Solutions division.

Shareholder value was also considered when deciding to invest into the acquisition of Tech Returners Limited.

What we hope our key stakeholders will say:

They are an ethical investment in an exciting and growing sector. I am confident that the strategic decisions made by the Board to grow the business will be reflected in the share price and yield significant returns in the future.

The UK Government (empowering skills and education)

Northcoders are the pioneers of a brand new form of education, skills bootcamps, funded by the UK Government. Skills bootcamps are designed to equip individuals with the skills needed to fill the skills gaps that are restricting the growth of the UK economy.

Current engagement

We frequently engage with the Education and Skills Funding Agency to shape the future of educational provision and ensure that the needs of learners and employers are met efficiently for the UK taxpayer.

During the year, we have considered the UK Government, more specifically the Education and Skills Funding Agency, when making decisions about the delivery of our education provision and investment into critical areas such as individual learning plans and our duties to safeguard our students and raising awareness to prevent radicalisation.

What we hope our key stakeholders will say:

Northcoders is leading the charge in supplying the essential skills required for economic growth and making life-changing careers in the difficult-to-access technology sector a reality for British people from any background.

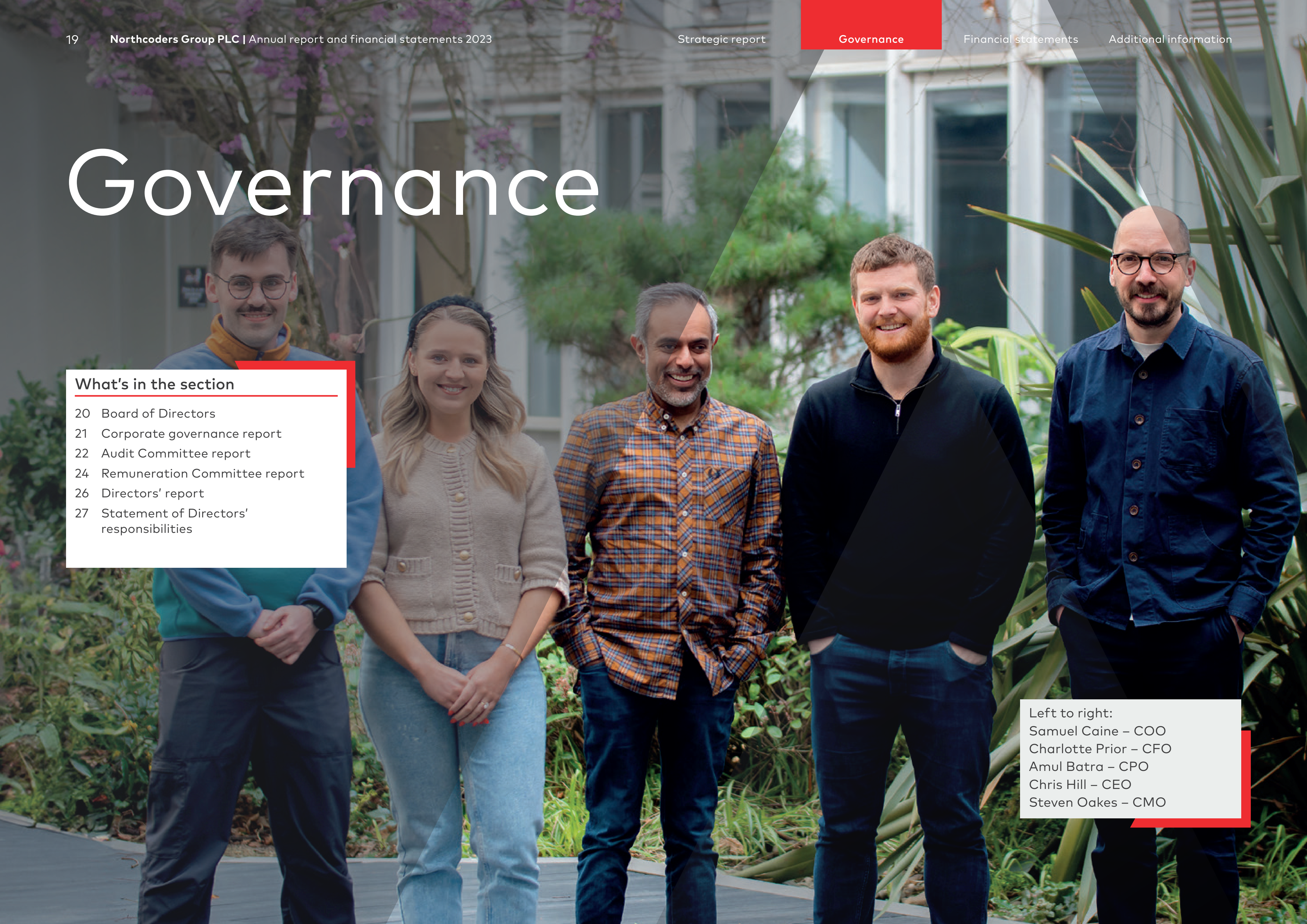
Risks and uncertainties

Principal		Mitigation
Financial risks		
Revenue and profitability Risk level: Medium	If the Group is unable to achieve or sustain profitability, the business could be severely harmed. Operating results may fluctuate as a result of a number of factors, many of which are beyond its control. If results fall below expectations, the trading price of the ordinary shares may decline significantly. If the Group does not realise sufficient revenue levels, it may require additional working capital, which may not be available on attractive terms, if at all.	Management constantly reviews the budget analysis and forecasts are flexed monthly in line with market expectations. All financials are reviewed in monthly Board and operating board meetings. Sales teams hold weekly KPI meetings.
Operational risks		
ESFA and Ofsted inspections Risk level: Low	Northcoders' DfE revenue is monitored via inspections from Ofsted and the Education and Skills Funding Agency (ESFA). If the Company receives a bad Ofsted rating, this could tarnish the reputation of the bootcamp and could even cause removal of future funding.	The team works hard to ensure we are fully compliant with all requirements. We have hired a quality lead to ensure that the whole provision meets regulatory standards. The Group has a strategy to diversify revenue streams to ensure that removal of future funding would not cause the business to shut down. The risk of this is now however low, as we have just had a successful Ofsted inspection.
Economic downturn Risk level: High	A downturn in the economy could force consumers to spend less and could also cause reduced hiring/hiring freezes amongst our partner businesses. The cost-of-living crisis could also prevent people from being able to take three months off work to do the course.	Ensure that we apply for as much DfE funding as possible so that we can give away free places. Have consultancy products available to support companies with hiring freezes. Introduction of Tech Returners bursaries.
Ability to recruit and retain skilled personnel Risk level: Low	There is a huge digital skills gap in the industry, which could cause issues when wanting to grow the tech team. If the Group cannot recruit the right people, it will struggle to grow in line with forecasts.	Northcoders offers a very attractive employment package, with a 4.5-day working week, pension and holidays above the national average, employee assistance programmes and private healthcare insurance. We strive to ensure that our staff members are looked after while at work, and also provide a continuing professional development budget for all employees. We employ tutors directly off the bootcamp and have made sure our classroom teaching model relies more on high-level lecturers who have share-options agreements in place.

Risks and uncertainties continued

Principal		Mitigation
Operational risks continued		
Privacy or data protection failure Risk level: Medium	The Group collects, maintains, transmits and stores data about its customers and employees, including personally identifiable information. However, the Group's security measures may not detect or prevent all attempts to breach such security measures and protocols. A breach of such security measures and protocols could result in third parties gaining unauthorised access to customer and/or employee data stored by the Group, which could expose the Group to litigation, regulatory action and other potential issues.	The Group has a dedicated data protection officer who ensures that systems are in place to prevent a breach. The whole Northcoders team also has yearly data protection and general data protection regulation training. A new Head of IT has also been recruited to ensure cyber security compliance. The Group has just secured the Cyber Essentials Plus accreditation.
Strategic risks		
Competition Risk level: Low	Another coding bootcamp could replicate what we are providing in a better way. This would cause customers to choose the competition and we would struggle for sales.	Northcoders ensures its product is the market leader by constantly reviewing the course curriculum and changing what we teach in line with changes in the industry. We also make sure we continue to develop our offerings and maintain good legal control of IP.

Governance



What's in the section

Left to right:
Samuel Caine – COO
Charlotte Prior – CFO
Amul Batra – CPO
Chris Hill – CEO
Steven Oakes – CMO

Board of Directors

Angela Williams

Non-Executive Chair
Appointed to the Board: 2022

Angela is an experienced Non-Executive Director with both UK and international plc experience, working with both business-to-business and business-to-consumer companies across a range of sectors throughout her 30-year career. She has held senior executive roles for companies such as British Airways, Sodexo, Centrica and Land Securities plc, and is the Chief People Officer for Corsearch Inc., offering her transformation, strategy, technology and people change expertise. Angela is also a Non-Executive Director with AND Digital and BMJ.

Key strengths:

- Leadership
- Governance
- People change and transformation

Chris Hill

Co-Founder
& Chief Executive Officer
Appointed to the Board: 2016

Chris founded Northcoders in 2016 after experiencing first-hand the challenges businesses have in hiring competent, work-ready software engineers in his previous role at Sky.

Prior to Northcoders, Chris was a software developer working for companies of various sizes and across various business sectors.

Chris's commercial experience in software development helps to shape Northcoders' curriculum and to understand the high-level requirements of Northcoders' most-innovative programmes.

Key strengths:

- Hands-on leadership
- Visionary
- Passionate

Amul Batra

Co-Founder
& Chief Partnerships Officer
Appointed to the Board: 2018

Prior to joining Northcoders as a Director in 2018, Amul spent 20 years in the music industry, latterly as Managing Director of Fwinki Music, a music management and consultancy company. He left music to set up a tech start-up and elected to sign up to Northcoders' first-ever cohort as part of that process. During his time as a student on Cohort 1, Amul was attracted by the wider Northcoders business proposition and became an early investor and co-founder of Northcoders. He is responsible for critical-account business development and has played a vital role in securing many of Northcoders' contracts with businesses.

Key strengths:

- Confident
- Enthusiastic
- Creative

Charlotte Prior

Chief Financial Officer
Appointed to the Board: 2021

Charlotte joined Northcoders in August 2018. She has over ten years' experience in finance roles ranging from the construction industry to a registered charity. Charlotte is a Fellow of the Chartered Institute of Management Accountants (CIMA). She is responsible for managing the Finance, HR and Legal functions of the Group and ensures that management and the Board have all the information that they need to plan and make informed strategic decisions. With a focus on risk profiles and competition, she enjoys strategy analysis and scenario planning.

Key strengths:

- Financial modelling and forecasting
- Risk management and planning
- Financial reporting

Nick Parker

Non-Executive Director
Appointed to the Board: 2021

Nick, a qualified chartered accountant, is an experienced public company Director with strong financial acumen obtained over 30 years working with public and private companies. Previous roles have included being CEO of Sheffield Wednesday Football Club plc and Chief Financial Officer of Dyson Group plc.

Nick has been working with Northcoders for the past four years and was appointed a Non-Executive Director on Admission.

Key strengths:

- Fundraising
- Mergers and acquisitions
- Risk management

Corporate governance report

"Effective corporate governance is the foundation upon which trust, transparency, and sustainability thrive."

Angela Williams
Non-Executive Chair

Northcoders sticks by its belief that culture is key to creating a sustainable, growing business.

We expect all our Directors, employees and suppliers to act with honesty, integrity and fairness. Our business principles set out the standards we set ourselves to ensure we operate lawfully, with integrity and with respect for others.

Legislative overview

As an AIM listed company, we are required to provide details of a recognised corporate governance code that the Board has decided to apply, together with an explanation of how the Company complies with that code, and where it departs from its chosen code and an explanation for the reasons for doing so. The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code. Our report sets out in broad terms how we comply at this point in time. We have set out how we follow the ten principles on investors.northcodersgroup.com/investors/corporate-governance.

Northcoders sticks by its belief that culture is key to creating a sustainable, growing business. This culture supports the Company's core mission of closing the digital skills gap whilst creating life-changing opportunities for individuals. We have a clear business model and growth strategy to expand our business and offering. It is the Board's job to ensure that Northcoders is managed for the long-term benefit of all our clients, staff, shareholders and our other key stakeholders. Sensible corporate governance is an important part of that job, reducing risk and adding value to our business. The Board considers that it does not depart from any of the principles of the QCA Code.

Audit Committee report

"2023 has again seen an improvement in internal controls and risk management which in turn provides assurance over group reporting."

Nick Parker
Chair of the Audit Committee

Audit Committee	
Number of scheduled meetings	3
Nick Parker	3
Angela Williams	2

As Executive Directors, Chris Hill, Amul Batra and Charlotte Prior are not members of the Audit Committee but were invited to attend the meetings in order to assist with the matters for discussion.

On behalf of the Audit Committee, I am pleased to present the Audit Committee report for Northcoders Group PLC.

On behalf of the Audit Committee, I am pleased to present the Audit Committee report for Northcoders Group PLC.

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported and monitored, through the internal control systems and the external auditor. During the year the Committee focused on the identification and management of the risks of the Group and the internal audit process to give assurance over the Group's internal controls and processes.

Committee meetings

The Audit Committee comprises of the Non-Executive Directors of the Company and is chaired by Nick Parker. Nick is a member of the Institute of Chartered Accountants in England and Wales.

The Committee is required to meet at least twice a year and the table on the left sets out the number of Committee meetings each member attended during the year.

Roles and responsibilities

The role of the Committee is to:

- monitor the integrity of the financial statements and activities of the Company, including formal announcements relating to its financial performance, and any significant financial reporting judgements;
- review and monitor the effectiveness of the Company's internal controls, financial and risk management systems and processes;
- review and monitor the effectiveness of the Company's internal audit function including the approval of the annual internal audit plan;
- consider and review all internal audit reports; and
- make recommendations to the Board in relation to the appointment, independence, objectivity and effectiveness of the external audit process.

Audit Committee report continued

Activities of the Committee

During the year the Committee undertook the following:

- reviewed and discussed with the external auditor the Group's results for the financial year ended 31 December 2023;
- reviewed the Group's financial policies and procedures;
- reviewed reports from management covering various aspects of the Company's operations, controls and procedures, and agreed actions for management to take from findings in the reports;
- reviewed the Group's risk management framework and internal controls;
- reviewed the auditor's fees for the year 2023 and compared this to other quotations; and
- reviewed and agreed the external auditor's plan, in advance of their audit for the financial year ended 31 December 2023.

Risk management

The Board has delegated responsibility for monitoring the financial reporting process and reviewing the effectiveness of the Group's internal controls to the Audit Committee. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives and the Board can only provide reasonable, and not absolute, assurance against material loss, errors or fraud.

The Audit Committee reviews the risk register at each meeting and reports its findings to the Board. The Board reviews the risk profile of the organisation on a regular basis at every Board meeting.

When analysing risk we consider the likelihood and impact on the Group after taking into account appropriate mitigating controls. The risk registers for each business are used to update the Group risk register. The Executive Directors review the Group risk register at each Board meeting, which is analysed by the Risk Committee on a monthly basis. Risk appetite and tolerance are also reviewed and discussed at Board and Audit Committee meetings on a regular basis/twice per year or as market changes or pressures evolve.

Significant accounting matters

The significant issues considered by the Committee during the year were:

- revenue recognition, specifically the timing of recognising revenue, given both the length of the contracts and future contractual obligations;
- intangible asset classification, along with ensuring sufficient timesheet records; and
- valuation of Tech Returners and impairment.

External auditor

The Group's external auditor is currently Haysmacintyre LLP. The independence of the external auditor is essential to ensure the integrity of the Group's published financial information. During the year the Committee reviewed and approved the audit plan. The auditor's assessment of materiality and financial reporting risk areas were discussed and challenged if necessary. The Company also reviewed the audit fee before commencing with Haysmacintyre for FY23. The Audit Committee found the fees to be competitive.

Non-audit services

The award of non-audit services to the external auditor is subject to controls agreed by the Audit Committee. The Audit Committee recognises that the auditor may be best placed to provide some non-audit services and these are subject to formal approval by the Audit Committee. Details of the audit and non-audit fees incurred are disclosed in note 8 to the financial statements.

Nick Parker
Chair of the Audit Committee

29 April 2024

Remuneration Committee report

"Balancing excellence with equity, our Remuneration Committee crafts a framework that not only rewards performance but fosters a culture of fairness and alignment with our values."

Angela Williams

Non-Executive Chair

Remuneration Committee	
Number of scheduled meetings	2
Nick Parker	2
Angela Williams	2

Chris Hill is invited to attend meetings but is not present when his own remuneration is being discussed.

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing base compensation and all remuneration arrangements for the Executive Directors and Chair of the Company. The Remuneration Committee comprises Angela Williams (Chair) and Nick Parker.

Introduction

The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis and is guided by an approved remuneration policy and considers relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. The Remuneration Committee additionally links part of key management remuneration to the Company's financial and operational performance. It also reviews the overall remuneration approach for all employees.

Components of the remuneration package of Executive Directors

The principal components of the Executive Directors' remuneration packages are base salary, a potential performance-related bonus in the form of cash and medium and long-term incentives in the form of share options, pension contributions and other benefits (such as private medical insurance).

Performance-related bonus

The Remuneration Committee, in discussion with the Executive Directors, establishes performance criteria at the beginning of each financial year that are aligned with the Company's strategic objectives and are designed to be an incentive for delivery while also being challenging. Annual bonuses are payable at the discretion of the Remuneration Committee, and none have been paid for 2023.

Pension arrangements

Pension eligibility is provided to Executive Directors via a cash contribution to the individuals' personal pension schemes.

Other benefits

Other benefits for Executive Directors include private medical insurance and Group life insurance which is provided by an external provider (currently Vitality Health).

Remuneration Committee report continued

Remuneration of the Chair and Non-Executive Directors

It is the Company's policy to provide fees that attract and retain skilled individuals with the appropriate experience who can add value to the Board. Fees are reviewed on an annual basis to ensure they remain competitive and adequately reflect the time commitments and overall contribution to the role. The Remuneration Committee is responsible for making recommendations to the Board on the fees payable to the Chair and the Non-Executive Directors. To ensure independence, any proposed changes are reviewed by the Executive Board members and aligned with the market rates for equivalent Non-Executive Director roles.

Emoluments of Directors

Details of the nature and amount of each element of the emoluments of each Director who served during the year ended 31 December 2023 are as follows:

	Salary £	Share option	Benefits in kind £	Pension £	**Total 2023 £**	Total 2022 £
A Batra	142,361	—	1,615	11,389	**155,365**	130,088
C Hill	170,312	—	530	13,625	**184,467**	156,061
C Prior	150,833	43,383	359	12,100	**206,675**	163,407
A Parker	35,000	—	—	—	**35,000**	35,000
A Williams	54,312	—	—	1,375	**55,687**	56,433
Total	552,818	43,383	2,504	38,489	**637,194**	540,989

Directors' interests

The interests of the Directors holding office at 31 December 2023 in the shares of the Company are set out below:

Ordinary shares of £0.01 each	**31 December 2023**
A Batra	**949,413**
C Hill	**1,504,080**
C Prior	**—**
A Parker	**62,778**
A Williams	**2,710**

The Company's shares were admitted to trading on AIM on 27 July 2021. The market price of the Company's shares at 31 December 2023 was 135p and the range during the period was 310p to 135p per share.

On behalf of the Board.

Angela Williams

Chair of the Remuneration Committee

29 April 2024

Directors' report

Directors

Those who served as Directors during the financial year 2023 are:

Angela Williams;
Chris Hill;
Amul Batra;
Charlotte Prior; and
Nick Parker.

Results and dividends

The loss after taxation for the year ended 31 December 2023 was £1.0m. The Board is not recommending the payment of a final dividend in respect of the year ended 31 December 2023.

Directors' interests

Directors' interests at 31 December 2023 in the shares and share options of the Company are shown in the Remuneration Committee report on page 24.

Financial instruments

The Company's principal financial instruments comprise cash balances and other payables and receivables that arise in the normal course of business. The risks associated with these financial instruments are disclosed in note 25 to the financial statements.

Future developments

Further information regarding the future developments of the Company is contained in the strategic report, which forms part of this annual report.

Directors' liabilities

Subject to the conditions set out in the Companies Act 2006, the Company has arranged appropriate Directors' and Officers' liability insurance to indemnify the Directors against liability in respect of proceedings brought by third parties. Such provisions remain in force at the date of this report.

Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing this report, of which the auditor is unaware. Having made enquiries of fellow Directors, each Director has taken all the steps that he/she ought to have taken as a Director in order to have made himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of the auditor

In accordance with section 489 of the Companies Act 2006, a resolution to re-appoint Haysmacintyre will be proposed at the next annual general meeting.

Board committees

Information on the Audit and Remuneration Committees is included in the governance section of the annual report on pages 22 to 25.

Annual general meeting

The annual general meeting will be held on 20 June 2024 as stated in the notice that accompanies this annual report. Certain matters required to be disclosed in the Directors' report have been omitted as they are included in the Chief Executive Officer's review, the strategic report and within the notes to the financial statements.

Going concern

In preparing the financial statements, the Directors have considered the principal risks and uncertainties facing the business, along with the Group's objectives, policies and processes for managing its exposure to financial risk. In making this assessment the Directors have prepared cash flow forecasts for the foreseeable future, being a period of at least twelve months from the date of approval of the financial statements.

Forecasts are adjusted for reasonable sensitivities that address the principal risks and uncertainties to which the Group is exposed, thus creating a number of different scenarios for the Board to challenge, including a 'stress' case scenario of 'not generating any new sales above what is already contracted' and 'a reduction in students going into work'.

Overall, the Directors do not believe this to cause a material uncertainty around going concern. At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Payment of suppliers

The Company has set processes in place within the accounts department to ensure that suppliers are paid on time.

Directors' and Officers' liability insurance

The Company maintains a Directors' and Officers' liability insurance policy.

Diversity

Northcoders is committed to encouraging diversity and promoting a diverse culture where every employee is treated with respect. We strive to create an environment where every member is valued for their individual contribution, an environment free of bullying, harassment, victimisation and unlawful discrimination. We have a Diversity & Inclusion Policy in place to ensure that the Company remains a welcoming place to work and safer recruitment training to ensure that this is reflected in our recruitment processes. It is a key objective to ensure that all employees are helped and encouraged to fulfil their potential and to ensure that Northcoders remains a safe and welcoming place to work.

By order of the Board.

Charlotte Prior
Chief Financial Officer
29 April 2024

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with UK Adopted International Accounting Standards and applicable law.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period.

In preparing the Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's and the Group's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

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

They are further responsible for ensuring that the strategic report and Directors' report, and other information included in the annual report and financial statements, are prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Northcoders Group PLC website is the responsibility of the Directors; the work carried out by the auditor does not involve the consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred in the accounts when they are presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

Financial statements

What's in the section

Auditor's report

To the Members of Northcoders Group Plc

Opinion

We have audited the financial statements of Northcoders Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Group Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Group and Company Statement of Changes in Equity, the Group 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 UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the period then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 as applied to listed entities, 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.

An overview of the scope of our audit

As the Group comprises a parent holding company and three subsidiaries the scope of our work was the audit of the financial statements of the Group, which include the accounts of the parent holding company and the subsidiaries. The scope of the audit and our audit strategy was developed by using our audit planning process to obtain and update our understanding of the group and its environment, including the group's system of internal control, and assessing the risks of material misstatement at the group level. Audit work to respond to the assessed risks was performed directly by the audit engagement team who performed full scope audit procedures on the parent company and the group as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Auditor's report continued

To the Members of Northcoders Group Plc

Key audit matter	How our scope addressed this matter
Fraud in revenue recognition (Group) The Group has a number of revenue streams. Details of the accounting policies applied are given in note 1.5. We consider there to be a significant risk of misstatement of the financial statements related to transactions occurring close to the year end, as transactions could be recorded in the incorrect financial period (cut off). Management make judgements in relation to revenue recognition for software engineering projects under IFRS 15. These include determining Northcoders' performance obligations in its contracts with customers and whether as at the reporting date, the group has completed its performance obligations.	In order to address the risks associated with these revenue streams we tested a sample of contracts to assess whether: • revenue had been recognised in accordance with the Group's accounting policy and IFRS 15 requirements; • revenue was recognised appropriately based on whether the Group had completed its performance obligations under the contract prior to the reporting date by reference to its obligations stated in the customer contracts; • revenue was recognised appropriately based on whether Northcoders had completed its performance obligations under the contract prior to the reporting date by reference to its obligations stated in the customer contracts and taught hours for bootcamp revenue; and • any other terms within the contracts had any material accounting or disclosure implications. We also performed a cash to revenue reconciliation, tested a sample of sales raised one month either side of the year-end, agreed a sample of refunds in the period to support, obtained and critically evaluated management's papers on revenue recognition policy and whether this was in line with IFRS 15, including with regards to the variable consideration aspect of DfE funded contracts.
Capitalisation of R&D costs There is a risk that the amounts are not capitalised in line with IAS 38 and lead to material misstatement in the financial statements. The Group continued to invest in its app, software and course content as set out in note 15. We focused on this area due to the size of the costs capitalised and the fact that there was judgement involved in assessing whether the criteria set out in accounting standards for the capitalisation for elements of these costs had been met.	We selected a sample of assets to agree to support and test against the recognition criteria of IAS 38. Our testing approach covered capitalisation of employee time for internal staff and external contractors. We obtained an understanding of various selected capitalised projects, tested time charged back to timesheet data and independently assessed whether sufficient economic benefits were likely to flow from the projects to support the values capitalised. Our testing did not identify any material costs which had been inappropriately capitalised. We confirmed that amortisation on these projects was consistent with the Group's accounting policies.

Auditor's report continued

To the Members of Northcoders Group Plc

Key audit matter continued	How our scope addressed this matter continued
Acquisition accounting and acquisition balance sheet of Tech Returners Limited (Group) The Group acquired Tech Returners Limited during the year. Details of the accounting policies applied are given in note 1.9 and of the acquisition in note 33. We consider there to be a significant risk of misstatement of the financial statements related to the acquisition accounting for the transaction, including the purchase price allocation and related estimates and valuations. We also consider there to be a significant risk of overstatement of the investment due to the group making a loss in the year. Management make judgements in relation to the value of the intangible assets relating to the subsidiary acquired at acquisition and also in performing their impairment review under IAS 36. These include determining future cash flows relating to the acquired assets, discounting the cash flows using an appropriate discount rate, determining the number of cash generating units for the purpose of impairment reviews and preparing future cash flows on this basis.	In order to address the risks associated with the acquisition and investment we: • obtained a report prepared by management's expert which summarised the purchase price allocation of the acquisition and critically challenged the inputs to the valuations included; • reviewed management's justification for preparing the impairment review on a group basis and for there being one cash generating unit; and • performed sensitivity analysis on the impairment reviews prepared by management.

Auditor's report continued
To the Members of Northcoders Group Plc

Our application of materiality

The scope and focus of our audit were influenced by our risk assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Materiality for the financial statements as a whole was set at £92,000, determined by reference to 7.5% of group loss before tax. We have reported to the audit committee any corrected or uncorrected misstatements arising exceeding £4,600. Performance materiality was set at £64,400, being 70% of materiality.

Component materiality for the parent company was set at £51,000, with reference to an allocation of overall group materiality. For the subsidiaries component materiality was capped at £58,000, with reference to a benchmark of group materiality. Northcoders Limited was subject to a statutory audit in its own rights, however the materiality calculated for the entity Limited was more than component materiality and as such component materiality was used for the individual audit.

Conclusions relating to going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the group and the company's business model and reviewed the directors' assessment of how those risks affect the group and the company's financial resources or ability to continue operations over the going concern period. We considered the likely cash inflows and outflows over the going concern assessment period and assessed the risk that the group and the company would be unable to meet their liabilities as they fall due. We scrutinised the reasonableness of assumptions applied to the cash flow forecasts and sensitised such forecasts against various scenarios which could come to realisation. We reviewed and assessed management's going concern memo and discussed this with the Board. We considered post balance sheet date performance and other wider factors in concluding our assessment.

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 and the company'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report 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 have been prepared in accordance with applicable legal requirements.

Auditor's report continued

To the Members of Northcoders Group Plc

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 27, the directors 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 directors 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 directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent 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:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the business and trade regulations, 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, income tax, payroll tax and sales tax.

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 posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries which shared key risk characteristics; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

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

Auditor's report continued

To the Members of Northcoders Group Plc

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud. continued

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 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 company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Gareth Ogden

(Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Group statement of comprehensive income

For the year ended 31 December 2023

	Notes	2023 £	2022 £
Revenue	4	**7,102,319**	5,598,863
Cost of sales		**(2,658,650)**	(1,656,938)
Gross profit		**4,443,669**	3,941,925
Other operating income		**—**	12,000
Expenditure		**(4,364,300)**	(3,046,292)
Adjusted EBITDA	6	**79,369**	907,633
Depreciation		**(172,582)**	(171,521)
Amortisation and impairment		**(234,225)**	(85,167)
Share-based payments	28	**(186,542)**	(203,607)
Total administrative expenses		**(4,957,649)**	(3,506,587)
Non-recurring items	5	**(562,603)**	—
Operating (loss)/profit	7	**(1,076,583)**	447,338
Investment revenues	11	**14,170**	11,765
Finance costs	12	**(163,260)**	(112,674)
(Loss)/profit before taxation		**(1,225,673)**	346,429
Taxation credit	13	**218,745**	13,109
(Loss)/profit for the year		**(1,006,928)**	359,538
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Tax relating to items not reclassified		**(3,725)**	8,814
Total items that will not be reclassified to profit or loss		**(3,725)**	8,814
Total other comprehensive profit/(loss) for the year		**(3,725)**	8,814
Total comprehensive profit/(loss) for the year		**(1,010,653)**	368,352

Total comprehensive profit/(loss) for the year is all attributable to the owners of the Parent Company. All profit/(loss) after taxation arises from continuing operations.

	Notes	2023 £	2022 £
Earnings per share	14		
Basic (pence per share)		**(12.62)**	5.12
Diluted (pence per share)		**(12.62)**	5.02
Adjusted (pence per share)		**(4.81)**	8.02

The notes on pages 42 to 72 form part of the Group financial statements.

Group statement of financial position

As at 31 December 2023

	Notes	2023 £	2022 £
Non-current assets			
Goodwill	15	**1,310,086**	—
Intangible assets	15	**1,747,400**	871,845
Property, plant and equipment	16	**316,986**	416,727
Deferred tax asset	26	**158,837**	330,837
		3,533,309	1,619,409
Current assets			
Contract assets	18	**1,398,018**	1,947,922
Trade and other receivables	19	**671,724**	909,010
Current tax recoverable		**43,945**	82,309
Cash and cash equivalents		**1,617,172**	2,777,273
		3,730,859	5,716,514
Current liabilities			
Trade and other payables	23	**1,101,275**	665,575
Current tax liabilities		**4,937**	—
Borrowings	21	**293,355**	391,367
Lease liabilities	22	**212,112**	196,243
Contract liabilities	24	**206,500**	5,239
		1,818,179	1,258,424
Net current assets		**1,912,680**	4,458,090
Non-current liabilities			
Borrowings	21	**474,300**	740,223
Lease liabilities	22	**154,070**	464,833
Deferred tax liabilities	26	**—**	230,713
		628,370	1,435,769
Net assets		**4,817,619**	4,641,730

	Notes	2023 £	2022 £
Equity			
Called up share capital	29	**80,115**	76,889
Share premium account	30	**4,801,444**	4,801,444
Merger reserve		**500**	500
Share option reserve		**401,714**	228,480
Other reserve	32	**946,774**	(50,000)
Retained earnings		**(1,412,928)**	(415,583)
Total equity		**4,817,619**	4,641,730

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2024 and are signed on its behalf by:

Mr C D Hill

Director

Company Registration No. 13378742

The notes on pages 42 to 72 form part of the Group financial statements.

Company statement of financial position

As at 31 December 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Non-current assets					
Investments	37		2,105,539		317,949
Current assets					
Trade and other receivables	38	3,964,447		4,406,187	
Current liabilities					
Trade and other payables	39	246,614		—	
Net current assets			3,717,833		4,406,187
Total assets less current liabilities			5,823,372		4,724,136
Equity					
Called up share capital	42		80,115		76,889
Share premium account	42		4,801,444		4,801,444
Other reserves			946,774		(50,000)
Share option reserve			401,714		228,480
Retained earnings			(406,675)		(332,677)
Total equity			5,823,372		4,724,136

As permitted by s408 Companies Act 2006, the Company has not 'presented' its own income statement and related notes. The Company's loss for the period was £87,306 (2022: £130,686 loss).

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2024 and are signed on its behalf by:

Mr C D Hill

Director

Company Registration No. 13378742

The notes on pages 42 to 72 form part of these Group financial statements.

Group statement of changes in equity
For the year ended 31 December 2023

	Notes	Share capital £	Share premium account £	Other reserve £	Share option reserve £	Merger reserve £	Retained earnings £	Total £
Balance at 1 January 2022		69,444	2,891,314	(50,000)	134,715	500	(893,777)	2,152,196
Year ended 31 December 2022:								
Profit for the year		—	—	—	—	—	359,538	359,538
Other comprehensive income:								
Tax adjustments on share-based payments		—	—	—	—	—	8,814	8,814
Total comprehensive income		—	—	—	—	—	368,352	368,352
Transactions with owners:								
Issue of share capital	29	7,445	2,076,387	—	—	—	—	2,083,832
Costs of issue set against share premium		—	(166,257)	—	—	—	—	(166,257)
Share options expense	28	—	—	—	203,607	—	—	203,607
Cancellation of share options	28	—	—	—	(21,547)	—	21,547	—
Share options exercised	28	—	—	—	(88,295)	—	88,295	—
Balance at 31 December 2022		76,889	4,801,444	(50,000)	228,480	500	(415,583)	4,641,730
Year ended 31 December 2023:								
Loss and total comprehensive income		—	—	—	—	—	(1,006,928)	(1,006,928)
Other comprehensive income:								
Tax adjustments on share-based payments		—	—	—	—	—	(3,725)	(3,725)
Total comprehensive income		—	—	—	—	—	(1,010,653)	(1,010,653)
Transactions with owners:								
Issue of share capital	29	3,226	—	—	—	—	—	3,226
Merger relief	29	—	—	996,774	—	—	—	996,774
Share options expense	28	—	—	—	186,542	—	—	186,542
Cancellation of share options	28	—	—	—	(13,308)	—	13,308	—
Balance at 31 December 2023		80,115	4,801,444	946,774	401,714	500	(1,412,928)	4,817,619

The notes on pages 42 to 72 form part of these Group financial statements.

Company statement of changes in equity

For the year ended 31 December 2023

	Notes	Share capital £	Share premium account £	Other reserve £	Share option reserve £	Retained earnings £	Total £
Balance at 1 January 2022		69,444	2,891,314	(50,000)	134,715	(311,833)	2,733,640
Year ended 31 December 2022:							
Loss and total comprehensive income		—	—	—	—	(130,686)	(130,686)
Transactions with owners:							
Issue of share capital	42	7,445	2,076,387	—	—	—	2,083,832
Costs of issue set against share premium		—	(166,257)	—	—	—	(166,257)
Share options expense	28	—	—	—	203,607	—	203,607
Cancellation of share options	28	—	—	—	(21,547)	21,547	—
Share options exercised	28	—	—	—	(88,295)	88,295	—
Balance at 31 December 2022		76,889	4,801,444	(50,000)	228,480	(332,677)	4,724,136
Year ended 31 December 2023:							
Loss and total comprehensive income		**—**	**—**	**—**	**—**	**(87,306)**	**(87,306)**
Transactions with owners:							
Issue of share capital	42	**3,226**	**—**	**—**	**—**	**—**	**3,226**
Merger relief	42	**—**	**—**	**996,774**	**—**	**—**	**996,774**
Share options expense	28	**—**	**—**	**—**	**186,542**	**—**	**186,542**
Cancellation of share options	28	**—**	**—**	**—**	**(13,308)**	**13,308**	**—**
Balance at 31 December 2023		**80,115**	**4,801,444**	**946,774**	**401,714**	**(406,675)**	**5,823,372**

The notes on pages 42 to 72 form part of these Group financial statements.

Group statement of cash flows

For the year ended 31 December 2023

	2023		2022	
	£	£	£	£
Cash flows from operating activities				
(Loss)/profit for the year after tax		(1,006,928)		359,538
Adjustment for non-cash items:				
Taxation credited		(218,745)		(13,109)
Finance costs		163,260		112,674
Investment revenues		(14,170)		(11,765)
Gain on disposal of property, plant and equipment		(83)		—
Equity-settled share-based payment and warrants expense		186,542		203,607
Amortisation of intangible assets		208,751		85,167
Depreciation of property, plant and equipment		172,582		171,521
Impairment of intangible assets		25,474		—
		(483,317)		907,633
Decrease/(increase) in contract assets and trade and other receivables		891,421		(1,435,445)
Increase in contract liabilities		201,261		—
Increase/(decrease) in trade and other payables		(71,390)		178,377
Cash generated from/(absorbed by) operations		537,975		(349,435)
Tax refunded		113,461		104,408
Net cash inflow/(outflow) from operating activities		651,436		(245,027)
Investing activities				
Capitalised development costs	(751,400)		(461,941)	
Purchase of property, plant and equipment	(86,110)		(63,181)	
Proceeds on disposal of property, plant and equipment	339		—	
Purchase of subsidiaries	(173,758)		—	
Investment revenues received	14,170		9,766	
Net cash used in investing activities		(996,759)		(515,356)
Financing activities				
Proceeds from issue of shares	—		1,917,575	
Proceeds from borrowings	—		962,500	
Repayment of bank loans and borrowings	(418,177)		(573,087)	
Payment of lease liabilities	(279,826)		(231,491)	
Interest paid	(116,775)		(102,486)	
Net cash (used in)/generated from financing activities		(814,778)		1,973,011
Net (decrease)/increase in cash and cash equivalents		(1,160,101)		1,212,628
Cash and cash equivalents at beginning of year		2,777,273		1,564,645
Cash and cash equivalents at end of year		1,617,172		2,777,273

The notes on pages 42 to 72 form part of the Group financial statements.

Note to the statement of cash flows

For the year ended 31 December 2023

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	At 1 January 2023 £	Financing cash flows £	New loans and new leases £	Other movements[1] £	At 31 December 2023 £
Bank loans and borrowings	1,131,588	(418,177)	36,793	17,451	767,655
Lease liabilities	661,076	(279,826)	47,256	(62,324)	366,182
Total	**1,792,664**	**(698,003)**	**84,049**	**(44,873)**	**1,133,837**

	At 1 January 2022 £	Financing cash flows £	New loans and new leases £	Other movements[2] £	At 31 December 2022 £
Bank loans and borrowings	731,988	(573,087)	962,500	10,187	1,131,588
Lease liabilities	892,567	(231,491)	—	—	661,076
Total	1,624,555	(804,578)	962,500	10,187	1,792,664

1. Other movements in the year ended 31 December 2023 includes:
    - Unwinding of arrangement fees of £17,451 on other loans
    - Lease modification of £62,324
2. Other movements in the year ended 31 December 2022 includes:
    - Unwinding of arrangement fees of £10,187 on other loans

Notes to the Group financial statements

For the year ended 31 December 2023

1 Accounting policies

Company information

Northcoders Group PLC is a public company limited by shares incorporated in England and Wales. The registered office is Manchester Technology Centre, Oxford Road, Manchester, Lancashire, M1 7ED. The Company's principal activities and nature of its operations are disclosed in the Directors' report.

The Group consists of Northcoders Group PLC and all of its subsidiaries.

1.1 Accounting convention

The Group financial statements have been prepared in accordance with UK Adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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 £1.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The individual Parent Company meets the definition of a qualifying entity under FRS 101 Reduced Disclosure Framework. As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

(a) the requirements of IFRS 7 'Financial Instruments: Disclosure';

(b) the requirements within IAS 1 relating to the presentation of certain comparative information;

(c) the requirements of IAS 7 'Statement of Cash Flows' to present a statement of cash flows;

(d) paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but it not yet effective); and

(e) the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions and balances between two or more members of a Group.

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's loss for the period was £87,306 (2022: £130,686).

1.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the twelve months following the acquisition date.

1.3 Basis of consolidation

The consolidated Group financial statements consist of the financial statements of the Parent Company Northcoders Group PLC together with all entities controlled by the Parent Company (its subsidiaries) as detailed in note 17.

All financial statements are made up to 31 December 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries (as laid out in note 17) are consolidated in the Group's financial statements from the date that control commences until the date that control ceases.

The Group applied the principles of merger accounting as part of the historic acquisition of Northcoders Limited. Northcoders Group PLC was incorporated on 6 May 2021 and attained control of Northcoders Limited by means of a share-for-share exchange on 24 June 2021. Merger accounting requires that the results of the Group are presented as if the Group has always been in its present form, and does not require a re-evaluation of fair values as at the point of acquisition. Accordingly, as a result of this merger accounting, a merger reserve is recognised within equity which represents the difference between the net assets of the Group and the retained profits recognised by the Group as at 24 June 2021.

Notes to the Group financial statements continued

For the year ended 31 December 2023

1 Accounting policies continued

1.3 Basis of consolidation continued

During the year, 100% of the share capital of Tech Returners Limited was acquired by Northcoders Limited. Acquisition accounting applies to this transaction. Please refer to note 33 for further details of this business combination.

Accounting policies 1.6, 1.7 and 1.9 are also relevant to the basis of consolidation.

1.4 Going concern

In preparing the financial statements, the Directors have considered the principal risks and uncertainties facing the business, along with the Group's objectives, policies and processes for managing its exposure to financial risk. In making this assessment the Directors have prepared cash flow forecasts for the foreseeable future, being a period of at least twelve months from the date of approval of the financial statements.

Forecasts are adjusted for reasonable sensitives that address the principal risks and uncertainties to which the Group is exposed, thus creating a number different scenarios for the Board to challenge. Even under the worst-case scenario identified, the Directors do not believe this to cause a material uncertainty around going concern.

At the time of approving the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Revenue

Revenue from providing services is recognised in the accounting period in which the services are rendered. Services are typically provided over short periods of time, spanning typically a few months at most. However, for fixed-price contracts that span accounting periods, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. Where the Group has contracts where the period between the transfer of the promised services to the customer and payment exceeds one year, the Group adjusts transaction price for the time value of money.

Revenue is determined as follows:

- For consumer training bootcamps, income is received in advance of the service being provided and is recognised on a pro-rata basis across the course delivery, based on delivery dates for those courses. Any income received in advance is recognised as deferred revenue. Apprenticeship income is a funding mechanism for the consumer revenue stream. The Group receives lump-sum drawdowns at regular intervals, which typically are billed in arrears resulting in accrued income. In addition, the Group receives a contingent success fee, payable at the end. The Group makes an assessment of the probability of success and accrues this on a percentage of completion basis as the course progresses.
- For Business Solutions, amounts are invoiced in arrears for development work performed along with any associated costs, based on the number of hours spent on each contract at agreed contractual rates for those delivering the course. Where appropriate, any amounts to be invoiced are recognised as accrued revenue, and any amounts invoiced in advance are recognised as deferred revenue, in line with performance obligations per contracts with customers.
- For consultancy contracts, amounts are recognised on a pro-rata basis throughout the length of the contract unless a performance obligation states otherwise.
- For conference events, income is recognised once the event has taken place. Any income received in advance is recognised as a contract liability until the performance obligation has been satisfied.

Determining the transaction price

The Group's revenue on over-time sales is generally based on fixed price contracts but these are subject to more variability as a result of the nature of the contract. Any variable consideration is constrained in estimating contract revenue in order that it is highly probable that there will not be a future reversal in the amount of revenue recognised when the final amounts of any variations has been determined.

Allocating amounts to performance obligations

Where the contracts include multiple performance obligations, which are determined to be separate performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Notes to the Group financial statements continued
For the year ended 31 December 2023

1 Accounting policies continued

1.6 Goodwill
Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of the subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

1.7 Intangible assets other than goodwill
The Group's other intangible assets are stated at cost less accumulated amortisation and impairment losses. Where assets are acquired through business combinations, the Group uses an appropriate fair value technique in order to determine cost. Intangible assets are tested annually for impairment or otherwise when circumstances change.

Amortisation begins when an asset is acquired or becomes available for use and is calculated on a straight-line basis to allocate the cost of assets over their estimated useful lives as follows:

Licence	four years straight line
Technology	five years straight line
Development costs	ten years straight line
Brand	six years straight line
Customer relationships	six years straight line
Customer contracts	six years straight line

1.8 Property, plant and equipment
Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	over the term of the lease
Fixtures and fittings	25% straight line
Computers	33% straight line
Right-of-use assets	over the term of the lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.9 Non-current investments
Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Parent Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.10 Impairment of tangible and intangible assets
At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes to the Group financial statements continued
For the year ended 31 December 2023

1 Accounting policies continued

1.10 Impairment of tangible and intangible assets continued

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial assets

Financial assets are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit or loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit or loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the Group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The Group recognises lifetime expected credit losses (ECL) for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for facts that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast director of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Notes to the Group financial statements continued
For the year ended 31 December 2023

1 Accounting policies continued

1.12 Financial assets continued

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.13 Financial liabilities

The Group recognises financial debt when the Group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled, or they expire.

1.14 Equity instruments

Equity instruments issued by the Parent Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the Company.

Share capital represents the nominal value of shares that have been issued.

Share premium represents the excess of the subscription price over the par value of shares issued.

Share option reserve relates to amounts recognised for the fair value of share options and warrants granted in accordance with IFRS 2.

Other reserve represents the nominal value of the share-for-share exchange, as explained further in note 32.

Merger reserve represents the carrying value of the investment in the subsidiary undertaking at the point of the share-for-share exchange, as explained further in note 32.

Retained earnings include all current and prior period retained earnings.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Notes to the Group financial statements continued

For the year ended 31 December 2023

1 Accounting policies continued

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.19 Leases

At inception, the Group assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that is unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Group is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the group's estimate of the amount expected to be payable under a residual value guarantee; or the group's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of twelve months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

Notes to the Group financial statements continued

For the year ended 31 December 2023

1 Accounting policies continued

1.20 Grants

Grants for revenue expenditure are credited in the income statement as other operating income in the period in which the expenditure for which they are intended to contribute towards has been incurred.

1.21 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.22 Non-recurring items

Items which are material either because of their size or nature, and which are non-recurring, are presented within their relevant consolidated income statement category, but highlighted through separate disclosure. The separate reporting of non-recurring items helps provide a better picture of the Group and Company's underlying performance. Items which are included within the non-recurring category include (but are not limited to):

- costs incurred in relation to the integration of significant acquisitions and other major restructuring programmes;
- significant goodwill or other asset impairments relating to specific market events;
- revenue clawback due to the inability to claim for job outcomes after the period. The reason for this being the shift in outcomes rate due to the post covid tech economy crash;
- incorrect estimate of variable consideration in the previous year due to an in inflation of jobs post pandemic; and
- other particularly significant or unusual items.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised standards and interpretations have been adopted by the Group and have an effect on the current period or a prior period or may have an effect on future periods:

- IFRS 17 'Insurance Contracts' and subsequent withdrawal of IFRS 4 'Insurance Contracts' and amendments to IFRS 17
- Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12 'Income Taxes')
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of an Accounting Estimate (Amendments to IAS 8)

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the UK):

	Effective date – period beginning on or after
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024[1]
Non-current Liabilities with Covenants (Amendments to IAS 1) and Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024[1]
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024[1]
Lack of Exchangeability (Amendments to IAS 1)	1 January 2025[1]

1. These standards, amendments and interpretations have not yet been endorsed by the UK and the dates shown are the expected dates.

The adoption of all the above standards is not expected to have any impact on the Group's financial statements.

Notes to the Group financial statements continued
For the year ended 31 December 2023

3 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the Directors 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Capitalisation of development costs

The Group recognises as intangible fixed assets development costs that are considered to meet the relevant capitalisation criteria. The measurement of such costs and assessment of their eligibility in line with the appropriate capitalisation criteria requires judgement and estimation around the time spent by eligible staff on development, expectations around the ability to generate future economic benefit in excess of cost and the point at which technical feasibility is established.

Useful lives and impairment of non-current assets (including right-of-use assets)

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the Group's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten/increase then depreciation charges in the financial statements would increase/decrease and carrying amounts of tangible assets would change accordingly.

The Group is required to consider, on an annual basis, whether indications of impairment relating to such assets exist and, if so, perform an impairment test. The recoverable amount is determined based on the higher of value-in-use calculations or fair value less costs to sell. The use of value-in-use method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. The Directors are satisfied that all recorded assets will be fully recovered from expected future cash flows. Details of the inputs to this are provided in note 15.

Deferred tax

The Group makes provision for anticipated tax consequences based on the likelihood of whether additional taxes may arise. The Group recognises deferred tax assets to the extent to which it expects to be able to utilise the balances against future taxable profits.

Key sources of estimation uncertainty

Incremental borrowing rates applied to calculate lease liabilities

The Group has used the incremental borrowing rate to calculate the value of the lease liabilities relating to its property lease liabilities recognised under IFRS 16. The discount rate used reflects the estimated risks associated with borrowing against similar assets by the Group, incorporating assumptions for similar terms, security and funds at that time.

The carrying amounts of such liabilities are disclosed within note 22.

Share-based payments

The determination of the fair values of EMI options and warrants has been made by reference to the Black-Scholes model; the input with the greatest amount of estimation being the volatility of the Company's share price which has been derived via benchmarking against similar companies in the industry. Other key inputs are set out in note 28.

Expected credit losses

The amount recognised as a provision is the best estimate of the expected credit loss that the Group is projected to incur on receivables. Each year end the Directors assess the risks and uncertainties surrounding receivable balances and use expected loss rates based on the historical credit losses experienced by the Group. Further details on the assumptions made are disclosed in note 21.

Notes to the Group financial statements continued
For the year ended 31 December 2023

3 Critical accounting estimates and judgements continued

Revenue provision

An estimate of variable consideration is recognised against DFE income due to the performance based nature of the contract. The measurement of the consideration requires judgment and estimation around the expectation of what percentage of students who finish the DFE course go into a relevant job within the timescales of the contract. In 2023 this adjustment reduces revenue by £364,021 and reduces current assets. Job outcomes are regularly reviewed by management and the consideration is flexed as necessary. This is a change in estimate of the variable consideration to the previous year. In the previous year, management presumed all revenue would be received, outcome rates were high enough to justify not needing an adjustment. Due to an in inflation of jobs due to the pandemic, this estimate was incorrect and the rectification of this has been included in non-recurring items, see note 5.

4 Revenue

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker of the Group is considered to be the Board of Directors.

The Group previously reported under the following operating segments:

- Consumer training bootcamps and apprenticeships – Individuals go through a selection process and a 13-week coding bootcamp programme to the point where they are in-demand, career-ready Junior Software Engineers. Existing employees of businesses can undertake a 13-month 'On the Job' apprenticeship programme for Junior Software Engineers. This is delivered with an on-programme assessment to one or more apprentices utilising Government-backed funding from the Education and Skills Funding Agency (ESFA). All training income is deferred or accrued as appropriate in order to recognise this on a percentage of completion basis, which is typically on a straight-line period over the delivery of the course.
- Business Solutions – On completion of a course, the Group may seek to place an individual with an employer and such placement fees are included in this segment. No such fees have been recognised in the current year, and in the prior year such fees were invoiced directly to the employer. The Group has decided to not charge these fees going forward. This segment further includes practical developments created on behalf of other companies who engage the Group and also bespoke training programmes delivered to large groups from selected organisations.
- Central – Where revenues or costs cannot be meaningfully allocated to either primary operating segment, these are allocated to the Central segment.

All assets, liabilities and revenues are located in, or derived from, the United Kingdom.

The results of the Group are allocated to the single operating segments consistent with the requirements of IFRS 8:

Year ended 31 December 2023:	2023 £	2022 £
Revenue	7,102,319	5,598,863
Cost of sales	(2,658,650)	(1,656,938)
Gross profit	4,443,669	3,941,925
Operating costs	(4,931,808)	(3,506,587)
Other operating income	–	12,000
Non-recurring costs	(562,603)	–
Operating profit	(1,050,742)	447,338
Net finance costs	(149,090)	(100,909)
Profit/(loss) before taxation	1,225,673	346,429

Revenue analysed by geographical market	2023 £	2022 £
United Kingdom	7,102,319	5,598,863

Other significant revenue	2023 £	2022 £
Grants received	–	12,000

Notes to the Group financial statements continued
For the year ended 31 December 2023

4 Revenue continued

Revenue includes undiscounted EdAid sales of £7,542 (2022: £5,208) of which some of these contain a financing element. EdAid sales are governed by a formal credit agreement facilitated by a third party. An adjustment of £nil (2022: £nil) has been recognised in finance income to reflect the discounted element based on expected repayment profiles inherent in the agreement at date of invoice.

Also included within revenue is undiscounted StepEx sales of £29,924 (2022: nil). StepEx sales are governed by a formal credit agreement facilitated by a third party. An adjustment of £nil (2022: nil) has been recognised in finance income to reflect the discounted element based on expected repayment profiles inherent in the agreement at date of invoice.

Grants received comprises the following:

- Education and Skills Funding Agency grant of £nil (2022: £12,000) received for the hire of apprentices.

Revenue from customers who individually accounted for more than 10% of total Group revenue amounted to £5,778,001 (2022: £4,845,368) from one customer (2022: one customer).

Assets and liabilities related to contract with customers:

The Group has recognised the following assets and liabilities related to contracts with customers:

Contract assets	2023 £	2022 £
At 1 January	**1,947,922**	801,119
Transfers in the year from contract assets to trade receivables	**(1,595,005)**	(801,119)
Non-recurring item – irrecoverable amounts written off	**(352,917)**	–
Excess of revenue recognised over cash (or rights to cash) being recognised during the year	**1,398,018**	1,947,922
At 31 December (note 18)	**1,398,018**	1,947,922

Contract liabilities	2023 £	2022 £
At 1 January	**5,239**	21,813
Amounts recognised as revenue during the year	**(5,239)**	(21,813)
Amounts received in advance of performance and not recognised as revenue during the year	**206,500**	5,239
At 31 December (note 24)	**206,500**	5,239

Contract assets and contract liabilities are both shown on the face of the statement of financial position. They arise from the Group's contracts because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

Notes to the Group financial statements continued

For the year ended 31 December 2023

5 Non-recurring items

	2023 £	2022 £
Expenditure		
Irrecoverable amounts	485,770	—
Acquisition costs	57,269	—
Business restructuring costs	19,564	—
	562,603	—

Irrecoverable amounts

Having reviewed the recoverability of contract assets, management have assessed that a portion of income accrued during 2022, amounting to £458,770, is irrecoverable and has therefore been written off as an non-recurring item.

The Group recognises revenue in accordance with IFRS 15 and the specific provisions relating to variable consideration. At the time of recognising the contract asset, the Group had every expectation that the amounts would be recoverable. The contracts are performance-based and external factors and conditions arising during 2023, which could not be foreseen, have had a detrimental impact to the recoverability of these contract assets. In particular, following the Covid-19 pandemic, the number of job opportunities for course participants has diminished, resulting in reduced performance-based revenue. Such factors and conditions have been taken into account in recognising revenue as at 31 December 2023.

Acquisition costs

Acquisition costs pertain to legal and professional fees incurred as part of the acquisition of Tech Returners Limited during the year. Such costs are non-recurring and hence deemed non-recurring.

Business restructuring costs

Non-recurring restructuring costs in the form of redundancy and severance payments were incurred by the Group as part of its retreat from the apprenticeship market.

6 Adjusted EBITDA

The Directors have used an Alternative Performance Measure (APM) in the preparation of these financial statements. The consolidated income statement has presented adjusted EBITDA, where EBITDA represents earnings before interest, tax, depreciation and amortisation. The adjusted element removes non-recurring items which are not relevant to the underlying performance and cash generation of the business. Non-recurring items for the current year are disclosed in note 5. There are no non-recurring costs for the prior year.

The Directors have presented this APM because they feel it most suitably represents the underlying performance and cash generation of the business, and allows comparability between the current and comparative period in light of the rapid changes in the business (most notably its admission to AIM and associated costs), and will allow an ongoing trend analysis of this performance based on current plans for the business.

7 Operating loss

Operating (loss)/profit for the year is stated after charging/(crediting):	2023 £	2022 £
Exchange losses	896	—
Government grants	—	(12,000)
Fees payable to the Company's auditor for the audit of group and the Company's financial statements	115,000	75,000
Depreciation of property, plant and equipment	172,582	171,521
Profit on disposal of property, plant and equipment	(83)	—
Amortisation of intangible assets (included within administrative expenses)	208,751	85,167
Impairment of intangible assets (included within administrative expenses)	25,474	—
Share-based payments	186,542	203,607

8 Auditor's remuneration

Fees payable to the Company's auditor and associates:	2023 £	2022 £
For audit services		
Audit of the financial statements of the group and company	75,000	—
Audit of the Group and subsidiary undertakings	40,000	75,000
	115,000	75,000

Notes to the Group financial statements continued

For the year ended 31 December 2023

9 Employees

The average monthly number of persons (including Directors) employed by the Group during the year was:

	2023 Number	2022 Number
Executive Directors	3	3
Non-Executive Directors	2	2
Administration and operations	44	32
Client service delivery	75	50
Total	124	87

Their aggregate remuneration comprised:	2023 £	2022 £
Wages and salaries	4,294,730	3,095,713
Social security costs	441,671	315,711
Pension costs	446,996	191,136
	5,183,397	3,602,560

In addition to the above, further employee costs have been incurred as part of the development costs, as disclosed in note 15. The total employment costs which have been capitalised as development are:

	2023 £	2022 £
Wages and salaries	621,977	358,439
Social security costs	58,668	44,805
Pension costs	34,531	16,130
	715,176	419,374

10 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	555,322	504,722
Amounts receivable under long-term incentive schemes	43,383	28,918
Company pension contributions to defined contribution schemes	38,489	7,706
	637,194	541,346

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to four (2022: four). No pension contributions have been recognised for Mr A N Parker.

Remuneration disclosed above includes the following amounts paid to the highest paid Director:

	2023 £	2022 £
Remuneration for qualifying services	170,842	161,939
Company pension contributions to defined contribution schemes	13,625	1,468

Notes to the Group financial statements continued
For the year ended 31 December 2023

10 Directors' remuneration continued
During the year to 31 December 2023 the Directors received remuneration as follows:

Director	Salary £	Share options £	Benefits in kind £	Pension £	Total £
Mr A Batra	142,361	—	1,615	11,389	155,365
Mr C D Hill	170,312	—	530	13,625	184,467
Ms C Prior	150,833	43,383	359	12,100	206,675
Mr A N Parker	35,000	—	—	—	35,000
Mrs A M Williams	54,312	—	—	1,375	55,687
	552,818	43,383	2,504	38,489	637,194

During the year to 31 December 2022 the Directors received remuneration as follows:

Director	Salary £	Share options £	Benefits in kind £	Pension £	Total £
Mr A Batra	127,250	—	1,370	1,468	130,088
Mr C D Hill	153,812	—	781	1,468	156,061
Ms C Prior	132,714	28,918	307	1,468	163,407
Mrs S Lindsay (resigned 4 January 2022)	357	—	—	—	357
Mr A N Parker	35,000	—	—	—	35,000
Mrs A M Williams (appointed 5 January 2022)	53,131	—	—	3,302	56,433
	502,264	28,918	2,458	7,706	541,346

The Directors of the Company control 30.66% (2022: 36.76%) of the voting shares of the Company and hold 175,000 (2022: 75,000) EMI share options. No Directors exercised share options during the year.

Notes to the Group financial statements continued
For the year ended 31 December 2023

11 Investment revenues

Interest income	2023 £	2022 £
Bank interest received	**55**	—
Other interest income	**14,115**	11,765
Total interest revenue	**14,170**	11,765

12 Finance costs

	2023 £	2022 £
Interest on bank borrowings and overdrafts	**108,625**	74,387
Interest on lease liabilities	**25,601**	38,287
Total interest expense	**134,226**	112,674
Unwinding of discount on deferred consideration	**29,034**	—
	163,260	112,674

All interest costs are on financial liabilities measured at amortised cost.

13 Income tax expense

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	**(39,045)**	(82,309)
Adjustments in respect of prior periods	**(31,151)**	38,634
Total UK current tax	**(70,196)**	(43,675)
Deferred tax		
Origination and reversal of temporary differences	**(148,549)**	30,566
Total tax (credit)	**(218,745)**	(13,109)

The charge/(credit) for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2023 £	2022 £
(Loss)/profit before taxation	**(1,225,673)**	346,429
Expected tax (credit)/charge based on a corporation tax rate of 23.59% (2022: 19.00%)	**(289,136)**	65,822
Effect of expenses not deductible in determining taxable profit	**67,762**	2,357
Change in unrecognised deferred tax assets	**(10,387)**	—
Adjustment in respect of prior years	**(31,151)**	38,634
Effect of change in UK corporation tax rate	**(6,244)**	—
Research and development tax credit	**2,254**	(122,390)
Share-based payment charge	**43,380**	(11,566)
Other	**4,777**	14,034
Taxation credit for the year	**(218,745)**	(13,109)

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2023 £	2022 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	**3,725**	(8,814)

The UK corporation tax rate was 19.00% until April 2023 when it increased to 25% for groups with taxable profits of over £250,000.

Notes to the Group financial statements continued
For the year ended 31 December 2023

14 Earnings per share

	2023 £	2022 £
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	**7,977,002**	7,019,909
– Weighted average number of outstanding share options	**34,692**	135,565
– Weighted average number of outstanding warrants	**—**	11,445
Weighted average number of ordinary shares for diluted earnings per share	**8,011,694**	7,166,919
Earnings (all attributable to equity shareholders of the Company)		
Continuing operations		
Loss/profit for the period from continued operations	**(1,006,928)**	359,538
Earnings per share for continuing operations		
Basic earnings per share (pence per share)	**(12.62)**	5.12
Diluted earnings per share (pence per share)	**(12.62)**	5.02

In the current year the Group incurred losses and as such has not presented any dilutive shares in accordance with IAS 33 'Earnings per share'. The diluted earnings per share is therefore the same as the basic earnings per share.

The Group does have a number of share options and warrants that would dilute the earnings per share should the Group become profitable, details of which are given in note 28. As the Group was profitable in the comparative year, these have been taken into account for the diluted earnings per share above and considered below in adjusted earnings per share for the prior year.

Adjusted earnings per share

The Directors use adjusted earnings before non-recurring costs and share-based payment expenses. This creates an Alternative Performance Measure which the Directors believe reflects a fair estimate of ongoing profitability and performance. The calculated adjusted earnings for the current period of accounts is as follows:

Number of shares	2023 £	2022 £
Weighted average number of ordinary shares for basic earnings per share	**7,977,002**	7,019,909
Effect of dilutive potential ordinary shares:		
– Weighted average number of outstanding share options	**34,692**	135,565
– Weighted average number of outstanding warrants	**—**	11,445
Weighted average number of ordinary shares for diluted earnings per share	**8,011,694**	7,166,919
Adjusted earnings		
Loss/profit for the period	**(1,006,928)**	359,538
Adjusted for:	**—**	—
Non-recurring costs	**562,605**	—
Share-based payment expense	**186,542**	203,607
Adjusted earnings for basic and diluted earnings per share	**(257,781)**	563,145
Adjusted earnings per share		
Basic earnings per share (pence per share)	**(3.23)**	8.02
Diluted earnings per share (pence per share)	**(3.23)**	7.86

Notes to the Group financial statements continued

For the year ended 31 December 2023

15 Intangible assets

	Goodwill £	Technology £	Development costs £	Licence £	Brand £	Customer relationships and contracts £	Total £
Cost							
At 1 January 2022	—	—	593,589	101,899	—	—	695,488
Additions – internally generated	—	—	461,941	—	—	—	461,941
At 31 December 2022	—	—	1,055,530	101,899	—	—	1,157,429
Additions – internally generated	—	—	751,401	—	—	—	751,401
Additions – purchased	1,310,086	164,706	—	—	140,160	53,513	1,668,465
At 31 December 2023	1,310,086	164,706	1,806,931	101,899	140,160	53,513	3,577,295
Amortisation and impairment							
At 1 January 2022	—	—	174,942	25,475	—	—	200,417
Charge for the year	—	—	59,692	25,475	—	—	85,167
At 31 December 2022	—	—	234,634	50,950	—	—	285,584
Charge for the year	—	30,196	123,491	25,475	21,413	8,176	208,751
Impairment loss	—	—	—	25,474	—	—	25,474
At 31 December 2023	—	30,196	358,125	101,899	21,413	8,176	519,809
Carrying amount							
At 31 December 2023	1,310,086	134,510	1,448,806	—	118,747	45,337	3,057,486
At 31 December 2022	—	—	820,896	50,949	—	—	871,845
At 31 December 2021	—	—	418,647	76,424	—	—	495,071

Development costs comprise employee costs of £715,176 (2022: £419,373) (note 9) and software development consultancy costs of £36,225 (2022: £42,568).

The licence intangible asset arose when Northcoders Limited acquired the share capital of Northcoders TechEd Limited on 14 December 2020. The licence has been impaired in full during the year.

The brand, technology and customer relationships and contracts intangible assets arose when Northcoders Group PLC acquired the share capital of Tech Returners Limited on 7 February 2023. The estimated useful lives are six years, five years and six years from acquisition respectively.

The Group tests intangible assets for impairment annually. Assets are assessed for impairment by comparing the carrying values with the value-in-use calculation, which is determined by calculating the net present value (NPV) of future cash flows arising from the intangible assets.

The NPV of future cash flows is based on budgets and forecasts to 2025, using growth rates based on projections, which are based on market expectations for the Group. A discount rate of 15% (2022: 16.9%) has been used based on the Group's estimated cost of capital, and varied based on the risk profile of the underlying assets.

The Company has no intangible assets as at 31 December 2023 or 31 December 2022.

Notes to the Group financial statements continued

For the year ended 31 December 2023

16 Property, plant and equipment

	Leasehold improvements £	Fixtures and fittings £	Computers £	Right-of-use assets £	Total £
Cost					
At 1 January 2022	108,878	136,531	127,086	1,172,496	1,544,991
Additions	–	4,347	58,834	–	63,181
At 31 December 2022	108,878	140,878	185,920	1,172,496	1,608,172
Additions	**–**	**10,416**	**75,694**	**47,257**	**133,367**
Business combinations	**–**	**2,054**	**–**	**–**	**2,054**
Disposals	**–**	**–**	**(698)**	**–**	**(698)**
Modification	**–**	**–**	**–**	**(62,324)**	**(62,324)**
At 31 December 2023	**108,878**	**153,348**	**260,916**	**1,157,429**	**1,680,571**
Accumulated depreciation and impairment					
At 1 January 2022	90,634	105,165	79,892	744,233	1,019,924
Charge for the year	3,977	20,652	32,106	114,786	171,521
At 31 December 2022	94,611	125,817	111,998	859,019	1,191,445
Charge for the year	**6,313**	**13,470**	**51,961**	**100,838**	**172,582**
Eliminated on disposal	**–**	**–**	**(442)**	**–**	**(442)**
At 31 December 2023	**100,924**	**139,287**	**163,517**	**959,857**	**1,363,585**
Carrying amount					
At 31 December 2023	**7,954**	**14,061**	**97,399**	**197,572**	**316,986**
At 31 December 2022	14,267	15,061	73,922	313,477	416,727
At 31 December 2021	18,244	31,366	47,194	428,263	525,067

IFRS 16 has been adopted and leased assets are presented as right-of-use assets above.

Payments in respect of short-term and/or low-value leases (where leases have a value of less than £5,000, or less than twelve months or no minimum contract term) continue to be charged to the income statement on a straight-line basis over the term of the lease.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, on a straight-line basis. The leases are discounted at the Group's incremental borrowing rate on the date of lease inception, which ranges between 3.9%–5.5%.

Further details on the Group's leases are given in note 22.

The Company has no items of property, plant and equipment as at 31 December 2023 or 31 December 2022.

Notes to the Group financial statements continued

For the year ended 31 December 2023

17 Subsidiaries

Details of the Company's subsidiaries at 31 December 2023 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% held Direct	% held Indirect
Northcoders Limited	England and Wales[1]	Provision of software development training courses	Ordinary	100.00	–
Northcoders TechEd Limited	England and Wales[1]	Provision of software development training courses	Ordinary	–	100.00
Tech Returners Limited	England and Wales[1]	Provision of software development training courses	Ordinary	100.00	–

1. The registered office address is: Manchester Technology Centre, Oxford Road, Manchester, M1 7ED.

Northcoders Group plc has provided guarantees to the following subsidiaries in order for them to claim audit exemption for the year ended 31 December 2023, under section 479A of the UK Companies Act 2006:

- Tech Returners Limited – Company number: 10466684
- Northcoders Teched Limited – Company number: 07998684

18 Contract assets

	2023 Period end £	2022 Period end £	2021 Period end £
Contracts in progress			
Contracts assets	**1,398,018**	1,947,922	801,119

Further details are shown in note 4.

19 Trade and other receivables

	2023 £	2022 £
Trade receivables	**499,877**	729,118
Provision for bad and doubtful debts	**–**	(45,650)
	499,877	683,468
VAT recoverable	**–**	3,343
Other receivables	**15,688**	116,135
Prepayments	**156,159**	106,064
	671,724	909,010

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. Included within trade receivables are undiscounted EdAid receivables of £12,756 (2022: £82,101). EdAid receivables are governed by a formal credit agreement facilitated by a third party. Some of the amounts receivable are subject to interest income which is charged at the official rate of RPI inflation. There is a discounted financing agreement implicit in the revenue recognition under IFRS 15, which has been calculated using an estimated discount rate of 7%. The cumulative discount recognised and not yet unwound as at the year end is £nil (2022: £nil).

Notes to the Group financial statements continued

For the year ended 31 December 2023

19 Trade and other receivables continued

Also included, StepEx receivables are £29,924 (2022: nil). StepEx sales are governed by a formal credit agreement facilitated by a third party. An adjustment of £nil (2022: nil) has been recognised in finance income to reflect the discounted element based on expected repayment profiles inherent in the agreement at date of invoice.

20 Trade receivables – credit risk

Fair value of trade receivables

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Ageing of past due but not impaired trade receivables	2023 £	2022 £
Current	**109,868**	144,219
Past due 0-30 days	**278,360**	536,637
Past due 31-60 days	**57,415**	—
Past due more than 60 days	**54,234**	48,262
Total receivables before impairment	**499,877**	729,118

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. Note that contract assets are yet to be invoiced, and therefore not due at the year end. Also included, StepEx receivables are £29,924 (2022: nil). StepEx sales are governed by a formal credit agreement facilitated by a third party. An adjustment of £nil (2022: nil) has been recognised in finance income to reflect the discounted element based on expected repayment profiles inherent in the agreement at date of invoice. The average credit period given on sales (except for EdAid and StepEx sales) is 30 days. The expected loss rates are based on the historical credit losses experienced by the Group.

No significant receivable balances are impaired at the reporting end date.

Movement in loss allowance	2023 £	2022 £
Balance at 1 January	**45,650**	56,765
Allowance recognised	**—**	—
Allowance reversed	**45,650**	(11,115)
Balance at 31 December	**—**	45,650

Notes to the Group financial statements continued
For the year ended 31 December 2023

20 Trade receivables – credit risk continued
In determining the provision for impairment of trade receivables the Group stratifies the receivables into three components: EdAid/StepEx debtors, corporate debtors, and other; other represents personal and other receivables which are required to pay in advance otherwise the course does not proceed. The expected credit loss allowance for impairment is considered and shown below.

Expected corporate credit loss as a % of gross receivables

	Current	0-30 days	31-60 days	61-90 days	Over 90 days
Expected credit loss percentage	0.23%	0.46%	0.92%	1.83%	3.66%
Gross receivable subject to ECL	109,868	278,360	57,415	19,277	34,957
Expected credit loss	253	1,280	528	353	1,279

EdAid and StepEx receivables are governed by a formal credit agreement facilitated by a third party. Amounts receivable are subject to interest income which is charged at the official rate of RPI inflation. Whilst the credit risk is suffered by the Group, the credit control elements are performed by the third-party broker. The receivables are recognised on inception and amounts are recovered based on the employment income of each customer, following completion of the course, and as such there are no defined contractual credit terms. As such, the Directors do not consider ageing terms to provide an accurate indication of expected credit losses. On the grounds of materiality, no ECL provision has been recognised.

21 Borrowings

	Current		Non-current	
	2023 £	2022 £	**2023 £**	2022 £
Borrowings held at amortised cost:				
Bank loans	**76,751**	66,646	**138,223**	187,543
Other loans	**216,604**	324,721	**336,077**	552,680
	293,355	391,367	**474,300**	740,223

The Group has the following borrowings at 31 December 2023:

- A Creative England loan on which undiscounted amounts of £40,237 (2022: £194,444) are due, and which has an interest rate of 11%. The loan is carried at £39,664 (2022: £191,748) in the financial statements. The loan is secured by way of a fixed and floating charge over all assets of Northcoders Limited.
- A second Creative England loan taken out during the prior year, on which undiscounted amounts of £608,824 (2022: £718,750) are due, and which has an interest rate of 11%. The loan is carried at £513,017 (2022: £685,653) in the financial statements. The loan is secured by way of a fixed and floating charge over all assets of the Company.
- A North of Tyne loan was taken out during the prior year with an interest rate of 6.5% and which is carried at £177,083 (2022: £239,584) in the financial statements. The loan is secured by way of a fixed and floating charge over all assets of the Company.
- A Bounce Back Loan Scheme on which undiscounted amounts of £10,789 (2022: £14,605) are due and which has an interest rate of 2.5%; this became payable in June 2021 when the Government grant incentive period expired. The loan is carried at £10,458 (2022: £14,605) in the financial statements. There is no secured element on the loan.
- A second Bounce Back Loan Scheme on which undiscounted amounts of £28,474 are due and which has an interest rate of 2.5%; this became payable in October 2021 when the Government grant incentive period expired. The loan is carried at £27,433 in the financial statements. There is no secured element on the loan.

Of these loans, £nil (2022: £nil) falls due for repayment in more than five years.

Notes to the Group financial statements continued

For the year ended 31 December 2023

22 Lease liabilities

Maturity analysis	2023 £	2022 £
Within one year	223,701	222,512
In two to five years	162,915	489,551
Total undiscounted liabilities	386,616	712,063
Future finance charges and other adjustments	(20,434)	(50,987)
Lease liabilities in the financial statements	366,182	661,076

Lease liabilities are classified based on the amounts that are expected to be settled within the next twelve months and after more than twelve months from the reporting date, as follows:

	2023 £	2022 £
Current liabilities	212,112	196,243
Non-current liabilities	154,070	464,833
	366,182	661,076

Amounts recognised in profit or loss include the following:

	2023 £	2022 £
Interest on lease liabilities	25,601	38,287

The Group's right-of-use asset additions and depreciation charge recognised on leases in the year is shown in note 16, and interest expense in note 12.

23 Trade and other payables

	2023 £	2022 £
Trade payables	51,699	177,193
Accruals	291,209	239,704
Deferred consideration	232,070	—
Social security and other taxation	356,389	170,539
Other payables	169,908	78,139
	1,101,275	665,575

24 Contract liabilities

	2023 £	2022 £
Arising from contracts with customers	206,500	5,239

All deferred revenues are expected to be settled within twelve months from the reporting date.

25 Financial instruments

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- interest risk; and
- liquidity risk.

The Group's Chief Financial Officer, working alongside the rest of the Board, maintains liquidity and credit risk and manages relations with the Group's bankers.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets held at amortised cost represent the maximum credit exposure. As explained in note 20, personal receivables are required to pay for courses in advance unless they are EdAid or StepEx receivables, which are subject to deferred credit terms with repayments contingent on the future employment income of those individuals. Except for this, the risk is limited to corporate debtors. The Group monitors defaults of customers and incorporates this information into credit risk controls. The Group is not exposed to any significant credit risk in relation to any single counterparty or group or counterparties having similar characteristics.

The Group establishes an allowance for impairment in respect of receivables where recoverability is considered doubtful – see note 20 for further details.

Notes to the Group financial statements continued
For the year ended 31 December 2023

25 Financial instruments continued

Interest rate risk

The Group is exposed to market risk through its use of financial instruments, and specifically to interest rate risk. No material interest rate fluctuations are expected on any short-term financing with all liabilities subject to fixed interest rates as outlined in note 21.

The carrying amounts of financial liabilities which expose the Group to cash flow interest rate risk are as follows:

	2023 £	2022 £
Creative England loan	**552,681**	877,401
Bounce Back Loan Scheme	**37,891**	14,605
North of Tyne loan	**177,083**	239,584
	767,655	1,131,590

The Bounce Back Loan Scheme borrowings have an interest rate of 2.5%. These were received during the year to 31 December 2020, however the interest only became payable from 2021 when the Government grant incentive period expired.

The Creative England loans have a fixed interest rate of 11%. The North of Tyne loan has an interest rate of 6.5%.

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest-bearing assets including cash and cash equivalents are considered to be short-term liquid assets. Interest rates on the Creative England, North of Tyne and the Bounce Back Loan Scheme borrowings are fixed and therefore considered to be low risk.

Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its obligations as they fall due. The Group manages its liquidity by forecasting cash inflows and outflows on a daily basis. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

A maturity analysis of the carrying amount of the Group's borrowings is shown below:

	2023 £	2022 £
Less than one year	**505,467**	587,610
Two to five years	**628,370**	1,205,056
Over five years	**—**	—
	1,133,837	1,792,666

Notes to the Group financial statements continued

For the year ended 31 December 2023

25 Financial instruments continued

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and other stakeholders. The Group manages the capital structure, being cash and cash equivalents, availability of longer-term bank funding, and reinvestment of a proportion of profits generated, and makes changes in light of movements in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust its borrowings and investment decisions.

The carrying amount of financial instruments is shown below:

Carrying amount of financial assets	2023 £	2022 £
Debt instruments at amortised cost	**1,904,581**	2,747,525
Cash and cash equivalents	**1,617,536**	2,777,273
	3,522,117	5,524,798
Carrying amount of financial liabilities	**2,076,218**	2,292,941
Measured at amortised cost	**2,076,218**	2,292,941

Notes to the Group financial statements continued

For the year ended 31 December 2023

25 Financial instruments continued

Capital management continued

The undiscounted contractual maturity analysis for Group financial instruments is shown below. The maturity analysis reflects the contractual undiscounted cash flows, including future interest charges, which may differ from the carrying value of the liabilities as at the reporting date.

Financial assets	Demand and less than 3 months £	From 3 to 12 months £	From 12 months to 2 years £	From 2 to 5 years £	More than 5 years £	Total £
Trade and other receivables	2,646,298	93,473	7,504	250	—	2,747,525
Cash and cash equivalents	2,777,273	—	—	—	—	2,777,273
As at 31 December 2022	5,423,571	93,473	7,504	250	—	5,524,798
Trade and other receivables	**601,128**	**1,188,223**	**74,646**	**40,584**	**—**	**1,904,581**
Cash and cash equivalents	**1,617,536**	**—**	**—**	**—**	**—**	**1,617,536**
As at 31 December 2023	**2,218,664**	**1,188,223**	**74,646**	**40,584**	**—**	**3,522,117**

Financial liabilities	Demand and less than 3 months £	From 3 to 12 months £	From 12 months to 2 years £	From 2 to 5 years £	More than 5 years £	Total £
Trade and other payables	396,850	103,425	—	—	—	500,275
Borrowings	103,591	318,206	303,144	471,246	—	1,196,187
Leases	17,743	204,770	274,801	214,684	—	711,998
As at 31 December 2022	518,184	626,401	577,945	685,930	—	2,408,460
Trade and other payables	**696,202**	**52,070**	**—**	**—**	**—**	**748,272**
Borrowings	**126,081**	**244,926**	**306,662**	**235,480**	**—**	**913,149**
Leases	**69,446**	**154,256**	**59,279**	**103,636**	**—**	**386,617**
As at 31 December 2023	**891,729**	**451,252**	**365,941**	**339,116**	**—**	**2,048,038**

The maturity analysis of trade and other receivables includes management's assessment of the most likely repayment amounts and dates for EdAid and StepEx receivables, calculated on a line-by-line basis and by reference historical experience of similar settlement patterns. As actual settlement profiles are contingent on graduate employment and salary levels, the actual receipt of cash is likely to be different to these projections.

Notes to the Group financial statements continued
For the year ended 31 December 2023

25 Financial instruments continued

Capital management continued

The maturity gap analysis on the Group's financial assets and liabilities is as follows:

Liquidity gap	Demand and less than 3 months £	From 3 to 12 months £	From 12 months to 2 years £	From 2 to 5 years £	More than 5 years £	Total £
As at 31 December 2022	4,905,387	(532,928)	(570,441)	(685,680)	—	3,116,338
As at 31 December 2023	**1,326,935**	**736,971**	**(291,295)**	**(298,532)**	**—**	**1,474,079**

All assets and liabilities are held in sterling.

26 Deferred taxation

	2023 £	2022 £
Deferred tax liabilities	**(307,609)**	(230,713)
Deferred tax assets	**466,446**	330,837
	158,837	100,124

Notes to the Group financial statements continued

For the year ended 31 December 2023

26 Deferred taxation continued

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	ACAs £	Tax losses £	Provisions £	Share-based payments £	Capitalised R&D £	Business combination £	Transition to IFRS £	Total £
Deferred tax liability at 1 January 2022	(10,707)	–	–	–	(104,661)	(19,106)	–	(134,474)
Deferred tax asset at 1 January 2022	–	130,236	3,483	20,500	–	–	102,131	256,350
Deferred tax movements in prior year								
Charge/(credit) to profit or loss	(2,044)	70,825	8,285	20,421	(100,563)	6,368	(33,858)	(30,566)
Charge/(credit) to other comprehensive income	–	–	–	8,814	–	–	–	8,814
Deferred tax liability at 1 January 2023	(12,751)	–	–	–	(205,224)	(12,738)	–	(230,713)
Deferred tax asset at 1 January 2023	–	201,061	11,768	49,735	–	–	68,273	330,837
Deferred tax movements in current year								
Charge/(credit) to profit or loss	**(3,423)**	**219,393**	**(191)**	**(46,010)**	**(7,770)**	**20,408**	**(33,858)**	**148,549**
Charge/(credit) to other comprehensive income	**–**	**–**	**–**	**(3,725)**	**–**	**–**	**–**	**(3,725)**
Business combinations (note 33)	**–**	**–**	**–**	**–**	**–**	**(86,111)**	**–**	**(86,111)**
Deferred tax liability at 31 December 2023	**(16,174)**	**–**	**–**	**–**	**(212,994)**	**(78,441)**	**–**	**(307,609)**
Deferred tax asset at 31 December 2023	**–**	**420,454**	**11,577**	**–**	**–**	**–**	**34,415**	**466,446**

Deferred tax balances are carried at 25% (2022: 25%).

At the reporting end date the Group has unused tax losses of approximately £1,681,451(2022: £750,000) available for offset against future profits. A deferred tax asset has been recognised in respect of all of these losses and there is no expiry for the losses.

27 Retirement benefit schemes

Defined contribution schemes	2023 £	2022 £
Charge to profit or loss in respect of defined contribution schemes	**446,996**	191,136

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The liability was £46,310 (2022: £47,043) at the end of the year.

Notes to the Group financial statements continued
For the year ended 31 December 2023

28 Share-based payments

	Number of share options		Average exercise price	
	2023	2022	**2023 £**	2022 £
Outstanding at 1 January 2023	**440,000**	455,000	**2.15**	1.60
Granted in the period	**150,000**	120,000	**2.48**	3.08
Forfeited in the period	**(25,000)**	(85,000)	**3.15**	1.80
Exercised in the period	**—**	(50,000)	**—**	0.01
Outstanding at 31 December 2023	**565,000**	440,000	**2.19**	2.15
Exercisable at 31 December 2023	**5,000**	—	**3.05**	—

Options granted during the year

During 2023, options were granted on 14 June 2023. The total fair value of the options on the measurement date was £118,899.

	2023	2022
Inputs for model:		
– Weighted average share price	**2.48**	3.08
– Weighted average exercise price	**2.48**	3.08
– Expected volatility	**39%**	46.2%
– Expected life	**3 years**	2.8 years
– Risk-free rate	**5%**	2.11%

Options outstanding

The options outstanding at 31 December 2023 had an exercise price ranging from £1.80 to £3.15, and a remaining average contractual life of 1.25 years.

In addition to the above, the Group also issued 27,293 warrants to brokers who provided Admission services, which were in addition to fees paid on an arm's length basis. These give the option of an issue of shares at the Admission price of £1.80 per share, any time up to three years after the Admission date. The warrants are still outstanding as at 31 December 2023.

Expenses

	2023 £	2022 £
Related to equity-settled share-based payments	**186,542**	203,607

29 Share capital

Ordinary share capital	**2023 Number**	2022 Number	**2023 £**	2022 £
Issued and fully paid				
Ordinary shares of 1p each	8,011,469	7,688,889	80,115	76,889

Reconciliation of movements during the year:

Ordinary share capital	Number
At 1 January 2023	7,688,889
Share-for-share exchange	**322,580**
At 31 December 2023	**8,011,469**

During the year, 322,580 ordinary shares were issued, with nominal value of £0.01 each, at a price of £3.10. This issue was part of the consideration of the Tech Returners Limited acquisition and has resulted in merger relief with £996,774 being recognised in other reserves.

Notes to the Group financial statements continued

For the year ended 31 December 2023

30 Share premium account

	2023 £	2022 £
At the beginning of the year	**4,801,444**	2,891,314
Issue of new shares	**—**	1,910,130
At the end of the year	**4,801,444**	4,801,444

31 Share option reserve

	2023 £	2022 £
At the beginning of the year	**228,480**	134,715
Additions	**186,542**	203,607
Cancellation of share options	**(13,308)**	(21,547)
Share options exercised	**—**	(88,295)
At the end of the year	**401,714**	228,480

32 Other reserves

	2023 £	2022 £
At the beginning of the year	**(50,000)**	(50,000)
Share-for-share exchange	**996,774**	—
At the end of the year	**946,774**	(50,000)

Merger reserve

The other reserve arose in the Group as a result of the share-for-share exchange used to acquire Northcoders Limited on 24 June 2021. As Northcoders Limited had net liabilities at the date of the transaction, applying IAS 27 resulted in the cost of the investment being carried at £nil, whilst the consideration paid was £50,000 of ordinary shares in Northcoders Group PLC. Thus a corresponding reserve was created to reflect that Northcoders Group PLC did not have a net increase in the value of its assets from this transaction.

The Group applied the principles of merger accounting in consolidating the results, as Northcoders Group PLC was only incorporated on 6 May 2021 and control of Northcoders Limited was acquired by Northcoders Group PLC via a share-for-share exchange on 24 June 2021. Merger accounting requires that the results of the Group are presented as if the Group has always been in its present form, and does not require a re-evaluation of fair values as at the point of acquisition. Accordingly, as a result of this merger accounting a merger reserve is recognised within equity which represents the difference between the net assets of the Group and the retained profits recognised by the Group as at 24 June 2021.

Prior to the creation of the Group through the share-for-share exchange, Northcoders Limited undertook a capital reduction which transferred certain of its shares, and its entire share premium, into retained profits. As such, the merger reserve reflects transfers in respect of this capital reduction, which are required to meet the above definition of the merger reserve.

Merger relief reserve

In the current year, the Group acquired 100% of the share capital of Tech Returners Limited; details are disclosed in note 33. As part of the consideration, the Company issued equity shares. Therefore, as set out in section 612 of the Companies Act 2006, merger relief has been applied and the excess of £996,774 above the nominal value of the share capital has been recognised in another reserve.

Notes to the Group financial statements continued
For the year ended 31 December 2023

33 Acquisitions of a business

On 7 February 2023, the Group acquired 100% of the issued capital of Tech Returners Limited. In accordance with IFRS 3 'Business Combinations', goodwill of £1,270,725 arising from the acquisition and £358,379 of separable intangible assets have been recognised.

Net assets of business acquired	Book value £	Adjustments £	Fair value £
Intangible assets	—	358,379	358,379
Property, plant and equipment	2,054	—	2,054
Trade and other receivables	205,858	—	205,858
Cash and cash equivalents	70,258	—	70,258
Trade and other payables	(316,746)	—	(316,746)
Deferred tax	—	(86,111)	(86,111)
Total identifiable net assets	(38,576)	272,268	233,692
Non-controlling interests			—
Goodwill			1,310,086
Total consideration			1,543,778

The consideration was satisfied by:	£
Cash	244,016
Issue of shares	1,000,000
Reduction of debt	82,181
Discounted deferred consideration	217,581
	1,543,778

Net cash outflow arising on acquisition	£
Cash consideration	244,016
Less: Cash and cash equivalents acquired	(70,258)
	173,758

Contribution by the acquired business for the reporting period included in the Group statement of comprehensive income since acquisition:

	£
Revenue	819,596
Loss after tax	(190,841)

The deferred consideration is payable on 7 February 2024 and included within current liabilities. There is no contingent element pertaining to the deferred consideration.

The acquisition carries a significant value of goodwill, which is predominantly explained through the anticipated synergies and cross-sales from the acquisition of a complementary business to the core trade of Northcoders Group. Tech Returners Limited focuses on a similar sector but different target consumer than the Group, and as such is expected to add significant value to the comprehensive offering that the Group can provide to the market.

The December 2023 results for Tech Returners Limited have been consolidated with those of the pre-existing Group members in these financial statements from the date of acquisition.

34 Commitments and contingent liabilities

The Group has no contingent liabilities or capital commitments (2022: none).

Notes to the Group financial statements continued
For the year ended 31 December 2023

35 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including Directors, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	2023 £	2022 £
Salary	**728,209**	656,137
Post-employment benefits	**62,502**	15,777
Share-based payments	**95,715**	99,732
	886,426	771,646

Other transactions with related parties

During the year the Group has recognised sales of £3,040 (2022: £1,871) from Shift Group Ltd. Additionally, a balance of £3,040 (2022: £771) is due to Shift Group Ltd. Anthony Nicholas Parker is classed as key management personnel of Shift Group Ltd and is a Non-Executive Director of Northcoders Group PLC

36 Employees – Company

The average monthly number of persons (including Directors) employed by the Company during the year was:

	2023 Number	2022 Number
Executive Directors	**3**	3
Non-Executive Directors	**2**	2
Total	**5**	5

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	**89,312**	88,488
Social security costs	**9,973**	9,693
Pension costs	**1,375**	3,302
	100,660	101,483

37 Investments – Company

	Current		Non-current	
	2023 £	2022 £	2023 £	2022 £
Investments in subsidiaries	**—**	—	**2,105,539**	317,949

Fair value of financial assets carried at amortised cost

Except as detailed below, the Directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Investment in subsidiary undertakings

Details of the Company's principal operating subsidiaries are included in note 17.

Movements in non-current investments

	Shares in subsidiaries £	Loans to subsidiaries £	Total £
Cost or valuation			
At 6 May 2021	—	317,949	317,949
Additions	1,601,048	—	1,601,048
Share-based payment charges	—	186,542	186,542
At 31 December 2023	**1,601,048**	**504,491**	**2,105,539**
Carrying amount			
At 31 December 2023	**1,601,048**	**504,491**	**2,105,539**
At 6 May 2021	—	317,949	317,949

Notes to the Group financial statements continued
For the year ended 31 December 2023

38 Trade and other receivables – Company

Company	2023 £	2022 £
VAT recoverable	—	429
Amounts owed by subsidiary undertakings	3,886,089	4,301,490
Prepayments	—	16,017
	3,886,089	4,317,936
Deferred tax asset	78,358	88,251
	3,964,447	4,406,187

The Company recognises interest income on amounts owed by its subsidiaries at a rate of 3.9%.

39 Trade and other payables – Company

Company	2023 £	2022 £
Amounts owed to subsidiary undertakings	14,544	—
Deferred consideration	232,070	—
	246,614	—

40 Deferred taxation – Company

Company	2023 £	2022 £
Deferred tax assets	78,358	88,251
	78,358	88,251

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	Tax losses £
Deferred tax asset at 1 January 2022	(44,689)
Deferred tax movements in prior year	
Charge/(credit) to profit or loss	(43,562)
Deferred tax asset at 1 January 2023	88,251
Deferred tax movements in current year	
Charge/(credit) to profit or loss	(9,893)
Deferred tax asset at 31 December 2023	78,358

41 Share-based payment transactions – Company

The Company information for share-based payments is the same as the Group information and is shown in note 28.

42 Share capital – Company

Refer to notes 29 and 30 of the Group financial statements.

Glossary of terms

AIM	Alternative Investment Market
APM	Alternative Performance Measure
B2B	business to business
B2C	business to consumer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
EBITDA	earnings before interest, tax, depreciation and amortisation
ECL	expected credit losses
ESFA	Education and Skills Funding Agency
FRS 101	Financial Reporting Standard 101 'Reduced Disclosure Framework'
GPM	gross profit margin
the Group	Northcoders Group PLC and its subsidiaries
IAS	International Accounting Standards EMI
IFRS	International Financial Reporting Standards
ISAs (UK)	International Standards on Auditing (UK)
KPIs	key performance indicators
NPV	net present value
QCA Code	Quoted Companies Alliance Corporate Governance Code
Underlying performance	underlying performance refers to the results of operations performance before highlighted items

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Northcoders Group PLC Annual report and financial statements 2023