ANNUAL REPORT AND FINANCIAL STATEMENTS

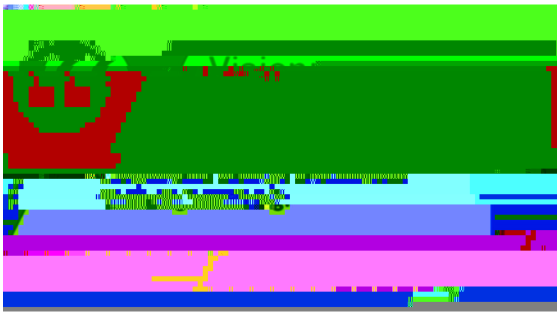
UTC Reading
UTC Swindon
Training
Activate Apprenticeships
Activate Business School

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND

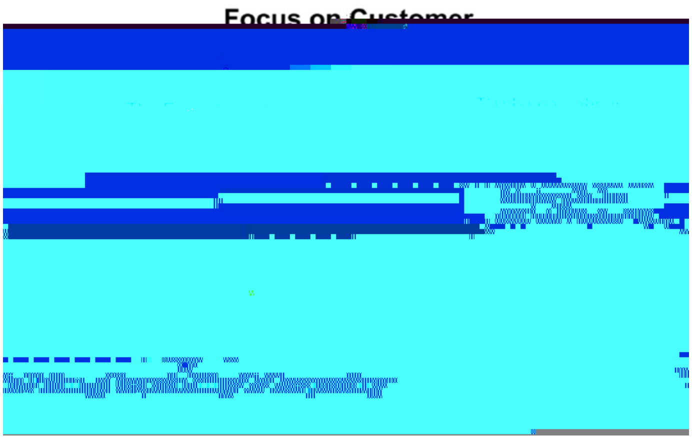
REPORT OF THE GOVERNING BODY

x
x
x
x
x

Vision & Mission



Strategic Plan



Treasury Policies and Objectives

Future Developments

x
x
x
x
x
x
x

RESOURCES

Financial

People

Reputation

PRINCIPAL RISKS AND UNCERTAINTIES

Percentage of time	Number of employees

DISCLOSURE OF INFORMATION TO AUDITORS

Sue Sturgeon, Chair

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Internal Control

Scope of Responsibility

The Purpose of the System of Internal Control

x

x

Sue Sturgeon
Chair

Gary Headland
Group Chief Executive

GOVERNING BODY'S STATEMENT ON THE GROUPS REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

Sue Sturgeon
Chair

x

x
x

x

x

x
x
x

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

Other required reporting

Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992

INDEPENDENT REGULARITY REPORT TO THE CORPORATION OF ACTIVATE LEARNING (“THE CORPORATION”) AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY (“ESFA”)

Respective responsibilities of Activate Learning and the reporting accountant

Approach

x

x

x

x

x

x

x

x

x

x

Conclusion

Consolidated and College Statements of Comprehensive Income

	Notes	2022 Total Group	2022 College	2021 Total Group	2021 College
		£’000	£’000	£’000	£’000
INCOME					
Funding body grants	3	72,421	66,556	72,624	66,820
Tuition fees and education contracts	4	8,119			

Consolidated and College Statement of Changes in Reserves

	Income and Expenditure Account	Revaluation Reserve	Total
	£'000	£'000	£'000
Group			
Balance at 31st July 2020	28,306	11,795	40,101
Deficit from the income and expenditure account	(11,412)	-	(11,412)
Other comprehensive income	183	-	183

Statements of Financial Position as at 31 July 2022

	Notes	Group	College	Group	College
		2022	2022	2021	2021
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	13	154,331	154,331	157,223	157,223
Investments	14				

Consolidated Statement of Cash Flows

	Notes	2022	2021
		£'000	£'000

Notes to the Acco unts (continued)
2. Accounting policies (continued)

are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal.

Intra group sales and profits are eliminated fully on consolidation. All Financial Statements are made up to 31st July 2022. The Oxford Partnership statutory year end is 31st December 2021. Non-statutory accounts were made up to 31st July 2022 and consolidated into the Group Accounts.

Going Concern

The activities of the Group, together with the factors likely to affect its future development and performance are set out in the Members Report, as is consideration of going concern. The financial position of the Group, its cash-flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes. After making appropriate enquiries, the Corporation considers that the Group has adequate resources to continue in operational existence for the foreseeable future.

While disruption to operations and financial performance is inevitable during the remainder of 2022 and into 2023 from the challenging economic environment and any ongoing effects of the COVID-19 pandemic, the organisation benefits from a strong balance sheet, low gearing and a resilient cash balance. Sufficient discretion remains available to manage investment and operational cost cash flows to help mitigate the impact of any income shortfalls on short term liquidity. The Group currently has a £4.7m loan outstanding with the Department of Education. The repayment of this loan is not due to begin until July 2027.

Assets are available to provide as security should bank financing support be required, although the Group's forecasts and financial projections indicate that it will operate without the need for any short term financing requirements. Forecasts take into account the significant impact that the COVID-19 pandemic has had on cash balances and accounting surplus for the year ended 31st July 2022 and uncertainty over the ongoing impact into future years. Forward projections have been scenario tested and demonstrate resilience. Cash balances remain at the higher end of sector benchmarks and forward forecasts illustrate that position being maintained.

Accordingly, the Group has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of Income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved.

Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Notes to the Acco unts (continued)
2. Accounting policies (continued)

The recurrent grant from OFS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Government merger grants are recognised in income based on utilisation of the grant per the funding agreement.

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Other income is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Accounting for Post- Employment Benefits

Post-employment benefits to employees of the Group are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the Group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is

Notes to the Acco unts (continued)
2. Accounting policies (continued)

The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Short Term Employment Benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the Group expects to pay as a result of the unused entitlement.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the Group's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-Current Assets - Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Certain items of fixed assets that had been revalued to fair value on or pr-5.4 (r)oAo faiad bee

Notes to the Acco unts (continued)
2. Accounting policies (continued)

On adoption of FRS 102, the Group followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction
Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31st July 2022. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets
Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the Group, in which case it is capitalised and depreciated on the relevant basis.

Equipment
Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight line basis over its remaining useful economic life as follows:

- General equipment 6 years
- Motor vehicles 4 years
- Computer equipment 3 years
- Furniture, fixtures and fittings 5 years

Borrowing Costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased Assets

Costs in respect of operating leases are charged on a straight line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st

Notes to the Acco unts (continued)
2. Accounting policies (continued)

Agency Arrangements

Notes to the Acco unts (continued)
2. Accounting policies (continued)

- x Provision for Bad Debt

Provision for bad debt has been made at a level considered prudent in the light of past experience.

- x Harpur Trust V Brazel

The conclusion of the 'Harpur Trust v Brazel' case in July 2022 determined that workers who only work for part of the year, but who are on permanent contracts, are effectively entitled to the same holiday allowance as workers who work all year.

for

3

8

	2022	2021
	No.	
	11	9

	2022	2022	2021	2021
	Key Management			

Notes to the Accounts (continued)

8 Staff costs - Group (continued)

	2022 £’000	2021 £’000
	1,266	1,125
	76	116
	32	36
	1,374	1,277
	108	163
	1,482	1,440

	2022 £’000	2021 £’000
		185
	143	
	83	
		26
August 2021 to March 2022	33	
April 2022 to July 2022	-	
		17
August 2021 to March 2022	16	
April 2022 to July 2022	1	
	276	228

August 2021 to March 2022	12	
April 2022 to July 2022	7	
	19	18

9

	2022 £’000	2021 £’000
Exceptional staff restructuring (contractual)	147	299
	147	299

Notes to the Accounts (continued)

10 Other operating expenses

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Teaching costs	5,218	5,326	5,669	5,397
	10,933	10,445	11,172	9,638
	5,214	5,221	5,629	5,091
Impairment of financial assets	94	95	-160	-554
The amount of stock recognised as an expense	96	1	115	0
	21,555	21,088	22,425	19,572

	2022 £'000	2021 £'000
	46	60
	63	56
	-	-

	2022 £'000	2021 £'000
Access Investment	28	28
Financial Support to Students	51	50
Research & Evaluation	34	33
	113	111

11

	2022 Group £'000 £'000	2022 College £'000	2021 Group £'000 £'000	2021 College £'000
	65	64	108	108
	65	64	108	108
Bank charges	31	31	407	400
Net interest on defined pension liability (note 23)	1,744	1,744	1,379	1,379
	1,840	1,839	1,894	1,887

12 Group taxation

	2022 £'000	2021 £'000
	-	(415)

Notes to the Accounts (continued)

13 Tangible fixed assets (Group)

	Land and buildings	Equipment	Assets in the Course of Construction

Notes to the Accounts

13 Tangible fixed assets (College only) (continued)

14

	Investment properties	Investment in associate	Other fixed asset investments	Total
	£'000	£'000	£'000	£'000
Cost or valuation brought forward	3,445	-	50	3,495
Impairment	-	-	(43)	(43)
Share of associate's deficit for the year	-	-	-	-
Acquisition of remaining shareholding		-		-
	3,445	-	7	3,452

	Investment properties	Investment in associate	Other fixed asset investments	Total
	£'000	£'000	£'000	£'000
Cost or valuation brought forward	3,445	-	50	3,495
Impairment	-	-	(43)	(43)
	3,445	-	7	3,452

The Corporation owns 100 percent of the issued Ordinary A shares of Activate Enterprise Limited, a company incorporated in England & Wales . The principal business activity of Activate Enterprise Limited is providing training, consulting and apprenticeships. The initial cost for this investment was £175.

On 14th September 2019, the Group acquired 100 percent shares of The Oxford Partnership LLP, a company incorporated in Saudi Arabia. On 30th April 2022 The Oxford

Notes to the Accounts (continued)

14 Non current investments (continued)

The Group owns 5 per cent of 1885 Cornhill Ltd, a company incorporated in United Kingdom. The initial cost of which was £50,000. The principal activity is the sale of food & beverage products. The investment is held by Activate Learning. The investment is not listed and is held at cost less impairment as fair value cannot be reliably determined.

15 Stock

	Group 2022 £'000	Group 2021 £'000
Equine stocks	-	-
Oil	96	35
Insights units	31	32
Total	127	67

There is no significant difference between the replacement cost of the inventory and its carrying amount.
Stocks are stated after provisions for impairment of £nil (2021: £nil).

College
The College had stocks of £96,491 at 31 July 2022 (2021: £35,048).

16 Debtors

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
	1,541	1,437	577	423
	(0)	(2,175)	(0)	40
	-	-	-	-
	2,548	2,483	2,765	2,678
	147	120	195	195
	4,235	1,866	3,537	3,336

17

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
	295	295	149	149
	3,859	1,396	1,640	1,330
	2,066	1,962	2,290	2,195
	-	-	3,743	-
	1,384	1,033	1,056	870
	2,616	2,616	2,529	2,529
	-	-	26	-
	1,876	1,876	2,198	2,198
	12,097	9,178	13,631	9,272

18

	2022	2022	2021	2021

19 Maturity of debt

Loans & Overdraft

	2022 Group	2022	2021	2021

20 Provisions

	Hidden Pensions	Enhanced pensions	Total
	£'000	£'000	£'000
	182	762	944
	(70)	(65)	(13 q

Total

Notes to the Accounts (continued)

23 Defined benefit obligations

		2022		2021
		£'000		£'000
		3,889		3,858
		93		90
	5,264		5,056	
	-		-	
		5,264		5,056
Total Pension Cost for Year		9,246		9,004

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to

23

NM5iP <<6ID 376 4:e9s6 4:e9 t <<65(691 [( )0.7 (14T /P <</MCID 437 >>BDC 8.28 0 0 8.28 448.56

23 Defined benefit obligations (continued)

Movement in net defined benefit (liability) during the year

	2022 £'000	2021 £'000
	(104,164)	(96,419)
Transfer in value of net liabilities	-	-
Current service cost	(14,516)	(11,773)
Administration expenses	(5)	(3)
Employer contributions	5,255	5,336
Past service cost	(12)	(119)
Net interest on the defined liability	(1,732)	(1,379)
Actuarial gain or loss	93,120	193
	(22,054)	(104,164)

	2022 £'000	2021 £'000
	242,641	208,469
	-	-
	14,516	11,773
	3,970	2,960
	1,443	1,414
	595	(3,328)
	(1,403)	22,659
	(3,691)	(4,043)
	12	119
	(92,871)	2,625
	(5)	(7)
	165,207	242,641

	138,477	112,050
	-	-
	2,238	1,581
	(559)	22,149
	5,255	5,336
	1,443	1,414
	(3,691)	(4,043)
	(10)	(10)
	-	-
	143,153	138,477

24

Due to the nature of the Group’s operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions will tak(106)]TJAT -0.00g (ac)-12.4 (o)]TJ -01002 Tc 01002 Tw7 9.316 0 Td wi(D)-4.9 (t9-2.4 (o)]TJ -0.005

Amounts disbursed as agent

Learner support funds

	2022 £’000	2021 £’000
	101	98
	896	935
	997	1,033
	(857)	(895)
	(34)	(37)
	106	101

Notes to the Accounts (continued)

26 Contingent liabilities

Prior to being wound up, one of the group's subsidiary companies, The Oxford Partnership LLP was appealing against income tax and withholding tax determinations from the Saudi Arabian tax authority in relation to certain tax treatments adopted for the financial years 2015 to 2018. Although the Group have received professional advice that the tax treatments used were appropriate and in accordance with relevant legislation, there is uncertainty over whether the group will be pursued for settlement. As a result, the Group holds a £2.4m liability within these Financial Statements which represents the remaining net assets of The Oxford Partnership LLP in case a future claim should arise.

In July 2022, in the case of Harpur Trust V Brazel, the Supreme Court confirmed that workers who only work for part of the year, but on permanent contracts are effectively entitled to the same holiday allowance as workers who work all year round. In light of this ruling, the group is unable currently to determine with any certainty whether a provision is required to be reflected in the Financial Statements for the year ended 31st July 2022 and the quantum of any such provision. It is acknowledged that any liability which may arise will need to be recognised in future years.

27

Future minimum lease payments due	2022	2021
	£'000	£'000
Land & Buildings		
Not later than one year	36	25
Later than one year and not later than 5 years	30	-
Later than five years	-	-
	66	25
Other		
Not later than one year	144	171
Later than one year and not later than 5 years	97	121
Later than five years		