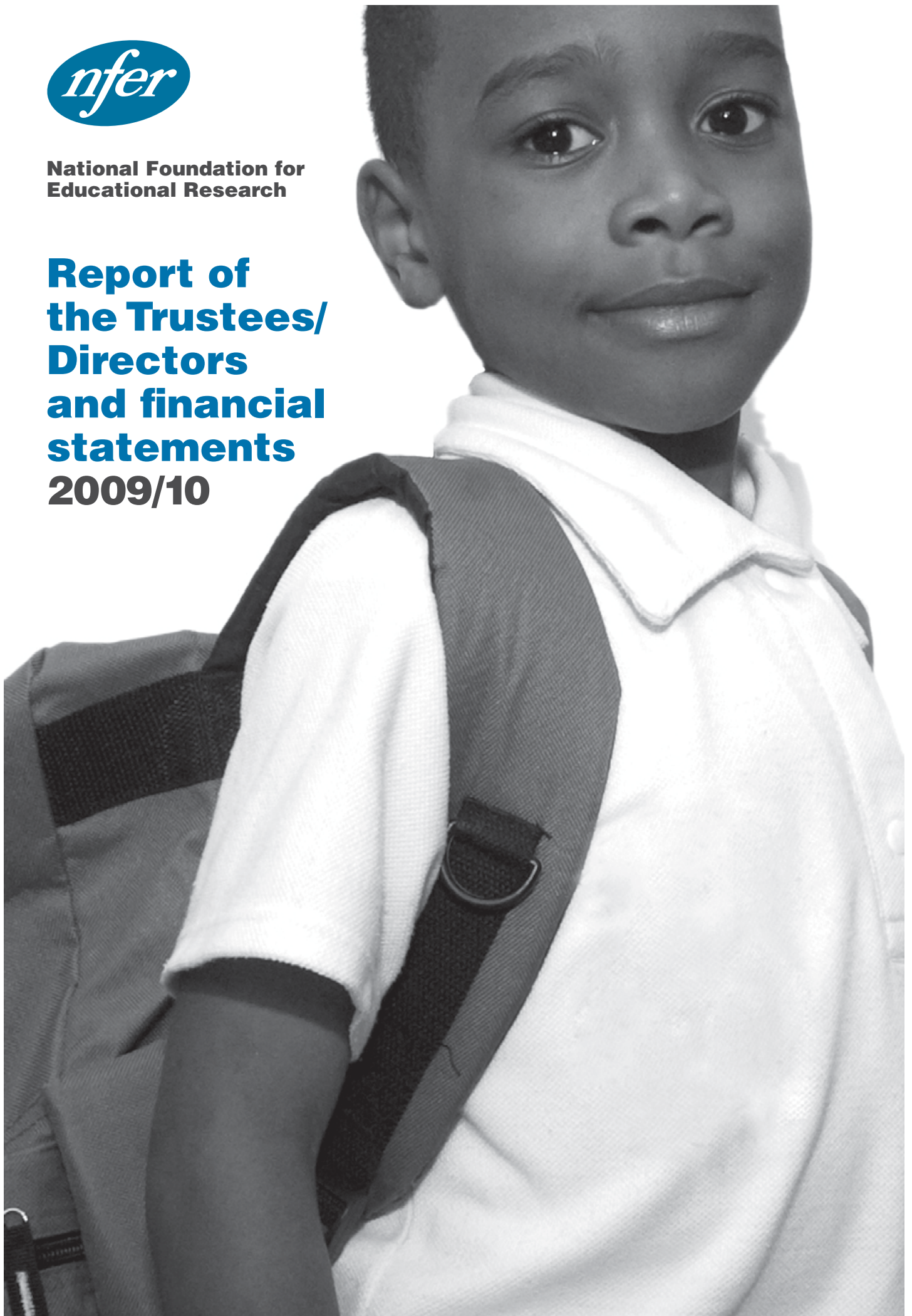




**National Foundation for
Educational Research**

**Report of
the Trustees/
Directors
and financial
statements
2009/10**





National Foundation for
Educational Research

Report of the Trustees/Directors and financial statements

2009/10

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Company Registration No: 900899

Charity Registration No: 313392

How to cite this publication:

National Foundation for Educational Research (2010).
Report of the Trustees/Directors and Financial Statements,
2009/10. Slough: NFER.

Published in November 2010 by
National Foundation for Educational Research, The Mere,
Upton Park, Slough, Berkshire SL1 2DQ.

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Registered Charity No. 313392
ISBN 978 1 906792 71 8

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Officers and members of the Board of Trustees/Directors

for the year ended 31 March 2010

President

Sir James Rose, CBE, FRSA

Vice President

Miss J E L Baird, OBE, MA, FEIS

Board of Trustees/Directors

Chairman

Mr R D C Bunker, MA (1)(3)

Treasurer and Vice Chairman

Mr D A L Whitbread, MA (1)(3)(4)

Trustees

Mr A R Airey, MA, MBA (4)

Mr G W Bennett, BSc (4)

Mr C H J Green, BA Hons, CQSW, MBA

Mr J W Hall, FCA (1)(2)

Mr J C Hedger, CB, MA

Mr N Hollister (2)

Ms F M Murphy

Mr A F N Parker, MA, FRSA (1)(2)

Miss T A Power, MPhil, MSc, DipEd, FRSA

Ms A J Shaw, MA (3)

Membership of committees

(1) Remuneration Committee

(2) Audit Committee

(3) Nominations Committee

(4) Investment Managers Sub-Committee

Members of the Foundation

for the year ended 31 March 2010

All local authorities in England and Wales

Local authority associations and committees

Local Government Association
Welsh Local Government Association
WJEC

National associations of teachers

Association of School and College Leaders
Association of Teachers and Lecturers
National Association of Head Teachers
National Union of Teachers

Universities, university colleges and university institutions

Brighton, Chester, Cumbria, London Institute of Education, Manchester, Oxford, Oxford Brookes, University College Plymouth St Mark and St John, Reading

Other educational bodies

Assessment and Qualifications Alliance
Association for Science Education
Association of Directors of Children's Services
Association of Educational Psychologists
Association of Professionals in Education and Children's Trusts
Cambridge Assessment
Children's Education Advisory Service
CILT – The National Centre for Languages
Learning and Skills Network
Oxford Cambridge and RSA Examinations (OCR)
Qualifications and Curriculum Development Agency

Individual members

Hon. life members

Miss A E Adams, MA, Mr J A Barnes, CBE, MA, MEd, BSc, FCP, CIPD, Hon FCGI, Mrs V M Glauert, BA, FRAD, Dr S F Hegarty, BSc, HDip in Ed, Mr J W Mansell, MEd, CEng, FIEE, MIMechE, Dr Joyce M Morris, OBE, FBPsS, Prof. M Skilbeck, MA, PhD

Trustees

Mr A R Airey, MA, MBA, Mr G W Bennett, BSc, Mr R D C Bunker, MA, Mr C H J Green, BA Hons, CQSW, MBA, Mr J W Hall, FCA, Mr J C Hedger, CB, MA, Mr N Hollister, Ms F M Murphy, Mr A F N Parker, MA, FRSA, Miss T A Power, MPhil, MSc, DipEd, FRSA, Ms A J Shaw, MA, Mr D A L Whitbread, MA

General

British Council

Report of the Board of Trustees / Directors

for the year ended 31 March 2010

The Board presents this annual Directors' report as required by the Companies Act and the audited accounts for the year ended 31 March 2010. The information required of the Trustees of the charity by the Charity Commission is also included and provides a full report on the activities for the year.

Reference and administrative details

Charity number	313392
Company number	900899
Principal office	The Mere, Upton Park, Slough Berkshire SL1 2DQ
Registered office	The Mere, Upton Park, Slough Berkshire SL1 2DQ
Auditors	Kingston Smith LLP Middlesex House 800 Uxbridge Road, Hayes Middlesex UB4 0RS
Bankers	National Westminster Bank plc c/o Royal Bank of Scotland plc (as agents), Corporate Banking 3rd Floor, Cavell House Charing Cross Road London WC2H 0NN
Solicitors	Bates Wells & Braithwaite London LLP 2-6 Cannon Street London EC4M 6YH
Investment managers	Schroder & Co Limited 100 Wood Street London EC2V 7ER Rensburg Sheppards Investment Management Limited 2 Gresham Street London EC2V 7QN

Directors and Trustees

The directors of the charitable company are the trustees of the charity for the purposes of charity law and throughout this report are referred to as the Trustees. The Trustees serving during the year are disclosed on page 2 of this report.

Chief Executive	Mrs S E Rossiter
Senior Management Team	Day-to-day management of the charity is delegated to the Chief Executive supported by the Senior Management Team, which comprises: Mr T G Chotai Mrs S Cornell Dr S Gallacher <i>(resigned 31 May 2010)</i> Mr G M A Lesser Ms S Maughan <i>(appointed 1 April 2010)</i> Mrs A Milne Mrs W Tury <i>(retired 31 December 2009)</i> Mr C P Whetton

Structure, governance and management

Governing document

The statutory objectives of the National Foundation for Educational Research in England and Wales (NFER) as stated in the Memorandum And Articles Of Association are to undertake research and development in education and allied subjects for public benefit and the publication and dissemination of the useful results thereof.

In the furtherance of these objectives, the NFER conducts research in all or any matters affecting education, disseminates the results of that research to those who need them, and collects and exchanges educational ideas and information, especially when related to research. The NFER's purpose is to:

make a difference to learners of all ages, especially to the lives of children and young people, by ensuring that our work improves the practice and increases the understanding of those who work with and for learners.

The NFER (the Foundation) is a company limited by guarantee and governed by its Memorandum and Articles of Association last amended on 4 December 2007. It is a registered charity with the Charity Commission. Its members comprise all local authorities in England and Wales with responsibility for children's services, other educational establishments and teaching professional bodies. Membership is available to interested organisations and individuals on application to the Trustees.

Appointment of Trustees

As set out in the Articles of Association all Trustees are elected by the membership at the Annual General Meeting. The names and membership organisations are shown on pages 2 and 3 of this report. The Trustees have the power to co-opt additional individuals to fill any vacancies between Annual General Meetings at which time a co-opted member must submit to election. The Trustees conducted a skills audit in 2007–08 and have continued to address the issues that were highlighted by seeking appropriate individuals.

Trustee induction and training

All newly nominated or elected Trustees are invited to a half-day induction during which the working of the Foundation is explained. The new Trustees meet senior members of staff and are provided with key documents including the Memorandum and Articles, the latest accounts and annual report, and recent Board minutes. Opportunities for specific training are offered on an as-needed basis.

Organisation

The Trustees are responsible for setting the aims and direction of the Foundation, but have delegated the day-to-day management to a Chief Executive supported by a Senior Management Team (as outlined on page 4). Each year the Trustees approve the annual budget, and anything that is not included in that plan must be referred back to the Trustees for approval. The Board has reserved for itself the approval of all policies, and all matters relating to property. It has established specialist committees to run specific areas, namely, investments, audit, remuneration and nominations.

Related parties

The Foundation has two wholly owned subsidiaries. The first, formed in 2000, is NFER Trading Limited and its prime role is to deliver contracts with commercial organisations. The subsidiary is also used to deliver educational research where it is known that the agency commissioning the research is able to recover its input VAT. The second, i-nfer assessment Limited was formed in 2006 in order to develop and market formative electronic assessment tests.

Financial instruments

It is the policy of the Foundation not to engage in complex financial instruments where there could be financial risk. Apart from normal trade debtors, the Foundation has a 20-year mortgage (15 years remaining at 31 March 2010) on a fixed rate of interest, thereby eliminating any interest rate risk. The investment portfolio is subject to risk, where risk is controlled by the appointment of investment managers, the wide spread of investments and a policy to hold a proportion of the assets in bonds, property and hedge funds that are not exposed to the downside risk of equities. During 2010–11 the Trustees will be conducting a formal tender of its investment advisors. Similarly, the pension scheme is affected by risk from market forces, which may affect its value – this is controlled by external bodies that manage the scheme.

Risk management

The Trustees conduct an annual risk management exercise to identify all the risks to the Foundation and to assess the impact and likelihood of the occurrence of each risk. Based on this analysis, Trustees put in place appropriate systems to eliminate, or at the very minimum mitigate, these risks.

The exercise conducted during the financial year highlighted 23 risk areas. These were discussed by the Trustees and actions were agreed to mitigate them. The three most significant risks identified were the impact of the downturn in the economy, losing schools' support due to increased demands on teachers' time, and insecure data. Actions were agreed to mitigate these risks.

The impact of the downturn in the economy and the new government's commitment to reduce government spending

have had an adverse effect on the generation of new work, particularly from public-sector clients that directly or indirectly fund the majority of the NFER's work. The Trustees were of the view that whilst this was to an extent beyond the control of the NFER, it could mitigate the impact by being prepared for possible eventualities. Examples of the actions taken include:

- ensuring management information systems are sufficiently robust to be able to identify a potential downturn in business at an early stage
- conducting scenario planning exercises so that contingency plans are in place for responding to situations that may arise
- ensuring that the NFER's key asset, its staff, are fully aware of the plans and consulted, as far as possible, on the issues
- ensuring that the strategy for coping with a downturn includes not only defensive tactics but also offensive ones, such as exploring new areas of opportunity.

Support from schools is vital to the NFER being able to deliver its services. However, the NFER is aware that the demands placed on teachers and schools are ever increasing. To maintain their support, the NFER needs to continue to manage the communication and engagement process. Examples of actions taken to mitigate the risk of losing schools' support include:

- investing in technology to minimise administrative burdens of the schools
- using appropriate incentives to encourage participation
- more effective co-ordination and management of the communication process with schools through the development of the channel: NFER for schools.

The security of data, particularly electronic data, is critically important to the work of the NFER. Examples of actions taken to mitigate the risk of data being insecure include:

- reviewing and revising policies on data security and management
- investing in new technology to facilitate more secure communication.

Having conducted the risk management exercise, the Trustees are satisfied that the significant risks facing the

NFER have been identified and mitigating actions are appropriate for eliminating or minimising any potential impact.

Qualifying indemnity insurance

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

Objectives and activities

The NFER is the UK's largest independent provider of research, assessment and information services for education, training and children's services. Its clients include UK government departments and agencies at both national and local levels, which benefit from the NFER's full range of expert and professional services. The NFER is making a difference to learners of all ages, and especially children and young people, by contributing to improvements in practice and increasing the understanding of those working with and for learners, particularly those making and implementing policies. The NFER prides itself on its involvement in some of the most important international comparative studies into educational standards and trends. Its findings have helped to inform policy-makers and professionals, and shaped ongoing developments and reforms in national education policies.

The NFER's ambition is to be recognised as a leading UK research and assessment organisation, and it aims to increase the impact of its work in the coming year. Here, its achievements and performance in 2009–10 are reflected upon.

The benefits of the NFER's work

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

- the subject of the proposed research must be a useful study of the area

- the research will be disseminated
- the research is conducted for public benefit.

The NFER's work influences education practices and policies in a variety of ways and can, therefore, make a real difference to the lives of young people. In the past year, it has advised government bodies on education-related issues and undertaken research that influenced decision-making in education and children's services at local, national and international levels.

The Charity Commission's general guidance on public benefit has been referred to when reviewing the NFER's aims and objectives and planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set and, ultimately, benefit the public.

The results of the NFER's research have an ongoing public benefit, and the impact is increased through publications and presentations aimed at the education and children's services community and policy-makers in local and national government. One of the NFER's key ambitions is to strengthen its external 'voice' and during the past year its researchers have given papers and made presentations at leading national, European and international conferences, seminars and other events. A notable achievement has been the success of researchers in promoting the NFER's thought leadership in e-assessment, which has established the academic credentials of the NFER's e-assessment products and demonstrated an innovative approach to research.

The NFER's clients, too, have public interest at the heart of their work, and need to prove the public benefit of the research they commission. It is the NFER's objective to increase the impact of its work and, therefore, the benefit to the public, through both the Foundation's own research programme and work sponsored by clients.

Objectives and targets for 2009–10

Key objectives for the year were to:

- be recognised as the leading UK research and assessment organisation for those who wish to make a positive difference to learners

- continue to increase the impact of the NFER's work
- maintain income levels and ensure that there is a healthy annual surplus for reinvestment in research programmes and the future development of the Foundation
- ensure that staff see the NFER as a great place to work.

Achievements and performance in 2009–10

The first three objectives were met. Government departments and agencies continued to commission research from the NFER in what was an increasingly competitive environment. Before describing a selection of these research projects and their public benefit, it is worth quoting Professor Martin Rees in the first of his 2010 Reith Lectures. He pointed out how difficult it is to anticipate the benefits of scientific research in the short term: 'Pay-off happens unpredictably and after a time lag that can be decades long.' His comment applies equally to research in education and children's services. Consequently, the benefits and impact of the NFER's work in the past year, although described accurately at the time of writing, cannot yet be a complete account.

Financial objectives were also met. Despite the research market becoming much more competitive, the level of commissioned research remained good and the NFER achieved its predicted turnover and surplus. This is dealt with fully on pages 10–12.

The final objective was to ensure that staff see NFER as a great place to work. 2009/10 has been a challenging year for staff and it is encouraging to know that the annual Quality of Working Life survey shows staff satisfaction levels remain above average.

Impact on policy and practice

Over the past 12 months, the NFER has made important contributions to several major reviews, inquiries and commissions that were designed to have far-reaching effects on the education system. Although the change of government has resulted in their remit not being fully realised, the following examples illustrate the influence of the NFER's work.

Last November, NFER gave evidence to the Great Schools Inquiry and Commission chaired by Baroness Morris of Yardley at the House of Lords. The commission is an independent investigation that aims to explore the relationship between the school environment and education achievement and outcomes for young people, and to shape the future direction of policy on schools and capital investment across the UK. The invitation to submit evidence was based on the NFER's work on two projects related to the Building Schools for the Future initiative: *The effects of the school environment on young people's attitudes towards education* and *The impact of new learning environments*.

The NFER's research was also extensively cited in a report from the Children, Schools and Families Select Committee's investigation into school accountability in January. The NFER responded to the committee's call for evidence with clearly expressed opinions based on its research, and much of the supportive evidence about Ofsted's actions under the new section 5 inspection approach came from the NFER's work.

Over the year, the NFER's ongoing work on national monitoring tests has resulted in the Foundation's expertise being recognised by leading policy-makers in assessment. In November, the NFER submitted a paper to the Qualification and Curriculum Development Agency (QCDA) and the Department for Children, Schools and Families (DCSF) on alternatives to assessment in science. In January, the NFER hosted a technical seminar on statistical methods used for the analysis of national monitoring surveys, which was attended by policy-makers from a range of organisations including the DCSE, QCDA and the Scottish Government.

Part of the remit of the NFER's Eurydice Unit is to provide information for UK policy-makers on what is happening in other European countries, and to provide similar information for those in other countries on education policy in England, Wales and Northern Ireland. During the past year, the unit has provided information to assist in several important enquiries and reviews including those on:

- home education commissioned for the Badman review
- the Swedish free school model for the Local Government Association

- the training of teachers to meet the needs of children with severe learning difficulties and profound and multiple learning difficulties for the DCSF
- the provision of sex and relationships education in other countries, for the DCSF and the QCDA to form part of the briefing information to support the passage of the Children, Schools and Families Bill through Parliament.

Making an impact with research and assessment

Assessment and tests

In May, approximately 450,000 pupils sat the NFER's key stage 2 test in English, which had been kept under wraps for four years; it was well received by children and teachers. The test provided a measure against the target of 80% achieving level 4, which gives the Government the information it needs to hold schools to account.

About 63,000 pupils sat secondary school selection tests constructed by the NFER.

The NFER has also made a significant contribution to the pilots of single-level tests, which at the time were seen as a possible replacement for key stage tests. This now looks unlikely to happen, but the NFER's work informed Government thinking on what was possible.

Evaluating diplomas

The NFER's evaluation of the diploma qualification for the DCSF has continued with the publication of two reports. The first was an analysis of teachers' and learners' views on the qualification in its first year of delivery, which has provided the only national and consistently gathered evidence of the views of learners. The DCSF commented on the usefulness of the report and welcomed its range of practical recommendations. Its response to the second report was also positive. This report looked at planning for delivery, how consortia are working together and the difficulties experienced in rural areas.

TellUs4

The DCSF commissioned the NFER to develop and conduct TellUs4, a national survey giving children and young people the opportunity to express their views on their lives and the key services they receive. The results were impressive in terms of the number of responses: 250,000 young people participated, making it the biggest survey of its kind. The emphasis on inclusivity was also impressive: three versions of the survey were developed for young people with special educational needs and disability.

At a national level, the survey was the only nationally representative way for the Government to obtain young people's views on a range of issues including bullying, emotional wellbeing and substance misuse. It provided local authorities with information that is feeding into their planning and prioritising of services. For the first time, this survey gave schools feedback, enabling them to look at the results for their pupils and to compare them with the national and local authority results, which teachers have welcomed.

International recognition for citizenship

In citizenship education, the Foundation is now recognised for its expertise at a European and international level. It is part of the international consortium that is conducting the International Association for the Evaluation of Educational Achievement (IEA)'s International Civic and Citizenship Education Study (ICCS) and has particular responsibility for the study's European Regional Module. The module explores what 14 year-olds in 24 countries think about Europe and its institutions as well as issues like immigration and social cohesion, and is generating great interest from European organisations including the European Commission.

Working in partnership

The NFER is a key partner in the Local Authority Research Consortium (LARC) and the Centre for Excellence and Outcomes in Children and Young People's Services (C4EO). In both organisations, the NFER's research is helping to improve outcomes for children, young people and their families.

LARC is owned and led by a group of 24 English local authorities; the NFER leads on project management and provides research expertise, supporting the local authorities' own research and evaluation activities. As a direct result of LARC, local authorities have developed expertise in self-evaluation and improved their practice in early interventions with families in need of support. LARC has provided a national picture of developments on the early intervention agenda. Proof of LARC's success is demonstrated by the fact that more authorities have signed up for 2010–11, the consortium's third round of research activities.

The NFER's role in C4EO is to manage the production of research and knowledge reviews. In an evaluation led by the National Children's Bureau, 95% of respondents felt the research reviews were relevant to them and their work, over 90% would recommend them to both policy and practitioner colleagues and 88% felt the reviews were authoritative and thorough.

Having an impact – what our clients say

The third survey from an independent research agency of the NFER's clients' views looked at 30 research projects and conducted 27 interviews with clients to discover their views on the impact of the NFER's work. In approximately a third of cases, impact scores were on average 7 out of 10 and clients were able to describe the type of impact or results created by the work.

In around three-quarter of the projects something specific was done with the results in terms of either an identifiable action or feeding into wider work. For example, the DCSF used the evaluation of the Youth Opportunity Fund to help further roll-out the programme, to make further funding allocations, and to apply for additional funding for the scheme. Similarly, the Local Government Association reported a significant amount of change, and a much clearer idea of how to support lead members, as a result of the NFER's work into the role of lead members for children's services.

The majority of clients indicated that their situation would have been very different in the absence of the NFER's research for a variety of reasons. They would not have had

the information to persuade, justify, deliver, develop, complete, enlighten, or have an independent opinion.

Objectives for 2010–11

The successes of the past year will be built upon, while the policy changes and stringent budget cuts introduced by the new government will be responded to proactively.

The NFER's purpose is:

- to provide independent evidence that improves learning in the UK and beyond
- to use its knowledge to influence policies and have a positive impact on education and learners.

The three main factors that have an effect on the NFER's work are its clients, the market in which it operates and its staff. In the current uncertain environment these are reflected in the goals for the year:

- to continue to be recognised as a leading UK research and assessment organisation for those who wish to make a positive difference to learners
- to actively pursue activities to secure the NFER's long-term future
- to ensure staff confirm that the NFER is a great place to work.

Achieving the goals

The NFER will continue to win and deliver excellent projects across a wide range of areas within education and children's services. Maintaining and aiming to improve mutually beneficial relationships with schools and others who participate in the NFER's work is central to delivering success.

The NFER will actively develop new products and services, with the help of ideas generated by staff.

It will increase the impact of its own and others' research on education practices and policies through improved dissemination. In this way, the NFER's voice will be stronger within the education research sector.

New clients will be secured and existing clients made aware of and able to take up the full range of the NFER's services relevant to them.

The NFER will recruit, retain, develop and reward well-motivated and skilled staff.

Financial review of the group

In common with the previous year, the financial year to 31 March 2010 has been one of mixed fortunes, with the existing core business of the NFER (conducted through NFER and NFER Trading Limited) continuing to operate profitably. There was a surplus of £1,749,000 before a provision for the recoverability of a loan to the subsidiary company i-nfer assessment Limited of £2,471,136 and interest and other gains and losses (see page 18). In addition the NFER continues to be affected by the general economic environment and the continuing volatility of the financial markets that affects the value of the NFER's investment portfolio and its pension deficit. The impact of adjusting for all these factors is an overall group loss, after interest charges and other gains and losses, of £2,603,000 (see page 16).

The most significant cause of the loss has been the increase in the defined pension liability during the year of £5,710,000 from £10,906,000 to £16,616,000, although this has partly been offset by unrealised gains on investments of £3,309,756.

The impact of the overall loss is a reduction in the value of the NFER's group reserves to £7,963,000 (see note 18) (2009: £10,566,000). This leaves net 'free reserves' (i.e. those not restricted or designated for other purposes) at £2,495,000, which is below the minimum threshold of £3.75 million set by the Trustees in their policy on reserves. However, this is affected by the long-term pension liability of £16.6 million and as shown on the Group Balance Sheet (page 19) the unrestricted reserves before this element amount to £24,005,000 and 'free reserves' at £19,111,000. This highlights the significant impact of the pension deficit. Although the overall outcome is disappointing, it reflects issues in the larger national economy that are faced by all organisations and that are outside the control of the Trustees.

The turnover for the year of £18.6 million compares favourably against the target of £16.6 million and against the achievement in 2009 of £18.9 million. This, in part, reflects turnover achieved through an expansion of the NFER's own services but also the development of projects delivered through partnerships, where one partner takes the lead responsibility for the project and has to account for the project.

The NFER's two subsidiaries have faced differing fortunes in the last year. NFER Trading Limited realised a surplus of £71,225 (2009: £405,692) and remitted £71,000 (2009: £405,000) to the parent by way of Gift Aid. The reduction in surplus is due to the inclusion of a loss provision against current projects that are forecast to finish at a loss, highlighting the difficult economic climate but also a need for greater internal financial vigour. The subsidiary company, i-nfer assessment Limited, incurred a deficit of £900,346. There were lower than expected sales due, in part, to problems with the distribution channel and an impairment provision relating to its intangible assets and a reflection of the current and forecast economic environment in the coming years, in particular the planned reduction in the national deficit that will almost certainly impact on the budgets of educational organisations.

In terms of its overall business strategy, the NFER continues to work with a wide cross-section of government departments and agencies, local authorities and charitable bodies. It is conducting a programme of research agreed with the Local Government Association in England and Wales that minimises the reliance on any one source.

The NFER also continues to invest in the future of the organisation via the designated funds (see note 18) and through a revenue-based Chief Executive's Development Fund (CEDF). These funds have been created for development purposes and conducting research or other work that could not be funded from other sources. The funds enable the development of knowledge and expertise within the NFER and the improvement of the NFER's knowledge within the wider field of education, working towards the achievement of its objectives as set out in its Memorandum of Association. This investment is aimed at supporting the

NFER's stated ambition of being the organisation of first choice for clients.

As part of this ambition, during the 2009–10 financial year, the NFER once again commissioned independent market research with a cross-section of clients to identify not only the areas of good performance but, more importantly, the areas that required development to better meet their needs. Work on the required developments continued during the year and is set to continue in 2010–11 via the use of the designated funds and the CEDF.

Policy for reserves

Having considered the challenges and opportunities that the charity may face in the medium to longer term, the Trustees have re-affirmed the need for a level of free reserves (i.e. those unrestricted reserves that have not been designated for specific purposes) in the range of £3.75 million to £4.25 million. This range has been determined by an assessment of the period over which a downturn in the business of the NFER would have to be managed before positive results were achieved from the implementation of remedial actions.

As at 31 March 2010, the NFER's total group reserves stood at £7,963,000 (2009: £10,566,000). Of this sum, £4,894,000 had been designated for specific purposes (see note 18). A further £574,000 represents restricted funds. The balance of £2,495,000 represents free reserves to allow the charity to manage challenges and opportunities. This sum represents 66.5% of the target level of £3.75 million. Reserves would have been significantly higher but for the impact of the increased liability of the defined pension deficit, which has directly reduced unrestricted reserves.

Investment policy

The NFER's policy on investments can be summarised as being to maximise income commensurate with maintaining the capital value of the investments at least in line with market indices, and over the long term (any period of five years), in line with the rise in the index of average earnings.

This policy and related controls to ensure the security of the assets and their proper management are reviewed on a periodic basis. A general review of this is conducted on an annual basis with a detailed review every two years.

Pension schemes

The NFER participates in two pension schemes: the Local Government Pension Scheme (LGPS) administered by Buckinghamshire County Council, and the Teachers' Pension Scheme (TPS), administered by Teachers' Pensions (TP) on behalf of the Department for Education (DfE).

The LGPS is accounted for as a defined benefit scheme under Financial Reporting Standard 17 Retirement Benefits (FRS 17). The pension deficit under FRS 17 on the LGPS has increased in the year to £16,616,000 (2008: £10,906,000). The trustees of the LGPS have been allowed to reduce the deficit to zero over a 20-year timeframe and have policies in place, or to be put in place, to achieve this.

The TPS is accounted for as a defined contribution scheme under Financial Reporting Standard 17 (FRS 17) Retirement Benefits.

Future developments

As part of its ongoing ambition to be the research organisation of first choice, the NFER will continue to seek to develop activities that serve the field of education through research and dissemination. The direction of these will be informed by consultations with key stakeholders and independent market and business analyses.

As an organisation that derives the majority of its income, either directly or indirectly, from statutory bodies that are all likely to face budget cuts, the NFER will continue with greater vigour the programme of review and modernisation of its structures, systems and processes that began in 2009. In 2010–11 this will involve a fundamental review of the operating structure and business model, as well as a review of the organisation's pension arrangements. These reviews will be completed and any recommendations implemented during the financial year. The aim is to ensure that NFER continues to remain fit for purpose, operating at an acceptable level of business risk, offering value for money on public spending whilst continuing to maintain that degree of excellence necessary to be the organisation of first choice for clients.

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution proposing the re-appointment of Kingston Smith LLP as auditors of the company will be placed before the Annual General Meeting.

Statement of the Trustees' responsibilities

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the charitable company and group will continue in business.

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

So far as each of the trustees are aware:

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board of Trustees:



T G Chotai
Secretary
National Foundation for
Educational Research in England and Wales
The Mere, Upton Park, Slough, Berks SL1 2DQ
28 October 2010

Independent auditors' report

to the Members of the National Foundation for Educational Research in England and Wales

We have audited the group and parent company financial statements of the National Foundation for Educational Research in England and Wales for the year ended 31 March 2010, which comprise the Consolidated and parent company Statements of Financial Activities, the Group and parent company Summary Income and Expenditure Accounts, the Group and parent company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The Trustees' (who are also the directors of the company for the purpose of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly pre-

pared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and the charitable parent company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 March 2010 and of the Group's and the parent company's incoming resources and application of resources, including its income and expenditure, for the year then ended
- the financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been properly prepared in accordance with the Companies Act 2006
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Kingston Smith LLP

Jonathon Seymour,
Senior Statutory Auditor for and on behalf of
Kingston Smith LLP
Chartered Accountants
Statutory Auditor
Middlesex House, 800 Uxbridge Road,
Hayes, Middlesex UB4 0RS
2 November 2010

Company number 00900899

Consolidated statement of financial activities

for the year ended 31 March 2010

	Notes	Unrestricted charitable funds £'000	Restricted LGECSSRP fund £'000	Total 2009/10 £'000	Total 2008/09 £'000
Incoming resources					
From generated funds					
Voluntary income	3(a)	14	–	14	8
Activities for generating funds	3(b)	2,652	–	2,652	3,855
Investment income	3(c)/11	447	–	447	477
From charitable activities					
Sponsored research		8,431	1,344	9,775	9,020
Development of assessment tests		5,555	–	5,555	5,254
Consultancies	3(d)	42	–	42	199
Dissemination	3(e)	64	–	64	73
Other incoming resources					
Rent receivable	3(f)	5	–	5	6
Total incoming resources		17,210	1,344	18,554	18,892
Resources expended					
Cost of generating funds					
Fundraising trading	4(a)	1,894	–	1,894	2,911
Investment management	4(b)	26	–	26	25
Cost of charitable activities					
Sponsored research	4(c)	8,953	1,207	10,160	10,129
Development of assessment tests	4(d)	5,478	–	5,478	6,049
Consultancies	4(e)	–	–	–	30
Dissemination	4(f)	48	–	48	66
Governance	4(g)	97	–	97	101
Total resources expended		16,496	1,207	17,703	19,311
Net incoming/(outgoing) resources before interest and transfers		714	137	851	(419)
Interest payable and transfers					
Mortgage interest		(273)	–	(273)	(282)
Interest on pension deficit		(739)	–	(739)	(670)
Transfers between funds	6	(37)	37	–	–
Net (outgoing)/incoming resources after interest and transfers		(335)	174	(161)	(1,371)
Other gains/(losses)					
Realised (losses)/gains on investments		(368)	–	(368)	148
Unrealised gains/(losses) on investments		3,310	–	3,310	(2,302)
Actuarial (losses)/gains on defined pension scheme		(5,384)	–	(5,384)	(173)
Net movement in funds		(2,777)	174	(2,603)	(3,698)
Fund balances at 1 April 2009	18	10,166	400	10,566	14,264
Fund balances at 31 March 2010	18	7,389	574	7,963	10,566

NB LGECSSRP is the Local Government Education and Children's Services Research Programme

All activities are continuing and there were no gains or losses other than those stated above.

Statement of financial activities

for the year ended 31 March 2010

	Notes	Unrestricted charitable funds £'000	Restricted LGECSP fund £'000	Total 2009/10 £'000	Total 2008/09 £'000
Incoming resources					
From generated funds					
Voluntary income	3(a)	85	–	85	413
Activities for generating funds	3(b)	2,587	–	2,587	2,326
Investment income	3(c)/11	500	–	500	575
From charitable activities					
Sponsored research		4,907	1,344	6,251	6,281
Development of assessment tests		3,008	–	3,008	4,162
Consultancies	3(d)	42	–	42	199
Dissemination	3(e)	64	–	64	73
Other incoming resources					
Rent receivable	3(f)	5	–	5	6
Total incoming resources		11,198	1,344	12,542	14,035
Resources expended					
Cost of generating funds					
Fundraising trading	4(a)	3,423	–	3,423	1,803
Investment management	4(b)	26	–	26	25
Cost of charitable activities					
Sponsored research	4(c)	5,355	1,207	6,562	7,239
Development of assessment tests	4(d)	3,125	–	3,125	4,182
Consultancies	4(e)	–	–	–	30
Dissemination	4(f)	48	–	48	66
Governance	4(g)	80	–	80	84
Total resources expended		12,057	1,207	13,264	13,429
Net (outgoing)/incoming before interest and transfers		(859)	137	(722)	606
Interest payable and transfers					
Mortgage interest		(273)	–	(273)	(282)
Interest on pension deficit		(739)	–	(739)	(670)
Transfers between funds		(37)	37	–	–
Net incoming after interest and transfers		(1,908)	174	(1,734)	(346)
Other gains/(losses)					
Realised (losses)/gains on investments		(368)	–	(368)	148
Unrealised gains/(losses) on investments		3,310	–	3,310	(2,302)
Actuarial (losses)/gains on defined pension scheme		(5,384)	–	(5,384)	(173)
Net movement in funds		(4,350)	174	(4,176)	(2,673)
Fund balances at 1 April 2009	18	11,638	400	12,038	14,711
Fund balances at 31 March 2010	18	7,288	574	7,862	12,038

All activities are continuing and there were no gains or losses other than those stated above.

Summary income and expenditure accounts

for the year ended 31 March 2010

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Income of continuing operations	18,554	18,892	12,542	14,035
Expenditure of continuing operations	(17,703)	(19,311)	(13,264)	(13,429)
Net income/(loss) for the year before interest and investment asset disposals	851	(419)	(722)	606
Interest payable and similar charges	(273)	(952)	(273)	(952)
(Loss)/gain on disposal of investment assets	(368)	148	(368)	148
Net income/(loss) for the year before tax	210	(1,223)	(1,363)	(198)
Taxation	-	-	-	-
Net income/(loss) for the year after tax	210	(1,223)	(1,363)	(198)

Detailed analysis of the income and expenditure are provided in the Statement of Financial Activities and Notes 3 to 5.

Net income/(loss) for the year as reported above does not differ from the historical cost net income/(loss).

The net income/(loss) for each year differs from that on the Statement of Financial Activities by the exclusion of the unrealised gains on investments of £3,309,756 (2009: loss

£2,302,482) by valuation at market value, and by the actuarial loss on the defined pension of £5,384,000 (2009: £173,000).

The Summary Income and Expenditure Accounts are derived from the Statement of Financial Activities on pages 16 and 17, which, together with the notes to the Accounts on pages 22 to 38, provide full information on the movements during the year on all the funds of the Foundation.

Group balance sheet

as at 31 March 2010

	Note	2010		2009	
		£'000	£'000	£'000	£'000
Fixed assets:					
Intangible assets	10(b)		–		698
Tangible assets	10(a)		7,414		7,694
Investments – traded (at market value)	11		12,128		8,741
Total fixed assets			19,542		17,133
Current assets:					
Stock			6		5
Debtors	13		5,504		4,624
Cash at bank and in hand			8,141		8,617
Total current assets			13,651		13,246
Creditors:					
Amounts falling due within one year	14		(4,084)		(4,177)
Net current assets			9,567		9,069
Total assets less current liabilities			29,109		26,202
Creditors:					
Amounts falling due after one year	14		(4,530)		(4,730)
Defined benefit pension scheme liability	19(f)		(16,616)		(10,906)
Net assets			7,963		10,566
The funds of the charity:					
Income funds					
Restricted funds	18		574		400
Unrestricted funds:					
Designated fund	18		4,894		5,226
Development fund	18		–		698
Undesignated	18		19,111		14,808
Unrestricted funds excluding pension liability			24,005		20,732
Pension reserve	18		(16,616)		(10,566)
Total unrestricted funds			7,389		10,166
Total charity funds			7,963		10,566

The financial statements on pages 16 to 38 were approved and authorised for issue by the Board of Directors on 28 October 2010 and signed on its behalf by



D A L Whitbread
Treasurer



R D C Bunker
Chairman

Company number 00900899

Company balance sheet

as at 31 March 2010

	Note	2010		2009	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10(a)		7,393		7,663
Investments – Traded (at market value)	11		12,128		8,741
Total fixed assets			19,521		16,404
Current assets					
Stock			6		5
Debtors	13		4,492		5,860
Cash at bank and in hand			7,199		8,142
Total current assets			11,697		14,007
Creditors:					
Amounts falling due within one year	14		(2,210)		(2,737)
Net current assets			9,487		11,270
Total assets less current liabilities					
			29,008		27,674
Creditors over one year:					
Amounts falling due after one year	14		(4,530)		(4,730)
Defined benefit pension scheme liability	19(f)		(16,616)		(10,906)
Net Assets			7,862		12,038
The funds of the charity					
Income funds					
Restricted funds					
	18		574		400
Unrestricted funds:					
Designated fund	18		4,894		5,226
Development fund	18		–		698
Undesignated	18		19,010		16,280
Unrestricted funds excluding pension liability			23,904		22,204
Pension reserve	18		(16,616)		(10,566)
Total unrestricted funds			7,288		11,638
Total charity funds			7,862		12,038

The financial statements on pages 16 to 38 were approved and authorised for issue by the Board of Directors on 28 October 2010 and signed on its behalf by



D A L Whitbread
Treasurer



R D C Bunker
Chairman

Company number 00900899

Consolidated cash flow statement

for the year ended 31 March 2010

	2010		2009	
	£'000	£'000	£'000	£'000
Net (loss) for the year before interest and gains/losses on investments		404		(896)
(Increase)/decrease in stocks	(1)		1	
(Increase) in debtors	(880)		(865)	
Decrease/(increase) in creditors:				
(one year)	(104)		687	
(more than one year)	–		11	
Impact of movement in pension scheme liability	(413)		566	
Depreciation/amortisation/impairment	1,073		1,042	
Net working capital movements		(325)		1,142
Net cash inflow from operating activities		79		546
Returns on Investment and servicing of finance				
Investment income	477		477	
Mortgage interest	(273)		(282)	
		174		195
Taxation		–		–
Capital expenditure and financial investment				
Purchase of intangible fixed assets	–		(206)	
Purchase of tangible fixed assets	(95)		(299)	
Purchase of investments	(2,088)		(2,806)	
Disposal of investments	1,643		6,166	
Net cash (outflow)/inflow from investing activities		(540)		2,855
Net cash (outflow)/inflow before financing		3,596		418
Financing:				
Mortgage repayments	(189)		(179)	
Net financing		(189)		(179)
(Decrease)/increase in cash during the year		(476)		3,417
Cash at bank and in hand at the start of the year		8,617		5,200
Cash at bank and in hand at the end of the year		8,141		8,617

Notes to the financial statements

for the year ended 31 March 2010

1 Status of the NFER

The NFER is a body incorporated under the Companies Acts (No. 900899), and is limited by guarantee. In the event of the NFER being wound up the liability of its members, the number of which is variable, is limited to £1 each. The NFER is exempt from corporation tax by virtue of being a registered charitable body (No. 313392). The NFER's subsidiary undertakings are detailed in note 12 to the accounts.

2 Accounting policies

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

The accounts have been prepared in accordance with applicable accounting standards and Statement of Recommended Practice (SORP 2005) under the historical cost accounting rules except for the revaluation of investments. The company has adopted a disclosure of income and expenditure which does not comply with the standard formats laid down by the Companies Act 2006. In the opinion of the Trustees, the presentation chosen is necessary to give a true and fair view of the income and expenditure for the year.

During the year an assessment of the activities which had previously been disclosed within general restricted funds was undertaken. The contractual arrangements in place in respect of the services provided are such that any surplus funds remaining after performance of the service can be retained and used for general charitable purposes. Therefore, in accordance with the SORP, these incoming resources and related expenditures have been presented as part of unrestricted activities. This change in presentation would not have affected the result for the previous year and subsequently no restatement has been made.

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

b) Recognition of income and expenditure

Income and direct research expenditure are recognised as project activity progresses. Income is recognised as earned when, and to the extent that, the charity obtains the right to consideration in exchange for its performance under these project contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable. In respect of incomplete research projects the income recognised reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Income recognised but not yet invoiced is included in debtors as amounts recoverable on contracts. Income billed in advance of contract performance is included in creditors as deferred income and payments on account.

Any excess direct expenditure on completed projects, or any excess direct expenditure on uncompleted projects which is unlikely to be recovered over the life of the project, is written off in the year incurred.

Other income and expenditure is recognised on an accruals basis.

c) Resources expended

Governance costs are the costs of running the Foundation as a legal entity.

Direct charitable expenditure relates to research salaries and expenditure directly incurred in respect of projects. Research salaries are allocated to specific projects based on the time spent on those projects by the researchers.

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

Leased assets and obligations:

Annual rentals paid under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

The notes on pages 22 to 38 form part of these financial statements

d) Research and development

Research expenditure is written off to the income and expenditure account in the period in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

e) Intangible assets

Intangible assets represent the intellectual property rights and development costs incurred in respect of e-assessment tests. Amortisation is charged over four years from the commencement of trading in each test.

f) Tangible fixed assets and depreciation

Freehold property is included in the accounts at cost.

Tangible fixed assets are depreciated by equal annual instalments over their estimated useful lives as follows:

Freehold property	50 years
IT equipment	2 to 5 years
Other equipment	3 years
Motor vehicles	3 years

Freehold land is not depreciated.

Furniture and IT software is written off to the income and expenditure account in the year of purchase. Assets that are impaired in value are written down to their economic value.

Assets below £500 are not capitalised.

g) Stock

Stocks are valued at the lower of cost and net realisable value and consist of consumables and finished goods for resale.

h) Investments

Investments are stated in the balance sheet at market value.

i) Retirement benefits

For defined benefit schemes the amount charged to net incoming resource/expenditure in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs. Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Financial Activities.

Defined benefit schemes are funded, with the assets held separately from the group in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future conditions or to the extent that the trustees have agreed a refund from the scheme at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the group has a legal or constructive obligation to settle the liability.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Full provision in respect of the anticipated future costs of unfunded, ex-gratia pension payments is made when such ex-gratia pensions are awarded.

j) Designated funds

The notes on pages 22 to 38 form part of these financial statements

Funds are designated in accordance with the Trustees' designations.

k) LGECSR Fund

The Local Government Education and Children's Services Research Programme (LGECSR) fund represents the cumulative balance in respect of research projects and services that are agreed each year with the Local Government Association that administer the LGECSR for England and Wales. This is funded through the Rate Support Grant on the recommendation of the Local Government Board.

l) Unrestricted fund

Unrestricted funds represent research projects funded by different sponsors that contain no restriction relating to the use of those funds.

m) Irrecoverable VAT

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

3 Income

a) Voluntary income

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Subscriptions	14	8	14	8
Gift Aid	–	–	71	405
	14	8	85	413

b) Activities for generating funds

	Group	Company
--	-------	---------

	2010 £'000	2009 £'000	2010 £'000	2009 £'000
NFER Trading Limited	2,652	3,855	2,552	2,243
i-nfer assessment Limited	–	–	35	83
	2,652	3,855	2,587	2,326

c) Investment Income

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Dividends	327	339	327	339
Interest on cash deposits	120	138	173	236
	447	477	500	575

d) Consultancies

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
EMIE at NFER	15	104	15	104
Statistical analysis	1	30	1	30
Research departments	18	46	18	46
Other (central)	8	19	8	19
	42	199	42	199

e) Dissemination

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
NFER publications	18	29	18	29
Practical research for education	5	6	5	6
Educational research editorial	41	38	41	38
	64	73	64	73

The notes on pages 22 to 38 form part of these financial statements

f) Rent receivable

Rent receivable represents the rent, including service charge.

4 Resources expended

a) Fundraising trading

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Cost of delivering activities for fundraising	2,548	3,551	1,606	2,443
Provision for subsidiary debt	–	–	2,471	–
(Over) recovery of support costs	(654)	(640)	(654)	(640)
Total	1,894	2,911	3,423	1,803

b) Investment management

These represent the fees charged by the NFER's investment managers.

c) Sponsored research

Group:	2010	2010	2010	2009
	Unrestricted Charitable Funds £'000	Restricted LGECSP Fund £'000	Total £'000	Total £'000
Salaries	3,830	630	4,460	4,110
Direct costs	796	43	839	1,274
Services	1,806	57	1,863	1,654
Support costs	2,521	477	2,998	3,091
Total	8,953	1,207	10,160	10,129
2009	8,857	1,272		10,129

Company:	2010	2010	2010	2009
	Unrestricted Charitable Funds £'000	Restricted LGECSP Fund £'000	Total £'000	Total £'000
SSalaries	2,169	630	2,799	4,060
Direct Costs	562	43	605	568
Services	1,295	57	1,352	490
Support Costs	1,329	477	1,806	2,121
Total	5,355	1,207	6,562	7,239
2009	5,967	1,272		7,239

d) Development of assessment tests

Group:	2010	2010	2010	2009
	Unrestricted Charitable Funds £'000	Restricted LGECSP Fund £'000	Total £'000	Total £'000
Salaries	2,236	–	2,236	2,685
Direct costs	1,056	–	1,056	982
Services	572	–	572	354
Support costs	1,614	–	1,614	2,028
Total	5,478	–	5,478	6,049
2009	6,049	–	6,049	–

Company:	2010	2010	2010	2009
	Unrestricted Charitable Funds £'000	Restricted LGECSP Fund £'000	Total £'000	Total £'000
Salaries	1,610	–	1,610	2,485
Direct costs	197	–	197	290
Services	246	–	246	155
Support costs	1,072	–	1,072	1,252
Total	3,125	–	3,125	4,182
2009	4,182	–		4,182

The notes on pages 22 to 38 form part of these financial statements

e) Consultancies

Consultancies comprise the direct staff costs of delivering the assignments.

f) Dissemination

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
NFER publications	10	19	10	19
Practical research for education	–	15	–	15
Educational research	38	32	38	32
	66	73	66	73

g) Governance

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Board and board committee expenses	18	20	18	20
Audit and legal fees	31	36	14	16
Insurance	48	45	48	48
	97	101	80	84

5 Support costs

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Salaries	2,214	2,683	1,384	1,976
Property expenses	514	538	262	396
Legal and professional	201	125	87	74
Depreciation	593	719	365	400
Impairment	480	322	–	–
Training	76	172	39	127
Revenue purchases	22	170	11	125
Recruitment	29	192	15	142
Staff restaurant	72	101	72	101
Other support costs	670	435	775	281
Services (over) recovery	(259)	(338)	(132)	(249)
	4,612	5,119	2,878	3,373

Support costs allocation:

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Sponsored research	2,998	3,091	1,806	2,121
Development of assessment tests	1,614	2,028	1,072	1,252
Total	4,612	5,119	2,878	3,373

6 Transfer between funds

The transfer between funds represents the portion of LGEC-SRP funded projects funded by the NFER.

The notes on pages 22 to 38 form part of these financial statements

7 Surplus on ordinary activities

The surplus on ordinary activities is stated after charging:

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Auditors' remuneration (incl. VAT)				
– as auditors	29	30	12	15
– for other services	6	15	3	12
Depreciation and amortisation	593	720	365	400
Impairment charge	480	322	–	–
Operating lease rentals – land and buildings	71	82	71	82

8 Employees

Staff costs during the year:

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Wages and salaries	9,749	9,519	9,666	9,433
Social security costs	761	710	751	699
Other pension costs	1,321	1,212	1,318	1,209
	11,831	11,441	11,735	11,341

The average number employed (excluding the directors) during the year was:

Group and Company	2010		2009	
	FTE	Head count	FTE	Head count
Full time	246	273	243	271
Part time	52	64	47	73
	298	337	290	344
Research	180	197	174	194
Support staff	118	140	116	150
	298	337	290	344

No directors of the company received any remuneration (2009: nil).

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

	2010 Number	2009 Number
£60,001–£70,000	8	7
£70,001–£80,000	2	1
£80,001–£90,000	3	3
£120,001–£130,000	1	1

The number of higher paid staff to whom retirement benefits are accruing under defined benefit pension schemes was 14 (2009: 12). The total contribution in respect of these employees was £152,728 (2009: £174,208).

9 Members of the Board

Trustees' and committee meeting expenses representing reimbursement of travel and subsistence costs to 12 Trustees (2009:11) incurred on behalf of the Foundation amounted to £3,118 (2009: £ 3,208).

During the year, insurance costing £4,200 (2009: £4,200) was purchased to indemnify the Trustees or other Officers against the consequences of any neglect or default on their part and to protect the Foundation from loss arising from the neglect or defaults of its Board, officers or staff.

The notes on pages 22 to 38 form part of these financial statements

10a) Tangible fixed assets

Group

	Land £'000	Freehold property £'000	IT equipment £'000	Other equipment £'000	Motor vehicles £'000	Total £'000
Cost						
1 April 2009	700	7,736	2,442	1,754	9	12,641
Additions in year	–	–	78	17	–	95
Disposals	–	–	–	–	–	–
31st March 2010	700	7,736	2,520	1,771	9	12,736
Depreciation						
1st April 2009	–	1,105	2,181	1,652	9	4,947
Charge for year	–	154	160	61	–	375
Disposals	–	–	–	–	–	–
31st March 2010	–	1,259	2,341	1,713	9	5,322

Net book amount

31st March 2010	700	6,477	179	58	–	7,414
1st April 2009	700	6,631	261	102	–	7,694

Company

	Land £'000	Freehold property £'000	IT equipment £'000	Other equipment £'000	Motor vehicles £'000	Total £'000
Cost						
1 April 2009	700	7,736	2,287	1,752	9	12,484
Additions in year	–	–	78	17	–	95
Disposals	–	–	–	–	–	–
31st March 2010	700	7,736	2,365	1,769	9	12,579
Depreciation						
1st April 2009	–	1,105	2,057	1,650	9	4,821
Charge for year	–	154	149	62	–	365
Disposals	–	–	–	–	–	–
31st March 2010	–	1,259	2,206	1,712	9	5,186

Net book amount

31st March 2010	700	6,477	159	57	–	7,393
1st April 2009	700	6,631	230	102	–	7,663

Capital commitments are disclosed in Note 17. All assets continue to be used for charitable purposes. It is not practicable to split assets between direct charitable expenditure and charitable support expenditure.

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10b) Intangible assets

Group	Test Development Costs £'000	IT Licences £'000	Total £'000
Cost			
At 1 April 2009 and 31 March 2010	875	566	1,441
Depreciation			
At 1 April 2009	177	566	743
Charge for year	218	–	218
Impairment charge	480	–	480
At 31 March 2010	875	566	1,441
Net Book Amount			
31 March 2010	–	–	–
31 March 2009	698	–	698

11 Listed investments

	2010 £'000	2009 £'000
Market value at 1 April	8,741	14,255
Less: Disposals at opening book value	(2,011)	(6,018)
Add: Acquisitions at cost	2,088	2,806
Net gain/(loss) on revaluation at 31 March	3,310	(2,302)
Market value at 31 March	12,128	8,741
Historical cost as at 31 March	10,302	10,224

Investments can be analysed as follows:

Investment assets in the UK (at market value):

	2010 £'000	2009 £'000
Fixed Interest	1,319	1,203
Unit Trusts	–	–
Direct Investments	6,272	3,901
Property	817	628
Hedge Funds	682	690
	9,090	6,422

Investment assets outside the UK:

	2010 £'000	2009 £'000
Fixed Interest	277	644
Direct Investments	2,761	1,675
	3,038	2,319
Total investments (as above)	12,128	8,741

Note: Unit Trusts by their very nature are pooled investments, and all the funds, including fixed interest stocks, are listed in the UK. Only the overseas direct investments are not traded in the UK. Investments with a book value of £2,010,873 (2009: £6,018,000) were disposed of during the year, realising £1,642,927 (2009: £6,166,352) and yielding a loss of £367,946 (2009: gain of £148,352).

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As at 31 March 2010, NFER held 102 investments and no investment held a market value of £500,000 or more (2009: 1 investment with a market value of £572,000).

Income from investments was:

	2010 £'000	2009 £'000
UK		
Equities	200	199
Pooled investments	–	8
Property	50	39
Fixed interest	52	47
Total UK	302	293
Overseas		
Equities	21	22
Pooled investments	1	–
Fixed interest	2	24
Total overseas	24	46
Other interest	174	236
Total dividends + interest for company	500	575
Intra company elimination	(53)	(98)
Total dividends + interest for group	447	477

12 Subsidiary undertakings

NFER Trading Limited

The company is wholly owned, registered in England and Wales, with a share capital of £100. It has been established to undertake the trading opportunities that would not be consistent with the Foundation's charitable status and it also undertakes certain contracts that fall within the Foundation's charitable aims. A Gift Aid transfer to the parent of £71,000 (2009: £405,000) was proposed. The capital

and reserves at 31 March 2010 were £12,252 (2009: £12,027). Audited accounts will be filed at Companies House by the due date.

NFER Trading Limited summary results were:

	2010 £'000	2009 £'000
Sales	8,597	7,653
Cost of sales	(5,963)	(5,003)
Gross profit	2,634	2,650
Administrative expenses	(2,564)	(2,251)
Interest received	1	6
Trading profit	71	405
Gift Aid	(71)	(405)
Corporation tax	–	–
Retained profit after tax	–	–

i-nfer assessment Limited

The company is wholly owned, registered in England and Wales, with a share capital of £100. The company was formed to develop electronic assessment tests, and ultimately, to market these tests.

i-nfer assessment Limited summary results were:

	2010 £'000	2009 £'000
Sales	145	35
Cost of sales	–	(7)
Gross profit/(loss)	145	28
Administrative expenses	(991)	(946)
Interest payable	(54)	(106)
Trading loss for the period	(900)	(1,024)

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13 Debtors

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Sponsors	4,483	4,096	1,737	1,542
Other debtors	2	5	2	5
Amounts recoverable on contracts	1,019	518	377	517
Subsidiary undertakings	–	–	1,596	3,087
Gift Aid	–	–	780	709
VAT	–	5	–	–
	5,504	4,624	4,492	5,860

The amount owed by NFER Trading Limited to the parent is on normal commercial terms and has been repaid in full after the balance sheet date. All inter-company balances are settled at the end of each month.

The amount owed by i-nfer assessment Limited to the parent is on commercial terms and is repayable by December 2013. Given the uncertainty as to whether the balance will be fully recoverable, a provision has been made for the amount outstanding at the balance sheet date.

Amounts falling due after more than one year and included in the debtors above are:

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Subsidiary undertakings	–	–	2,471	2,222
Less: provision for subsidiary debt	–	–	(2,471)	–
	–	–	–	2,222

14 Creditors

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Amounts falling due within one year				
Mortgage loan	191	179	191	179
Trade creditors	–	129	–	117
Other taxation and social security	1,025	734	760	594
Deferred income and payments on account	1,900	2,314	611	1,041
Other creditors	63	58	55	58
Accruals	905	763	593	748
	4,084	4,177	2,210	2,737

Amounts falling due more than 1 year:

Mortgage Loan	4,501	4,702	4,501	4,702
Provision for pensions	29	28	29	28
	4,530	4,730	4,530	4,730

The mortgage loan represents the amount drawn against the facility of £5.5 million. The loan is a fixed interest loan for its entire 20-year term which, with the capital repayment, fixes the annual outlay to the same rate for each year of the 20-year term. The loan is secured against the assets of the Foundation, and the Foundation is required to maintain a loan to value ratio of at least 60%.

15 Pensions

During the year the Foundation was a participating employer in the Buckinghamshire County Council Superannuation Fund and Department for Children, Schools and Families superannuation schemes, both of which are defined benefit schemes. The management of these schemes is independent of the Foundation.

The notes on pages 22 to 38 form part of these financial statements

Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the Foundation. The pension charge for the year is shown in Note 8.

The contributions to the Buckinghamshire County Council Superannuation Fund are determined by a qualified actuary on the basis of a triennial valuation using the projected unit method. The most recent valuation of the fund available was as at 31 March 2010. The assumptions which have the most significant effect on the results of the valuation are those relating to the rates of return on investments, in particular interest rate and future dividend growth and the rates of increase in salaries and pensions. It was assumed that the rate of return to be expected from Equities would be 7.8% per annum, that from Gilts would be 4.5%, from Bonds 5.5% and from Property 7.3%. Against this, it was assumed that salary increases would average 4.7% per annum and that present and future pensions would increase in line with inflation at the rate of 3.7% per annum.

The valuation showed that the market value of the total fund's assets was £1,223 million and the deficiency of liabilities accrued up to 31 March 2010 over the actuarial value of assets was £278 million, equivalent to an 81.5% funding level.

The contributions of the Foundation to the fund are based on 17.6% of gross pensionable salary. At 31 March 2007 there were 18,622 (NFER: 199) active members of the scheme, with 14,058 (NFER: 129) deferred pensioners and 10,193 (NFER: 90) pensioners. The Financial Reporting Standard 17 (FRS 17) Retirement Benefits return for the year ended 31 March 2010 is shown in Note 19.

The Department for Children, Schools and Families Pension Scheme, known as Teachers' Pensions, is governed by the Teachers' Pensions Regulations 1997, as amended. Under the regulations, contributions to the scheme are credited to the Exchequer and pension benefits together with all other expenditure are paid out of monies provided by Parliament. The Government Actuary is required to conduct a review at

intervals of not less than every four years, with interim valuations in between, using normal actuarial principles. The aim of the review is to specify the level of future contributions.

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

The most recent review of the scheme for which information is available was carried out for the period 2001 to 2004. The report published in October 2006 revealed that future liabilities of the scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of the prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from the 1 January 2007, and as part of a cost-sharing agreement between employers and teachers' representatives, the standard contribution has been assessed at 19.75%, plus a supplementary contribution of 0.75% (to balance assets and liabilities as required by regulations within 15 years): a SCR of 20.5%. This translates into an employee contribution rate of 6.4% and an employer contribution rate of 14.1% payable.

This scheme is accounted for as a defined contribution scheme under Financial Reporting Standard 17 (FRS 17) Retirement Benefits.

16 Guarantees and other financial commitments

The notes on pages 22 to 38 form part of these financial statements

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 March 2011:

	2010 Land and Buildings £'000	2010 Other £'000	2009 Land and Buildings £'000	2009 Other £'000
Expiring:				
Within 1 to 5 years	64	–	64	–
Over 5 years	–	–	–	–
	64	–	64	–

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

	2010 £'000	2009 £'000
1 year	191	179
2–5 years	931	780
More than 5 years	3,570	3,922
Total	4,692	4,881

The mortgage term is 20 years from May 2005. The mortgage is secured by way of a charge over the assets of the Foundation.

17 Capital commitments

As at the 31 March 2010 the NFER had approved capital commitments of £nil (2009: £190,000).

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18 Statement of movement in Reserve Funds: 1 April 2009 to 31 March 2010

Group

	Unrestricted Funds						Restricted Funds	Total	
	Designated					Undesignated	LGECSRP Fund £'000	2010 £'000	2009 £'000
	Research Fund £'000	Dissemination Fund £'000	Children's Services Fund £'000	Property Fund £'000	Development Fund £'000	Accumulated Fund £'000			
Funds									
Balance brought forward at 1 April 2009	223	53	69	4,881	698	4,242	400	10,566	14,264
Net movement in resources	(209)	(329)	(8)	–	–	(1,496)	137	(2,603)	(3,698)
Transfers between funds	185	276	(58)	(189)	(698)	(251)	37	–	–
Balance carried forward at 31 March 2010	199	–	3	4,692	–	2,495	574	7,963	10,566
Represented by:									
Tangible fixed assets	–	–	–	4,692	–	14,850	–	19,542	16,435
Intangible fixed assets	–	–	–	–	–	–	–	–	698
Current assets	199	–	3	–	–	12,875	574	13,651	13,246
Creditors falling due within one year	–	–	–	–	–	(4,084)	–	(4,084)	(4,177)
Creditors falling due after one year	–	–	–	–	–	(4,530)	–	(4,530)	(4,730)
Defined benefit pension liability	–	–	–	–	–	(16,616)	–	(16,616)	(10,906)
	199	–	3	4,692	–	2,495	574	7,963	10,566

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Company

	Unrestricted Funds						Restricted Funds	Total	
	Designated					Undesignated	LGECSRP Fund £'000	2009 £'000	2008 £'000
	Research Fund £'000	Dissemination Fund £'000	Children's Services Fund £'000	Property Fund £'000	Development Fund £'000	Accumulated Fund £'000			
Funds									
Balance brought forward at 1 April 2009	223	53	69	4,881	698	5,714	400	12,038	14,711
Net movement in resources	(209)	(329)	(8)	–	(218)	(3,549)	137	(4,176)	(2,673)
Transfers between funds	185	276	(58)	(189)	(480)	229	37	–	–
Balance carried forward at 31 March 2010	199	–	3	4,692	–	2,394	574	7,862	12,038
Represented by:									
Tangible fixed assets	–	–	–	4,692	–	14,829	–	19,521	16,404
Current assets	199	–	3	–	–	10,921	574	11,697	14,007
Creditors falling due within one year	–	–	–	–	–	(2,210)	–	(2,210)	(2,737)
Creditors falling due after one year	–	–	–	–	–	(4,530)	–	(4,530)	(4,730)
Defined benefit pension liability	–	–	–	–	–	(16,616)	–	(16,616)	(10,906)
Total	199	–	3	4,692	–	2,394	574	7,862	12,038

Designated funds

Research Fund – This fund has been created to support research and development activities that we believe will support the achievement of the NFER's strategic objectives and are unlikely to be funded externally. These include small-scale research projects in new areas and methodological developments.

Dissemination Fund – This fund is used by departments to support dissemination and small pieces of development activity that cannot be funded externally.

Children's Services Fund – This fund has been created to support the establishment of the NFER's profile and reputation as a provider of research in the broader children's services domain within which education is now located.

Property Fund – This fund has been created to set aside funds required to cover outstanding mortgage obligations

and to comply with the financial covenant that requires the NFER to maintain investments with a minimum value of £7.5 million. The difference between the values of the two has been re-designated and transferred to the Unrestricted Accumulated Fund.

Development Fund – This fund represents the net book value of the e-assessment intangible asset held by the subsidiary company, i-nfer assessment Limited.

Undesignated funds

Accumulated Fund – This represents the accumulated surplus.

Restricted funds

LGECSRP – This represents the balance of funds held in respect of the Local Government Education and Children's Services Research Programme.

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19 Pension benefits

The NFER participates in two pension schemes: Buckinghamshire County Council Pension Fund, a defined benefit pension scheme and the Teachers' Pension Scheme administered by Teachers' Pensions on behalf of the Department for Children, Schools and Families.

This note is prepared in accordance with Financial Reporting Standard 17 (FRS 17) Retirement Benefits published in November 2000 and the subsequent amendment in December 2006.

Buckinghamshire County Council Pension Fund

The Buckinghamshire County Council Scheme is accounted for as a defined benefit scheme under Financial Reporting Standard 17 (FRS 17) Retirement Benefits.

a) Assumptions

i) Demographic

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

	Retiring Today (March 2010) Years	Retiring in 20 years (March 2030) Years
Males	22.21	22.96
Females	25.26	25.99

ii) Financial

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

As at 31 March	2010	2009	2008
Price increases	3.7%	3.0%	3.7%
Rate of increase in salaries	4.7%	4.5%	5.2%
Rate of increase in pensions in payment/inflation	3.7%	3.0%	3.7%
Discount rate	5.7%	6.7%	6.6%

b) Expected rate of return on assets by asset class

Assets as at 31 March	2010 %pa	2009 % pa	2008 % pa
Equities	7.8%	7.3%	7.1%
Property	7.3%	6.8%	6.6%
Gilts	4.5%	4.0%	4.3%
Other bonds	5.5%	6.5%	6.6%
Cash	3.0%	3.0%	5.0%
Alternative assets	7.8%	n/a	n/a

c) Net pension liability

As at 31 March	2010 £'000	2009 £'000	2008 £'000
Present value of funded obligations	39,755	27,611	29,340
Fair value of scheme assets (bid value)	(23,204)	(16,767)	(19,911)
Net liability	16,551	10,844	9,429
Present value of unfunded obligation	65	62	68
Net Liability in Balance Sheet	16,616	10,906	9,497

d) Statement of financial activities costs for the year:

The amounts recognised in the statement of financial activities are:

Year to 31 March	2010 £'000	2009 £'000
Current service cost	1,319	1,488
Interest on obligation	1,865	1,972
Expected return on scheme assets	(1,126)	(1,302)
Past service cost	–	121
Loss on curtailments and settlements	–	53
Total	2,058	2,332
Actual return on scheme assets	5,697	3,704

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e) Assets and benefit obligation reconciliation for the year to 31 March 2010

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

Year to 31 March	2010 £'000	2009 £'000
Opening defined benefit obligation	27,673	29,408
Service cost	1,319	1,488
Interest cost	1,865	1,972
Actuarial loss/(gain)	9,955	(4,833)
Losses on curtailments	–	53
Estimated benefits paid (net of transfers in)	(1,522)	(1,029)
Past service cost	–	121
Contributions by scheme participants	540	498
Unfunded pension payments	(10)	(5)
Closing defined benefit obligation	39,820	27,673

Reconciliation of opening and closing balances of the fair value of scheme assets.

Year to 31 March	2010 £'000	2009 £'000
Opening fair value of scheme assets	16,767	19,911
Expected return on scheme assets	1,126	1,302
Actuarial gain/(loss)	4,571	(5,006)
Contributions by employer including unfunded benefits	1,732	1,096
Contributions by scheme participants	540	498
Estimated benefits paid including unfunded benefits	(1,532)	(1,034)
Fair value of scheme assets at end of period	23,204	16,767

f) Reconciliation of opening and closing surplus

Year to 31 March	2010 £'000	2009 £'000
Deficit at beginning of the year	(10,906)	(9,497)
Current service cost	(1,319)	(1,488)
Employer contributions	1,722	1,091
Unfunded pension payments	10	5
Past service costs	–	(121)
Other finance income	(739)	(670)
Settlements/curtailments	–	(53)
Actuarial losses	(5,384)	(173)
Deficit at end of the year	(16,616)	(10,906)

g) Service cost

Year to 31 March	2010 £'000
Service cost	2,117
Interest cost	2,302
Return on assets	(1,716)
Total	2,703
Employer contributions	1,531

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h) Amounts for the current and previous periods

Amounts for the current and previous four periods.

Year to March	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Defined benefit obligation	(39,820)	(27,673)	(29,408)	(28,677)	(26,874)
Scheme assets	23,204	16,767	19,911	19,427	16,871
Surplus/(deficit)	(16,616)	(10,906)	(9,497)	(9,250)	(10,003)
Experience adjustments on Scheme assets	4,571	(5,006)	(1,737)	275	2,965
Percentage of assets	19.7%	(29.9%)	(8.7%)	1.4%	17.6%
Percentage of liabilities	–	–	8.5%	0.4%	–
Cumulative actuarial gain/(loss)	(4,037)	1,347	1,520	1,183	(61)

i) Statement of recognised gains and losses

Statement of recognised gains and losses (STRGL)	Year to 31 March 2010 £'000	Year to 31 March 2009 £'000
Actual return less expected return on pension scheme assets	4,571	(5,006)
Experience gain (loss)	–	–
Changes in assumptions underlying the present value of the scheme liabilities	(9,955)	4,833
Actuarial gain/(loss) in pension scheme	(5,384)	(173)
Increase/(decrease) in irrecoverable surplus	–	–
Actuarial gain/(loss) recognised in STRGL	(5,384)	(173)

20 Analysis of net funds

	At 1 April 2009 £'000	Cash flows £'000	Non-cash movements 2010 £'000	At 31 March 2010 £000
Cash at bank	8,617	(476)	–	8,141
Debt – due within one year	(179)	179	(191)	(191)
Debt – due after more than one year	(4,702)	10	191	(4,501)
	3,736	(287)	–	3,449

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