

Activate Learning

Members' Report and Financial Statements

For the year ended 31 July 2019

Members' Report and Financial Statements

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Key Management Personnel, Board of Governors and Professional Advisors

Key Management Personnel

Sally Dicketts	Chief Executive Officer, Accounting Officer
Steve Ball	Chief Financial Officer
Lee Nicholls	Deputy Chief Executive
Cheri Ashby	Executive Director
Paul Newman	Executive Director
Jon Adams	Executive Director
Bernard Grenville Jones	Executive Director

Fiona Stilwell Managing Director, Activate Apprenticeships

Board of Governors

A full list of Governors is given on page 12 of these financial statements. Jamie Wade serves as Clerk

For the year ended 31 July 2019

Report of the Governing Body

NATURE, OBJECTIVE AND STRATEGIES

The members present their report and the audited financial statement for the year ended 31st July 2019.

Legal Status

Activate Learning is a Further Education Corporation and is exempt charity under Part 9 of the

Members' Report and Financial Statements
For the year ended 31 July 2019

Organisations wishing to be recognised as charitable must demonstrate that their activities are carried out for the public benefit.

for the public benefit.

In delivering its mission, the Corporation provides the following identifiable public benefits through the advancement of education:

- high-quality teaching and learning

- City of Oxford College
- Farnham 6th Form College
- Guildford College
- Merrist Wood College
- Reading College
- The Oxfordshire Partnership (Saudi Arabia)

Activate Learning is a 37% shareholder in The Oxford Partnership, a company registered in Saudi Arabia. The Oxford Partnership has a contract with Colleges of Excellence, an agency of the Saudi government, to run four colleges for female students in Saudi Arabia.

The Divisions within the Group are managed by locally based Executives and the Group oversees

the running of the Divisions and provides group wide shared services. Colleges operate a cross-campus faculty structure to provide consistent quality of delivery.

additional efficiency and longer term income growth.

Performance Indicators

performance indicators.

The merger processes have created significant complexity within financial performance and over time will materially change the financial expectations. The table below shows performance against

For the year ended 31 July 2019

All borrowing requires the authorisation of the Corporation and complies with the requirements of the Financial Memorandum with the ESFA.

Cash Flows and Liquidity

In total, activity within the year generated a cash inflow of £4,180k. Operating cash flow (after

£4,180k £4,180k £4,180k £4,180k £4,180k £4,180k £4,180k £4,180k £4,180k £4,180k

£4,180k inflow of £4,180k). The size of the Group's total borrowings and its approach to interest

£4,180k £4,180k £4,180k £4,180k £4,180k £4,180k £4,180k £4,180k £4,180k £4,180k

Student numbers

The Group had 23,042 learners in the period (2018: 12,738).

Achievements

Achievement rate for the Group is 94.5% (2018: 93.7%) which compares with the latest

published national benchmark of 85.9%.

Activate Learning was inspected by Ofsted in December 2017. The Corporation was rated as 'Good' for Overall Effectiveness, with 'Good' grades of Leadership & Management; Teaching, Learning & Assessment; Personal Development, Behaviour and Welfare; and Student Outcomes. An 'Outstanding' grade was also awarded for students with High Needs.

Particular strengths noted in the inspection report: the preparation of learners for employment through the development of Attributes, and the positive destinations held by our students; good professional development of teachers that has an impact on the quality of teaching and learning; effective leadership and governance with a clear strategic direction for the organisation.

Curriculum Developments

For the year ended 31 July 2019

Our approach to curriculum design will not only lead to an improved student experience, but also longer term value through efficiency and resource across sites. The harmonisation is enabling the efficient integration of our newly merged colleges.

The merger with the Guildford College Group has broadened the curriculum offer within Activate Learning to now include 'Land Based' at Merriat Wood College in Surrey.

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1st

For the year ended 31 July 2019

The Corporation has developed and embedded a system of internal control, including financial, operational and risk management, which is designed to protect the Corporation's financial assets and

partners, trade unions and professional bodies. The Group recognises the importance of these relationships and engages in regular communication with them

EQUALITY AND DIVERSITY

The Group is committed to ensuring equality of opportunity for all who learn and work with us

Activate Learning believes there should be no limits to achievement and as well as celebrating the

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the Group to obtain a better understanding of its governance and legal structure. This statement covers

the period from 1st August 2018 to 31st July 2019 and up to the date of approval of the annual

report and financial statements.

The Group endeavors to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and

	Reappointed: 17.07.16					
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Group's expenses and have access to the Clerk to the Corporation, who is responsible to the Board

For the year ended 31 July 2019

Committee may also occasionally receive and consider reports from the ESEF, as they affect the

The Group's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of work and report their findings to

- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts;

- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines; and

Use of resources, the solvency of the institution and the body and the safeguarding of their assets"

Capacity to Handle Risk

operating, financial and compliance controls that have been implemented to mitigate these risks

Members' Report and Financial Statements
For the year ended 31 July 2019

Governing Body's Statement on the Group's Regularity, Propriety

The Governing Body has considered the accounts for the year ended 31 July 2019 and is satisfied that:

Statement of the Responsibilities of the Members of the Corporation

The members of the Corporation of the Group are required to present financial statements for each financial year.

for each financial year.


Within the terms and conditions of the Financial Memorandum between the Education and Skills Funding Agency and the Corporation of the Group, the Corporation, through its Group Chief

Funding Agency and the Corporation of the Group, the Corporation, through its Group Chief

Executive, is required to prepare financial statements for each financial year in accordance with

are not out at risk

Approved by order of the members of the Corporation on 9th December 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'M. A. A.', is written on the page.

Independent auditor's report to the Members of the Corporation of Activate Learning

Opinion

We have audited the financial statements of Activate Learning ("the College") for the year ended 31

July 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Reserves, the Consolidated and College Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The

currently possible to evaluate all the potential implications to the College's activities staff students

public and the wider community

We considered the impact of Brexit on the College as part of our audit procedures and have

determining is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error.

In preparing the financial statements, the College are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the College intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

Independent Regularity Report to the Corporation of Activate Learning ('the Corporation') and the Secretary of State for Education Acting Through the Department of Education ('the Department')

In accordance with the terms of our engagement letter dated 16 September 2019 and further to the

carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Activate Learning during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes

matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's income and expenditure.

The work undertaken to draw to our conclusion includes:

Reviewed the statement on the College's website, provided and compared with Funding

body terms and conditions of funding.

Reviewed the College's completed self assessment questionnaire regarding

For the year ended 31 July 2019

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 July		Year ended 31 July	
		2019 Group £'000	2019 College £'000	2018 Group £'000	2018 College £'000
INCOME					
Funding body grants	3	68,230	62,529	41,261	36,174
Tuition fees and education contracts	4	6,396	7,659	4,301	3,905
Other grants and contracts	5	400	400	423	436
Other income	6	11,375	11,443	7,361	7,468
Investment income	7	5	41	-	35
Total income		96,406	92,072	53,346	49,018

For the year ended 31 July 2019

Consolidated and College Statement of Changes in Reserves

	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Group			
Balance at 31st July 2017	(20,179)	9,873	(10,306)
Deficit from the income and expenditure account	(1,595)	-	(1,595)
Other comprehensive income	12,123	2,432	14,555

For the year ended 31 July 2019

Statement of Financial Position as at 31 July 2019

	Notes	Group 2019 £,000	College 2019 £,000	Group 2018 £,000	College 2018 £,000
Fixed assets					
Tangible fixed assets	13	160,289	160,289	53,762	53,718
Investments	14	5,223	3,495	4,394	2,885
		165,512	163,784	58,156	56,603
Current assets					
Stocks	15	87	69	28	-
Trade and other receivables	16	9,224	8,069	4,387	5,969
Cash and cash equivalents	21	6,008	5,922	1,828	1,760
		15,319	14,060	6,243	7,729
Less: Creditors – amounts falling due within one year	17	(11,293)	(10,663)	(7,172)	(5,751)
Net current assets / (liabilities)		4,026	3,397	(929)	1,978
Total assets less current liabilities		169,538	167,181	57,227	58,581

Consolidated Statement of Cash Flows

	Notes	2019	2018
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Notes to the Accounts (forming part of the financial statements)

1 General Information

~~These financial statements comprising the Consolidated Statement of Comprehensive Income~~

~~Consolidated and College Statement of Changes in Reserves, Statement of Financial Position~~

Consolidated Statement of Cash Flows and the related notes (numbered 1 to 27) constitute the consolidated financial statements of Activate Learning for the financial year ended 31 July 2019.

Activate Learning is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all Further Education Corporations in

Notes to the Accounts (continued)

2. Accounting policies (continued)

Going Concern

The activities of the Group together with the factors likely to affect its future development and

For the year ended 31 July 2019

Notes to the Accounts (continued)

2. Accounting policies (continued)

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

Notes to the Accounts (continued)

2. Accounting policies (continued)

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful economic life to the Group.

- 50 years
- Refurbishments – useful economic life

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the Group.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The cost of such assets is reduced by the amount of the grant received.

Notes to the Accounts (continued)

2. Accounting policies (continued)

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower,

the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance

Notes to the Accounts (continued)

2. Accounting policies (continued)

The historical cost accounting policy is to measure assets and liabilities at the amount of cash or cash equivalents paid or received to acquire the asset at the date of its acquisition, less any depreciation, amortisation or impairment losses.

on the balance sheet at historical cost. Loans and borrowings are measured at amortised cost.

For the year ended 31 July 2019

Notes to the Accounts (continued)

2. Accounting policies (continued)

The financial statements management have used the following judgements:

- Determine whether there are indicators of impairment of the Group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of

Notes to the Accounts (continued)

	2019 Group	2019 College	2018 Group	2018 College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency - adult	5,459	5,418	4,107	3,760
Education and Skills Funding Agency – 16 -18	35,415	35,415	29,178	29,178
Education and Skills Funding Agency - apprenticeships	5,314	-	4,740	-
Higher Education Funding Council	697	479	1,630	1,630
Specific Grants				
Releases of government capital grants	733	733	548	548
Transaction Unit Grant Funding	16,628	16,628		
Other Grants	3,984	3,856	1,058	1,058
Total	68,230	62,529	41,261	36,174

4 Tuition fees and education contracts

Year ended 31 July 2019		Year ended 31 July 2018	
Group	College	Group	College
£'000	£'000	£'000	£'000

Notes to the Accounts (continued)

Other income

	Year ended 31 July 2019		Year ended 31 July 2018	
	Group £'000	College £'000	Group £'000	College £'000
Grants and subsidies	650	650	620	620

Miscellaneous income

111	105	649	647
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Total

44,275	44,442	7,264	7,469
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Notes to the Accounts (continued)

8 Staff costs - Group

The average number of persons (including top management personnel) employed by the Group during the year was:

described as full-time equivalents was:

Notes to the Accounts (continued)

8 Staff costs - Group (continued)

Key management personnel

~~Key management personnel are those persons having authority and responsibility for planning, directing and~~

controlling the activities of the Group and are represented by the Group Executive Team which comprises of the
~~Group Chief Executive, Chief Financial Officer and six individuals with the title Group Executive Director~~

~~_____~~

~~_____~~

Notes to the Accounts (continued)

8 Staff costs - Group (continued)

Key management personnel emoluments are made up as follows:

	2019	2018
	£'000	£'000
Salaries	974	974
Performance related bonuses	69	43
Benefits in kind	20	21
	1,062	1,038
Pension contributions	108	138
	1,171	1,176

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. Included in the above are bonuses linked to delivery of key strategic objectives of the

Notes to the Accounts (continued)

10 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2019	2019	2018	2018
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	10,000	5,791	8,385	4,188
Non teaching costs	6,214	8,690	2,989	4,458
Premises costs	4,154	4,175	4,413	3,577
Impairment of financial assets	396	4,492	67	1,240
The amount of stock recognised as an expense	154	-	128	-
Total	20,918	23,148	15,982	13,463

Other operating expenses include:

2019

2018

£'000

£'000

Financial statements audit*

45

40

Internal audit**

48

42

Other services provided by the financial statements auditors

1

Notes to the Accounts (continued)

13 Tangible fixed assets (Group)

	Land and Buildings	Equipment	Total
Cost or valuation	£'000	£'000	£'000
At 1 August 2018	10,005	20,507	30,512
Acquired at Merger	109,124	686	109,810
Additions	852	1,961	2,813
At 31 July 2019	158,641	32,214	190,855
Depreciation			

Notes to the Accounts (continued)

13 Tangible fixed assets (College only)

	Freehold		Total
	buildings		
	Freehold		
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2018	48,665	29,420	78,085
Transfer from Subsidiary	-	147	147
Additions	852	1,961	2,813
At 31 July 2019	158,641	32,214	190,855
Depreciation			
At 1 August 2018	11,763	12,603	24,367
Transfer from Subsidiary	-	105	105
Charge for the year	2,273	3,820	6,094

Notes to the Accounts (continued)

13 Tangible fixed assets (College only) (continued)

The transitional rules set out in FRS 102 *Tangible Fixed Assets* have been applied. Accordingly the book values at

Implementation has been completed

Land and buildings were valued by the three former colleges for the purpose of the 1994 financial statements at depreciated replacement cost by a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the three former colleges

For the year ended 31 July 2019

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 2019 £'000	Group 2018 £'000
Equine stocks	10	-
Oil	59	-
Insights units	18	28
Total	<u>87</u>	<u>28</u>

There is no significant difference between the replacement cost of the inventory and its carrying amount

Notes to the Accounts (continued)

16 Debtors

Group College Group College

2019 2019 2018 2018

Amounts falling due within one year:

Subsidiary undertakings	-	-	-	2,264
Associate undertakings	5,000	5,000	1,892	1,892
Prepayments and accrued income	2,264	4,504	4,275	2,264

Notes to the Accounts (continued)

19 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2019 £'000	College 2019 £'000	Group 2018 £'000	College 2018 £'000
In one year or less	-	-	726	726
Between two and five years	-	-	2,177	2,177
In five years or more	-	-	5,565	5,565
Total	-	-	9,194	9,194

The Group has repaid in full the two secured variable rate bank loans with Lloyds. This was financed as part of the

Notes to the Accounts (continued)

20 Provisions

	Hidden Pensions	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2018	145	806	951
Transfers from Creditors	-	-	-
Expenditure in the period	-	(69)	(69)
Charge to I&E	-	-	-
Actuarial Gain for the year	-	53	53
Interest Costs	-	19	19
At 31 July 2019	<u>145</u>	<u>808</u>	<u>953</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 23.

The Hidden pension provision relates to the LGPS scheme which requires that anyone who is made redundant over the age of 55 has to draw an immediate pension. The incremental cost of the additional years pension

payments is charged as a one off invoice to the employer.

For the year ended 31 July 2019

Notes to the Accounts (continued)

23 Defined benefit obligations

The College's employees belong to four principal pension schemes: the Teachers' Pension Scheme

England and Wales (TPS) for academic and related staff; and the Oxford County Council, Royal County of Berkshire

Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

FRS 102 (28)

Under the definitions set out in FRS 102 (28.14), the TDS is a multi-employer pension scheme. The College is

23 Defined benefit obligations (continued)

The Corporation's share of the assets in the plan were:

Loss term	Fair Value	Loss term	Fair Value
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Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2019	2018
	£'000	£'000
Amounts included in staff costs		
Current service cost	5,459	4,121
Past service cost	1,305	7
Total	<u>6,764</u>	<u>4,128</u>
Amounts included in investment costs		
Net interest costs	1,365	1,218
	<u>1,365</u>	<u>1,218</u>

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	4,477	3,787
Experience losses arising on defined benefit obligations	(1)	(0)

Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

Movement in net defined benefit (liability) during the year

	2019	2018
	£'000	£'000
Deficit in scheme at 1 August	(35,303)	(44,017)
Movement in year:		
Transfer in value of net liabilities	(31,959)	-
Current service cost	(5,459)	(4,121)
Administration expenses	-	-
Employer contributions	3,230	1,936
Past service cost	(1,305)	(7)
Net interest on the defined liability	(1,365)	(1,218)
Actuarial gain or loss	<u>(9,781)</u>	<u>12,124</u>

Asset and Liability Reconciliation

	2019	2018
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	94,049	96,173
Transfer in value of new liabilities at acquisition	84,580	-
Current service cost	5,459	4,121
Interest cost	3,543	2,645
Contributions by scheme participants	879	663
Experience loss on defined benefit obligation	4	9
Changes in financial assumptions	22,438	(8,346)
Estimated benefits paid	(2,030)	(1,218)
Past Service cost	1,305	7
Changes in demographic assumptions	<u>(8,185)</u>	-

Notes to the Accounts (continued)

24 Related party transactions

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 take place with organisations in which

For the year ended 31 July 2019

Notes to the Accounts (continued)

26 Contingent liabilities

Each shareholder of The Oxford Partnership Limited has entered into a Performance Bond with Excellence (the local funding agency). Activate Learning has such a bond in place which can only be called if The Oxford Partnership fails to see through its delivery contract. The bond is underwritten by insurance cover provided

Excellence (the local funding agency). Activate Learning has such a bond in place which can only be called if The Oxford Partnership fails to see through its delivery contract. The bond is underwritten by insurance cover provided

