

# ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2025

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## Group members

### Colleges

- Banbury and Bicester College
- Bracknell and Wokingham College
- City of Oxford College
- Farnham Sixth Form College
- Guildford College
- Merrist Wood College
- Reading College

### Training

- Activate Apprenticeships
  - Activate Business School
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## KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISORS

### Key Management Personnel

Gary Headland	Chief Executive Officer and Accounting Officer
Steve Ball	Chief Operating Officer
Louise Basu	Chief People Officer
Jon Adams	Chief Strategy Officer
Peter Reynolds	Chief Marketing Officer
Neil Brookes	Group Executive Director
Paul Newman	Group Executive Director

### Board of Governors

A full list of Governors is on pages 19 and 20 of these Financial Statements. Amy Gleeson serves as Clerk to the Corporation.

### Professional Advisers

Financial Statements and Regularity Auditors	Internal Auditors:
Forvis Mazars LLP Floor 8, Assembly Building C Cheese Lane Bristol BS2 0JJ	RSM Risk Assurance Services LLP 66 Chiltern Street London W1U 4GB
Bankers	Solicitors:
Lloyds TSB Bank Plc High Street Carfax Oxford OX1 4AA	Blake Morgan LLP Seacourt Tower West Way Oxford OX2 0FB
Barclays Bank PLC Bracknell Group 9 Leicester LE87 2BB	Eversheds Sutherland 1 Wood Street London EC2V 7WS
	Shakespear Martineau LLP No 1 Colmore Square Birmingham B4 6AA

## STRATEGIC REPORT

### OBJECTIVES AND STRATEGY

The Governing Body present their Annual Report and Financial Statements (including Auditor's Report) for Activate Learning, for the year ended 31<sup>st</sup> July 2025.

#### Legal Status

Activate Learning (the Corporation) is a Further Education Corporation established on 1<sup>st</sup> April 2003 under the provisions of the Further and Higher Education Act 1992. The Corporation was established under the name Oxford and Cherwell College for the purpose of operating Oxford College of Further Education, North Oxfordshire College and Rycotewood College.

The Corporation 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 England. The Members of the Corporation body, who are trustees of the Charity, are disclosed on pages 19 and 20.

Since 2003, the group has grown as other Colleges have joined:

- Reading College on 1<sup>st</sup> August 2012 (operating in partnership with LSN since 2010)
- Bracknell & Wokingham College on 10<sup>th</sup> January 2019
- Guildford College, Merrist Wood College and Farnham College (which together formed The Guildford College Group) on 29<sup>th</sup> March 2019.

It was the addition of Reading College in 2012 that prompted a name change for the Corporation to Activate Learning, which was effective from September 2013. Local college names are maintained on a campus basis.

On 1<sup>st</sup> June 2014, the apprenticeship and consultancy business of Activate Learning was transferred to Activate Enterprise Limited, a wholly owned subsidiary of the Corporation. This included the activities of Rocket Consultancy Limited, which were acquired in 2013.

During 2014/15 the group acquired a 37% share in The Oxfordshire Partnership LLC, an associate operating in Saudi Arabia, via its subsidiary undertaking, Activate Learning Investments Limited. In September 2019, Activate Learning acquired the remaining shares, but the entity ceased trading in 2020.

On 1<sup>st</sup> June 2016 Activate Learning became the sole member of ATG Training Limited, a charitable company limited by guarantee. ATG Training Limited was dissolved in December 2019 after all assets, liabilities and activities had been transferred to the Corporation.

Activate Learning is a member and sponsor of Activate Learning Education Trust (ALET). An independent Board controls ALET and the results are not consolidated within these Financial Statements. ALET has multi academy status having an individual funding agreement with the Secretary of State and an independent governance structure as set out in the Academies Financial Handbook.

The multi-academy trust governs The Bicester School, Theale Green School, UTC Swindon, UTC Oxfordshire, UTC Reading and UTC Heathrow.

## Vision & Purpose



**Our Vision**

“Through our people, we will be an extraordinary provider of learning for the learners, apprentices, employers and communities we serve.”

**Our Purpose**

“To deliver consistent, high-quality education and training that meets local and national skills needs and makes a difference to the learners, apprentices and communities we serve.”

## Values



**Our Values**

- We transform lives
- We care deeply about what we do
- We value everyone
- We act with trust and integrity
- We are ambitious and forward-thinking

## Strategic Plan: Extraordinary Learning

The Group has adopted a new Strategic Plan for the period 2025 to 2030, ‘Extraordinary Learning’, which builds on our legacy of excellence and bold ambition. Co-designed with input from employers, stakeholders, students, staff and the Board of Governors, it provides a clear path forward.

We exist to do more than educate. We aim to create extraordinary learners and apprentices, ready to embrace ambitious careers and to serve communities by delivering transformative education aligned with local, regional and national priorities.

Working closely with employers and other stakeholders, we ensure our learning provision across our eight colleges over three counties, plus our award-winning online provision, addresses real-world needs, enabling us to deliver not just qualifications, but impactful, relevant experiences.

Our award-winning Learning Philosophy is the foundation of our approach to education and training. It provides a common set of principles across our various offerings, uniting our colleges, training providers and workplaces around how best to teach and how our learners and apprentices learn most effectively.

At its core is the belief that anyone can achieve extraordinary things through learning, given the right mindset, motivation and support. We know that the only barriers to success are a lack of self-belief and the absence of opportunity, barriers we are dedicated to breaking down.

This philosophy highlights three essential elements that underpin effective learning:



We understand from neuroscience that the brain grows stronger and adapts through effort, practice and persistence. Every time someone practises a skill or concept, neural connections are reinforced, making learning easier over time.

We also recognise that learning is an emotional experience, where positive emotions like confidence, trust and feeling safe, open the mind to learning, whereas fear or negativity can hinder progress.

Motivation is crucial, so it's important for learners to understand why they are learning something and see its relevance to their goals. When this happens, they are far more engaged and driven to succeed.

By embracing these three elements, our Learning Philosophy creates a supportive and dynamic learning environment for all. It underpins how we design our curriculum, how our staff interact with and encourage learners and apprentices, and how we ourselves continue to learn and evolve as an organisation. Our Learning Philosophy is the golden thread running through everything we do and is a vitally important part of our Extraordinary Learning strategy.

Extraordinary Learning establishes seven key organisational goals for our focus over the next five years:

- Prioritising people and culture
- Connecting young people to opportunities in local and national priority sectors
- Transforming our approach to adult education
- Expanding programmes for learners with high needs
- Growing our education provision in Surrey
- Maximising the Activate Learning advantage
- Strengthening financial stability and health

We measure our progress through key performance indicators (including learner numbers, quality, staff attraction, staff retention, learner destinations, employee and employer satisfaction) which are tracked in each division to ensure group wide alignment with the plan.

## Resources

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

The Corporation has £117.3m of accumulated reserves, including cash of £16.7m at the 31<sup>st</sup> July 2025.

On average, the group employed 2,699 staff through the year ended 31<sup>st</sup> July 2025, of whom 976 were teaching staff.

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

Activate Learning was last inspected by Ofsted in November 2022, with their report published in January 2023. This was the first full inspection since the 2019 college mergers and the organisation was rated as 'Good' for Overall Effectiveness. Grades of 'Good' were identified for Quality of Education, Behaviour & Attitudes, Personal Development, Leadership & Management, Education Programmes for Young People, Adult Learning Programmes and Apprenticeships. An 'Outstanding' grade was awarded for Provision for Learners with High Needs, maintaining the position from previous inspections.

The report identified that Activate Learning makes a 'strong' contribution to meeting skills needs, the highest rating available for this new inspection element.

Particular strengths noted in the inspection report included the consistent use of the 'Learning Philosophy', the knowledge and experience of teaching staff, the professional development available to them, the ambition of learners and the outstanding progress made by learners with high needs.

The positive outcome from inspection reflects the consistency of high standards seen throughout discussions and observations. Of particular note is the progress made in Guildford, Merrist Wood and Farnham colleges. Prior to joining Activate Learning, the Guildford College Group had been graded 'Requires Improvement' since 2015.

The outcome was consistent with the post-merger monitoring visit in September 2021, which recognised the 'significant progress' that has been made in leadership and governance, with Ofsted complimentary about the culture and values demonstrated at Activate Learning that emanate from our Learning Philosophy. Ofsted also recognised the considerable improvements made in teaching, learning, and assessment outcomes, and were very complimentary about the breadth and depth of developments undertaken by our teachers and managers.

Ofsted also conducted an inspection of student residential accommodation within Activate Learning in November 2024, providing a grade of 'Good'. The Higher Education programmes at Activate Learning were recognised as 'TEF Silver' in 2023.

## Stakeholders

In line with other Corporations and with Universities, Activate Learning has many stakeholders. These include students, funding agencies, staff, local employers (with specific links), local authorities, government offices, the local community, other Further Education institutions, University partners, trade unions and professional bodies. The group recognises the importance of these relationships and engages in regular communication with them.

## Public Benefit

In setting and reviewing the Corporations Strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate



explicitly that their aims are for the public benefit. In delivering its mission, the Corporation provides identifiable public benefits through the advancement of education:

- High quality teaching and learning.
- Widening participation and tackling social exclusion.
- Routes into employment for students.
- Strong student support systems.
- Links with employers, industry and commerce.

## DEVELOPMENT AND PERFORMANCE

Activate Learning operates activities from eight main college campuses across Berkshire, Oxfordshire and Surrey:

- Banbury and Bicester College
- Bracknell & Wokingham College
- City of Oxford College and University Centre
- Farnham College
- Guildford College
- Merrist Wood College and University Centre
- Reading College and University Centre
- The Leys College

Online provision has attracted a significant volume of learners nationwide and a number of 'satellite' campuses enable specific provision not feasible at a main campus, such as the Rugby Academy at Harcourt Hill Campus in Oxford and Cycle Academies in Darlington and Stafford. Apprenticeship provision is nationwide.

Activity is structured into Operating Divisions, which are managed by locally based Executives. The Group oversees the running of the Divisions and provides group wide shared services. A cross campus faculty structure provides consistent quality of delivery. This structure has strengthened local focus while making best use of shared resources, facilitating growth. The Group has greater access to funding and a stronger voice when it comes to working with regional or national agencies and other stakeholders.

The 2024/25 academic year saw Activate Learning build on its recruitment successes from the year before, with another record-breaking year for 16-18 recruitment. We enrolled 10,051 students across our Further Education programmes. This achievement not only reflected a regional demographic uplift, but also further increases our market share in this core provision.

Besides this growth, there were many significant highlights during the year, as Activate Learning continued to demonstrate its commitment to providing innovative, high-quality education for the communities we serve. From national awards and new facilities to inspiring student led initiatives, 2024/25 was a year of consolidation and innovation.

The 2024/25 academic year saw Activate Learning receive prestigious external recognition for our innovative approaches to teaching and learning. Our online education programme was honoured with the Edufuturists Uprising Award for Outstanding Online School, celebrating the industry leading approach we have taken in developing high-quality online provision. We also won Gold for Best Use of AI in Learning at the Learning and Performance Institute's Learning Awards 2025, recognising our groundbreaking work integrating AI tools into education. These



awards were testament to the creativity and dedication of our teams in using digital technology to enhance student outcomes.

There were major investments in the learning environments across our colleges in 2024/25. In January 2025, we opened new, state-of-the-art science laboratories at City of Oxford College and University Centre's city centre campus, funded through an £811k grant from the Department for Education's LSIP and additional Activate Learning investment. Officially unveiled by local MP Anneliese Dodds, these modern labs have been designed to give learners access to industry standard scientific equipment, inspiring them to pursue careers in STEM and supporting delivery of our new T Level in Laboratory Science.

At Merrist Wood College and University Centre, the Department for Education are majority funding one of the largest redevelopment projects in Activate Learning's history. The project broke ground in 2024 and will transform the Surrey campus with sustainable, low-carbon buildings and cutting edge facilities, ensuring our land-based education provision remains world-class for generations to come.

Our learners once again demonstrated a strong commitment to social responsibility and community wellbeing throughout the year. Notably, a group of Psychology A Level students at City of Oxford College raised £4,000 for mental health by collectively giving up social media for one week. The Big Switch Off, as it was dubbed, was a challenge led by Psychology teacher Sarah Price, in aid of MindGreen, Activate Learning's dedicated charitable fund supporting our students' and staff's mental health and wellbeing. For many of these students it was the first time since primary school that they had abstained from social media, making their achievement even more impactful.

Activate Learning's commitment to environmental sustainability and hands on industry experience was brilliantly showcased by the accomplishments of our land based students this year. Horticulture and landscaping students from Merrist Wood College and University Centre took top honours at the BBC Gardeners' World Live Spring Fair college garden competition, earning the Platinum Award as well as the coveted Best in Show accolade. This is the second year in a row that our Merrist Wood team has excelled at this national competition, having won Gold the previous year, and their 2024 show garden "Equilibrium" impressed judges with its creative response to the theme of Gardening in a Changing Climate.

We also achieved recognition for our internal expertise, as our Marketing, Communications and Events Team continued to earn accolades for their outstanding work in learner engagement and community outreach. At the FE First Awards, a national event celebrating marketing in further education, Activate Learning was shortlisted in multiple categories and came away with the top honours in the Budget Campaign of the Year Award, for our work on promoting the Merrist Wood event, Fleecy Frolics.

Throughout 2024/25, Activate Learning placed an even greater emphasis on the safety and wellbeing of our students. We significantly enhanced our safeguarding and support programmes, with a continued focus on our Speak Up, Speak Out, that empowers students to report and stand against harassment, sexual violence and abuse. This award winning campaign, pioneered within our group has been further embedded across all colleges, ensuring that every learner knows how to seek help and that their voices will be heard. Alongside this, we expanded mental health and wellbeing resources for students through a pilot project with Peerscroller, where we promoted healthy relationships, online safety, and emotional resilience. This pilot scheme reinforced our commitment to providing a safe, supportive environment where every student can thrive.

A significant new partnership was announced in the 2024/25 academic year, as Activate Learning signed a Memorandum of Understanding with Puy du Fou, marking the formation of a working partnership aiming to provide new training and employment opportunities for our local communities. If plans are approved for their new £600m theme park outside Bicester, it will create more than 2,000 jobs and Activate Learning will play a vital role in helping to develop the work-ready talent for the park.

The academic year ended on a hugely positive note, with four members of Activate Learning staff embarking on an epic 178km run from our most northern campus in Banbury to our most southern campus at Merrist Wood. This huge undertaking raised more than £5k for our MindGreen fund and saw staff and students turning out across all of our campuses to cheer on and support the runners.

## Curriculum Developments

At the heart of 'Extraordinary Learning' is the Learning Philosophy which provides the foundation for our approaches to delivering learning and the curriculum.

The curriculum strategy reflects the current and future educational context and considers both local, regional and national economic and skills requirements, responding to the growing demand for skills to support economic priorities, alongside government reforms to enhance technical education and work-based training, such as T Levels and the Institute of Technology.

The curriculum intent provides a consistent approach to the design and construction of programmes at different stages in each career pathway. The main curriculum components consisting of traditional knowledge (Vocational or Academic, English, Mathematics, Digital and Work Experience) combined with Personal Development and Progress Reviews, Career Readiness, Attributes Development, Global Literacy and Citizenship to create differentiated programmes of study that provide the knowledge, skills and behaviours learners need to progress between the stages of their chosen career pathway.

We have broadened the curriculum offer in Surrey, through the introduction of new programmes at Farnham (Step, Strive, Stretch and a Space EPQ) and in Guildford where A-Levels have successfully been re-introduced (initially offering 12 subjects, rising to 18 subjects next year).

T-Levels in Accounting, Health, Digital, Construction, Craft & Design, Business, Engineering, Education, Early Years, Legal, Media and Lab Sciences are now being delivered. Our planning principles for T Levels are designed to develop learners' skills, knowledge and intra-disciplinary habits of mind. The contextualisation of mathematics, English and digital skills, with an emphasis on asynchronous learning, is designed to enhance and support learners' overall outcomes. Subject matter in the T Level curriculum is logically sequenced and coherent, based upon advice from our local employers. The T Level qualifications offered have been expanded in response to Local Enterprise Partnerships skills priorities.

Skills Bootcamps are employer-led, short, flexible courses that enable adults to retrain, upskill, secure employment or progress. They are one of the government's five priority training areas together with T Levels, apprenticeships, free courses for jobs and Higher Technical Qualifications. Skills Bootcamps last up to 16 weeks and can be classroom-based, online or blended delivery. We deliver bootcamps in Green Skills (E-Bikes, E-Vehicles and Sustainability), and Digital Skills (Cyber Security).

The online provision, delivered via a remote campus team, has grown significantly, and maintained its high quality, enabling individuals from diverse backgrounds and with potential

barriers to learning from across the country to enter or progress through education. The curriculum offer includes Access to Higher Education, English and mathematics (Functional Skills and GCSE qualifications), Professional and Distance Learning courses in Business, Health and Social Care, Digital, and Counselling.

The Access to Higher Education online programme offers progression routes for learners to achieve their ambitions in a way that suits their personal situations, with excellent progression to university on each pathway. Feedback from learners is overwhelmingly positive and highlights the intensive support they receive and how their confidence and resilience has been supported alongside their academic ability.

Within the Personal Development curriculum, the intent is to positively develop learners' growth mindset, motivation, physical, financial and emotional wellbeing in line with the Learning Philosophy. During 'Connect to College' week at the start of the year, learners learn about the '3 Rs' of Relationships, Readiness to Learn and Routines, including Safeguarding, Online Safety and the Code of Conduct including mutual respect and tolerance. The curriculum is closely aligned with the themes outlined in Keeping Children Safe in Education with a strong focus on preventative education. For instance, 'Speak Up Speak Out' raises awareness about sexual harassment and abuse and we have greater focus on ensuring learners know how to stay safe online and use AI responsibly and ethically in their studies.

Activate Learning aims to foster a positive culture with clear expectations to proactively address behaviour challenges. Our Positive Behaviour Management Framework emphasises routines that support learning, safety, and well-being. This evidence-based approach cultivates a safe and supportive environment to enhance academic success and personal growth by addressing factors such as mental health, academic pressure, and social influences. It addresses the root causes of behavioural challenges as part of a holistic safeguarding culture. By integrating trauma-informed and restorative practices, strengths-based development, and social-emotional learning, we strive to create an inclusive environment where learners feel valued, supported, and empowered.

The Careers Readiness framework builds on the six areas identified within the Careers Development Institute framework which are also linked to the eight Gatsby Benchmarks. The six learning areas are Grow Throughout Life, Explore Possibilities, Manage Career, Create Opportunities, Balance Life and Work, See the Big Picture. There are a range of activities for learners in the areas of Careers Education, Careers Information, Careers Advice and Guidance and Work-Related Learning giving the learner a balanced experience to progress their career.

Our approach focuses on developing the digital knowledge, skills and mindset of our staff to enable them to provide our students with personalised learning opportunities to gain feedback, practice and deepen their skills and understanding online. We believe that through AI-driven adaptive learning platforms, students can receive targeted support, practice, and reinforcement. This also means removing traditional barriers by providing access anytime, anywhere, and on any device on campus, online, through extended realities or 'in the field' through work experience. By offering our students hybrid learning experiences, we equip them for the workplace by aligning with current work environments. When curating digital assets, a rigorous quality procedure is followed to guarantee accessibility for all staff and learners, irrespective of their learning needs.

We leverage AI tools to revolutionise education. These innovations aim to reduce staff workload, allowing them to focus on high-quality teaching and personalised student support. By incorporating artificial intelligence, machine learning, and adaptive learning systems with our Learning Philosophy, we can tailor educational experiences to individual learner needs. We have

created Technology Enhanced Learning spaces where staff and learners have access to emerging technologies. The aim of these spaces is to support staff to understand the tools of the mixed reality world, how to include them in the curriculum and for learners to understand how these tools can enrich their experience, support their learning and gain the necessary skills to be successful in their chosen field in industry. A range of virtual reality assets are developed.

Our process for reviewing and approving the curriculum portfolio, which includes all full time, part time, apprenticeship, online and commercial programmes, ensures curriculum planning is responsive to emerging needs. Annual curriculum review, adjustment and evaluation is embedded into the cyclical quality process to enhance student learning, engagement, experience, and outcomes. Reviews analyse the changing skills needs of the faculty sectors, exploration of recruitment trends, identification of opportunities provided through new technologies and rationalisation of our offer to ensure currency and impact.

Our internal quality reviews utilise the criteria within the relevant external inspection frameworks, which have a strong focus on curriculum intent, implementation and impact.

## Financial Objectives

The Corporation's overriding financial strategy is to continue to drive income growth and cost efficiency to generate cash for re-investment. EBITDA will increase over time to facilitate ongoing investment.

This strategy continues to be underpinned by financial objectives:

- To identify, develop and implement opportunities for new and expanding revenue income streams, as well as growth through acquisition in new and existing markets.
- To develop financial strategies to ensure budgets and operational plans improve the group's solvency and optimise resource utilisation.
- To operate financial systems that ensure timely financial information for senior management and budget holders that support decision making processes.
- To ensure a culture of financial accountability and value for money across all activities.
- To identify efficiencies across all activities to both optimise cash surpluses and protect delivery.

Together, these objectives will maximise the underlying financial health of the Group.

The most recent college mergers (completed in 2019) and subsequent growth fully support longer term achievement of the financial strategy and objectives. The additional scale affords considerable opportunity to generate further efficiency.

## Financial Results

The Consolidated Statements of Comprehensive Income account on page 35 consolidates the results of Activate Learning and Activate Enterprise Limited. A summary of the Group's income and expenditure is analysed below.

The Corporation is reporting a deficit (excluding FRS102 pension adjustments and exceptional items) of £2.5m (2024: £1.3m). Income increased to £113.4m (2024: £102.2m).

The Group has accumulated reserves of £117.3m (2024: £118.0m) after pension liability and holds a cash balance of £16.7m (2024: £16.5m).

£000s	2024/25				2023/24
	Activate Learning	Activate Enterprise	Inter Company / Consolidation Adjustment	Group	Group
Total Income	112,449	1,837	(878)	113,408	102,178
Total Expenditure	(115,075)	(3,297)	2,485	(115,887)	(103,442)
<b>(Deficit) / surplus for the year before, FRS102 adjustments and exceptional items</b>	<b>(2,626)</b>	<b>(1,460)</b>	<b>1,607</b>	<b>(2,479)</b>	<b>(1,264)</b>
FRS 102 pension service cost	1,913	-	-	1,913	(250)
FRS 102 pension interest charge	(154)	-	-	(154)	151
<b>(Deficit) / surplus for the year before exceptional items</b>	<b>(867)</b>	<b>(1,460)</b>	<b>1,607</b>	<b>(720)</b>	<b>(1,363)</b>
Restructuring	(44)	-	-	(44)	(93)
Profit on disposal of assets	35	-	-	35	-
<b>Total (Deficit) / surplus for the year</b>	<b>(876)</b>	<b>(1,460)</b>	<b>1,607</b>	<b>(729)</b>	<b>(1,456)</b>

Financial performance in 2024/25 continued to be significantly impacted by the economic conditions, but this was reflected in targets. Income growth has led to higher EBITDA compared to previous years. Staff cost to income ratio remains high, reflecting the investment in wellbeing and higher than average cost of living pay rises for all staff (excluding designated senior post holders) for a number of years, and the lag funding model for core income.

### Cash Flows and Liquidity

In total, activity within the year generated a cash inflow of £0.1m. Operating cash flow was a net in-flow of £8.2m (2024: in-flow of £6.1m). The size of the Group's total borrowing and its approach to interest rate has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year, this margin was comfortably exceeded.

### Reserves

As at the balance sheet date the Income and Expenditure reserve is £106.4m (2024: £106.9m).

### Financial Health

The DfE measure of Financial Health is 'GOOD'. Lending covenants have been met.

### Student Numbers

The Group had 21,897 learners in the period (2024: 20,776).

### Achievements

Overall achievement rate for the Group (funded provision, excluding apprenticeships) is 83.4% (2024: 80.8%). National comparative data is not yet available, but we are aware of challenges throughout the sector in recent years.

## **FUTURE PROSPECTS**

### **Future Developments**

Following the merger related expansion during 2019, the Corporation continues to focus on consolidation, integration and delivering the scale driven efficiency upon which the business case for the mergers was based. Significant progress has been made, but the economic challenges of recent years has left more to achieve.

Student recruitment at the start of 2025/26 is encouraging, but difficult economic conditions continue which is leading to significant pressure on our cost base and staff wellbeing.

In line with the Extraordinary Learning strategic plan, we have short-term objectives for the organisation that include:

- Conduct a comprehensive review of the learning philosophy and its associated frameworks, with the goal of refreshing, revitalising, and relaunching them.
- Improve the way in which Activate Learning meets national and local skills needs and supports youth progression into high-demand industries.
- Further grow our education provision in Surrey.
- Continue to improve the quality of our apprenticeships provision.
- Improve our financial performance, while managing the impact of reduced DfE funding (adult skills) and a lower carry-in of apprenticeship funding.

Having due regard to the current position and principal risks, the Corporation believes it will be able to continue in operation and meet all liabilities on an ongoing basis.

### **Financial Plan**

Underpinning Extraordinary Learning is a financial plan that improves EBITDA over time, moves the organisation to consistently deliver surplus and maintains a cash balance above sector benchmarks. This plan was approved by the Corporation Board in 2025 and was reflected in the Budget for 2025/26 also approved by the Corporation Board.

### **Treasury Policies and Objectives**

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

All borrowing requires the authorisation of the Corporation and complies with the requirements of funding agreements and 'managing public money'.

### **Reserves**

The Group has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Corporation has developed and embedded a 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 Corporation undertakes a comprehensive review of the risks to which the group is exposed. They identify systems and procedures, including specific preventative 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 annual review, the Corporation will also consider any risk which may arise as a result of a new area of work being undertaken by the group.

A risk register is maintained which is reviewed regularly by the Corporation and by the Audit and Risk 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.

At the start of 2025/26, no operational risks are rated 'high' after mitigations, although a number of risks will continue to evolve through the year. Not all factors are within the group's control and other factors besides those considered in the risk register may also adversely affect the group. While not unique to Activate Learning, the following underlying risks remain for the further education sector as a whole:

- The short-term approach to government funding for the sector makes longer term financial planning for Further Education entities impossible. *With funding subject to annual budgetary consideration by the Department for Education and HM Treasury and a relatively new government in place, the ability for organisations in this sector to develop long term financial plans is limited. When coupled with the limitations under 'Managing Public Money' guidance which restricts the availability of commercial borrowing to the sector, the ability to invest to drive growth will continue to be challenging.*
- The number of cyber-attacks in the sector continues to increase, from ransomware to phishing. *Protections developed in recent years are significant, including 24 / 7 / 365 network monitoring through a 3rd party Security Operations Centre.*

Activate Learning does hold significant mitigations for these external risks.

## KEY PERFORMANCE INDICATORS

### Performance Indicators

The Corporation regularly reviews financial performance and sets a series of comprehensive key financial performances indicators.

The table below shows performance against targets set for the year ended 31<sup>st</sup> July 2025:



KPI	Target	Actual
Sector EBITDA as % of adjusted income	3.4%	3.0%
Staff cost as % of income	73.25%	73.26%
Closing cash balance	£14.8m	£16.7m
Adjusted current ratio	>1.6	3.1
Borrowing as % of adjusted income	< 20%	4.2%
Financial health score	Good	Good

The Corporation is committed to observing the importance of sector measures and indicators and uses the FE Choices website that looks at measures such as success rates. The DfE produces a Financial Health grading for all Further Education providers, based on regular financial data submissions. The rating for Activate Learning has been 'GOOD' for several years, benefiting from the strong cash balance and low levels of debt. These have been maintained despite the wider economic conditions and will support increasing profitability ratios going forward.

### Payment Performance

The Late Payment of Commercial Debts Interest Act 1998, which came into force on the 1<sup>st</sup> of November 1998, requires Corporations, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either their 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%. The group makes every endeavour to adhere to this target.

### Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the Group to publish information on facility time arrangements for trade union officials in the workforce.

The group had four employees that this relates to in 2024/25 with the time being spent and approximate cost shown below:

Percentage of time	Number of employees
0%	0
1-50%	4
51-99%	0
100%	0
Total cost of facility time	£7,797
Total pay bill	£60,108,000
Percentage of total bill spent on facility time	0.012%

### 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 individual talents of all staff and students, we challenge discrimination and strive to remove barriers which place people at a disadvantage.

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 new policies and procedures. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The safeguarding protocols for the group ensure that staff and learners are aware that safeguarding is the responsibility of everyone.

### 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:

- As part of the redevelopment of buildings, the group is installing lifts and ramps etc. so that eventually most of the facilities will allow access to people with a disability.
- There is a list of specialist equipment, lighting, audio facilities etc. which the group can make available for use by students.
- The admissions policy for all students is described in the group charter, with an appeal process against a decision not to offer a place dealt with under the complaints policy.
- The group has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and / or disabilities. There is 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.
- Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard group format.
- Counselling and welfare services are described in the group charter.

The group considers all applications for employment 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 are, as far as possible, identical to those for other employees.

The group is a 'Positive about Disabled' employer and has committed to the principles and objectives of the 'Positive about Disabled' standard.

### GOING CONCERN

After making appropriate enquiries and considering cash flow forecasts, the Corporation considers that the Group has adequate resources to continue in operational existence for the foreseeable future.

While disruption to financial performance is inevitable during the remainder of 2025 and into 2026 from the challenging economic environment, the organisation benefits from a strong balance sheet, low gearing and a resilient cash balance. Sufficient discretion remains available to manage investment and operational cost cash flows to help mitigate the impact of any income shortfalls on short term liquidity.

Despite the challenging economic environment, the Corporation consider that financial resources are currently sufficient to ensure sustainability. The reasons for this confidence include:

- The cash balance at 31<sup>st</sup> July 2025 of £16.7m is at the higher end of sector benchmarks.

- Core government funding is likely to remain payable through any ongoing economic uncertainty to enable ongoing learning for students. This represents a significant proportion of income, which safeguards a significant proportion of core cost commitments.
- The two-year cash flow forecast projects a relatively stable cash balance, giving material margin for error.
- Capital Expenditure commitments are significant, but mostly discretionary. Expenditure can be delayed or stopped if cash balances are diluted.
- The group Balance Sheet has minimal debt, with assets available to provide as security should loan financing support be required. Current plans do not require borrowing, but if financial performance were to deteriorate, it would be affordable.
- The organisation remains well placed to support the ongoing need for re-skilling and is already accessing funding to do so.
- There are no additional material liabilities for the organisation arising from the current environment that are not already reflected in budgets and the Financial Statements.

For these reasons, the Corporation continues to adopt the going concern basis in preparing the Financial Statements.

## 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 9<sup>th</sup> December 2025 and signed on its behalf by:



.....  
**Sue Sturgeon, Chair**

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the Annual Report and Financial Statements of the group to obtain a better understanding of its governance and legal structure. This statement covers the period from the 1<sup>st</sup> August 2024 to the 31<sup>st</sup> July 2025 and up to the date of approval of the Annual Report and Financial Statements.

The group endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in public life (selflessness, integrity, objectiveness, accountability, openness, honesty and leadership), and
- in full accordance with the guidance to colleges from the Association of Colleges in the Code of Good Governance for English colleges ('the AoC FE Code').

In the opinion of the Governors, the Corporation complies with all the provisions of the AoC FE Code, and it has complied throughout the year ended 31<sup>st</sup> July 2025. This opinion is based on an internal Governance Self-Assessment which was centred around the six core principles of the AoC FE Code. 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. In carrying out its responsibilities it takes full account of the AoC FE Code, issued by the Association of Colleges in 2023, which it formally adopted on 30<sup>th</sup> April 2024.

The group is committed to exhibiting best practice in all aspects of corporate governance. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, which may include aspects of the UK Corporate Governance Code relevant to the further education sector and best practice.

### 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*	Status of Appointment	Attendance at Corporation Meetings	Committees Served
Gary Headland	01.04.22	Ex officio	CEO	100% (6/6)	Search & Governance
Susan Sturgeon (Chair)	01.04.19 Reappointed: 01.02.21 Reappointed 10.07.23	4 years	External	100% (6/6)	Search & Governance; Appraisal & Remuneration
David Goosey (Vice-Chair)	09.12.19 Re-appointed 12.12.23	4 years	External	100% (6/6)	Appraisal & Remuneration; Quality & Relevance
Alison Blight	09.08.23	4 years	External	83% (5/6)	Audit & Risk; Quality & Relevance
Lesha Chetty	13.04.22	4 years	External	67% (4/6)	Audit & Risk; Appraisal & Remuneration

Katherine Horler	26.07.24	4 years	External	83% (5/6)	
Smitha Nair	17.10.23	4 years	External	67% (4/6)	Audit & Risk; Appraisal & Remuneration
Tadhg Nicoll-Webb	26.07.24	4 years	External	50% (3/6)	
Justin Obee	26.07.24	4 years	External	67% (4/6)	
Catherine Prest	28.03.23	4 years	External	100% (6/6)	Quality & Relevance
Emma Shipp	09.12.19 Reappointed: 12.12.23	4 years	External	83% (5/6)	Audit & Risk; Search & Governance
Kathy Slack	07.12.20 Reappointed: 10.12.24	4 years	External	100% (6/6)	Search & Governance; Quality & Relevance
Andrew Stone	01.04.19 Reappointed: 01.02.21 Reappointed: 10.07.23	4 years	External	100% (6/6)	Audit & Risk; Appraisal & Remuneration
James Voûte	07.10.21	4 years	External	83% (5/6)	Search & Governance
Daniel Willis	06.12.21 Reappointed: 04.06.24	2 years	Internal - Staff	67% (4/6)	Search & Governance
Jess Dsouza	11.02.25 Reappointed: 03.06.25	1 year	Internal - Student	33% (1/3)	
Callum Wood	11.02.25 Reappointed: 03.06.25	1 year	Internal - Student	100% (3/6)	

\*A single term of office. Governors retiring at the end of their term of office shall be eligible for reappointment normally for one further period of membership (or two further periods if a relevant skills shortage is apparent).

Amy Gleeson, Head of Governance, serves as Clerk to the Corporation.

### The Governance Framework

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 group 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.

Six ordinary meetings were held during the academic year, in line with the Corporation's normal schedule. Three additional extraordinary meetings were convened to consider specific matters requiring urgent attention.

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 'Appraisal & Remuneration', 'Search and Governance', 'Quality & Relevance' and 'Audit and Risk'.

Full minutes of all Corporation meetings, except those deemed to be confidential by the Corporation, are available on the college website at [www.activatelearning.ac.uk](http://www.activatelearning.ac.uk) or from the Head of Governance at [clerk@activatelearning.ac.uk](mailto:clerk@activatelearning.ac.uk).



The Head of Governance maintains a register of financial and personal interests of the governors. The register is available for inspection at the above email address.

All governors can take independent professional advice in furtherance of their duties at the group's expense and have access to the Head of Governance, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Head of Governance 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 may be 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 Chair of the Corporation and Accounting Officer are separate.

### Appointments to the Corporation

Any new appointments to the Corporation are a matter for consideration of the Corporation as a whole. The Corporation has a 'Search and Governance Committee' consisting of six members of the Corporation, 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 four years.

### Corporation Performance

The Corporation carried out a formal and rigorous evaluation of its effectiveness, including that of its committees and individual Governors, for the year end 31<sup>st</sup> July 2025. The review concluded that governance remains effective. Areas for enhancement will be addressed through a Governance Action Plan, which will be monitored by the Search and Governance Committee with regular progress reports to the Corporation.

During 2024/25, the Corporation remained committed to developing the effectiveness of governors and the Head of Governance.

Governors participated in training and briefings throughout the year, including the AoC Governor Summit, AoC Annual Conference, ETF Online Governor Development Programme, Chair and Committee network meetings and joint CPD sessions with other Surrey based FE Colleges. Regular policy updates and sector briefings were also provided to ensure governors remained informed of key developments and emerging issues. An induction programme is in place for new Governors, and ongoing training is provided to address areas identified through the annual governance self-assessment and appraisal process.

The Head of Governance engaged in a range of professional development and networking activities during the year, including participation in webinars, attendance at the AoC Governance Professionals Conference, completion of the ETF Expert Level Governance

Professional Development Programme and regular mentoring sessions as part of the FE Leadership Mentoring Programme.

### **Appraisal & Remuneration Committee**

Throughout the year ending 31<sup>st</sup> July 2025, the group's 'Appraisal & Remuneration Committee' had five members. The Committee is responsible for appraising and making recommendations to the Board on the remuneration and benefits of senior post holders.

The senior post holders during this period were the Chief Executive Officer and the Head of Governance.

The Remuneration of Senior Post Holders Policy outlines the Corporation's approach to senior post holder remuneration, including income derived from external activities. The policy is underpinned by the principles of the AoC Senior Post Holder Remuneration Code, which the Corporation has formally adopted to ensure transparency, fairness, and accountability.

To support its decision making, the 'Appraisal & Remuneration Committee' benchmarks the remuneration packages of senior post holders against those of comparable colleges within the further education sector. These comparisons consider size, similar income, location, and operational scope.

Details of remuneration for the year ended 31<sup>st</sup> July 2025 are set out in Note 8 of the Financial Statements.

### **Quality & Relevance Committee**

In 2024/25, the Corporation established a 'Quality and Relevance Committee' to further strengthen oversight of teaching, learning and assessment through the lens of the group's Learning Philosophy.

The Committee ensures that academic standards, including achievement rates and targets, are effectively monitored and that appropriate action is taken where standards fall short. It also oversees the operation of policies and systems that enable governors to hear the student voice and ensures that employer and stakeholder skills needs are met through a well planned and responsive curriculum.

The Committee comprises five members of the Corporation and operates in accordance with written terms of reference approved by the Corporation.

### **Audit and Risk Committee**

The 'Audit and Risk Committee' comprises five members of the Corporation (excluding the Accounting Officer and Chair) and a co-optee. The Committee operates in accordance with written terms of reference approved by the Corporation.

The 'Audit and Risk Committee' meets on a termly basis and provides a forum for reporting by the group's internal auditors, reporting accountants and Financial Statements auditors, who have access to the Committee for independent discussion without the presence of college management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.



The group's internal auditors review 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 & Risk 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 and Risk Committee' also advises the Corporation on the appointment of internal and Financial Statement auditors and their remuneration for audit and non-audit work, as well as reporting annually to the Corporation.

The 'Audit & Risk Committee' met three times in the year to 31<sup>st</sup> July 2025. The members of the Committee and their attendance record during the year are:

Name	Role	Attendance at Audit & Risk Committee Meetings
Andrew Stone	Chair	100% (3/3)
Lesha Chetty	Vice Chair	67% (2/3)
Emma Shipp	Member	100% (3/3)
Alison Blight	Member	100% (3/3)
Smitha Nair	Member	33% (1/3)
Meheryar Khan	Co-Opted Member	100% (3/3)

## 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 Chief Executive Officer, 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 he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the group and ESFA. The Chief Executive Officer is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

### 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 risk 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<sup>st</sup> July 2025 and up to the date of approval of the Annual Report and Financial Statements.

### Capacity to Handle Risk

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 the 31<sup>st</sup> July 2025 and up to the date of approval of the Annual Report and Financial Statements. This process is regularly reviewed by the Corporation.

### 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, and
- The adoption of formal project management disciplines, where appropriate.

The group has an internal audit service, which operates in accordance with the requirements of the DfE's Post 16 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 risk and the internal audit plans are endorsed by the Corporation on the recommendation of the 'Audit and Risk Committee'.

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

### Responsibilities Under Accountability Agreements

The college has reviewed its policies, procedures and approval processes in line with the 2024/25 college finance handbook and its accountability agreement with DfE to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

### Statement From the Audit & Risk Committee

The audit committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The audit committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2024/25 and up to the date of the approval of the financial statements includes reviews of key financial controls, IT disaster recovery, health & safety, curriculum reforms, risk management and funding rule compliance.

## Review of Effectiveness

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

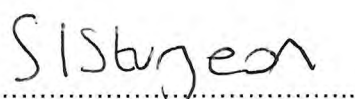
- The work of the internal auditors
- The work of the executive managers within the group who have responsibility for the development and maintenance of the internal control framework
- Comments made by the College's financial statements auditors, the reporting accountant for regularity assurance and other reports.
- The regularity self-assessment questionnaire.

The Chief Executive Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the 'Audit and Risk Committee' which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continued improvement of the system is in place.

The Group Executive 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 Divisions and reinforced by risk awareness training. The Group Executive Team and 'Audit and Risk Committee' also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The 'Audit and Risk 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 Group Executive Team and the 'Audit and Risk Committee'. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2025 meeting, the Corporation carried out the annual assessment for the year ended 31<sup>st</sup> July 2025 by considering documentation from the Group Executive Team and internal audit, and taking account of events since the 31<sup>st</sup> July 2025.

Based on the advice of the 'Audit and Risk Committee' and the Chief Executive Officer the Corporation is of the opinion that the group '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'.

Approved by order of the members of the Corporation on 9<sup>th</sup> December 2025 and signed on its behalf by:



**Sue Sturgeon**  
Chair



**Gary Headland**  
Chief Executive Officer & Accounting Officer



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

As accounting officer of the Corporation of Activate Learning I confirm that I have had due regard to the framework of authorities governing regularity, propriety and compliance, including the College's accountability agreement with DfE, and the requirements of the College Financial Handbook. I have also considered my responsibility to notify the Corporation's board of governors and DfE of material irregularity, impropriety and noncompliance with terms and conditions of all funding. I confirm that I, and the Board of governors, are able to identify any material irregular or improper use of all funds by the Corporation, or material non-compliance with the framework of authorities.

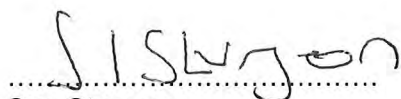
I confirm that no instances of material irregularity, impropriety or non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of governors and DfE.



**Gary Headland**  
**Chief Executive Officer & Accounting Officer**  
**Date: 9<sup>th</sup> December, 2025**

## STATEMENT OF THE CHAIR OF GOVERNORS

On behalf of the corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the Board and that I am content that it is materially accurate.



**Sue Sturgeon**  
**Chair**  
**Date: 9<sup>th</sup> December, 2025**

## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the College's accountability agreement, funding agreements and contracts with DfE and any other relevant funding bodies, the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the Corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, DfE's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the Corporation is required to:

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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the Corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report), and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the Corporation will continue in operation

The Corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

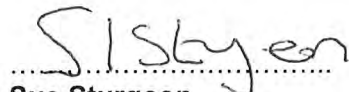
The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011 (as amended), and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities. The Corporation is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, 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 and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from DfE, and any other public funds, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions, that may be prescribed from time to time

by DfE, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the College Financial Handbook. On behalf of the Corporation, the Chair of the Board of governors is responsible for discussing the accounting officer's statement of regularity, propriety and compliance with the accounting officer.

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 economic, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from DfE and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 9<sup>th</sup> December 2025 and signed on its behalf by:

  
.....  
**Sue Sturgeon**  
**Chair**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACTIVATE LEARNING

### Opinion

We have audited the financial statements of Activate Learning (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2025 which comprise the Consolidated and College Statements of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, the Statements of Financial Position, the Consolidated Statement of Cashflows 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 Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2025 and of the Group's and College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Group and the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Members of the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Members of the Corporation with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the members' report, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover



the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the Corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 27, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determines 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 Corporation is responsible for assessing the Group's and 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 Corporation either intend to liquidate the Group or the College or 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 material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and the College and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: compliance with the ESFA funding agreements, the OfS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud and money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and the College is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the College which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as pension legislation.

In addition, we evaluated the Members of the Corporation's and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Members of the Corporation and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. A further description of

our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Other required reporting

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

In our opinion, in all material respects:

- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or
- the provider's expenditure on access and participation activities, as disclosed in the financial statements, has been materially misstated.

## Use of the audit report

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 those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.

Forvis Mazars LLP  
Chartered Accountants and Statutory Auditor  
Floor 8  
Assembly Building C  
Cheese Lane  
Bristol  
BS2 0JJ  
02 December 2025

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

In accordance with the terms of our engagement letter dated 15 May 2025 and further to the requirements and conditions of funding in ESFA and DfE’s accountability agreements, grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Activate Learning during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by ESFA and in any relevant conditions of funding, concerning adult education notified by a relevant funder.

This report is made solely to the corporation of Activate Learning and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Activate Learning and ESFA those matters we are required to state 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 of Activate Learning and ESFA for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Activate Learning and the reporting accountant**

The corporation of Activate Learning is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by the Code our profession’s ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work, which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2024 to 31 July 2025 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Code issued by ESFA. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant 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 and propriety of the corporation’s income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the accountability agreements, grant funding agreements and contracts with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Tested a sample of individual learner records.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.
- Reviewed the College's compliance with the requirements of HM Treasury's "Managing Public Money" document.

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 has not been applied to purposes intended by Parliament, and that the financial transactions do not conform to the authorities that govern them.

Signed:

Forvis Mazars LLP

Chartered Accountants and Statutory Auditor

8th Floor

Assembly Building C

Cheese Lane

Bristol

BS2 0JJ

Date: 02 December 2025

**Consolidated and College Statement of Comprehensive Income**

	Notes	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
<b>INCOME</b>					
Funding body grants	3	100,276	99,103	89,209	87,063
Tuition fees and education contracts	4	5,931	5,543	5,956	5,682
Other grants and contracts	5	-	-	-	-
Other income	6	6,640	6,991	6,208	6,527
Investment income	7	561	814	805	993
<b>Total income</b>		<b>113,408</b>	<b>112,451</b>	<b>102,178</b>	<b>100,265</b>
<b>EXPENDITURE</b>					
Staff costs	8	79,845	77,820	68,749	66,395
Fundamental restructuring costs	9	44	44	93	86
Other operating expenses	10	24,495	25,709	25,110	25,500
Depreciation	13	9,471	9,471	8,386	8,386
Amortisation / Impairment		162	162	-	-
Interest and other finance costs	11	422	422	115	115
<b>Total expenditure</b>		<b>114,439</b>	<b>113,628</b>	<b>102,453</b>	<b>100,482</b>
<b>Deficit before other gains and losses</b>		<b>(1,031)</b>	<b>(1,177)</b>	<b>(275)</b>	<b>(217)</b>
Surplus on disposal of assets		35	35	-	-
Share of operating loss in associates	14	-	-	-	-
<b>Deficit before tax</b>		<b>(996)</b>	<b>(1,142)</b>	<b>(275)</b>	<b>(217)</b>
Taxation	12	-	-	-	-
<b>Deficit for the year</b>		<b>(996)</b>	<b>(1,142)</b>	<b>(275)</b>	<b>(217)</b>
Actuarial gain in respect of pension schemes	23	267	267	(1,181)	(1,181)
<b>Total comprehensive income for the year</b>		<b>(729)</b>	<b>(875)</b>	<b>(1,456)</b>	<b>(1,398)</b>

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

**Consolidated and College Statement of Changes in Reserves**

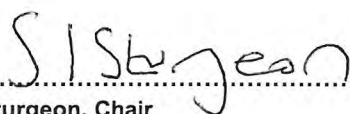
	<b>Income and Expenditure Account £'000</b>	<b>Revaluation Reserve £'000</b>	<b>Total £'000</b>
<b>Group</b>			
<b>Balance at 31st July 2023</b>	<b>108,209</b>	<b>11,285</b>	<b>119,494</b>
Deficit from the income and expenditure account	(275)	-	(275)
Other comprehensive income	(1,181)	-	(1,181)
Transfers between revaluation & income and expenditure reserves	170	(170)	-
<b>Total comprehensive income for the 2023/24 Year</b>	<b>(1,286)</b>	<b>(170)</b>	<b>(1,456)</b>
<b>Balance at 31st July 2024</b>	<b>106,923</b>	<b>11,115</b>	<b>118,038</b>
Deficit from the income and expenditure account	(996)	-	(996)
Other comprehensive income	267	-	267
Transfers between revaluation & income and expenditure reserves	170	(170)	-
<b>Total comprehensive income for the 2024/25 Year</b>	<b>(559)</b>	<b>(170)</b>	<b>(729)</b>
<b>Balance at 31st July 2025</b>	<b>106,364</b>	<b>10,945</b>	<b>117,309</b>
<b>College</b>			
<b>Balance at 31st July 2023</b>	<b>108,275</b>	<b>11,285</b>	<b>119,560</b>
Deficit from the income and expenditure account	(217)	-	(217)
Other comprehensive income	(1,181)	-	(1,181)
Transfers between revaluation & income and expenditure reserves	170	(170)	-
<b>Total comprehensive income for the 2023/24 Year</b>	<b>(1,228)</b>	<b>(170)</b>	<b>(1,398)</b>
<b>Balance at 31st July 2024</b>	<b>107,047</b>	<b>11,115</b>	<b>118,162</b>
Deficit from the income and expenditure account	(1,142)	-	(1,142)
Other comprehensive income	267	-	267
Transfers between revaluation & income and expenditure reserves	170	(170)	-
<b>Total comprehensive income for the 2024/25 Year</b>	<b>(705)</b>	<b>(170)</b>	<b>(875)</b>
<b>Balance at 31st July 2025</b>	<b>106,342</b>	<b>10,945</b>	<b>117,287</b>



**Statement of Financial Position as at 31 July 2025**

	Notes	Group	College	Group	College
		2025 £'000	2025 £'000	2024 £'000	2024 £'000
<b>Fixed assets</b>					
Tangible fixed assets	13	152,413	152,413	153,951	153,951
Intangible assets		670	670	-	-
Investments	14	3,445	3,445	3,445	3,445
		<b>156,528</b>	<b>156,528</b>	<b>157,396</b>	<b>157,396</b>
<b>Current assets</b>					
Stocks	15	192	162	114	110
Trade and other receivables	16	5,212	4,997	4,316	4,199
Cash and cash equivalents	21	16,658	16,635	16,511	16,486
		<b>22,062</b>	<b>21,794</b>	<b>20,941</b>	<b>20,795</b>
<b>Less: Creditors – amounts falling due within one year</b>	17	(10,943)	(10,697)	(14,591)	(14,321)
<b>Net current assets</b>		<b>11,119</b>	<b>11,097</b>	<b>6,350</b>	<b>6,474</b>
<b>Total assets less current liabilities</b>		<b>167,647</b>	<b>167,625</b>	<b>163,746</b>	<b>163,870</b>
Less: Creditors – amounts falling due after one year	18	(48,611)	(48,611)	(42,168)	(42,168)
<b>Net assets before provisions</b>		<b>119,036</b>	<b>119,014</b>	<b>121,578</b>	<b>121,702</b>
<b>Provisions</b>					
Other provisions	20	(474)	(474)	(551)	(551)
Defined benefit obligations	23	(1,253)	(1,253)	(2,989)	(2,989)
<b>Total net assets</b>		<b>117,309</b>	<b>117,287</b>	<b>118,038</b>	<b>118,162</b>
<b>Unrestricted reserves</b>					
Income and expenditure account		106,364	106,342	106,924	107,048
Revaluation reserve		10,945	10,945	11,115	11,115
<b>Total unrestricted reserves</b>		<b>117,309</b>	<b>117,287</b>	<b>118,039</b>	<b>118,162</b>

The financial statements on pages 35 to 68 were approved and authorised for issue by the Corporation Board on 9th December 2025 and were signed on its behalf on that date by:

  
Sue Sturgeon, Chair

  
Gary Headland, Chief Executive Officer &  
Accounting Officer

**Consolidated Statement of Cash Flows**

	Notes	2025 £'000	2024 £'000
<b>Cash inflow from operating activities</b>			
Deficit for the year		(996)	(275)
<b>Adjustment for non cash items</b>			
Depreciation	13	9,471	8,386
Amortisation / Impairment of Intangible Asset		162	-
Deferred capital grants released to income	3 & 5	(3,098)	(3,052)
FRS 102 (28) pension charge	11 & 23	-	113
(Increase) / decrease in stock	15	(78)	(83)
Decrease / (Increase) in debtors	16	(896)	(553)
Increase / (decrease) in creditors	17,18	2,796	539
Increase / (decrease) in provisions	20	22	(13)
		<u>8,379</u>	<u>5,338</u>
<b>Adjustment for investing or financing activities</b>			
Interest receivable	7	561	805
Interest payable	11	253	241
Disposal of fixed assets		(12)	-
<b>Net cash inflow from operating activities</b>		<u><u>8,185</u></u>	<u><u>6,109</u></u>
<b>Cash flows from investing activities</b>			
Sale of Assets		36	-
Interest received		(561)	(805)
Purchase of tangible fixed assets	13	(6,591)	(7,763)
Investment in Intangible Assets		(670)	-
Deferred capital grants received		-	450
<b>Net cash outflow from investing activities</b>		<u><u>(7,786)</u></u>	<u><u>(8,117)</u></u>
<b>Cash flows from financing activities</b>			
Interest paid	11	(253)	(241)
<b>Net cash outflow from financing activities</b>		<u><u>(253)</u></u>	<u><u>(241)</u></u>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<u><u>146</u></u>	<u><u>(2,250)</u></u>
Cash and cash equivalents at beginning of the year	21	16,511	18,761
Cash and cash equivalents at end of the year	21	16,658	16,511

## Notes to the Financial Statements (forming part of the financial statements)

### 1 General Information

These Financial Statements comprising the Consolidated Statements 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<sup>st</sup> July 2025.

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 England. The nature of the company's operations and its principal activities are set out in the Report of the Governing Body at page 4.

The Financial Statements have been presented in Pounds Sterling as this is the functional currency of the Group and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

### Statement of Compliance

The Financial Statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

### 2 Accounting Policies

#### Basis of Accounting

The Financial Statements are prepared in accordance with the historical cost convention, modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

#### Basis of Preparation

These Financial Statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2024/25 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The Corporation is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group's accounting policies.

#### Basis of Consolidation

The consolidated Financial Statements include the College and its subsidiaries, Activate Enterprise Limited, Activate Learning Investments Limited (dormant), The Oxford Partnership LLC (dormant), Merrist Wood Enterprises Limited (dormant), controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date

## Notes to the Financial Statements (continued)

### 2 Accounting policies (continued)

of acquisition or up to the date of disposal.

Intra group sales and profits are eliminated fully on consolidation. All Financial Statements are made up to 31<sup>st</sup> July 2025.

### Going Concern

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

While disruption to financial performance is inevitable during the remainder of 2025 and into 2026 from the challenging economic environment, the organisation benefits from a strong balance sheet, low gearing and a resilient cash balance. Sufficient discretion remains available to manage investment and operational cost cash flows to help mitigate the impact of any income shortfalls on short term liquidity. The Group currently has a £4.7m loan outstanding with the Department for Education. The repayment of this loan is not due to begin until July 2027.

Assets are available to provide as security should loan financing support be required, although the Group's forecasts and financial projections indicate that it will operate without the need for any short term financing requirements. Forward projections have been scenario tested and demonstrate resilience. Cash balances remain at the higher end of sector benchmarks and forward forecasts illustrate that position being maintained.

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

### Recognition of Income

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

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

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

**Notes to the Financial Statements (continued)****2 Accounting policies (continued)**

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

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

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

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

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

**Accounting for Post-Employment Benefits**

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

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

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations.

**Notes to the Financial Statements (continued)****2 Accounting policies (continued)**

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

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

**Short Term Employment Benefits**

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

**Enhanced Pensions**

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

**Non-Current Assets - Tangible Fixed Assets**

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

Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

*Land and buildings*

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- 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 related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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 may not be recoverable.



## Notes to the Financial Statements (continued)

### 2 Accounting policies (continued)

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

#### *Assets under construction*

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31<sup>st</sup> July 2025. They are not depreciated until they are brought into use.

#### *Subsequent expenditure on existing fixed assets*

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

#### *Equipment*

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

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

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

### Non-Current Assets - Intangible Fixed Assets

Intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairment losses. Internally generated goodwill is not recognised as an asset. Expenditure on research is recognised as an expense in the period in which it is incurred. Development expenditure is capitalised only when the recognition criteria under FRS 102 Section 18 are met, including the technical feasibility of completing the asset, the intention and ability to use or sell it, and the availability of adequate resources to complete the development.

Amortisation is provided on a straight-line basis to allocate the cost of intangible assets over their estimated useful lives, which are reviewed at each reporting date.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If necessary, the assets are written down to their recoverable amount.

### Borrowing Costs

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

### Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.



## Notes to the Financial Statements (continued)

### 2 Accounting policies (continued)

Any lease premiums or incentives relating to leases signed after 1<sup>st</sup> August 2014 are spread over the minimum lease term. The Group has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1<sup>st</sup> August 2014.

Leasing agreements which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as finance leases.

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 leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

### Investment Properties

Where the Group rents out property, these properties are treated as mixed use properties with the element of the property rented out being treated as an investment property and carried at fair value (market value) rather than cost.

### Investments in Subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual Financial Statements.

### Inventories

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow moving and defective items.

### Cash and Cash Equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

### Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the Group are classified as basic financial

## Notes to the Financial Statements (continued)

### 2 Accounting policies (continued)

instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

### 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 period with all resulting exchange differences being taken to income in the period in which they arise.

### Taxation

The Corporation 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 Corporation is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478-488 of the 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 Corporation is partially exempt in respect of Value Added Tax, so that it can only recover 3% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

### Provisions and Contingent Liabilities

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.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the Financial Statements.

**Notes to the Financial Statements (continued)****2 Accounting policies (continued)****Agency Arrangements**

The Group acts as an agent in the collection and payment of discretionary support funds and related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the Group is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

**In preparing these Financial Statements, management have made the following judgements:**

- Determination as to 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 a larger cash generating unit, the viability and expected future performance of that unit.
- Careful consideration has been given to which entities the Corporation has control over and the appropriate decision made as to whether to consolidate or not.
- As a result of the triennial valuation of Local Government Pension Schemes, in two of the schemes the organisation participates in, the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, resulting in the plan having a notional surplus. As management do not consider that the group and College will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these financial statements in line with FRS102.
- In the third Local Government Pension Scheme the organisation participates in, the present value of the defined benefit obligation at the reporting date is more than the fair value of plan assets at that date, resulting in the plan having a notional deficit. This is reflected in these financial statements as a liability and not netted against the surpluses above. Comparatives for 2023 have been restated to reflect this approach.

**Other key sources of estimation uncertainty:**

- Tangible Fixed Assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from

**Notes to the Financial Statements (continued)****2 Accounting policies (continued)**

the latest full actuarial valuation performed at 31<sup>st</sup> March 2022 has been used by the actuary in valuing the pensions liability at 31<sup>st</sup> July 2025.

Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- Provision for Bad Debt

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

## Notes to the Financial Statements (continued)

### 3 Funding body grants

	2025 Group £'000	2025 College £'000	2024 Group £'000	2024 College £'000
<b>Recurrent grants</b>				
Education and Skills Funding Agency - adult	7,243	7,243	6,212	6,207
Education and Skills Funding Agency – 16 -18	69,081	69,081	60,003	60,003
Education and Skills Funding Agency -	4,792	3,621	5,136	3,074
Higher Education Funding Council / OFS	679	679	789	736
<b>Specific grants</b>				
Releases of government capital grants	3,434	3,434	3,052	3,052
Government conditional grant	3	3	547	547
Other Grants	15,044	15,042	13,470	13,444
<b>Total</b>	<b>100,276</b>	<b>99,103</b>	<b>89,209</b>	<b>87,063</b>

### 4 Tuition fees and education contracts

	2025 Group £'000	2025 College £'000	2024 Group £'000	2024 College £'000
Adult education fees	3,777	3,687	3,706	3,712
Apprenticeship fees and contracts	32	29	53	47
Fees for FE loan supported courses	1,359	1,359	1,281	1,281
International students fees	-	-	-	-
<b>Total tuition fees</b>	<b>5,168</b>	<b>5,075</b>	<b>5,040</b>	<b>5,040</b>
Education contracts	763	468	916	642
<b>Total</b>	<b>5,931</b>	<b>5,543</b>	<b>5,956</b>	<b>5,682</b>

### 5 Other grants and contracts

	2025 Group £'000	2025 College £'000	2024 Group £'000	2024 College £'000
Release of Other Government Capital Grants	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes to the Financial Statements (continued)****6 Other income**

	<b>2025 Group £'000</b>	<b>2025 College £'000</b>	<b>2024 Group £'000</b>	<b>2024 College £'000</b>
Catering and residences	3,058	3,115	3,011	3,044
Other income generating activities	3,388	3,682	2,964	3,250
The Oxford Partnership	-	-	-	-
Miscellaneous income	194	194	233	233
	<b>6,640</b>	<b>6,991</b>	<b>6,208</b>	<b>6,527</b>
<b>Total</b>				

**7 Investment income**

	<b>2025 Group £'000</b>	<b>2025 College £'000</b>	<b>2024 Group £'000</b>	<b>2024 College £'000</b>
Group interest receivable	-	253	-	189
Other interest receivable	561	561	805	805
	<b>561</b>	<b>814</b>	<b>805</b>	<b>993</b>
<b>Total</b>				

## Notes to the Financial Statements (continued)

### 8 Staff costs - Group

The average number of persons (including key management personnel) employed by the Group during the year, described as full-time equivalents, was:

	2025 No.	2024 No.
Teaching staff	509	456
Non teaching staff	1,166	1,014
	<b>1,675</b>	<b>1,471</b>

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

	2025 No.	2024 No.
Teaching staff	976	620
Non teaching staff	1,723	1,344
	<b>2,699</b>	<b>1,964</b>

### Staff costs for the above persons

	2025 Group £'000	2025 College £'000	2024 Group £'000	2024 College £'000
Wages and salaries	61,422	59,720	53,410	51,390
Social security costs	6,366	6,160	4,915	4,707
Other pension costs (includes FRS102 (28) adjustment of £1,645,000 (2024: £920,717))	11,130	11,014	10,069	9,930
	<b>78,918</b>	<b>76,893</b>	<b>68,394</b>	<b>66,027</b>
Contracted out staffing services	927	927	355	368
	<b>79,845</b>	<b>77,820</b>	<b>68,749</b>	<b>66,395</b>



## Notes to the Financial Statements (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 during the year are represented by the Group Executive Team which comprises of the Group Chief Executive, Deputy Group Chief Executive, Chief Operating Officer, Chief People Officer, Chief Strategy Officer, Chief Marketing Officer and two individuals with the title Group Executive Director.

#### Emoluments of key management personnel, Group Chief Executive and other higher paid staff

	2025 No.	2024
The number of key management personnel including the Group Chief Executive:	<u>8</u>	<u>8</u>

The number of key management personnel and other staff who received emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	2025 Key Management Personnel	2025 Other Staff	2024 Key Management Personnel	2024 Other Staff
£60,001 to £65,000		12		10
£65,001 to £70,000		10		17
£70,001 to £75,000		15		4
£75,001 to £80,000		2		9
£80,001 to £85,000		8		2
£85,001 to £90,000		3		1
£90,001 to £95,000	1			1
£95,001 to £100,000			1	1
£100,001 to £105,000		1	1	
£105,001 to £110,000				
£110,001 to £115,000				
£115,001 to £120,000	1		1	
£120,001 to £125,000	1			
£125,001 to £130,000				
£130,001 to £135,000				
£135,001 to £140,000			1	
£140,001 to £145,000	1		1	
£145,001 to £150,000	1			
£165,001 to £170,000				
£170,001 to £175,000				
£180,001 to £185,000				
£190,001 to £195,000			2	
£200,001 to £205,000	1			
£205,001 to £210,000	1			
£255,001 to £260,000	1			
£260,001 to £265,000			1	
	<u>8</u>	<u>51</u>	<u>8</u>	<u>45</u>

## Notes to the Financial Statements (continued)

### 8 Staff costs - Group (continued)

Key management personnel emoluments are made up as follows:

	2025	2024
	£'000	£'000
Salaries	1,139	1,114
Performance related bonuses	102	107
Benefits in kind	24	22
	<u>1,265</u>	<u>1,243</u>
Pension contributions	219	206
<b>Total emoluments</b>	<b><u>1,484</u></b>	<b><u>1,449</u></b>

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 Group. Reward for key management personnel (including assessment of performance related bonuses) is reviewed by the Appraisal & Remuneration Committee, a sub-committee of the Corporation board. For business continuity purposes, all members of key management personnel are required to be members of the AXA Business Health Select scheme.

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

	2025	2024
	£'000	£'000
Salary	220	220
Performance related bonuses	26	31
Benefits in kind & car allowance	12	13
	<u>258</u>	<u>264</u>
Pension contributions	<u>52</u>	<u>52</u>

The Senior Post Holders of Activate Learning are the Chief Executive Officer (CEO) and the Head of Governance (HoG). The remuneration of the SPHs is overseen by the Appraisal & Remuneration Committee (A&RC). Recommendations from the A&RC in relation to SPH remuneration are submitted to the full Corporation Board for approval. The SPH are not involved in deciding their own remuneration. The Chair of the Corporation Board is not the Chair of the A&RC. The CEO is not a member of the A&RC.

The policy for the remuneration of SPH was last updated on 12 December 2023 and is due to be reviewed by 12 December 2025. The policy sets out the following responsibilities: a)The Corporation Board is ultimately responsible for the remuneration of SPH and upholding the AoC SPH Remuneration Code. b)The Corporation Board delegates the function of performance management for SPH to the A&RC. c)The A&RC sets and reviews the Performance Objectives and Personal Development Objectives for SPH and makes recommendations in relation to performance related pay for SPH to the Corporation Board for approval. d)The A&RC undertakes a review of the total remuneration for SPH on an annual basis making any recommendations for any change to the terms and conditions of SPH to the Corporation Board for approval. e)The Corporation Board must approve all requests for SPH to undertake external board-level commitments and document the arrangements for any income generated from such commitments.

In 2024/25, based upon performance in 2023/24 against the objectives set by the Corporation Board and in line with his contractual entitlement (which is at the Corporation Board's full discretion), the Corporation Board awarded the CEO performance related pay of £26k (2024: £31k). Neither of the SPH undertook any external commitments during 2024/25 which generated income. For 2024/25, a consolidated pay rise of 5% was made for all Activate Learning staff, except SPH. Following its annual review of SPH remuneration, the basic salary of the CEO remained the same.

The CEO's basic salary divided by the median pay of all other Corporation employees & the CEO's total emoluments divided by the median pay of all other Corporation Employees was 6.0 and 8.5 respectively, compared to 6.1 and 8.7 in 2023/24. This only includes employees of Activate Learning and excludes contractors and agency staff.

### 9 Fundamental restructuring costs

	2025	2024
	£'000	£'000
Exceptional staff restructuring (contractual)	44	93
	<u>44</u>	<u>93</u>

## Notes to the Financial Statements (continued)

### 10 Other operating expenses

	2025 Group £'000	2025 College £'000	2024 Group £'000	2024 College £'000
Teaching costs	5,992	5,942	5,541	5,541
Non teaching costs	11,540	11,301	12,731	12,324
Premises costs	6,755	6,755	6,628	6,628
Impairment of financial assets	104	1,711	90	1,007
The amount of stock recognised as an expense	104	-	120	-
<b>Total</b>	<b>24,495</b>	<b>25,709</b>	<b>25,110</b>	<b>25,500</b>

#### Other operating expenses include:

	2025 £'000	2024 £'000
Auditors' remuneration:		
Financial statements audit	70	65
Internal audit	63	53
Other services provided by the internal auditors	22	23

**Impairment of Financial Assets** During the year, debts written off amounted to:

	2025 Group £'000	2025 College £'000	2024 Group £'000	2024 College £'000
Student Debt	70	70	68	64
Commercial Debt	34	34	21	21
Intercompany Loan Provision	-	1,607	-	921
	<b>104</b>	<b>1,711</b>	<b>90</b>	<b>1,007</b>

No individual commercial debts were written off in excess of £5,000. A bad debt provision was made in relation to two student payable fees in excess of £5,000. The College made a bad debt provision of £1,606,675 (2024: £921,340) against the intercompany loan with Activate Enterprise due to the ongoing financial challenges with the subsidiary.

**Access & Participation Spend** The accounts include the following spend for HE students:

	2025 £'000	2024 £'000
Access Investment	26	24
Financial Support to Students	22	16
Research & Evaluation	25	24
<b>Total</b>	<b>73</b>	<b>64</b>

### 11 Interest payable

	2025 Group £'000	2025 College £'000	2024 Group £'000	2024 College £'000
On bank loans, overdrafts and other loans:	253	253	241	241
Bank charges	15	15	25	25
Net interest on defined pension liability (note 23)	154	154	(151)	(151)
<b>Total</b>	<b>422</b>	<b>422</b>	<b>115</b>	<b>115</b>

**Notes to the Financial Statements (continued)****12 Group taxation**

	<b>2025</b> <b>£'000</b>	<b>2024</b> <b>£'000</b>
<b>Total</b>	<u><u>-</u></u>	<u><u>-</u></u>

**13 Tangible fixed assets (Group)**

	<b>Land and buildings</b>	<b>Equipment</b>	<b>Assets in the Course of Construction</b>	<b>Total</b>
	<b>Freehold £'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>				
At 1 August 2024	160,945	52,029	3,447	216,421
Reclassification	-	-	-	-
Additions	-	7,260	688	7,948
Transfers from AUC	-	3,268	(3,268)	-
Disposals	-	(8,124)	-	(8,124)
<b>At 31 July 2025</b>	<b>160,945</b>	<b>54,433</b>	<b>867</b>	<b>216,245</b>
<b>Depreciation</b>				
At 1 August 2024	34,924	27,547	-	62,471
Reclassification	-	-	-	-
Charge for the year	4,099	5,372	-	9,471
Disposals	-	(8,111)	-	(8,111)
<b>At 31 July 2025</b>	<b>39,023</b>	<b>24,808</b>	<b>-</b>	<b>63,831</b>
<b>Net book value at 31 July 2025</b>	<b>121,922</b>	<b>29,624</b>	<b>867</b>	<b>152,413</b>
Net book value at 31 July 2024	126,021	24,483	3,447	153,951

**Notes to the Financial Statements (continued)****13 Tangible fixed assets (College only)**

	Land and buildings	Equipment	Assets in the Course of Construction	Total
	Freehold £'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 August 2024	160,945	52,029	3,447	216,421
Reclassification	-	-	-	-
Additions	-	7,260	688	7,948
Transfers from AUC	-	3,268	(3,268)	-
Disposals	-	(8,124)	-	(8,124)
<b>At 31 July 2025</b>	<b>160,945</b>	<b>54,433</b>	<b>867</b>	<b>216,245</b>
<b>Depreciation</b>				
At 1 August 2024	34,924	27,547	-	62,471
Reclassification	-	-	-	-
Charge for the year	4,099	5,372	-	9,471
Disposals	-	(8,111)	-	(8,111)
<b>At 31 July 2025</b>	<b>39,023</b>	<b>24,808</b>	<b>-</b>	<b>63,831</b>
<b>Net book value at 31 July 2025</b>	<b>121,922</b>	<b>29,624</b>	<b>867</b>	<b>152,413</b>
Net book value at 31 July 2024	126,021	24,483	3,447	153,951

## Notes to the Financial Statements (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 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 £8,513,000 (2024: £8,683,000) 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 ESFA, to surrender the proceeds. The Group may also be liable under the terms of the Transaction Unit's support to surrender future proceeds from sales of Guildford College properties.

### 14 Non current investments

Group	Investment properties	Investment in associate	Other fixed asset investments	Total
	£'000	£'000	£'000	£'000
Cost or valuation brought forward	3,445	-	-	3,445
Impairment	-	-	-	-
Share of associate's deficit for the year	-	-	-	-
Acquisition of remaining shareholding	-	-	-	-
<b>Total</b>	<b>3,445</b>	<b>-</b>	<b>-</b>	<b>3,445</b>

College	Investment properties	Investment in associate	Other fixed asset investments	Total
	£'000	£'000	£'000	£'000
Cost or valuation brought forward	3,445	-	-	3,445
Impairment	-	-	-	-
<b>Total</b>	<b>3,445</b>	<b>-</b>	<b>-</b>	<b>3,445</b>

The Investment properties which have had valuations are The Innovation Centre in Banbury, the Jericho Building in Oxford and the Eagle Radio Building in Guildford. The Innovation centre valuation was based on an independent valuation of the property. The Jericho Building valuation was based on an independent view of market rental rates and yields. Both of these valuations were independently calculated by Gerald Eve as of 31 July 2018. The Eagle Radio Building valuation was assessed in March 2019 by Gerald Eve.

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

## Notes to the Financial Statements (continued)

### 14 Non current investments (continued)

The Group owned 5 per cent of 1855 Cornmarket Ltd, a company incorporated in United Kingdom. The investment held by Activate Learning was fully written down in previous years after reviewing its financial position. 1855 Cornmarket Ltd was subsequently liquidated on 9 January 2025.

#### Intangible Assets

	Group 2025 £'000	Group 2024 £'000
In year Addition	832	-
Amortisation	(94)	-
Impairment	(67)	-
Curriculum Development	670	-
<b>Total</b>	<b>670</b>	<b>-</b>

In year the Group capitalised two projects in relation to Curriculum Development both of which were grant funded in relation to Local Skills priorities and Higher Technical Qualifications.

### 15 Stock

	Group 2025 £'000	Group 2024 £'000
Equine stocks	82	84
Oil	53	26
Refectories stock	28	-
Insights units	29	4
<b>Total</b>	<b>192</b>	<b>114</b>

There is no significant difference between the replacement cost of the inventory and its carrying amount. Stocks are held at cost after provisions for impairment of £nil (2024: £nil).

#### College

The College had stocks of £162,113 at 31 July 2025 (2024: £110,171).



## Notes to the Financial Statements (continued)

### 16 Debtors

	2025 Group £'000	2025 College £'000	2024 Group £'000	2024 College £'000
Amounts falling due within one year:				
Trade receivables	2,236	2,074	123	64
Amounts owed by group undertakings:	-	-		
Subsidiary undertakings	-	-	-	-
Associate undertakings	-	-	-	-
Prepayments and accrued income	2,838	2,818	4,126	4,087
Other debtors	138	105	67	48
<b>Total</b>	<b>5,212</b>	<b>4,997</b>	<b>4,316</b>	<b>4,199</b>

### 17 Creditors: amounts falling due within one year

	2025 Group £'000	2025 College £'000	2024 Group £'000	2024 College £'000
Other payments received in advance	294	285	61	61
Trade payables	1,989	1,941	3,895	3,789
Other taxation and social security	3,077	2,969	2,529	2,428
Corporation & Withholding Tax	-	-	-	-
Accruals and deferred income	1,998	1,917	3,532	3,469
Deferred income - government capital grants	3,396	3,396	3,180	3,180
Finance Leases	-	-	-	-
Amounts owed to the ESFA	189	189	1,394	1,394
<b>Total</b>	<b>10,943</b>	<b>10,697</b>	<b>14,591</b>	<b>14,321</b>

Creditors: amounts falling due within one year includes an accrual for holiday pay of £70,158 (2024: £73,862)

### 18 Creditors: amounts falling due after one year

	2025 Group £'000	2025 College £'000	2024 Group £'000	2024 College £'000
ESFA Loans	4,655	4,655	4,655	4,655
Deferred income	5,989	5,989	635	635
Finance Leases	-	-	-	-
Deferred income - government capital grants	37,967	37,967	36,878	36,878
<b>Total</b>	<b>48,611</b>	<b>48,611</b>	<b>42,168</b>	<b>42,168</b>

## Notes to the Financial Statements (continued)

### 19 Maturity of debt

#### Loans & Overdraft

Loans and overdrafts are repayable as follows:

	<b>Group 2025 £'000</b>	<b>College 2025 £'000</b>	<b>Group 2024 £'000</b>	<b>College 2024 £'000</b>
DfE Loan in respect of the Bracknell & Wokingham Merger	4,655	4,655	4,655	4,655
<b>Total</b>	<b><u>4,655</u></b>	<b><u>4,655</u></b>	<b><u>4,655</u></b>	<b><u>4,655</u></b>

The loan is secured on the freehold land and buildings of the Blackbird Leys campus and incurs an annual fixed Interest rate equal to the PWLB Standard Rate (5.02% as of April 2024). Repayment starts in July 2027 and repayable over a 7 year term.

## Notes to the Financial Statements (continued)

### 20 Provisions

	<b>Hidden Pensions £'000</b>	<b>Enhanced pensions £'000</b>	<b>Total £'000</b>
At 1 August 2024	114	437	551
Expenditure in the period			
Charge to I&E	-	(55)	(55)
Actuarial Gain for the year	-	(43)	(43)
Interest Costs	-	21	21
<b>At 31 July 2025</b>	<b><u>114</u></b>	<b><u>360</u></b>	<b><u>474</u></b>

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.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and enhanced commitments have been made historically. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	<b>2025</b>	<b>2024</b>
Price inflation	2.70%	2.80%
Interest rate	5.50%	4.80%

### 21 Cash and cash equivalents

	<b>At 1 August 2024 £'000</b>	<b>Cash flows £'000</b>	<b>Other changes £'000</b>	<b>At 31 July 2025 £'000</b>
Cash and cash equivalents	16,511	147	-	16,658
<b>Total</b>	<b><u>16,511</u></b>	<b><u>147</u></b>	<b><u>-</u></b>	<b><u>16,658</u></b>

### 22 Capital commitments

	<b>Group and College</b>	
	<b>2025 £'000</b>	<b>2024 £'000</b>
Commitments contracted for at 31 July 2025	<u>1,224</u>	<u>1,293</u>

## Notes to the Financial Statements (continued)

### 23 Defined benefit obligations

The College's employees belong to four principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Oxford County Council, Royal County of Berkshire & Surrey Council Local Government pension schemes (LGPS) for non-teaching staff, which are each managed by their respective County councils. All of them are multi-employer defined-benefit plans. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2022.

<b>Total pension cost for the year</b>	<b>2025 £'000</b>	<b>2024 £'000</b>
Teachers Pension Scheme: contributions paid	6,483	4,970
Other pension schemes contributions paid	80	79
Local Government Pension Scheme:		
Contributions paid	6,225	5,797
FRS 102 (28) charge	-	-
Charge to the Statement of Comprehensive Income	6,225	5,797
<b>Total Pension Cost for Year</b>	<b>12,788</b>	<b>10,846</b>

Contributions amounting to £1,375,783 (2024: £1,248,304) 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, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament. Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the college has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The college has set out above the information available on the plan and the implications for the college in terms of the anticipated contribution rates. The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

### 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. Retirement and other pension benefits are paid by public funds provided by Parliament.

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 which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

## Notes to the Financial Statements (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 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service at the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation).

As a result of the valuation, new employer contribution rates rose to 28.68% from April 2024 (compared to 23.68% during 2018/9).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

#### Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £6,482,768 (2024: £4,969,841).

## Notes to the Financial Statements (continued)

### 23 Defined benefit obligations (continued)

#### FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Oxfordshire Local Authority, Royal County of Berkshire & Surrey Council. The total contribution made for the year ended 31 July 2025 was £8,188,171 of which employer's contributions totalled £6,225,337 and employees' contributions totalled £1,962,835. The agreed contribution rates for future years are in the range of 19.8% - 27.4% for employers and range from 5.5% to 11.4% for employees, depending on salary.

In recent years market conditions have resulted in many LGPS funds moving into a surplus position. This occurs when the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets. FRS102 states that an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. The Group currently has two schemes in a surplus position however, due to the unlikely event of being able to recover the surplus has chosen not include these asset values within the accounts. The value of the current surplus amounts to £29,467,000 (2024: £10,066,000). The next scheme valuation for LGPS will be 31 March 2025, with the new employer contribution rates applicable from 1 April 2026.

#### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2025 by a qualified independent actuary.

	At 31 July 2025	At 31 July 2024
Rate of increase in salaries	2.75% - 3.80%	2.75% - 3.85%
Future pensions increases	2.75% - 2.80%	2.75% - 2.85%
Discount rate for scheme liabilities	5.70% - 5.80%	5.00% - 5.05%
Inflation assumption (CPI)	2.75% - 2.85%	2.75% - 2.85%
Commutation of pensions to lump sums	50% - 55%	50% - 55%

#### Mortality assumption

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 2025 years	At 31 July 2024 years
<i>Retiring today</i>		
Males	21.4 - 21.8	20.7 - 21.2
Females	24.1 - 24.7	23.6 - 24.6
<i>Retiring in 20 years</i>		
Males	22.1 - 23.4	21.9 - 22.4
Females	25.6 - 25.8	25.0 - 25.8

#### Sensitivity analysis

	At 31 July 2025 £'000	At 31 July 2024 £'000
Average Real Discount rate reduction of 0.5%	1,279 - 7,690	1,314 - 8,880
Average Salary Increase rate increase of 0.5%	17 - 125	24 - 145
Average Pension Increase rate increase of 0.5%	1,293 - 7,785	1,171 - 8,840

## Notes to the Financial Statements (continued)

### 23 Defined benefit obligations (continued)

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

	Long-term rate of return expected at 31 July 2025	Fair Value at 31 July 2025	Long-term rate of return expected at 31 July 2024	Fair Value at 31 July 2024
		£'000		£'000
Equities	71%	128,881	72%	117,768
Bonds	16%	29,789	15%	25,197
Property	9%	15,806	10%	15,885
Cash	3%	5,471	2%	3,287
Other	1%	2,432	1%	2,191
<b>Total market value of assets</b>	<b>100%</b>	<b>182,379</b>	<b>100%</b>	<b>164,328</b>

The amount included in the statement of financial position in respect of the defined benefit pension plan is as follows:

	2025 £'000	2024 £'000
Fair value of plan assets	182,379	164,328
Present value of plan liabilities	(138,352)	(161,569)
Present value of unfunded liabilities	(51)	(52)
<b>Net pensions asset / (liability)</b>	<b>43,976</b>	<b>2,707</b>

## Notes to the Financial Statements (continued)

### 23 Defined benefit obligations (continued)

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

	2025 £'000	2024 £'000
<b>Amounts included in staff costs</b>		
Current service cost	5,161	4,756
Past service cost	-	179
<b>Total</b>	<b>5,161</b>	<b>4,935</b>
<b>Amounts included in investment costs</b>		
Net interest costs	(675)	(175)
<b>Total</b>	<b>(675)</b>	<b>(175)</b>

### Amounts recognised in Other Comprehensive Income

Return on pension plan assets	6,635	7,827
Experience gains / (losses) arising on defined benefit obligations	1,200	(4,502)
Changes in assumptions underlying the present value of plan liabilities	21,650	5,549
Actuarial loss in respect of enhanced pension provision	43	11
Less notional net pension asset not recognised	(29,467)	(10,066)
<b>Amount recognised in Other Comprehensive Income</b>	<b>268</b>	<b>(1,181)</b>



**Notes to the Financial Statements (continued)****23 Defined benefit obligations (continued)****Movement in net defined benefit (liability) during the year**

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in scheme at 1 August	(2,989)	(2,903)
Movement in year:		
Transfer in value of net liabilities	-	-
Current service cost	(5,161)	(4,756)
Administration expenses	(6)	(7)
Employer contributions	6,210	5,873
Past service cost	-	(179)
Net interest on the defined liability	675	175
Actuarial gain or loss	29,485	8,874
Less notional net pension asset not recognised	(29,467)	(10,066)
<b>Net defined liability at 31 July</b>	<b>(1,253)</b>	<b>(2,989)</b>

**Asset and Liability Reconciliation**

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>151,555</b>	<b>143,918</b>
Transfer in value of new liabilities at acquisition	-	-
Current service cost	5,161	4,756
Interest cost	7,621	7,306
Contributions by scheme participants	1,913	1,650
Experience loss on defined benefit obligation	(1,200)	4,502
Changes in financial assumptions	(22,694)	(5,240)
Estimated benefits paid	(4,990)	(5,201)
Past Service cost	-	179
Changes in demographic assumptions	1,044	(309)
Unfunded pension payments	(7)	(6)
<b>Defined benefit obligations at end of period</b>	<b>138,403</b>	<b>151,555</b>

**Reconciliation of Assets**

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
<b>Fair value of plan assets at start of period</b>	<b>164,328</b>	<b>146,711</b>
Transfer in Value of new assets at acquisition	-	-
Interest on plan assets	8,296	7,481
Return on plan assets	6,635	7,827
Employer contributions	6,210	5,873
Contributions by scheme participants	1,913	1,650
Estimated benefits paid	(4,990)	(5,201)
Administration expenses	(13)	(13)
Change in financial assumptions	-	-
<b>Assets at end of period</b>	<b>182,379</b>	<b>164,328</b>

## Notes to the Financial Statements (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 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 in are detailed in accordance with the Group's financial regulations and normal procurement procedures.

£3,457 was paid to nine Governors during the year, (2024: £2,931 to eight Governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity. No Consultancy Services were provided by Governors during the year. We have accrued costs of £15,000 relating to compensation for one Governor for their services to the Group (excluding of the reimbursement of expenses), payment is pending Charities Commission approval (2024: £15,000 paid).

Transactions with the ESFA and OFS are detailed in notes 3 and 17.

Activate Learning Education Trust activity in the year relates to the agreed charges under the SLA agreement to provide Group Services, plus some payments made on behalf of ALET. During the year £13,740 was charged to ALET, representing charges for services for the year. The balance outstanding on the account at 31 July 2025 was £1,500.

In year the Group hosted the Surrey Hills Country Fair in collaboration with Surrey Hills Enterprises. The Chair of Governors is Vice Chair of Surrey Hills Enterprises. The Group received consideration of £10,324 for the use of the Merrist Wood Campus.

### 25 Amounts disbursed as agent

#### Learner support funds

	2025 £'000	2024 £'000
Balance unspent 1 August	87	104
Net grants from the ESFA	1,147	1,112
	<u>1,234</u>	<u>1,216</u>
Disbursed to students	(1,144)	(1,092)
Administration costs	(45)	(37)
	<u>45</u>	<u>87</u>
Balance unspent as at 31 July, included in creditors		

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

## Notes to the Financial Statements (continued)

### 26 Contingent liabilities

Prior to being wound up, one of the group's subsidiary companies, The Oxford Partnership LLP was appealing against income tax and withholding tax determinations from the Saudi Arabian tax authority in relation to certain tax treatments adopted for the financial years 2015 to 2018. Although the Group have received professional advice that the tax treatments used were appropriate and in accordance with relevant legislation, there was uncertainty over whether the group will be pursued for settlement. As a result, the Group held a £2.4m liability within these Financial Statements which represented the remaining net assets of The Oxford Partnership LLP in case a future claim should arise. Given the time which has now passed, it has been agreed that the liability is no longer valid and as such, the provision was released into the accounts in 2025.

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. This High Court ruling was appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court. On 5 June 2025, the Government announced that it will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. Once the legislation has been passed, this will mean that pension schemes will be able to obtain written confirmation from an actuary about the benefit changes that were previously made and apply that confirmation retrospectively without making the plan amendments void, if the changes met the necessary standards.

At the date of approval of these financial statements, while it is known there is potential for additional pension liabilities to be recognised as a result of this ruling, the impact in monetary terms is not known and it is reasonable to form the view that it is not reasonably estimable. Accordingly, no adjustments to reflect the impact of the ruling have been made in these financial statements.

The Corporation will continue to monitor the developments and consider the impact on the LGPS liabilities recognised by the Group.

### 27 Operating Leases

At 31st July 2025, the College had minimum lease payments under non-cancellable operating leases as follows

<b>Future minimum lease payments due</b>	<b>2025 £'000</b>	<b>2024 £'000</b>
<b>Land &amp; Buildings</b>		
Not later than one year	10	47
Later than one year and not later than 5 years	39	39
Later than five years	748	787
	<b>797</b>	<b>873</b>
<b>Other</b>		
Not later than one year	117	32
Later than one year and not later than 5 years	220	29
Later than five years	-	-
	<b>337</b>	<b>61</b>

In the year to July 2025 lease costs of £213,406 were recognised within the accounts as an expense (July 2024: £223,373).

