23 April 2025

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

Final Results
Record revenue and profitability as Northcoders consolidates reputation as a leading UK technology training business

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 2024 ('FY24' or the 'Period').

FY24 Financial Highlights

- Group revenue increased by 24% to a record £8.8 million, (FY23: £7.1 million) driven by continued success in diversifying revenues and rolling out new course in high growth areas
- Gross profit increased by 34% to £5.9 million (FY23: £4.4 million) with a gross profit margin of 67% (FY23: 63%) reflecting a balance between the efficiencies achieved by NCore and the economic challenges of inflation and rising operational costs.
- Adjusted EBITDA* increased significantly to £1.0 million (FY23: £0.1 million), in line with market expectations, and returned a positive profit after tax of £0.4 million (loss after tax FY23: £1.0 million)
- Cash balance as at 31 December 2024 of £1.2 million (FY23: £1.6 million)
- Net assets increased to £5.3 million (FY23: £4.8 million)

FY24 Operational Highlights

- Further increase in number of individuals trained, increased to 3,976 (FY23: 2,852) driven by the constantly evolving offering that brings in new formats and technical courses (Java and C#)
- Reputation continued to grow as one of the highest quality training providers in the UK market reflected in the number of hiring partners rising to 510 (FY23: 465)
- The B2C Training Bootcamp division continued to provide the bridge for UK consumers to enter the increasingly attractive technology sector
- Counter®, the Group's consultancy brand, continued to gain momentum with the challenger brand winning five mandates in the Period
- NCore platform continued to drive efficiencies by increasing the student to tutor ratio, whilst improving excellence in the Group's courses by increasing the contact time offered

Current Trading and Outlook

- In the latter part of FY24 and into Q1 FY25, there has been a positive shift in corporate engagement, with more of the Group's hiring partners taking on junior engineers and encouraging progress in its Counter® programme
    - Post period end three contracts won, two with Skipton Building Society and one with Manchester Airports Group
- On 5 March 2025 the Group announced that it had successfully secured a new £1.5m debt finance agreement to support the next stage of growth
- Northcoders launched its new B2C Training Bootcamp course focusing on AI and Machine Learning which will start in June 2025
- The Group's current Department of Education contract provides visibility until June 2025 and there is confidence, although not certainty, that decisions about future structures will have been made by then, with national extension conversations underway

*Adjusted EBITDA definition – see note 6

Commenting on the Final Results, Chris Hill, CEO of Northcoders, said: "Our record FY24 results are a testament to Northcoders' growing national reputation as a leading provider of high-quality technology training. Despite a challenging hiring market, we are successfully diversifying revenues and increasing profitability within the Group. Our growing curriculum of technology training courses, including in high demand areas like AI and Machine Learning, is supporting the inherent scalability of the Northcoders business model.

"As the UK looks to address the digital skills gap to drive innovation and economic recovery, the role Northcoders plays in developing tomorrow's technology talent has never been more important. By empowering individuals from all backgrounds to pursue careers in technology, we will more equitably and rapidly evolve the digital landscape. Looking ahead, FY25 has started promisingly. Whilst macro-economic challenges remain in the short term, we continue to be confident that, as the market improves, our quality training solutions and strategy will drive value for our shareholders."

Analyst meeting & Investor Meet Company Presentation
There will be a presentation for sell-side analysts at Burson Buchanan, 107 Cheapside, London EC2V 6DN, for any enquiries please contact Burson 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, 23 April 2025 at 12pm (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 -

For further enquiries:

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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, AI and Machine Learning, 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

FY24 has seen Northcoders once again successfully grow revenue to record levels, achieve record student applications, and invest into new training products and platforms despite a period of macroeconomic uncertainty in the UK. The technology hiring market in particular has remained challenging, with organisations experiencing headcount reductions and budget constraints as a result of the wider uncertainty.

Despite these challenges, Northcoders achieved 1,144 student enrolments and 67% have gone into jobs within six months of completing the bootcamp. The number of our students winning roles post-course demonstrates the quality of our offering and consolidates our sector-leading reputation. Furthermore, the Group has increased profitability driven by our focus on efficiency, maximising the use of the new technology platform and virtual learning, whilst keeping our core values at the heart of everything we do.

Whilst the hiring market has been challenging, the consumer demand for training has never been stronger, reflecting the attractions of working in technology. We have now helped to change the lives of over 4,000 people from different walks of life and will continue in a sustainable manner, to ensure that all of our graduates have the chance at gaining employment. We continue to scale geographically in many UK regions outside of our original Northern homelands, including new areas such as Scotland.

2024 saw the introduction of two new iterations of the Software Engineering course, Java and C#. Both enterprise languages, Java is a widely used, high-level programming language designed for portability across different platforms and C# is a modern, object-oriented programming language developed by Microsoft. The latter is a great choice for people interested in the gaming industry.

The introduction of these two courses widens job prospects for our graduates and diversifies roles. Rollout has been supported by our NCore platform which has enabled us to scale efficiently and provide an excellent learning experience for all our students.

Our mission to create life-changing opportunities for individuals and help to close the UK's digital skills gap remains consistent, and our flexible training solutions ensure we stay the go-to choice for individuals and businesses, regardless of economic conditions. Backed by a highly capable team of industry experts and efficient processes, we are set up for continued success.

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 corporate customers.

Strategic growth

FY24 was a year of strategic progress and one of the key milestones was securing a new Department for Education contract in January 2024, providing a significant funding boost to our core bootcamp training programmes and reinforcing our position as a trusted provider of high-quality technology education. This contract not only supported our growth in FY24 but also strengthens our financial stability moving into H1 2025.

We launched our part-time coding bootcamp in July 2024, enabling more individuals to train for a career in technology while balancing work and personal commitments. Designed in direct response to demand for more flexible learning options, the 20-week virtual programme provides full-stack development skills without needing to study full-time. This initiative aligns with Northcoders' mission to drive inclusivity in digital skills training, ensuring that anyone, regardless of their background or schedule, can pursue a career in technology. The curriculum and teaching model is being received well, with students receiving job offers before the end of the course. This new offering being well received reflects our ability to innovate in response to market needs.

Alongside our Training Bootcamp growth, our consultancy division, now operating under the Counter® brand, has expanded its reach. We have strengthened relationships with corporate clients with contracts successfully extended, helping them to achieve their technology roadmaps through talented consultancy teams. Furthermore, in November 2024 we were accepted onto the G-Cloud 14 framework, the UK Government's public sector digital marketplace. This significant achievement broadens Counter®'s accessibility and visibility, simplifying how public sector organisations identify the Group's industry-leading expertise and solutions. This diversification of revenue streams is a critical part of our long-term strategy.

Growth, resilience and quality profitable earnings remain our focus. 2024 has shown that Northcoders can achieve growth and profitable earnings whilst diversifying the offering for resilience. Following the investments made in FY23, we also now have the infrastructure in place to deliver our services at scale, whilst creating efficiencies within our teaching model and therefore increasing profitability.

Outlook

FY25 trading has started promisingly. Training Bootcamp applications and registrations continue strongly, and we are seeing an increase in the Counter® pipeline. As anticipated, the new UK Government is resulting in some changes to the timing and structure of funding for our training bootcamps. Whilst processes will be different, we are confident that funding will continue. We continue to communicate directly with both regional and national funding bodies so that the Group can quickly embrace the new structure once announced. Alongside this, the team continues to take market share in our Consultancy division, diversifying revenues to ensure our strategic aim of resilience is achieved. The additional courses in AI and Machine Learning launched this year further expand the appeal of our services.

I want to take a moment to recognise and thank our employees for their hard work this year. They have consistently innovated and created exceptional experiences, learning opportunities and partnerships that our customers value, while also receiving great feedback. All of this has been accomplished while navigating constantly evolving economic and market conditions. The Group is on the front foot and I am confident that as the market returns, as one unified Northcoders team, we will successfully execute our strategy and plans while seizing the exciting opportunities that lie ahead.

Angela Williams
Non-Executive Chair
22 April 2025

Chief Executive Officer's review

Introduction

2024 has been a year of growth, challenge and transformation. While the technology industry has faced uncertainty – with hiring freezes, budget constraints and shifting employer demands – Northcoders has remained focused on what we do best: equipping people with the skills to build successful careers in technology.

This year tested us in new ways, and the agility we have shown has reinforced our strengths. We adapted quickly to market conditions, diversified our training programmes and continued to expand our impact. Our record-high student numbers, strong employer engagement, and strategic investments in automation and operational efficiency have set us up for long-term success.

Evolving our business for the future

At Northcoders, we are constantly evolving. In 2024, we made key strategic decisions to ensure we continue delivering high-quality, outcome-driven training while future-proofing our business model. Some of the biggest developments this year include:

- A more diverse training model: We introduced our part-time coding bootcamp, opening the door for those who need flexible learning options to transition into technology careers
- New Software Engineering courses: We expanded our technical course portfolio to include two new Software Engineering iterations, Java and C#, complementing our well-established JavaScript and Data Engineering programmes
- Growth in the Consultancy division (now Counter®): We refined our consultancy offerings, making them more accessible to businesses looking to achieve internal tech roadmaps and develop their in-house tech talent
- Post period end, the Group launched its new B2C Training Bootcamp course focusing on AI and Machine Learning which will start in June 2025

Operational review

In FY24 a total of 1,144 Northcoders students embarked on a life-changing journey through one of our training bootcamps. Our online business model continued to be the preferred delivery method for learners and remains the most effective approach for our teaching team to uphold excellence as our student numbers grow. Applications from prospective students stood at 17,159 (FY23: 13,878).

In January 2024 the Group successfully secured a £10m Department for Education Skills Bootcamps bid for the 18-month period to June 2025. Further to the new funding, in 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. The full report is hosted online and can be found on Ofsted's website, but importantly this ongoing demonstration of best-in-class education supports Northcoders' ongoing relationship with private and public funding providers.

Northcoders ended 2024 with a permanent headcount of 129 FTE staff members compared to the 128 FTE staff members at the start of the year. The Group has worked hard to create efficiencies within the Training Bootcamps division with the help of NCore, and future staff increases will be generated from growth of the Consultancy division.

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

In FY24 Northcoders introduced two new technical disciplines to our course offering: Java and C#; feedback from learners and hiring partners has been positive. We have also added a part-time version of our JavaScript course. Our Data Engineering bootcamps division continues to grow, with excellent feedback from students and hiring partners.

Training Bootcamps

Training Bootcamps have been at the core of Northcoders' business since inception and continue to form an important part of our operations as we evolve. Our courses cater to individuals of all ages and backgrounds aspiring to build careers in the technology sector, delivered full-time over a 13-week period and part-time over a 20-week period, ensuring comprehensive skills development. The training bootcamps are either funded by consumers upfront, with third-party finance, or through Department for Education funding. For over three 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. Whilst there have been some changes brought about by the new UK Government, we are assured by ministers and the UK press, that Skills Bootcamps are still high on agendas.

A key focus in the Period has been expanding our network of hiring partners, with over 510 partners now working with us to offer life-changing opportunities for Northcoders' graduates (FY23: 465). Despite the more challenging end market, the average starting salary has been resilient and, within three years, graduates typically see substantial salary growth as they move into more senior positions, highlighting the value of our training programmes.

Northcoders continues its mission to enhance diversity within the technology industry, with our data showing 30% representation of women and 39% of students without university degrees in our cohorts. As AI and large language models (LLMs) become increasingly prevalent, it is more important than ever to ensure that coding is driven by a diverse group of engineers.

Counter®

Our challenger consultancy brand, Counter®, delivers a corporate consultancy service by assembling teams of advanced technology engineers from Northcoders' alumni and the Group's Tech Returners business to support in-house technology programmes. Upon the completion of the initial contract, while the technology 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 the Counter® service range while reducing dependency on higher-cost consulting services.

FY24 has seen the division build further momentum, as corporations emerge from hiring freezes, with budget constraints now allowing for the use of consultants. A number of pilot contracts have been won, including HMRC and Proven EA, as well as new contracts with Skipton Building Society, one of the leading UK-based mutual financial services groups, and Manchester Airports Group, announced post period end. The pipeline for new business continues to grow despite the challenging backdrop and we believe this growth is partially attributed to our nearshore pricing model for onshore consultants.

Financial review

FY24 has seen Northcoders deliver record growth with a 24% increase in revenue to £8.8m from £7.1m in 2023. This marks our highest ever revenue year and provides further evidence of Northcoders' strong momentum, giving a positive indicator for future growth.

In addition, the Group has increased gross profit margins to 67%, reflecting a balance between the efficiencies achieved by NCore and the economic challenges of inflation and rising operational costs. Revenue for Training Bootcamps reached £7.9m and Counter® was £0.9m. Gross profit for the year was £5.9m (2023: £4.4m) with a reported gross profit margin (GPM) of 67% (2023: 63%).

Adjusted EBITDA increased significantly to £1.0m (2023: £0.1m). Our disciplined financial management and strategic investments in recent years have positioned us for long-term profitability and the impact of these efforts is already being seen, with efficiency gains across our delivery model and an enhanced ability to scale operations effectively when the opportunities present.

The increase in adjusted EBITDA in 2024 shows a more accurate view of trading following a year of investments in FY23, although we have continued to innovate with new courses and platform alterations within that margin.

The profit for the year before tax was £0.4m (2023: £1.2m loss). R&D tax credits and brought forward losses resulted in a profit for the year after tax of £0.4m (2023: £1.2m loss). Basic earnings per share was 4.85p per share (2023: loss 12.62p per share). Net assets as at 31 December 2024 were £5.3m (2023: £4.8m) of which cash was £1.2m (2023: £1.6m).

The cash balance at the year end of £1.2m 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 as NCore investment has come to an end.

Current trading and outlook

In the latter part of FY24 and into Q1 FY25, we have observed a positive shift in corporate engagement, with more of our hiring partners taking on junior engineers. Additionally, we have seen encouraging progress in our Counter® pipeline, signalling an improvement in the tech industry economy. This momentum boosts our confidence to keep investing in Counter® and expanding the reach of our offerings.

The Group's current Department for Education contract provides visibility until June 2025 and there is confidence, although not certainty, that decisions about future structures will have been made by then, with national extension conversations underway.

Alongside this, there are a number of local frameworks with open regional bids which offer funding opportunities for Northcoders and the Group has begun these bidding processes.

Our growth initiatives within the Training Bootcamp division include the introduction of additional technical service lines to ensure that we are ahead of the industry, providing the skills it needs. We have released a Data & AI course and continue to ensure that our courses are at the leading edge of what is being used in industry.

Our strategic progress is supported by the successful office move in Manchester that provides lower costs and more flexibility to the business.

We have started FY25 stronger, more efficient, and with clearer market positioning. Our Department for Education-funded Skills Bootcamps, growing Counter® pipeline and diversified training models give us confidence in sustained growth. The steps we took in 2024 to streamline operations and expand our course offerings will enable us to scale effectively while maintaining the high standards that set us apart.

We know that the tech industry will continue to evolve, and so will we. By staying agile, innovative and laser-focused on learner outcomes, we will continue to drive meaningful change in the sector.

Chris Hill
Founder and Chief Executive Officer

22 April 2025

Group statement of comprehensive income

For the year ended 31 December 2024

	Notes	2024 £	2023 £
Revenue		8,819,083	7,102,319
Cost of sales		(2,916,871)	(2,658,650)
Gross profit		5,902,212	4,443,669
Other operating income		1,000	-
Expenditure		(4,922,462)	(4,364,300)
Adjusted EBITDA		980,750	79,369
Depreciation		(131,838)	(172,582)
Amortisation and impairment		(265,716)	(234,225)
Share-based payments		(138,446)	(186,542)
Total administrative expenses		(5,458,462)	(4,957,649)
Non-recurring items		-	(562,603)
Operating profit/(loss)		444,750	(1,076,583)
Investment revenues		29,957	14,170
Finance costs		(85,843)	(163,260)
Profit/(loss) before taxation		388,864	(1,225,673)
Income tax (expense)/income		(9)	218,745
Profit/(loss) for the year		388,855	(1,006,928)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Tax adjustment on share-based payments		(32,746)	(3,725)
		(32,746)	(3,725)
Total items that will not be reclassified to profit or loss			
		(32,746)	(3,725)
Total other comprehensive income for the year		356,109	(1,010,653)
Total comprehensive income for the year			

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

Group statement of comprehensive income (Continued)

For the year ended 31 December 2024

	Notes	2024 £	2023 £
Earnings per share			
Basic		4.85	(12.62)
Diluted		4.85	(12.62)
Adjusted		6.58	(3.23)

Group statement of financial position
As at 31 December 2024

	Notes	2024 £	2023 £
Non-current assets			
Goodwill		1,310,086	1,310,086
Intangible assets		2,054,942	1,747,400
Property, plant and equipment		222,149	316,986
Deferred tax asset		127,807	158,837
		3,714,984	3,533,309
Current assets			
Contract assets		1,624,485	1,398,018
Trade and other receivables		456,363	671,724
Current tax recoverable		4,900	43,945
Cash and cash equivalents		1,185,780	1,617,172
		3,271,528	3,730,859
Current liabilities			
Trade and other payables		978,219	1,101,275
Contract liabilities		73,557	206,500
Current tax liabilities		-	4,937
Borrowings		258,276	293,355
Lease liabilities		47,583	212,112
		1,357,635	1,818,179
Net current assets		1,913,893	1,912,680
Non-current liabilities			
Borrowings		216,859	474,300
Lease liabilities		99,844	154,070
		316,703	628,370
Net assets		5,312,174	4,817,619
Equity			
Called up share capital		80,115	80,115
Share premium account		4,801,444	4,801,444
Share option reserve		371,663	401,714
Merger reserve		500	500
Other reserve		946,774	946,774
Retained earnings		(888,322)	(1,412,928)
Total equity		5,312,174	4,817,619

Group statement of changes in equity
For the year ended 31 December 2024

	Notes	Share capital £	Share premium account £	Other reserves £	Share option reserve £	Merger reserve £	Retained earnings £	Total £
Balance at 1 January 2023		76,889	4,801,444	(50,000)	228,480	500	(415,583)	4,641,730
Year ended 31 December 2023:								
Loss		-	-	-	-	-	(1,006,928)	(1,006,928)
Other comprehensive income:								
Deferred tax on share-based payment transactions		-	-	-	-	-	(3,725)	(3,725)
Total comprehensive income		-	-	-	-	-	(1,010,653)	(1,010,653)
Transactions with owners:								
Issue of share capital		3,226	-	-	-	-	-	3,226
Share options expense		-	-	-	186,542	-	-	186,542
Merger relief		-	-	996,774	-	-	-	996,774
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

Group statement of changes in equity (continued)
For the year ended 31 December 2024

	Notes	Share capital £	Share premium account £	Other reserves £	Share option reserve £	Merger reserve £	Retained earnings £	Total £
Year ended 31 December 2024:								
Loss		-	-	-	-	-	388,855	388,855
Other comprehensive income:								
Deferred tax on share-based payment transactions		-	-	-	-	-	(32,746)	(32,746)
Total comprehensive income		-	-	-	-	-	356,109	356,109
Transactions with owners:								
Share options expense		-	-	-	138,446	-	-	138,446
Cancellation of share options		-	-	-	(168,497)	-	168,497	-
Balance at 31 December 2024		80,115	4,801,444	946,774	371,663	500	(888,322)	5,312,174

Group statement of cash flows

For the year ended 31 December 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Profit/(loss) for the year after tax			388,855		(1,006,928)
Adjustments for:					
Taxation charged/(credited)			9		(218,745)
Finance costs			85,843		163,260
Investment income			(29,957)		(14,170)
Loss on disposal of property, plant and equipment			(246)		(83)
Amortisation of intangible assets			263,842		234,225
Depreciation of property, plant and equipment			131,838		172,582
Equity settled share based payment expense			138,446		186,542
			978,630		(483,317)
Movements in working capital:					
(Increase)/decrease in contract assets			(226,467)		549,904
Decrease in trade and other receivables			215,361		341,517
(Decrease)/increase in contract liabilities			(132,943)		201,261
Increase/(decrease) in trade and other payables			109,014		(71,390)
Cash generated from operations			943,595		537,975
Income taxes refunded			32,393		113,461
Net cash inflow from operating activities			975,978		651,436
Investing activities					
Purchase of intangible assets		(571,384)		(751,400)	
Purchase of property, plant and equipment		(38,411)		(86,110)	
Proceeds from disposal of property, plant and equipment		1,656		339	
Purchase of subsidiaries, net of cash acquired		-		(173,758)	
Payment of deferred consideration		(240,902)		-	
Interest received		29,957		14,170	
Net cash used in investing activities			(819,084)		(996,759)
Financing activities					
Repayment of borrowings		(292,520)		(418,177)	
Payment of lease liabilities		(218,755)		(279,826)	
Interest paid		(77,011)		(116,775)	
Net cash used in financing activities			(588,286)		(814,778)

Group statement of cash flows (continued)
For the year ended 31 December 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Net decrease in cash and cash equivalents			(431,392)		(1,160,101)
Cash and cash equivalents at beginning of year			1,617,172		2,777,273
Cash and cash equivalents at end of year			1,185,780		1,617,172

1 Accounting policies

Company information

Northcoders Group Plc is a public company limited by shares incorporated in England and Wales. The registered office is Bloc, 17 Marble Street, Manchester, United Kingdom, M2 3AW. 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 financial statements have been prepared in accordance with UK- adopted international accounting standards, as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under UK- adopted IAS, except as otherwise stated.

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 £.

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 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 section 408 of the Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's loss for the period was £145,201 (2023: £87,306).

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 Accounting policies (Continued)

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 18 of the Report and Accounts and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2024. 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 18 of the Report and Accounts) 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.

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

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 eighteen months from the date of approval of the financial statements.

Forecasts are adjusted for reasonable stress cases 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. One of these potential scenarios is the removal of Skills Bootcamp funding from the UK government, although unlikely as regional funding is being rolled out, this has been tested, and with mitigation of removal of costs concludes no issues to going concern.The sensitivities were then also grouped and cashflow was tested to ensure that, with mitigation, reserves were suitable. 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 and recognised over time as follows:

- For consumer bootcamps, incoming resources received in advance of the service being provided are recognised on a pro-rata basis across the course delivery, based on delivery dates for those courses. Any incoming resource 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 where course delivery and/ or attendance is completed prior to the reporting period end date. 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 the Consultancy division, 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, based on the stage of completion of development work in the year are recognised as accrued revenue, and any amounts invoiced in advance for development work 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, where a performance obligation is determined in accordance with IFRS 15.
- 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.
- For training funded by StepEx future earnings agreements, income is recognised when the training takes place at the amount of consideration expected to be received.

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	4 - 10 years straight line
Brand	6 years straight line
Customer relationships	6 years straight line
Customer contracts	6 years straight line

Development costs includes improvement spend on the Group's website, which incorporates internal and external spend, as well as internally generated intangibles representing courses, internally used technologies, and similar assets. Both variants are amortised on the same basis.

1.8 Property, plant and equipment

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

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

Leasehold improvements	over 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.

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 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 (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.

The parent company has made an irrevocable election to recognise changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognised initially at fair value plus transaction cost 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 recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognised or its fair value substantially decreased. Dividends are recognised as finance income in profit or loss.

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 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, as explained further in note 33 of the Report and accounts.

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 33 of the Report and Accounts.

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.

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 where applicable. Where employees forfeit options (for example on resignation) no further charge is accrued and the amounts recognised in the share option reserve to date are transferred to retained earnings.
As the obligation to settle the reward is held by the parent company, Northcoders Group PLC there are no modifications in these company accounts for employees
leaving during the vesting period.

The cumulative expense over the vesting period is recognised within the Other Reserve.

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 and direct 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. In doing so the Group assesses expectations for the period of use based on break clauses and intention to retain, based on best estimates at inception and at each reporting end date.

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 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.

1.21 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 but have had no effect on the current period or a prior period or and are not expected to have an effect on future periods:

- Supplier Finance Arrangements (Amendments to IAS7 and IFRS7)
- Non-current Liabilities with Covenants (Amendments to IAS1) and Classification of Liabilities as Current or Non-current (Amendments to IAS1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS16)

The adoption of these standards has not had any effect on the reported financial position or results of the Group.

2 Adoption of new and revised standards and changes in accounting policies (Continued)

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):

- Lack of Exchangeability (Amendments to IAS1) effective 1 January 2025
- Classification and Measurement of Financial Instruments (Amendments to IFRS 7 and IFRS 9) effective 1 January 2026
- Annual Improvements to IFRS Standards (Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7) effective 1 January 2026.
- Contracts Referencing Nature-Dependent Electricity (Amendments to IFRS 7 and IFRS 9) effective 1 January 2026
- IFRS18 'Presentation and Disclosure in Financial Statements' effective 1 January 2027
- IFRS19 'Subsidiaries without Public Accountability: Disclosures' effective 1 January 2027

The Group is not expecting to change its reported profits or net asset position as a result of these disclosures, although it is expected to change the presentation of these results as a consequence of the disclosure requirements of IFRS 18.

3 Critical accounting estimates and judgements

In the application of the Group'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.

3 Critical accounting estimates and judgements (Continued)

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 also assesses the useful life of intangible development assets based on experience of past use of those assets, and likely renewal periods to maintain and replace and renew aspects such as coding. Based on this the useful life is 10 years, which reflects management's expectation of consumption of the assets.

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 16 of the Report and Accounts.

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 amount of such liabilities are disclosed within note 24 of the Report and Accounts.

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 30 of the Report and Accounts.

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 of the Report and Accounts.

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. Job outcomes are regularly reviewed by management and the consideration is flexed as necessary. .

StepEx revenue

Estimation of StepEx revenue is entirely contingent on the future earnings of students over a fixed period of time. It is calculated on a portfolio basis, looking at expectations of the amounts repayable from all students based on the stage of completion of the course. Variable revenues are not discounted to present value, and are not subject to expected credit loss calculations; instead, the amount is adjusted as each student reaches completion of their contractual earnings period and the final amounts are known because, it is assessed that there is no significant financing component involved.

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 results of the Group are allocated to the single operating segments consistent with the requirements of IFRS 8. All assets, liabilities and revenues are located in, or derived from, the United Kingdom.

	2024	2023
	£	£
Revenue	8,819,083	7,102,319
Cost of sales	(2,916,871)	(2,658,650)
Gross profit	5,902,212	4,443,669
Operating costs	(5,458,462)	(4,957,649)
Other operating income	1,000	-
Non-recurring costs	-	(562,603)
Operating profit	444,750	(1,076,583)
Net finance costs	(55,886)	(149,090)
Profit/(loss) before taxation	388,864	(1,225,673)

	2024	2023
	£	£
Revenue analysed by geographical market		
United Kingdom	8,819,083	7,102,319

Revenue includes undiscounted EdAid sales of £nil (2023: £7,542) 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 (2023: £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 are StepEx sales of £177,361 (2023: £29,924). StepEx sales are governed by a formal credit agreement facilitated by a third party. The revenues are not discounted as the amount receivable represents variable consideration, with no significant financing component involved, which is recognised on a portfolio basis using the expectation of a typical amount received per person.

Revenue from customers who individually accounted for more than 10% of total Group revenue amounted to £7,259,267 (2023: £5,778,001) from one customer (2023: one customer).

All revenue is recognised over time as the services are delivered. All revenue has fixed consideration except for the StepEx sales disclosed above.

4 Revenue (Continued)

Contract assets

	2024	2023
	£	£
At 1 January	1,398,018	1,947,922
Transfers from contract asset to trade receivables	(1,293,905)	(1,595,005)
Non-recurring item: irrecoverable amounts written off	(104,113)	(352,917)
Excess of revenue recognised over cash (or rights to cash) being recognised during the year	1,624,485	1,398,018
At 31 December	1,624,485	1,398,018

Contract liabilities

	2024	2023
	£	£
At 1 January	206,500	5,239
Amounts recognised as revenue	(206,500)	(5,239)
Amounts received in advance of performance	73,557	206,500
At 31 December	73,557	206,500

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 Exceptional items

	2024	2023
	£	£
Expenditure		
Irrecoverable amounts	-	485,770
Acquisition costs	-	57,269
Business restricting costs	-	19,564
	-	562,603

5 Exceptional items (Continued)

Irrecoverable amounts

Having reviewed the recoverability of contract assets in 2023, management have assessed that a portion of income accrued during 2022, amounting to £458,770, is irrecoverable and has therefore been written off as a non- recurring item in 2023. 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, 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 diminished, resulting in reduced performance-based revenue. Such factors and conditions have been taken into account in recognising revenue in 2023 and 2024.

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 consolidation 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 prior year are disclosed in note 5. There are no non-recurring costs for the current 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 profit/(loss)

	2024	2023
Operating profit/(loss) for the year is stated after charging/(crediting):	£	£
Exchange losses	1,851	896
Depreciation of property, plant and equipment	131,838	172,582
Profit on disposal of property, plant and equipment	(246)	(83)
Amortisation of intangible assets (included within administrative expenses)	263,842	208,751
Impairment of intangible assets (included within administrative expenses)	-	25,474
Share-based payments	138,446	186,542

8 Auditor's remuneration

Fees payable to the Group’s auditor and associates:	**2024** **£**	**2023** **£**
For audit services		
Audit of the financial statements of the Group and Company	60,000	75,000
Audit of the financial statements of the Company's subsidiaries	47,500	40,000
	107,500	115,000

9 Employees

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

	2024 **Number**	**2023** **Number**
Executive Directors	3	3
Non-Executive Directors	2	2
Administration and operations	55	44
Client service delivery	69	75
Total	129	124

Their aggregate remuneration comprised:

	2024 **£**	**2023** **£**
Wages and salaries	5,184,932	4,294,730
Social security costs	518,987	441,671
Pension costs	245,703	446,996
	5,949,622	5,183,397

In addition to the above, further employee costs have been incurred as part of the development costs, as disclosed in note 16 of the Report and Accounts. The total employment costs which have been capitalised as development are £546,403 (2023: £715,716).

10 Directors' remuneration

	2024 £	2023 £
Remuneration for qualifying services	539,268	555,322
Amounts receivable under long term incentive schemes	43,339	43,383
Company pension contributions to defined contribution schemes	35,705	38,489
	618,309	637,194

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

	2024 £	2023 £
Remuneration for qualifying services	183,313	194,575
Company pension contributions to defined contribution schemes	11,169	12,100

During the year the Directors received remuneration as follows:

	Salary £	Share options £	Benefits in kind £	Pension £	Total £
Mr A Batra	130,000	-	1,782	10,400	142,182
Mr C D Hill	176,667	-	845	14,133	191,645
Ms C Prior	139,615	43,339	359	11,169	194,482
Mr A N Parker	35,000	-	-	-	35,000
Mrs A M Williams	55,000	-	-	-	55,000
	536,282	43,339	2,986	35,702	618,309

During the previous year the Directors received remuneration as follows:

	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

The Directors of the Group control 28.68% (2023: 30.66%) of the voting shares of the Group, and hold 175,000 (2023: 175,000) share options. No Directors exercised share options during the current or comparative year.