ACTIVATE LEARNING

Activate Learning

(formerly known as

Oxford & Cherwell Valley College)

Members' report and financial statements

For the year ended 31 July 2013

Members' report and financial statements

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Members' report

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2013.

Legal Status

Activate Learning is an exempt charity for the purposes of the Charities Act 2011.

The Corporation was established by the Secretary of State for Education and Skills on 1 April 2003 under the provisions of the Further and Higher Education Act 1992 for the purpose of conducting the business of Oxford and Cherwell College. On 1 August 2003, the property, rights and liabilities of Oxford College of Further Education, North Oxfordshire College and Rycotewood College were transferred to Oxford and Cherwell College, a further education corporation incorporated for the purposes of running the activities of these three Colleges on a merged basis. At the date of merger, responsibility for the financial operations of the three former Colleges passed to the Governors and management of Oxford and Cherwell College.

On 17th August 2005 the College changed its name to Oxford and Cherwell Valley College (OCVC).

On 1st August 2012, the assets and business of Reading College Limited were transferred to the OCVC Corporation and Reading College Limited ceased trading. Reading College retains a separate identity and continues to be locally managed. A Community Board was created in 2011/12, which reports to the OCVC Corporation and represents the interests of the local community.

During May 2013, Rocket Consultancy Ltd was wholly acquired by OCVC and is now part of the group.

On 1st September 2013 OCVC changed its name to Activate Learning comprising of City of Oxford College, Banbury & Bicester College and Reading College. Rocket Consultancy Ltd would also form part of the Activate Learning Group.

Mission

To transform lives through learning. To ignite confidence and expand opportunities, energise the community, and generate prosperity.

Vision

Far reaching progressive change and impact through learning.

Values

Empowerment; Enterprise; Connectedness; Transformation.

Positioning

A driving force for transformational learning.

Core Thought

Further than Education.

Operating and Financial Review *(continued)*

Implementation of Strategic Plan

The Group has six strategic aims aligned to six key themes, which together incorporate all of our activities. They are actioned and monitored through a number of strategic priorities and key performance indicators:

Employability and Enterprise

- Develop learners who are highly sought after for their outstanding employability.

Teaching and Learning

- Earn a reputation for leading edge innovative teaching, learning and assessment.

High quality physical environment

- Inspire collaboration to create high quality environments that provide employment for our learners.

Strategic Relationships

- Energise our communities and create productive strategic partnerships.

Skilled Workforce

- Attract develop and train a highly qualified, skilled curious and independent workforce.

Efficiency and Stewardship

- Ensure continued financial health and solvency through growth, quality innovation and efficiencies.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Rocket Consultancy Ltd

During May 2013, Activate Learning acquired 100% of the share capital of Rocket Consultancy Ltd which is now a wholly owned subsidiary of the group.

Group Structure

The trading activities and assets / liabilities of the company have been consolidated in these financial statements from May 2013.

Activate Learning

During November 2013 a new Group structure was launched designed to work to best meet the needs of local communities.

The four campuses of Oxford & Cherwell Valley College (OCVC) have become two, locally-managed member Colleges, set up to provide the education and training programmes that local students and businesses want and need as well as the main City of Oxford campus.

Operating and Financial Review *(continued)*

The new Group is called Activate Learning and comprises off:

- Banbury and Bicester College (previously the Banbury and Bicester campuses of OCVC)
- City of Oxford College (combining the Oxpens Road and Blackbird Leys campuses of OCVC)
- Reading College, which will operate as before
- UTC Reading – a university technical college for 14 to 19 year olds which opened September 2013

In time the Group will grow further, with the addition of a Science Oxfordshire UTC in September 2015.

The Colleges within the Group will be managed by locally-based principals who will make decisions based on what their communities need.

At the same time a new Group parent will oversee the running of the Colleges and provide shared services. The proposed name for the new Group is Activate Learning.

This structure will strengthen local focus while making best use of shared resources facilitating this growth.

It will give the Group greater access to funding and a stronger voice when it comes to working with national agencies and decision makers.

Financial objectives

The College's financial objectives are:

- to achieve the budgeted surplus
- to meet pay as a percentage of income target
- to meet the budgeted percentage contribution from curriculum areas
- to increase the percentage of income from non core business
- to achieve the targeted annual SFA financial health rating

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

Performance indicators

FE Choices (formerly the "Framework for Excellence") has four key performance indicators:

- Success rates
- Learner destinations
- Satisfaction survey (formerly "learner views")
- Satisfaction survey (formerly "employer views")

The Group is committed to observing the importance of the measures and indicators and is monitoring these through the completion of the annual Finance Record for the Skills Funding Agency/Education Funding Agency ("EFA"). The current rating of Satisfactory is considered an acceptable outcome.

Operating and Financial Review *(continued)*

Financial position

Financial results

The income and expenditure account on page 19 consolidates the results of Activate Learning and Rocket Consultancy Ltd. The breakdown of the income and expenditure by Group is analysed below:

	Activate Learning	Rocket Consultancy	Group
	£000	*£000*	*£000*
Total income	54,179	205	54,384
Total expenditure	(53,132)	(268)	(53,400)
Surplus for the year before FRS17 adjustments	**1,047**	**(63)**	**984**
FRS 17 retirement benefits charge – pension finance cost	(236)	0	(236)
FRS 17 retirement benefits (credit) / charge – staff costs	(793)	0	(793)
Surplus for the year before exceptional items	**18**	**(63)**	**(45)**
Staff restructuring	(775)	0	(775)
Impairment of assets	(1,709)	0	(1,709)
NET DEFICIT	**(2,466)**	**(63)**	**(2,529)**

Activate Learning reported a surplus (excluding FRS 17 adjustments and exceptional items) of £1,050k *(2011/12: £1,423k surplus).*

The Group surplus (excluding FRS 17 adjustments and exceptional items) is £984,000 which is in line with expectations.

The Group has accumulated reserves of £23,372,000 and cash balances of £4,106,000.

Treasury policies and objectives

Treasury management is the management of the Group's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

All borrowing requires the authorisation of the Corporation and complies with the requirements of the Financial Memorandum with the Skills Funding Agency.

Cash flows

Operating cash flow was a net cash in-flow of £807,000 (for 2011/12 this was a net cash in-flow of £4,148,000).

Liquidity

The size of the Group's total borrowing and its approach to interest rate have been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded.

Operating and Financial Review *(continued)*

Student numbers

The Group had 20,319 learners in the period (2011/12: 20,362).

Achievements

Success rate for the Group is 86.6% for 2012/13 (2011/12: 82.9%) which is good compared with latest published national benchmark of 84.2% (2011/12).

Inspection

Activate Learning was inspected by Ofsted in October 2008. The summary grades awarded were:

Effectiveness of provision	Good: Grade 2
Capacity to improve	Good: Grade 2
Achievement and standards	Good: Grade 2
Quality of provision	Good: Grade 2
Leadership and management	Good: Grade 2

Curriculum developments

The Group has made significant progress in curriculum developments linked to stretch, challenge, individualised student review and enterprise & employability – all through our 4one1 curriculum delivery model launched last academic year across 8 curriculum areas.

The introduction of enterprise and employability has been focussed through the development of learning companies – providing real experience of work and through the application of learning within the College's own enterprising ventures such as Francesco's hair salons and Studio X1 digital media production companies.

Other curriculum initiatives include the development of our learning zones and learning coaches, to bring greater emphasis to independent facilitated learning.

Higher Education provision has grown significantly to meet local needs and interests – particularly those of employers. New Foundation degree provision in Policing with Thames Valley Police and Health and Social care with the various Health Trusts are 2 examples.

Through the UTC developments, there has been much work with project based curriculum development with key industry partners, At UTC Reading employer-endorsed project-based learning has been developed with Microsoft, Cisco, Network Rail and Peter Brett Associates and this model is being extended in our second UTC and incorporated into college-based delivery through our Career College concept.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. The Group makes every endeavour to adhere to this target.

Operating and Financial Review *(continued)*

Post-balance sheet events

The Group began the refurbishment of Oxford Campus Phase 1 which is expected to cost £5.88m and is expected to be complete during late summer 2014. The new block will feature a state of the art training restaurant as well as industry standard hair and beauty salons.

Significant investment in IT infrastructure is also underway with a £2.68m replacement of the IT network which will enhance the use of ILT in teaching and learning as well as fast WiFi access throughout each of the campuses.

The revolutionary £1.1m IBM project will empower staff and students to utilise information like never before thus helping to enhance the quality of teaching and learning at the Group.

Future developments

The second phase of the transformation of the Banbury Campus was completed. This includes the development of a Design/Media Industries and a Motor Industries Centre and was opened to students in September 2013. Phase 1 of a major project to redevelop the Oxford campus is progressing well and is on schedule to be completed by September 2014. A major redevelopment of Blackbird Leys campus of the City of Oxford College is currently being planned and under consideration.

The Group is lead sponsor of UTC Reading, a technical academy in Reading. Major works have been completed and the new campus at Crescent Road was opened in September 2013. The Group is also lead sponsor for UTC Oxfordshire which is due to open in September 2015.

RESOURCES

The Group has various resources that it can deploy in pursuit of its strategic objectives.

Financial
The Group has £27.23 million of net assets (including £11.9 million pension liability) and £130k of debt falling due in less than one year.

People
The Group employs 1,034 people (expressed as full time equivalents), of whom 536 are teaching staff.

Reputation
The Group has a good reputation locally and nationally which is important for it to be successful in attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES:

The Group has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Group's assets and reputation.

Based on the strategic plan, the Senior Management Team undertakes a comprehensive review of the risks to which the Group is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Group. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Management Team will also consider any risks which may arise as a result of a new area of work being undertaken by the Group.

Operating and Financial Review *(continued)*

A risk register is maintained which is reviewed regularly by the relevant committees and by the Audit Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Group and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a list of some of the principal risk factors that may prevent the Group achieving its objectives. Not all the factors are within the Group's control. Other factors besides those listed below may also adversely affect the Group.

- Failure to improve student success rates
- Public sector funding cuts
- Inability to recruit staff with appropriate skills and motivation
- Marketing strategy may not deliver enrolment targets
- Lack of investment in college buildings and facilities

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, Activate Learning (formerly known as Oxford and Cherwell Valley College) has many stakeholders. These include; students, funding agencies, staff, local employers (with specific links), local authorities, government offices, the local community, other FE institutions, trade unions, professional bodies.

The Group recognises the importance of these relationships and engages in regular communication with them through the Group Internet site(s) and by meetings.

Equal Opportunities and the employment of disabled persons

The Group considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Group continues. The Group's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

The Group publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The Group undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The Group is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The Group considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Group continues.

The Group's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

Operating and Financial Review *(continued)*

Disability statement

The Group seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001 and 2005. In particular, the Group makes the following commitments:

a as part of the redevelopment of the buildings it is installing lifts and ramps, etc, so that eventually most of the facilities will allow access to people with a disability;

b there is a list of specialist equipment, lighting for audio facilities, etc, which the Group can make available for use by students;

c the admissions policy for all students is described in the Group charter. Appeals against a decision not to offer a place are dealt with under the complaints policy;

d the Group has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;

e specialists programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard Group format;

f counselling and welfare services are described in the Group charter.

Disclosure of Information to Auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit Information of which the Group's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Approved by order of the members of the Corporation on 10 December 2013 and signed on its behalf by:

....
Chairman

Professional advisers

Financial statement and regularity auditors:

Mazars LLP,
Clifton Down House,
Beaufort Buildings ,
Bristol, BS8 4AN

Internal auditors:

Baker Tilly Business Services Limited,
66 Chiltern Street,
London, W1U 4GB

Bankers:

Lloyds TSB Bank Plc,
1 High Street,
Carfax,
Oxford, OX1 4AA

Solicitors:

Morgan Cole,
Buxton Court,
3 West Way,
Oxford, OX2 0SZ

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.

The Group endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and

ii. having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector

The Group is committed to exhibiting best practice in all aspects of corporate governance. In carrying out its responsibilities, it takes full account of The English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted in December 2011. Whilst not complying fully with the UK Corporate Governance Code, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The Corporation

The members who served the Corporation during the year and up to the date of signature of this report were as follows:-

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees Served
Graham Blackburn	Re-appointed 29.03.11	4 years		External	FE&GP, Campus, Remuneration, Search (Corporation Chairman)
Marie Brankin	18.10.11	4 years		External	HR
Lesha Chetty	17.07.12	4 years		External	FE&GP, campus
Sally Dicketts	01.10.03	Ex officio		Principal	FE&GP, CQS, Search, HR, Campus
Sue Donaldson	14.12.10	4 years	Sabbatical 03/13 to 03/14	External	HR, Remuneration
Aaron Forth	17.07.12	2 years	31.07.13	Staff (Teaching)	CQS
Bernard Grenville-Jones	09.04.11	4 years		External	Audit
Charles Holmes	Re-appointed 18.10.10	4 years		External	Search, Remuneration
Mark Ibison	17.07.12	4 years		External	FE&GP, campus
Evelyn James	18.07.12	4 years		External	HR
Chris Jones	29.03.11	4 years		External	Audit, Remuneration
Sa'ad Medhat	20.10.09	4 years		External	CQS
Tracey James	17.07.13	4 years		External	
Elizabeth Paris	Re-appointed 21.07.09 Re-joined	4 years		External	CQS

	Corporation 16.10.12				
David Shepley-Cuthbert	09.04.11 Reappointed 09.04.12	1 year	16.07.13	External	FE&GP, Search, Remuneration, Campus
Paul Stallard	Re-appointed 19.10.10	2 years	15.10.12	Staff (Business Support)	Campus
Natasha Waller	16.10.12	2 years		Staff (Business Support)	Campus
Terry Watts	14.12.10	4 years		External	CQS, Remuneration
Carly Ward	09.04.11	4 years	03.10.12	External	
Deborah Wharton	Reappointed 29.03.11	4 years		External	HR, Remuneration

Emma Thompson served as Clerk to the Corporation during 2012/13. Richard Eggington is the present Clerk to the Corporation.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets four times in each year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are 'Finance Estates & General Purposes', 'Remuneration', 'Search', 'Audit', 'Human Resources' and 'Curriculum, Quality & Standards'. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Activate Learning
Oxpens Road,
Oxford
OX1 1SA.

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All members are able to take independent professional advice in furtherance of their duties at the Group's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairman of the Corporation and Chief Executive of the Group are separate.

Statement of Corporate Governance and Internal Control *(continued)*

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding 4 years.

Remuneration Committee

Throughout the year ending 31 July 2013, the College's remuneration committee had six members. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Group Chief Executive and other senior post-holders.

Details of remuneration for the year ended 31 July 2013 are set out in notes 5 and 6 to the financial statements.

Audit Committee

The Audit Committee comprises two members of the Corporation (who exclude the Group Chief Executive and Chairman) and one co-opted member. The committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the Group's system of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets three times in each year and provides a forum for reporting by the Group's internal and financial statement auditors, who have access to the Committee for independent discussion, without the presence of Group management. The Committee may also occasionally receive and consider reports from the SFA and EFA, as they affect the Group's business.

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

Management is responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work.

Internal Control

Scope of responsibility

The Corporation is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Group Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Group's policies, aims and objectives whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the Group and the Skills Funding Agency (SFA). She is also responsible for reporting to the Corporation any material weaknesses or break-downs in internal control.

Statement of Corporate Governance and Internal Control *(continued)*

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Group for the year ended 31 July 2013 and up to the date of approval of the annual report and financial statements.

The risk and control framework

The system of internal control is based on a framework of regular management information, administration procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation
- 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
- The adoption of formal project management disciplines, where appropriate

The Group has an internal audit service, which operates in accordance with requirements of the SFA and EFA's Joint Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the Group is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee.

As a minimum, the Head of Internal Audit (HIA) annually provides the Corporation with a report on internal audit activity in the Group. The report includes the HIA's independent opinion on the adequacy and effectiveness of the Group's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Group Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Group Chief Executive's review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors
- The work of the executive managers within the Group who have responsibility for the development and maintenance of the internal control framework
- Comments made by the Group's financial statements auditors in their management letter and other reports.

The Group Chief Executive has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Statement of Corporate Governance and Internal Control *(continued)*

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2013 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2013 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31 July 2013.

The Corporation has reviewed the key risks to which the Group is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the Group's significant risks that has been in place for the period ending 31 July 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

Based on the advice of the Audit Committee and the Principal, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "*the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets*".

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 10 December 2013 and signed on its behalf by:

Chairman

Group Chief Executive

Statement of the responsibilities of the members of the Corporation

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

Within the terms and conditions of the Financial Memorandum between the Skills 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 the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and with the Accounts Direction for 2012-13 issued jointly by the Skills Funding Agency and the Education Funding Agency, and which give a true and fair view of the state of affairs of the Group and the result for that year.

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue in operation.

The Corporation is also required to prepare a members report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the Group.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the Group and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the Activate Learning website is the responsibility of the governing body of the Group; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the EFA (formerly the YPLA) and the SFA are used only in accordance with the Financial Memorandum with the Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the Group's resources and expenditure so that the benefits that should be derived from the application of public funds by the EFA and SFA are not put at risk.

Approved by order of the members of the Corporation on 10 December 2013 and signed on its behalf by:

....
Chairman

Independent auditor's report to the Corporation of Activate Learning (formerly known as Oxford and Cherwell Valley College)

We have audited the Group and College financial statements ("the financial statements") of Activate Learning for the year ended 31 July 2013 which comprise Consolidated Income and Expenditure account, Consolidated Statement of Historical Cost Surpluses and Deficits, Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Balance Sheet, the College Balance Sheet, the Consolidated Cash Flow Statement, the Reconciliation of net cash flow to movements in net funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Members of the Corporation of Activate Learning (formerly known as Oxford and Cherwell Valley College)

As explained more fully in the Statement of the Corporation's responsibilities set out on page 15, the Members of the Corporation are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; reasonableness of significant accounting estimates made by the Corporation; and the overall presentation of the financial statements. In addition we read all the financial and non financial information in the Operating and Financial Review to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatement or inconsistencies, we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group's and College's affairs as at 31 July 2013 and of the Group's and College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for the Further and Higher Education Institutions

Independent auditor's report to the Corporation of Activate Learning (formerly known as Oxford and Cherwell Valley College) *(continued)*

Opinion on the other matter prescribed by the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the YPLA and the Audit Code of Practice issued by the Learning and Skills Council

In our opinion:

- proper accounting records have been kept; and
- the financial statements are in agreement with the accounting records.

Richard Bott

(Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Clifton Down House
Beaufort Buildings
Clifton Down
Bristol
BS8 4AN

Date: 19/11/13

Independent regularity report to the Corporation of Activate Learning (formerly known as Oxford and Cherwell Valley College) ('the Corporation') and the Chief Executive of Skills Funding Agency

In accordance with the terms of our engagement letter dated 3 June 2013 and further to the requirements of the Chief Executive of Skills Funding Agency, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received of Activate Learning (formerly known as Oxford and Cherwell Valley College) ('the College') during the year ended 31 July 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Corporation and the Chief Executive of Skills Funding Agency. Our review work has been undertaken so that we might state to the Corporation and the Chief Executive of Skills Funding Agency those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and the Chief Executive of Skills Funding Agency, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Members of the Corporation of Activate Learning (formerly known as Oxford and Cherwell Valley College) and Auditors

The Group's Corporation is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the Learning and Skills Council. We report to you whether, in our opinion, in all material respects, expenditure disbursed and income received during the year ended 31 July 2013 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Audit Code of Practice and the Regularity Audit Framework issued by the Learning and Skills Council. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Group's income and expenditure.

Opinion

In our opinion, in all material respects, the expenditure disbursed and income received during the year ended 31 July 2013 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Mazars

Mazars LLP
Clifton Down House
Beaufort Buildings
Clifton
Bristol
BS8 4AN

Date: 19 December 2013

Consolidated income and expenditure account
for the year ended 31 July 2013

	Note	2013 £'000	2012 £'000
Income			
Funding Council Income	2	44,649	43,853
Tuition fees and education contracts	3	5,146	5,583
Other income		4,575	3,200
Investment income	4	14	7
Total income		**54,384**	**52,643**
Expenditure			
Staff costs	5	36,938	34,678
Other operating expenses	7	14,202	13,582
Depreciation	10	2,940	2,780
Interest and other finance costs	8	349	167
Total expenditure		**54,429**	**51,207**
(Deficit) / surplus on continuing operations after depreciation of assets at valuation and before exceptional items and tax		**(45)**	**1,436**
Impairment of assets	10	(1,709)	0
Staff restructuring	5	(775)	0
(Deficit) / surplus on continuing operations after depreciation of assets at valuation, exceptional items and disposal of assets but before tax	20	**(2,529)**	**1,436**
Taxation	9	0	0
(Deficit) / surplus on continuing operations after depreciation of assets at valuation, exceptional items and disposal of assets and tax		**(2,529)**	**1,436**

The income and expenditure account is in respect of continuing activities.

Consolidated statement of historical cost surpluses and deficits
for the year ended 31 July 2013

	Note	2013 £'000	2012 £'000
(Deficit) / surplus on continuing operations after depreciation of assets at valuation and tax		(2,529)	1,436
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	*20*	219	218
Movement from revaluation reserve to reflect impaired assets	*20*	1,456	0
Historical cost (deficit) / surplus for the year		**(854)**	**1,654**

Consolidated statement of total recognised gains and losses
for the year ended 31 July 2013

	Note	2013 £'000	2012 £'000
(Deficit) / surplus on continuing operations after depreciation of assets at valuation and tax	*20*	(2,529)	1,436
Actuarial gain / (loss) in respect of pension schemes	*21*	4,633	(5,610)
Actuarial loss in respect of enhanced pension provision	*17*	(34)	(26)
Total recognised gains / (losses) relating to the year		**2,070**	**(4,200)**

Reconciliation	**£'000**
Opening reserves	19,934
Total recognised gains for the year	2,070
Closing reserves	**22,004**

Balance sheets
as at 31 July 2013

	Note	Group 2013 £'000	College 2013 £'000	Group 2012 £'000	College 2012 £'000
Fixed assets					
Tangible assets	10	44,264	44,244	42,090	33,361
Investments	11	0	50	0	0
Intangible assets	12	208	0	0	0
		44,472	44,294	42,090	33,361
Current assets					
Debtors	13	1,763	1,834	1,180	3,746
Cash at bank & in hand		4,106	4,106	4,854	4,575
		5,869	5,940	6,034	8,321
Creditors: Amounts falling due within one year	14	(5,325)	(5,152)	(6,105)	(5,037)
Net current assets / (liabilities)		544	788	(71)	3,284
Total assets less current liabilities		45,016	45,082	42,019	36,645
Creditors: Amounts falling due after more than one year	15	(4,870)	(4,870)	(1,000)	(1,000)
Provisions for liabilities and charges	17	(997)	(997)	(1,123)	(998)
Net assets excluding pension liability		**39,149**	**39,215**	**39,896**	**34,647**
Net pension liability	21	(11,921)	(11,921)	(15,525)	(15,525)
Net assets including pension liability		**27,228**	**27,294**	**24,371**	**19,122**
Deferred capital grants	18	5,224	5,224	4,437	4,437
Reserves					
Revaluation reserve	19	10,553	10,553	12,228	12,228
Income and expenditure account	20	23,372	23,438	23,231	17,982
Pension reserve	21	(11,921)	(11,921)	(15,525)	(15,525)
		27,228	**27,294**	**24,371**	**19,122**

The financial statements on pages 19 to 43 were approved by the Corporation on 10 December 2013 and were signed on its behalf by:

....
Chairman

....
Group Chief Executive

Consolidated Cash flow statement
for the year ended 31 July 2013

	Note	2013 £'000	2012 £'000
Cash flow from operating activities	22	807	4,148
Returns on investments and servicing of finance	24	(99)	(2)
Capital expenditure and financial investment	24	(5,446)	(3,770)
Cash flow before use of liquid resources and financing		(4,738)	376
Management of liquid resources		0	0
Financing	24	4,000	496
(Decrease) / Increase in cash		(738)	872

Reconciliation of net cash flow to movement in net funds

	2013 £'000	2012 £'000
(Decrease) / Increase in cash in the period	(738)	872
Change in net debt resulting from cash flows	(4,000)	(496)
Other non cash items	(37)	0
Movement in net funds in period	(4,775)	376
Net funds at 1 August	3,854	3,478
Net funds at 31 July	(921)	3,854

Notes

(forming part of the financial statements)

Accounting Policies

1 Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2007* (the SORP), the *Accounts Direction for 2012-13 financial statements* and in accordance with applicable United Kingdom Accounting Standards.

The consolidated financial statements include the financial statements of the College and its subsidiary Rocket Consultancy Ltd (date of acquisition, 16 May 2013) made up to 31 July 2013. In accordance with the 2007 SORP, the results of Rocket Consultancy Ltd are included in the consolidated income and expenditure account from the effective date of acquisition. Intra-group sales and profits are eliminated fully on consolidation.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements include Activate Learning and its subsidiary, Rocket Consultancy Limited. The results of subsidiaries acquired or disposed of during the period 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. In accordance with Financial Reporting Standard (FRS) 2, the activities of the student union have not been consolidated because Activate Learning does not control those activities. All financial statements are made up to 31 July 2013.

Recognition of income

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

Funding body recurrent grants are recognised 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 Single 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 at the end of November 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.

Other discrete funds received during the year from the SFA and EFA (formerly the LSC) are taken to income as expenditure is incurred in line with the specific terms and conditions attached to each fund by the funding agency.

Where the Group receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the Group does not have direct control over the future economic benefits derived from these funds. The Group has applied this policy to certain funds received during the year from the Learning and Skills Council and its successor organisations (see note 29).

Non-recurrent grants from the SFA and EFA (formerly the LSC) or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Notes *(continued)*

1. Statement of accounting policies *(continued)*

Recognition of income *(continued)*

Income from tuition fees is recognised in the period for which it is receivable and includes all fees payable by students or their sponsors, for example the National Health Service

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Post retirement benefits

Retirement benefits to employees of the Group are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme. Contributions to the TPS are charged as incurred.

Contributions to the TPS scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the Group 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 quinquennial valuations using a prospective benefit method.

As stated in Note 21, the TPS is a multi employer scheme and the college 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 scheme and the contributions recognised as they are paid each year' should be included.

The assets of the LGPS are measured using closing market values. LGPS 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 to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Further details of the pension schemes are given in note 21.

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 and expenditure account 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 SFA.

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the Group of 50 years. The Group has adopted the transitional provisions of FRS 15 and has determined not to subsequently revalue its fixed assets from the amounts currently included within the financial statements.

Notes *(continued)*

1. Statement of accounting policies *(continued)*

Tangible Fixed Assets (continued)

The Group has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

On adoption of FRS 15, the Group followed the transitional provisions to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset(s) may not be recoverable.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Assets capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the assets life beyond that conferred by repairs and maintenance

Assets under construction

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

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

Inherited equipment is depreciated on a straight line basis over its remaining useful economic life to the Group of 5 years. All other equipment is depreciated over its useful economic life as follows:

Motor vehicles	-	4 years
General equipment	-	5 years
Computer equipment	-	3 years
Furniture	-	10 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright.

Notes *(continued)*

1. Statement of accounting policies *(continued)*

The relevant assets are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Tangible Fixed Assets

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Intangible Fixed Assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the income and expenditure account over its estimated economic life of 10 years.

Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their value. Listed investments held as fixed assets or endowment assets are stated at market value.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Taxation

The Group is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Group is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Group receives no similar exemption in respect of Value Added Tax. For this reason the Group is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Notes *(continued)*

1. Statement of accounting policies *(continued)*

Cash

Cash for the purposes of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

Agency arrangements

The Group acts as an agent in the collection and payment of Learner Support Funds. Related payments received from the SFA and EFA (formerly the LSC) and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 29, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The Group employs 1 member of staff dedicated to the administration of Learner Support Fund applications and payments.

Going concern

The activities of the Group, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the Group, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The Group currently has £5m of loans outstanding with bankers repayable after 1 year and discussions are on-going with regard to additional facilities of £7m to help finance the next phase of capital projects.

The Group's forecasts and financial projections indicate that it will be able to operate within this facility for the foreseeable future. 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.

2 Funding Council income

	2013 £'000	2012 £'000
Recurrent grant – SFA and EFA (formerly the LSC)	36,635	37,675
Recurrent grant – HEFCE	0	52
Non recurrent grants – SFA and EFA (formerly the LSC)	7,689	5,886
Releases of deferred capital grants		
Buildings (note 16)	293	202
Equipment (note 16)	32	38
	44,649	**43,853**

3 Tuition fees and education contracts

	2013 £'000	2012 £'000
Tuition Fees	2,650	2,720
Education Contracts	2,496	2,863
	5,146	**5,583**

Notes *(continued)*

4 Investment income

	2013 £'000	2012 £'000
Interest receivable	**14**	**7**

5 Staff numbers and costs

The average number of persons employed by the Group (including senior post-holders) during the year, expressed as full-time equivalents, was as follows:

	2013 Number	2012 Number
Teaching staff	536	493
Non Teaching staff	498	418
	1,034	**911**

The numbers above do not include estimates of the staff numbers employed through contracting out arrangements. Staff costs for the above persons were as follows:

	2013 £'000	2012 £'000
Wages and salaries	27,249	25,809
Social security costs	1,861	1,922
Other pension costs (includes FRS17 adjustments of £793,000; £495,000 in 2012)	3,900	3,482
Payroll sub total	**33,010**	**31,213**
Contracted-out lecturing services	3,928	3,465
Exceptional staff restructuring	775	0
	37,713	**34,678**

The number of staff, including senior post-holders and the Group Chief Executive, who received emoluments in the following ranges was:

	2013 Number of senior post-holders	2013 Number of other staff	2012 Number of senior post-holders	2012 Number of other staff
£60,001 to £70,000	0	1	0	7
£70,001 to £80,000	0	2	0	2
£80,001 to £90,000	0	3	0	2
£90,001 to £100,000	0	3	0	2
£130,001 to £140,000	1	1	1	0
£140,001 to £150,000	0	0	0	1
£170,001 to £180,000	0	0	0	0
£180,001 to £190,000	1	0	1	0

Notes *(continued)*

6 Emoluments of senior post-holders and members

	2013 Number	2012 Number
The number of senior post-holders including the Group Chief Executive was	**2**	**2**

Senior post-holders' emoluments are made up as follows:

	2013 £'000	2012 £'000
Salaries	254	243
Pension contributions	35	34
Other	32	35
	321	**312**

The above emoluments include amounts payable to the Group Chief Executive (who is also the highest paid senior post-holder) of:

	2013 £'000	2012 £'000
Salaries	149	143
Pension contributions	20	20
Other	17	19
	186	**182**

The pension contributions in respect of the Group Chief Executive and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme / Local Government Pension Scheme and are paid at the same rate as for other employees.

The members of the Corporation other than the Group Chief Executive and the staff members did not receive any payment from the Group other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Notes *(continued)*

7 Other operating expenses

	2013 £'000	2012 £'000
Teaching costs	4,058	2,404
Non teaching costs	5,999	7,912
Premises costs	4,145	3,266
	14,202	**13,582**

Other operating expenses include:

	2013 £'000	2012 £'000
Auditors remuneration:		
Financial statements audit	26	52
Internal audit	27	28
Other services provided by the financial statements auditors	14	0

8 Interest payable

	2013 £'000	2012 £'000
On bank loans and overdrafts:		
Repayable within five years, not by instalments	113	9
FRS17 Pension Cost	236	158
	349	**167**

9 Taxation

The Group was not liable for any corporation tax arising out of its activities during either period.

Notes *(continued)*

10 Tangible fixed assets

	Group				Activate Learning			
	Freehold Land & Buildings	Work in Progress	Equip-ment	Total	Freehold Land & Buildings	Work in Progress	Equip-ment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 August 2012	50,463	1,003	19,968	71,434	42,668	993	14,174	57,834
Transfer from Reading College	0	0	0	0	7,795	10	5,794	13,600
Additions	1,053	4,095	1,725	6,873	1,053	4,095	1,718	6,866
Disposals	0	0	(96)	(96)	0	0	(96)	(96)
Acquisitions of Rocket	10	0	11	21	0	0	0	0
At 31 July 2013	51,526	5,098	21,608	78,232	51,516	5,098	21,590	78,204
Accumulated depreciation								
At 1 August 2012	12,453	0	16,891	29,344	12,114	0	12,361	24,475
Transfer from Reading College	0	0	0	0	339	0	4,530	4,869
Charge for year	1,458	0	1,482	2,940	1,458	0	1,481	2,939
Disposals	0	0	(30)	(30)	0	0	(30)	(30)
Impairment	1,709	0	0	1,709	1,709	0	0	1,709
Acquisitions of Rocket	2	0	3	5	0	0	0	0
At 31 July 2013	15,622	0	18,346	33,968	15,620	0	18,342	33,962
Net book value								
At 31 July 2013	**35,904**	**5,098**	**3,262**	**44,264**	**35,896**	**5,098**	**3,248**	**44,242**
At 31 July 2012	38,010	1,003	3,077	42,090	30,554	993	1,813	33,360
Inherited	10,553	0	0	10,553	10,553	0	0	10,553
Financed by capital grant	3,669	1,393	162	5,224	3,669	1,393	162	5,224
Other	21,682	3,705	3,100	28,487	21,674	3,705	3,086	28,645
At 31 July 2013	**35,904**	**5,098**	**3,262**	**44,264**	**35,896**	**5,098**	**3,248**	**44,242**

Notes *(continued)*

10 Tangible fixed assets *(continued)*

During the year tangible fixed assets were gifted to the Group from Reading College. These are shown in the Group note above as Transfer of Assets from Reading College.

The transitional rules set out in FRS 15 *Tangible Fixed Assets* have been applied. Accordingly the book values at implementation have been retained.

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 local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings with a net book value of £10,553,000 *(2012: £12,228,000)* have been financed from exchequer funds. Should these assets be sold, the Group may be liable, under the terms of the financial memorandum with the Skills Funding Agency, to surrender the proceeds.

If inherited land and buildings had not been valued they would have been included at a cost of £nil.

11 Investments

	Activate Learning 2013 £'000	**College 2012 £'000**
Investments in subsidiary companies	50	0
Total	**50**	**0**

The Group owns 100 per cent of the issued ordinary £1 shares of Rocket Consultancy Limited, a company incorporated in England and Wales. The principal business activity of Rocket Consultancy Limited is be-spoke training of employees on behalf of employers. The shares of the business were acquired on 16 May 2013.

12 Intangible Assets

	Group 2013 £'000
Cost:	
Cost as at 01 August 2012	0
Recognised on acquisition of Rocket Consultancy	208
Carried forward as at 31 July 2013	208

Notes *(continued)*

13 Debtors

	Group 2013 £'000	Activate Learning 2013 £'000	Group 2012 £'000	Activate Learning 2012 £'000
Amounts falling due within one year:				
Trade debtors	766	603	720	538
Prepayments and accrued income	840	780	449	355
Other Debtors	47	341	11	11
Loan to Reading College	0	0	0	2,842
Amounts owed from the SFA	110	110	0	0
	1,763	**1,834**	**1,180**	**3,746**

14 Creditors: Amounts falling due within one year

	Group 2013 £'000	Activate Learning 2013 £'000	Group 2012 £'000	Activate Learning 2012 £'000
Bank loans and overdrafts	157	130	0	0
Other payments received in advance	656	656	323	261
Trade creditors	2,233	2,171	2,768	2,109
Other taxation and social security	801	717	720	720
Accruals and deferred income	999	999	1,843	1,496
Other amounts owed to Skills Funding Agency	479	479	451	451
	5,325	**5,152**	**6,105**	**5,037**

15 Creditors: Amounts falling due after more than one year

	Group 2013 £'000	Activate Learning 2013 £'000	Group 2012 £'000	Activate Learning 2012 £'000
Bank loans	**4,870**	**4,870**	**1,000**	**1,000**

Notes *(continued)*

16 Analysis of borrowings

Bank loans and overdrafts

	Activate Learning	
	2013	**2012**
	£'000	**£'000**
Bank loans and overdrafts are repayable as follows:		
Within one year	130	0
Between two and five years	1,153	200
After 5 years	3,717	800
	5,000	**1,000**

The Group has one unsecured variable rate bank loan which is repayable by instalments falling due between May 2014 and May 2029.

17 Provisions for liabilities and charges

	Group			Activate Learning		
	Enhanced Pension	**Litigation Costs**	**TOTAL**	**Enhanced Pension**	**Litigation Costs**	**TOTAL**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 August 2012	998	125	1,123	998	0	998
Reading College	0	0	0	0	125	125
Expenditure in period	(74)	0	(74)	(74)	0	(74)
Actuarial loss over the year	34	0	34	34	0	34
Transferred (from) / to income and expenditure account	39	(125)	(86)	39	(125)	(86)
At 31 July 2013	**997**	**0**	**997**	**997**	**0**	**997**

The enhanced pension provision relates to the cost of staff who have already left the Group's employment. This provision has been recalculated in accordance with guidance issued by the SFA.

The principal assumptions for this calculation are:

	2013	2012
Price inflation	4.28%	3.89%
Discount rate	2.50%	2.50%

Notes *(continued)*

18 Deferred capital grants

	Group and Activate Learning		
	SFA and EFA £'000	**Other Grants £'000**	**Total £'000**
At 1 August 2012	2,937	1,500	4,437
Grants deferred	1,393	0	1,393
Released to income and expenditure account	(325)	(281)	(606)
At 31 July 2013	**4,005**	**1,219**	**5,224**

19 Revaluation reserve

	Activate Learning £'000
At 1 August 2012	12,228
Transfer from revaluation reserve to income and expenditure account in respect of:	
Depreciation on re-valued assets	(219)
Transfer in respect of impairment	(1,456)
At 31 July 2013	**10,553**

20 Income and expenditure account

	Group £'000	**College £'000**
At 1 August 2012	7,706	2,454
Fair value of net assets of Reading College gifted to the college	0	5,252
Deficit on continuing operations after depreciation of assets at valuation and tax	(2,529)	(2,463)
Transfer from revaluation reserve to income and expenditure account – depreciation	219	219
Transfer from revaluation reserve to income and expenditure account - impairment	1,456	1,456
Actuarial gain in respect of pension scheme	4,599	4,599
At 31 July 2013	**11,451**	**11,517**

Balance represented by

	£'000	**£'000**
Pension reserve	(11,921)	(11,921)
Income and expenditure account excluding pension reserve	23,372	23,438
At 31 July 2013	**11,451**	**11,517**

The fair value of the net assets of Reading College, which were gifted to the Group in the year, have been recognised in the Group's Statement of Total Recognised Gains and Losses.

Notes *(continued)*

21 Pensions and similar obligations

The Group's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS).

		2013 £'000		2012 £'000
Teachers pension scheme: contributions paid		1,868		1,829
Local Government Pension Scheme:				
Contributions paid	1,239		1,142	
FRS17 charge	793		495	
Charge to the Income & Expenditure Account		2,032		1,637
Total Pension Cost		**3,900**		**3,466**

Contributions amounting to £169,050 (2012: £377,000) were payable to the schemes and are included in creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.
The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Notes *(continued)*

21 Pensions and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of 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 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

Scheme Changes

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

The Proposed Final Agreement can be found at:

http://media.education.gov.uk/assets/files/ppt/t/tps%20proposed%20final%20agreement.pdf

The pension costs paid to TPS in the year amounted to £1,867,780 (2012: £1,827,094).

Notes *(continued)*

21 Pensions and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2013 was £1,864k of which employers contributions totalled £1,239k and employees' contributions totalled £625k. The contribution rate for 2013/14 has been set at 13.9%.

The following information is based upon a full actuarial valuation of the fund as 31 March 2010 updated to 31 July 2013 by a qualified independent actuary.

Principal Actuarial Assumptions	**2013**	**2012**	**2011**	**2010**
RPI Increase	3.4%	2.6%	3.5%	3.2%
CPI Increase	2.6%	1.8%	2.7%	2.7%
Rate of increase in salaries	4.8%	4.0%	5.0%	4.7%
Rate of increase in pensions	2.6%	1.8%	2.7%	2.7%
Discount rate for liabilities	4.8%	3.9%	5.3%	5.4%
Commutation of pensions to lump sums	50%	50%	50%	50%

Mortality assumptions

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

		At 31 July 2013	**At 31 July 2012**
Retiring today	Males	19.2	19.0
	Females	23.2	23.1
Retiring in 20 years	Males	21.1	21.0
	Females	25.1	25.0

The approximate split of the assets for the Fund as a whole and the assumed rates of return were:

	Long term expected rate of return at 31 July 13	Asset split at 31 July 2013	Long term expected rate of return at 31 July 12	Asset split at 31 July 2012	Long term expected rate of return at 31 July 11	Asset split at 31 July 2011	Long term expected rate of return at 31 July 10	Asset split at 31 July 2010
Equities	6.9%	75.0%	6.3%	72.0%	7.5%	73.0%	7.8%	68.0%
Property	5.9%	6.0%	5.3%	6.0%	6.5%	6.0%	6.8%	6.0%
Gilts	3.4%	11.0%	2.8%	8.0%	4.0%	8.0%	4.3%	10.0%
Other bonds	4.3%	3.0%	3.9%	9.0%	5.3%	8.0%	5.4%	8.0%
Cash	0.5%	3.0%	0.5%	3.0%	3.0%	2.0%	3.0%	5%
Other	2.5%	2.0%	2.5%	2.0%	5.0%	3.0%	7.8%	3%
Total	6.1%	100.0%	5.5%	100%	6.8%	100%	7.0%	100%

Notes *(continued)*

21 Pensions and similar obligations *(continued)*

	2013 £'000	2012 £'000
Group's estimated asset share	29,786	23,564
Present value of scheme liabilities	(41,647)	(39,028)
Estimated unfunded liabilities	(60)	(61)
Deficit in the scheme	**(11,921)**	**(15,525)**

Analysis of the amount charged to the income and expenditure account

	2013 £'000	2012 £'000
Service cost	2,232	1,741
Unfunded pension payments	(5)	(5)
Curtailments and settlements	0	69
Total operating charge	**2,227**	**1,805**

Analysis of pension finance income / (costs)

	2013 £000	2012 £000
Expected return on pension scheme assets	1,329	1,563
Interest on pension scheme liabilities	(1,565)	(1,721)
Pension finance costs	**(236)**	**(158)**

Amounts recognised in the statement of total recognised gains and losses (STRGL)

	2013 £'000	2012 £'000
Actual return less expected return on pension scheme assets	3,612	(1,305)
Experience gains and losses	(2)	(3)
Changes in assumptions underlying the present value of the scheme liabilities	1,023	(4,302)
Actuarial gain / (loss) recognised in STRGL	**4,633**	**(5,610)**

Notes *(continued)*

21 Pensions and similar obligations *(continued)*

Movement in deficit during year

	2013 £'000	2012 £'000
Deficit in scheme at beginning of year	(15,525)	(9,262)
Movement in year:		
Current service charge	(2,232)	(1,741)
Contributions	1,434	1,310
Past service costs	0	0
Unfunded Pension	5	5
Net interest on assets	(236)	(158)
Settlements or curtailments	0	(69)
Actuarial gain / (loss)	4,633	(5,610)
Deficit in scheme at end of year	**(11,921)**	**(15,525)**

Asset and Liability Reconciliation

	2013 £'000	2012 £'000
Reconciliation of Liabilities		
Liabilities at start of period	39,089	31,820
Service cost	2,232	1,741
Interest cost	1,565	1,721
Employee contributions	588	530
Experience gains and losses on scheme liabilities	0	0
Actuarial (gain)/loss	(1,021)	4,305
Benefits paid	(741)	(1,092)
Past Service cost	0	0
Curtailments and settlements	0	69
Unfunded pension payments	(5)	(5)
Liabilities at end of period	**41,707**	**39,089**
Reconciliation of Assets		
Assets at start of period	23,564	22,558
Expected return on assets	1,329	1,563
Actuarial (loss)/gain	3,612	(1,305)
Employer contributions	1,439	1,315
Employee contributions	588	530
Benefits paid	(746)	(1,097)
Assets at end of period	**29,786**	**23,564**

The estimated value of the employer contributions for 31 July 2014 is £1,417k.

Notes *(continued)*

21 Pensions and similar obligations *(continued)*

History of experience gains or losses

	2013 £'000	**2012 £'000**	**2011 £'000**	**2010 £'000**	**2009 £'000**	**2008 £'000**
Difference between the expected and actual return on						
assets: Amount	3,612	(1,305)	(1,760)	1,566	(2,800)	(1,690)
% of scheme assets	12.1%	-5.5%	-7.8%	8.9%	-19.8%	-11.0%
Experience gains and losses on scheme liabilities						
Amount	(2)	(3)	4,244	(11)	(60)	650
% of scheme liabilities	(0.0%)	(0.0%)	13.3%	-0.04%	-0.2%	3.1%
Total amounts recognised in statement of total recognised gains and losses						
Amount	4,633	(5,610)	1,757	1,545	(6,220)	(910)

22 Reconciliation of operating deficit to net cash flow from operating activities

	2013 £'000	**2012 £'000**
(Deficit) / surplus on continuing operations after depreciation of assets at valuation and tax	(2,529)	1,436
Depreciation (note 10)	2,940	2,780
Deferred capital grants released to income (note 18)	(606)	(535)
FRS 17 charge (note 21)	793	495
(Profit) / Loss on disposal of tangible fixed assets	(18)	0
Impairment charge (note 10)	1,709	0
Interest receivable (note 4)	(14)	(7)
Interest payable (note 8)	349	167
Decrease / (increase) in debtors (note 13)	(583)	1,258
(Decrease) in creditors (note 14)	(937)	(1,283)
(Decrease) in provisions (note 17)	(160)	(163)
Movement due to debtors / creditors acquired	(137)	0
Net cash flow from operating activities	**807**	**4,148**

23 Analysis of changes in net funds

	At 31 July 2012 £'000	Acquisitions £'000	Cash Flows £'000	**At 31 July 2013 £'000**
Cash at bank and in hand	4,854	0	(748)	4,106
Debts due after 1 year	(1,000)	0	(3,870)	(4,870)
Debts due within 1 year	0	0	(130)	(130)
Acquisitions (16.05.13): Overdraft	0	(37)	10	(27)
Total	**3,854**	**(37)**	**(4,738)**	**(921)**

Notes *(continued)*

24 Analysis of cash flows for headings netted in the cash flow statement

	2013 £'000	2012 £'000
Returns on investments and servicing of finance		
Interest received	14	7
Interest paid	(113)	(9)
Net cash outflow from returns on investments and servicing of finance	(99)	(2)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(6,873)	(4,837)
Purchase of Rocket Consultancy Ltd	(50)	0
Sales / disposal of tangible fixed assets	84	0
Deferred capital grants received	1,393	1,067
Net cash outflow for capital expenditure and financial investment	(5,446)	(3,770)
Financing		
Repayment of bank loan	0	(504)
New Bank Loan	4,000	1,000
Net cash inflow from financing	4,000	496

25 Post balance sheet events

Post balance sheet events are detailed in the members report.

26 Capital commitments

	2013 £'000	2012 £'000
Commitments contracted for at 31 July (Group)	**12,098**	**3,800**

27 Financial commitments

At 31 July, the Group had annual commitments under non-cancellable operating leases as follows:

Land & Buildings	2013 £'000	2012 £'000
Expiring between two and five years inclusive	0	0

Notes *(continued)*

28 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 a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the Group's financial regulations and normal procurement procedures.

The Chairman of the Corporation is a partner of a firm of property & construction consultants which is advising the Group on its capital investment programme. An amount of £45,347 was paid to Ridge and Partners LLP during the financial year (2012: £27,349) and the balance outstanding at 31 July 2013 totalled £984 (2012: NIL).

Transactions with the SFA and EFA (formerly the LSC) and HEFCE are detailed in notes 2, 12, 16.

The Group has taken advantage of the exemption available in accordance with FRS 8 "Related Party Disclosures" not to disclose transactions entered into between the parent and subsidiary undertaking.

29 Amounts disbursed as agent

Learner support funds	**2013 £'000**	**2012 £'000**
Balance Unspent 1 August	448	116
Grants from the SFA and EFA (formerly the LSC)	1,747	1,631
	2,195	1,747
Disbursed to students	(1,651)	(1,238)
Administration costs	(70)	(61)
Balance unspent at 31 July	474	448

Grants from the SFA and EFA (formerly the LSC) are available solely for students. In the majority of instances, the Group only acts as a paying agent. In these circumstances, the grants and related disbursements have therefore been excluded from the income and expenditure account, other than when the Group has directly incurred expenditure itself.

30 Acquisitions

On 16 May 2013, Activate Learning purchased 100% of the share capital of Rocket Consultancy Ltd. The assets and liabilities upon acquisition are noted below:

	2013 £'000
Tangible fixed assets	16
Debtors	212
Cash	0
Other creditors / provisions	(386)
Consideration	50
Goodwill (Note 12)	**208**