30 April 2024

Northcoders Group PLC
('Northcoders', the 'Group' or the 'Company')

Final Results

Northcoders (AIM: CODE), a market leader in technology training in the UK, is pleased to announce its Final Results for the year ended 31 December 2023 ('FY23' or the 'Period').

Financial Highlights

- Group revenue up to a record £7.1 million, increasing 27% from £5.6 million in FY22 driven by geographic expansion and entry into new disciplines
- Gross profit increasing 13% to £4.4 million (FY22: £3.9 million) with a gross profit margin of 63%
- Adjusted EBITDA of £0.1 million (FY22: £0.9 million), in line with market expectations, Loss after tax of £1.0 million (Profit after tax FY22: £0.4 million), following investment in infrastructure and nascent B2B training division
- Cash balance as at 31 December 2023 of £1.6 million (FY22: £2.8 million)
- Net assets increased to £4.8 million (FY22: £4.6 million)

Operational Highlights

- Record growth in numbers of individuals trained, increasing to 2,852 (FY22: 1,685demonstrating Northcoders ability to rapidly scale its training services
- Focus on student outcomes leading to further growth in hiring partners with 465 (FY22: 407) partnered with in the Period
- Relationship with UK Government continues to strengthen, achieving a £4.5 million bid to fund students in H2-2023 and FY-2024, as announced in September 2023
    - Further £10 million bid win announced in January 2024
- B2C bootcamps now taught across the UK, including new regions such as Scotland – significant growth since IPO – and experiencing strong demand for new technology disciplines such as Cloud Engineering (DevOps)
- B2B Business Solutions began first central Government contract in Q4 2023 and continues to develop strong pipeline of corporate business opportunities
- Successful acquisition of Tech Returners in February 2023 to help further improve access to technology, strongly focussing on facilitating women's return to the workplace following career breaks
- NCore learning platform ready for roll out in FY24 to companywide efficiencies and further margin growth

Current trading and outlook

- Both B2C and B2B divisions starting FY24 strongly, with record B2C applications and a growing pipeline for B2B contracts
- £10 million DfE contract announced in January 2024, giving further revenue visibility for FY-2024 and H1-2025 and underpinning an 18.6% increase in revenue per student
- Revenue access and contracted visibility already reaching £8.3 million for FY24
- Planned launch of flexible, part time courses announced on 4 April 2024, to increase access to training for individuals from a wider array of backgrounds
- As anticipated, positive Ofsted monitoring visit in February 2024, ensuring future funding safeguarded and credibility of Northcoders offering maintained
- Northcoders trading in line with market expectations for FY24

Chris Hill, CEO, commenting on the results said:

"I am pleased to report another year of record revenue growth with further increasing demand for our high-quality training products. Despite the subdued technology hiring market making FY23 more challenging in certain areas of the business, we have continued to fulfil our ambitious growth strategy.

"We have continued to scale our B2C division using our growth levers of geographic expansion, increasing technology disciplines that we teach, and introducing new training formats. We have also further developed our nascent B2B division, using the Group's strong reputation in technology training to build our pipeline of new business prospects. Our position is strong as the hiring market returns and look forward to providing more updates in due course.

"There's no doubt that digital transformation continues to be at the forefront of business priorities, driving individual and corporate training demand for our services. This, combined with the long term bi-party Government funding commitments to upskilling private and public sectors, leaves Northcoders well positioned to continue to scale the business and deliver value to our shareholders."

Analyst meeting & Investor Meet Company Presentation
There will be a presentation for sell-side analysts at Buchanan Communications, 107 Cheapside, London EC2V 6DN, for any enquiries please contact Buchanan on northcoders@buchanancomms.co.uk . A copy of the Final Results presentation will be available on the Group's website later today: investors.northcodersgroup.com

Northcoders will also be presenting via the Investor Meet Company platform today, 30 April 2024 at 6pm (BST). The meeting will be hosted by Chris Hill (CEO) and Charlotte Prior (CFO), and there will be an opportunity for Q&A at the end of the session. To sign up for the Northcoders presentation please click the following link: https://www.investormeetcompany.com/northcoders-group-plc/register-investor.

- Ends -

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Notes to Editors

Northcoders is a market leading provider of technology training for businesses and individuals with courses in, Software Engineering, Data Engineering and Platform Engineering. Founded in 2015, the Group's business model operates a hybrid structure with a flagship site in Manchester and other sites in Leeds, Birmingham and Newcastle supported by a proven digital offering to support its students across the UK.

Powered by IP rich technology, Northcoders offers boot camp courses to individuals from a range of backgrounds, delivered through virtual and physical learning. The Group also works with blue chip corporates across multiple sectors to help them to achieve their digital requirements, with teams as a service and to supply innovative solutions for the upskilling and reskilling of employees. With a keen focus of inclusivity, diversity and quality at its core, Northcoders aims to address the digital skills gap in the UK to meet the increasing demand for digital specialists at all levels, from businesses and public agencies.

Northcoders was admitted to trading on AIM in July 2021 with the ticker CODE.L. For additional information please visit investors.northcodersgroup.com.

Chair's statement

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.

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.

[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.

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

Chief Executive Officer's review

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.

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 £1.2 million (FY22: Profit £0.3m). There was a small tax credit giving a loss for the year of £1.0 million (FY22: £13k profit). Basic earnings per share was loss 12.62p per share (FY22: 5.12p). Net assets as at 31 December 2023 were £4.8 million (FY22: £4.6m) of which cash was £1.6 million (FY22: £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.

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.

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

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		(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		14,170	11,765
Finance costs		(163,260)	(112,674)
(Loss)/profit before taxation		(1,225,673)	346,429
Taxation credit		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 arise from continuing operations.

GROUP STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	2023	2022
	£	£
Non-current assets		
Goodwill	1,310,086	-
Intangible assets	1,747,400	871,845
Property, plant and equipment	316,986	416,727
Deferred tax asset	158,837	330,837
	3,533,309	1,619,409
Current assets		
Contract assets	1,398,018	1,947,922
Trade and other receivables	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	1,101,275	665,575
Current tax liabilities	4,937	-
Borrowings	293,355	391,367
Lease liabilities	212,112	196,243
Contract liabilities	206,500	5,239
	1,818,179	1,258,424
Net current assets	1,912,680	4,458,090
Non-current liabilities		
Borrowings	474,300	740,223
Lease liabilities	154,070	464,833
Deferred tax liabilities	-	230,713
	628,370	1,435,769
Net assets	4,817,619	4,641,730
Equity		
Called up share capital	80,115	76,889
Share premium account	4,801,444	4,801,444
Merger reserve	500	500
Share option reserve	401,714	228,480
Other reserve	946,774	(50,000)
Retained earnings	(1,412,928)	(415,583)
Total equity	4,817,619	4,641,730

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		2023		2022
	£	£	£	£
Non-current assets				
Investments		2,105,539		317,949
Current assets				
Trade and other receivables	3,964,447		4,406,187	
Current liabilities				
Trade and other payables	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		80,115		76,889
Share premium account		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).

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	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	7,445	2,076,387	-	-	-	-	2,083,832
Costs of issue set against share premium	-	(166,257)	-	-	-	-	(166,257)
Share options expense	-	-	-	203,607	-	-	203,607
Cancellation of share options	-	-	-	(21,547)	-	21,547	-
Share options exercised	-	-	-	(88,295)	-	88,295	-
Balance at 31 December 2022	76,889	4,801,444	(50,000)	228,480	500	(415,583)	4,641,730

GROUP STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Share premium account	Other reserve	Share option reserve	Merger reserve	Retained earnings	Total
	£	£	£	£	£	£	£
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	3,226	-	-	-	-	-	3,226
Merger relief	-	-	996,774	-	-	-	996,774
Share options expense	-	-	-	186,542	-	-	186,542
Cancellation of share options	-	-	-	(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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	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	7,445	2,076,387	-	-	-	2,083,832
Costs of issue set against share premium	-	(166,257)	-	-	-	(166,257)
Share options expense	-	-	-	203,607	-	203,607
Cancellation of share options	-	-	-	(21,547)	21,547	-
Share options exercised	-	-	-	(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	3,226	-	-	-	-	3,226
Merger relief	-	-	996,774	-	-	996,774
Share options expense	-	-	-	186,542	-	186,542
Cancellation of share options	-	-	-	(13,308)	13,308	-
Balance at 31 December 2023	80,115	4,801,444	946,774	401,714	(406,675)	5,823,372

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
Adjusted 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

GROUP STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023		2022	
	£	**£**	**£**	**£**
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

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 New loans and cash flows £	new leases £	Other movements* £	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
	1,792,664	(698,003)	84,049	(44,873)	1,133,837

	At 1 January 2022 £	Financing cash flows £	New leases £	Other movements * £	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
	1,624,555	(804,578)	962,500	10,187	1,792,664

*Other movements in the year ended 31 December 2023 includes;
(1) Unwinding of arrangement fees of £17,451 on other loans.
(2) Lease modification of £62,324.

*Other movements in the year ended 31 December 2022 includes;
(1) Unwinding of arrangement fees of £10,187 on other loans.

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 had 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 12 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).

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 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 acquistion 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.

During the year, 100% of the share capital of Tech Returners Limited was acquired by Northcoders Limited. Acquisition accounting applies to this transaction.

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 12 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 of 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 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 corporate 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.

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	4 years straight line
Technology	5 years straight line
Development costs	10 years straight line
Brand	6 years straight line
Customer relationships	6 years straight line
Customer contracts	6 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 impair 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.

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 and 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 and 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 recognized 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 (eg 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.

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.

Merger reserve represents the carrying value of the investment in the subsidiary undertaking at the point of the share for share exchange.

Retained earning 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.

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 are 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 12 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.

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; 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 amnd IFRS Practive 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*
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*
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024*
Lack of Exchangeability (Amendments to IAS 1)	1 January 2025*

* 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 above standards is not expected to have any impact on the Group’s financial statements.

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.

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.

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.

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.

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:

4.1 Consumer 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.

4.2 Corporate 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 fee's going forwards. 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.

4.3 Central - Where revenues or costs cannot be meaningfully allocated to either primary operating segment, these are allocated to the Central segment.

Following the acquisition of Tech Returners Limited during the year, the way that financial information is reviewed has changed. The Group's chief operating decision maker now considers cash flows from a consolidated group perspective and thus the Board of Directors consider it reasonable and appropriate to treat the whole business as one single operating segment. All strategic decisions are made on the basis of the consolidated operating results.

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

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

	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	(4,957,649)	(3,506,587)
Other operating income	-	12,000
Non-recurring costs	(562,603)	-
Operating profit	(1,076,583)	447,338
Net finance costs	(149,090)	(100,909)
Profit/(loss) before taxation	(1,225,673)	346,429

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

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

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:

4.4 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	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	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.

5 Non-recurring items

	2023	2022
	£	£
Expenditure		
Irrecoverable amounts	485,770	-
Acqusition 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

	2023	2022
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	896	-
Government grants	-	(12,000)
Fees payable to the company's auditor for the audit of the group and 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

	2023	2022
Fees payable to the company's auditor and associates:	£	£
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

9 Employees

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

	2023	2022
	Number	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. 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 4 (2022: 4). 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

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%) per cent 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.