

# **OXFORD CAMBRIDGE AND RSA EXAMINATIONS**

(An exempt charity and a company limited by guarantee)

## **DIRECTORS' AND TRUSTEES' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**30 SEPTEMBER 2006**

**COMPANY REGISTERED NUMBER: 3484466**

**Issued: 25 January 2007**

**WEDNESDAY**



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**COMPANIES HOUSE**

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**  
(An exempt charity and a company limited by guarantee)

**DIRECTORS' AND TRUSTEES' REPORT**

The trustees are pleased to present their report together with the financial statements of the charity for the year ending 30 September 2006.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Directors and trustees**

The directors of the charitable company (the charity), (Oxford Cambridge and RSA Examinations, "OCR") are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees. The trustees serving during the year and since the year end were as follows:

Prof Anthony J Badger	
Mrs Valerie Bragg	retired 31 December 2005
Prof John Gray	
Dr John J. Guy OBE	
Ms Denise Hall	
Dr John A. Leake	
Mr Simon Lebus (Chair)	
Mr Richard M. Martineau	
Mr Bruce G. Picking	
Dr Katherine B Pretty	
Mrs Joanna Womack	resigned 30 September 2006
Prof John Hawkins	
Miss Patricia M Kelleher	
Mr Andrew Reid	Appointed 18 <sup>th</sup> May 2006
Prof Richard Taylor	Appointed 22 <sup>nd</sup> June 2006

<b>Company Secretary</b>	Mrs Susan Knight
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<b>Chief Executive</b>	Mr Gregor Watson
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<b>Auditors</b>	KPMG LLP 37 Hills Road CAMBRIDGE CB2 1XL
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<b>Bankers</b>	Barclays Bank plc Bene't Street Business Centre PO Box No 2 CAMBRIDGE CB2 3PZ
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<b>Solicitors</b>	Mills and Reeve Solicitors Francis House 112 Hills Road CAMBRIDGE CB2 1PH
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<b>Registered Office</b>	1 Hills Road CAMBRIDGE CB1 2EU
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**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**  
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**DIRECTORS' AND TRUSTEES' REPORT**

**1. STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document**

Oxford Cambridge and RSA Examinations ("OCR") is an exempt charity and a company limited by guarantee. OCR's governing document is its Memorandum and Articles of Association. The only member of the charity is the University of Cambridge.

**Appointment of trustees**

The trustees of OCR are Syndics of the University of Cambridge Local Examinations Syndicate and the Chief Executive of the Local Examinations Syndicate. Syndics are appointed by The University of Cambridge. No trustees were employed by the charity.

**Trustee induction and training**

New trustees are briefed by the Secretary to the Board and the Chair and provided with information and documentation about the charity.

**Organisation**

The day to day management of the charity is delegated to the Chief Executive of OCR. The trustees approve the business plan and budget, and they review the progress of the charity towards its objectives. The trustees, through sub-committees review the assessment processes of the charity.

The Group to which the charity belongs has Audit and Remuneration Committees which also deal with issues arising from the charity. The members of these Committees are all trustees of the charity. Internal audit for the Group is contracted to Mazars LLP.

The charity maintains a formal register of trustees' interests. It is available for viewing on application to the Company Secretary.

The trustees confirm that the accounts comply with current statutory requirements and the terms of the governing instruments of the charity.

**Risk management**

The trustees have a risk management policy which comprises:

- Setting the tone and influencing the culture of risk management within the charity
- Ensuring that there exists a sound system of internal control (which includes risk management) that supports the achievement of policies, aims and objectives, and for safeguarding the assets for which they are responsible
- Taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities
- Approving major decisions affecting the charity's risk profile or exposure

The major risks are subject to an annual review. This has focused on non-financial risks including those relating to the possibility of a flu pandemic in the UK.

**2. OBJECTIVES AND ACTIVITIES**

The objects of the charity as set out in its Memorandum of Association are:

- i) the advancement of education, learning and research
- ii) to support the charitable objects of The University of Cambridge

The charity aims to encourage people to make the best possible use of their talents by recognising their achievements. Society and individuals both benefit from this process, of OCR assessment and certification, to national standards.

The main objectives for the year were to

- engage with government and other bodies, on progress towards the implementation of the reforms of the 14-19 curriculum and assessments, with a view to influencing the validity and practicability of the proposals made and to undertake initial preparatory work for implementation

**DIRECTORS' AND TRUSTEES' REPORT**

**2. OBJECTIVES AND ACTIVITIES (continued)**

- engage with the DfES and regulators on a proposed new credit-based qualifications framework, with a view to influencing the outcome towards a more dynamic, demand-led framework and away from interventionist, bureaucratic regulation
  - modernise and simplify the business processes between itself and its customers, in its own right and in collaboration with the NAA and other awarding bodies
  - continue a long-term programme to modernise the assessment process by extending pilots of new examiner-facing technologies and rolling out on-screen assessment for a range of existing assessments
- achieve a sound operating surplus in order to fund the growing investment in modernisation

The Group's work can be classified as one activity of assessment.

**3. ACHIEVEMENTS AND PERFORMANCE**

The trustees believe that the charity has made good progress towards its objectives during the year. In particular:

- OCR has remained closely involved in development and implementation planning work for the changes needed for 14-19 reform. It has identified opportunities to amend its products and has introduced two revised GCE qualifications with 4 units as a precursor to the further development work which will be required. It has also developed and launched a suite of new vocational qualifications called OCR Nationals and has conducted a thorough review of how these and other OCR qualifications might provide components of the proposed new Diplomas. OCR has contributed significantly to developing the design criteria for the proposed specialised Diplomas.
- OCR is participating in seven projects which will test and trial the specification for the unit and credit-based framework. Working with the other awarding bodies and government agencies, OCR has secured the opportunity to test robustly the framework design and to ensure that what was originally an England-only initiative can now be applied across England, Wales and Northern Ireland. Staff and processes have been developed within OCR, supported by funding from Europe and the Welsh Assembly, to ensure we have the expertise and capacity to develop and deliver credit-based qualifications.
- The modernisation programme has progressed well, with progress made with the NAA and other awarding bodies. Customer feedback has indicated that operational performance has improved over the last two years. Many more routine transactions are now available to customers via Interchange, OCR's extranet service.
  - Further deployment of new examiner-facing technologies and on-screen assessments was successful and plans are in place for a more substantial implementation in due course. The costs of the developments needed to progress these improvements are included in resources expended on charitable activities in the Statement of Financial Activities.
  - The surplus for the year of £2m (2005: £2.3m) shown in the Statement of Financial Activities is satisfactory allowing for the additional costs incurred in technology developments.

**4. PLANS FOR FUTURE PERIODS**

OCR intends to bring its two assessment divisions into a single Qualifications Division to enable it to be well-placed to respond to the challenges of the 14-19 White Paper. A-levels will be reduced from six units to four and have a new "stretch" element for the most able. Core numeracy and literacy skills will be included in GCSE and in Diplomas. The extended project is to be piloted and specialised Diplomas are to be introduced. OCR will be working on developments for all of these changes over the next five years, piloting where appropriate and investing to ensure that they can be delivered effectively. This will involve working in partnership with schools, colleges and Diploma Development Partnerships.

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**DIRECTORS' AND TRUSTEES' REPORT**

**4. PLANS FOR FUTURE PERIODS (continued)**

The 14-19 White Paper introduces risks which will affect all awarding bodies, in terms of the potential cost of redevelopment of existing products and the development of new ones, the uncertainty of take up, particularly of specialised diplomas and the operational risk of delivering new qualifications formed by combining awards from multiple awarding bodies. Many of these risks are mitigated through a continuous dialogue with the Department of Education and Skills (DfES) and the QCA, plus their Welsh and Irish counterparts.

OCR will be taking part in a series of tests and trials of credit and unit based frameworks. The company will also be making operational changes as needed to support these. OCR recognises the importance of collaboration with other Awarding Bodies and we are working together to develop a flexible framework that will enable learners to gain specialised diplomas. OCR and other awarding bodies are on track to deliver the "Eight Pledges", a shared commitment to fighting bureaucracy and simplifying the administration and management of qualifications in the further education sector.

The charity will further simplify processes for customers, who still find some transactions confusing and time-consuming. Almost all entries arrive electronically and OCR is committed to moving all suitable transactions between customers and OCR on-line.

On-screen testing will be carefully introduced for higher stakes assessment. Careful piloting will be combined with research to evaluate the impact on assessment rigour before moving to large scale implementation. Electronic script management will be increased in volume and will provide more immediate benefits in terms of reduced risk and better quality.

At the end of March 2006, the Coventry warehouse operation was relocated to Birmingham, thus consolidating all Midlands warehousing. This has enabled work to commence to relocate all of our office-based activities from Birmingham to Coventry. This work will be completed by the end of 2006.

QCA, OCR's regulator, is undertaking a review of the fees charged by Awarding Bodies and considering a method of achieving greater price transparency for customers; this could impact on the fee income of the organisation. The review is expected to be completed by the end of 2006.

**5. FINANCIAL REVIEW**

Income for the year of £96.3m (Restated 2005: £95.1m) was very close to the overall budget for the year. Income mainly arises from the fees charged for examinations and other qualifications. Financial support for additional training and support of examiners has been provided by the NAA as part of their modernisation programme

Expenditure is incurred in maintaining and developing the qualifications, registration and certification of candidates, together with the quality control of examined and assessed schemes. Expenditure is also incurred on changes to systems to support credit framework and modernisation including electronic script management. The expenditure for the year was slightly higher than initially planned as the electronic script management project was developed faster than had originally been intended. The trustees believe that this is an appropriate use of the funds generated and this expenditure has been, in part, supported by a transfer from The West Midlands Examinations Board ("WMEB") Fund.

Agreements are in place for the purchase of services from Cambridge Assessment which is the brand name of University of Cambridge Local Examinations Syndicate.

The surplus for the year is £2.0m (Restated 2005: £2.3m). £2.2m was transferred from the WMEB/EMREB Fund held by the University of Cambridge (2005: £3.1m). Provision has been made in the financial statements for the depreciation of tangible fixed assets and the policies adopted are set out in the accompanying notes. Tangible fixed assets are shown in note 9 of the financial statements.

The transfer of work from the Birmingham office to Coventry has led to capital expenditure on the development of the building in Coventry (see Note 9). The directors of the subsidiary which owns the office building in Birmingham intends to sell the building once it is empty.

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**DIRECTORS' AND TRUSTEES' REPORT**

**5. FINANCIAL REVIEW (continued)**

The agency arrangement with a subsidiary (RSAEB) ceased at the end of the financial year. Provision has been made in the accounts of the Group for the write-off of the goodwill (see Note 8) that had previously arisen on the acquisition of the subsidiary affected. The trade has continued in the parent undertaking. All amounts due to the charity and by the charity in respect of those transactions have been fully accounted for. The trustees of the subsidiary company have decided that the best way to support OCR's charitable activities is to transfer their activities and all their assets to OCR. This will affect the SOFA when it takes effect.

The trustees of the charity have reviewed the accounting for deferred income in relation to one of their products and concluded that customers had been retaining the right to enter candidates for longer than anticipated and that £1.6m of the income recognised in previous years should not have been recognised until 2005-06. The accounting policy note has been amended and similar amounts have been deferred from 2005-06 to 2006-07 (see note 13).

**6. INSURANCE OF DIRECTORS & TRUSTEES**

The charity maintains insurance for Oxford Cambridge and RSA Examinations' trustees in respect of their duties as directors and trustees of the company. The premium paid was £2,492(2005: £1,906).

**7. RESERVES**

Free reserves as defined in the Statement of Recommended Practice: Accounting and Reporting by Charities issued by the Charity Commission in March 2005 amount to £6.8m at 30 September 2006 (Restated 2005: £4.5m) which are available to be applied for any or all of the Group's objectives.

The trustees have concluded that the charity's reserves should be increased to a level sufficient to ensure financial stability and to provide protection against unforeseen contingencies and to deal with the significant investment in new and revised qualifications and new technology that will be needed in the next few years. They expect this to be accomplished as small surpluses are achieved in the next few years.

Reserves were also required to fund investment in the development of the charity's business, and ensure that no financial liability will ever fall on general University funds. Trustees consider that it would be imprudent for the charity to rely on loans to fund any of these requirements and that the University is unlikely to wish to divert general resources to support the charity's work. The charity must therefore maintain sufficient reserves to meet all its funding requirements, in bad as well as good times. The trustees believe that the reserves are adequate to meet all of the charity's obligations as they arise.

Cash that was not required for working capital has been invested in University of Cambridge Amalgamated Fund Units.

The balance of reserves will support the transfer of assets to OCR once the agency ceases

**8. EMPLOYEES**

Should employees become disabled, wherever possible continued employment is sought and they are retained for jobs that are appropriate to their disability.

Regular meetings with employees are held to inform them of the development of the business.

**9. CHARITABLE CONTRIBUTIONS**

No charitable contributions were made during the year.

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**DIRECTORS' AND TRUSTEES' REPORT**

**10 STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES OF OXFORD CAMBRIDGE AND RSA EXAMINATIONS IN RESPECT OF THE TRUSTEES REPORT AND THE FINANCIAL STATEMENTS**

The trustees are responsible for preparing the Directors and Trustees Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and charitable company's financial statements are required by law to give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue its activities.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

In accordance with company law, as the charity's trustees, we certify that:

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- We have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

**11 AUDITORS**

A resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming General Meeting.

BY ORDER OF THE TRUSTEES



**Mrs S J Knight**  
Secretary

Date: 25/1/07

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF  
OXFORD CAMBRIDGE AND RSA EXAMINATIONS  
(An exempt charity and a company limited by guarantee)**

We have audited the group and charity financial statements (the 'financial statements') of OXFORD CAMBRIDGE AND RSA EXAMINATIONS for the year ended 30<sup>th</sup> September 2006 which comprise The group Statement of Financial Activities, the group and charitable company Balance Sheets and the group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the trustees and auditors**

The responsibilities of the charitable company's trustees, who are also the directors of OXFORD CAMBRIDGE AND RSA EXAMINATIONS for the purposes of company law, for preparing the trustees report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of trustees' responsibilities on page 7.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the trustees report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. We read the trustees report and consider the implications for our report if we become aware of any apparent misstatement within it.

**Basis of audit opinion**

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

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

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the charitable company's affairs as at 30<sup>th</sup> September 2006 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the trustees report is consistent with the financial statements.

*While we*  
**KPMG LLP**  
Chartered Accountants  
Registered Auditor  
Cambridge

Date *25 January 2007*



**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**  
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**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2006**

		2006	2005 as restated (see note 1&2 )
	Note	£m	£m
<b>Incoming resources</b>			
<b>Incoming resources from generated funds</b>			
Voluntary income: Support from WMEB/EMREB Fund	3	2.2	3.1
Activities for generating funds			
Rental and Other Income		0.3	0.3
Investment Income	4	0.1	0.1
<b>Incoming resources from charitable activities:</b>			
Examination fees	3	85.5	81.7
Other educational and assessment services		8.2	9.9
<b>Total incoming resources</b>		<u>96.3</u>	<u>95.1</u>
<b>Resources expended</b>			
<b>Costs of generating funds</b>			
Other activities costs		0.1	0.1
<b>Charitable activities</b>	5a	93.5	89.2
<b>Governance costs</b>	5b	0.8	0.6
<b>Other resources expended</b>		0.2	0.2
<b>Total resources expended</b>		<u>(94.6)</u>	<u>(90.1)</u>
<b>Net incoming resources before transfers</b>	7	<u>1.7</u>	<u>5.0</u>
Transfer to WMEB Fund		-	(3.0)
<b>Net income for the year</b>		<u>1.7</u>	<u>2.0</u>
Unrealised gains on revaluation of investment assets		0.3	0.3
<b>Net movement in funds</b>		<u>2.0</u>	<u>2.3</u>
<b>Reconciliation of funds:</b>			
<b>Funds brought forward</b>	16	14.9	12.6
<b>Funds carried forward</b>	16	<u>16.9</u>	<u>14.9</u>

All incoming resources and resources expended relate to continuing activities and arise from or are in relation to unrestricted income funds.

The result for the period, in the charity (OCR Company), was a surplus of £198,000 (2005: Surplus £4,310,000).

There is no difference between the net movement in funds stated above and its historical cost equivalent.

The Group has no recognised gains or losses other than those included above. Therefore no separate statement of recognised gains and losses has been presented.

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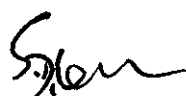
**BALANCE SHEET AS AT 30 SEPTEMBER 2006**

		2006	Group 2005 as restated (see note 2)	2006	Charity 2005
	Note	£m	£m	£m	£m
<b>Fixed assets</b>					
Intangible fixed assets	8	-	1.4	-	-
Tangible fixed assets	9	10.1	9.0	0.5	0.6
Investments	10	13.0	12.7	15.0	15.0
		<u>23.1</u>	<u>23.1</u>	<u>15.5</u>	<u>15.6</u>
<b>Current assets</b>					
Stock	11	0.4	0.4	-	-
Debtors	12	6.8	9.9	10.8	13.9
Short term deposits		15.6	8.7	7.9	3.0
Cash at bank and in hand		0.4	0.3	0.4	0.2
		<u>23.2</u>	<u>19.3</u>	<u>19.1</u>	<u>17.1</u>
<b>Creditors: amounts falling due within one year</b>	13	(14.3)	(12.4)	(14.3)	(12.6)
<b>Net current assets</b>		<u>8.9</u>	<u>6.9</u>	<u>4.8</u>	<u>4.5</u>
<b>Total assets less current liabilities</b>		32.0	30.0	20.3	20.1
<b>Creditors: amounts falling due after more than one year</b>	14	(15.0)	(15.0)	(15.0)	(15.0)
<b>Provisions for liabilities and charges</b>	15	(0.1)	(0.1)	(0.1)	(0.1)
<b>Net assets</b>		<u>16.9</u>	<u>14.9</u>	<u>5.2</u>	<u>5.0</u>
<b>The funds of the charity:</b>					
<b>Represented by:</b>					
Unrestricted income fund	16	16.9	14.9	5.2	5.0
		<u>16.9</u>	<u>14.9</u>	<u>5.2</u>	<u>5.0</u>

The financial statements on Pages 9 to 25 were approved by the Board of Directors on 25 January 2007 and were signed on its behalf by:



**Professor A J Badger**  
Director and Trustee



**Mr S Lebus**  
Director and Trustee

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**  
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**CONSOLIDATED CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2006**

		2006		2005	
	Note	£m	£m	£m	£m
<b>Net cash inflow from operating activities</b>	<b>17a</b>		7.4		2.6
<b>Returns on investments and servicing of finance</b>					
Investment income			0.1		-
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(0.5)		(0.7)	
Transfer to WMEB fund		-		(3.0)	
			(0.5)		(3.7)
<b>Cash inflow /(outflow) before use of liquid resources and financing</b>	<b>17b</b>		7.0		(1.1)
<b>Management of liquid resources</b>					
Net movements on money market deposits	<b>17c</b>		(6.9)		1.3
<b>Increase in cash in the year</b>			0.1		0.2

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 SEPTEMBER 2006**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The charity's accounts are prepared under the Statement of Recommended Practice "Accounting and Reporting for Charities" (the SORP). This was revised in 2005, and as a result the 2005 comparative figures in the Statement of Financial Activities have been restated to reflect the reallocation of income & expenditure to the new categories. There is no net effect on reserves.

*The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements except as noted below.*

No separate Statement of Financial Activities is presented for the charity, as provided by Section 230 of the Companies Act 1985.

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain investment assets.

The Group has adapted certain of the headings set out in the Companies Act 1985 to reflect the nature of the Group's business as an exempt charity.

**Basis of consolidation**

The Group accounts incorporate the results of OCR and its subsidiary companies and a Joint Venture up to 30 September 2006 on a line by line basis.

The consolidated accounts are based on the accounts for the subsidiary undertakings, which are coterminous with those of the parent undertaking.

The Joint Venture company has been accounted for in accordance with the gross equity method. The accounts of the Joint Venture undertaking are not coterminous with the parent undertaking but the effect of this is not material.

In the charity's accounts, the investments in the subsidiary companies are stated at cost less any permanent diminution in value.

**Goodwill**

Goodwill arises on consolidation and is based on the fair value of the consideration given for the subsidiary and the fair value of its assets at the date of acquisition. Goodwill relating to investments made by the Group is amortised over 10 years on a straight line basis, being its estimated useful economic life. However OCR, being their parent body, has given notice to the trustees of RSAEB that they intend to cease the agency arrangement with RSAEB at 30 September 2006. The trade will continue in the parent body. Therefore the balance of Goodwill has been reduced to Nil at that date.

**Leases**

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

**Pensions**

The Group participates in three pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Group. The Group is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS 17, accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to each scheme in respect of the accounting period.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 SEPTEMBER 2006**

**1. ACCOUNTING POLICIES (continued)**

**Depreciation**

Depreciation is charged to write off the cost of fixed assets over their estimated useful lives and is calculated as follows:

Freehold - buildings	2% - 2.5% per annum on a straight line basis
Leasehold - buildings	Over the terms of the lease
Plant & equipment, furniture and fittings	15% - 25% per annum on a straight line basis

**Research and development expenditure**

Expenditure on research and development is written off in the period in which it is incurred.

**Stocks**

Stocks are mainly of finished goods and are stated at the lower of cost and net realisable value.

**Income Recognition and Deferral of Incoming Resources**

All income is recognised on a receivable basis. Examination fees and other income receivable in respect of examination sessions and courses taking place in subsequent financial years are deferred to the year in question. Where course entry is purchased in advance, income is recognised when a named candidate is entered. Income for entries made for which candidates have not been entered is deferred. Where a product is replaced the entries may (in some cases) be exchanged for entries for replacement products – in which case the income continues to be deferred until a named candidate entry is made. Where no exchange is made and no further entries can be made any remaining deferred income is recognised.

**Resources expended**

Expenditure is charged on an accruals basis, inclusive of irrecoverable VAT. Expenditure is treated as expenditure on charitable activities where it is used in the operation or support of examination and assessment services. Costs incurred by the trading subsidiaries are classified as expenditure on activities to generate funds. Other costs are treated as governance costs. No costs are apportioned between categories.

**Taxation**

OCR is an exempt charity and claims exemption from Corporation Tax under the provisions of section 505 of the Income and Corporation Taxes Act 1988.

**Investments**

Investments in Cambridge University Endowment Fund (Amalgamated Fund) units are stated at estimated market value.

Investments in subsidiaries are stated at cost.

**Recognition of liabilities**

Provisions are recognised under FRS 12 and are not discounted.

**2. PRIOR YEAR ADJUSTMENT**

During the year, management undertook a review of income in relation to CLAIT exams, as the level of income, in relation to the proportion of exams taken, was lower than expected. (CLAIT, Computer Literacy and Information Technology, is a nationally recognised qualification in using computers.)

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**2. PRIOR YEAR ADJUSTMENT (continued)**

Income had been recognised at point of invoicing, and exams were taken by candidates over time. It has been realised that candidates have retained the right to take the exam for much longer than previously assumed. However the income should only have been recognised when the assessment service had been substantially rendered. This has now been corrected to be consistent with the policy for recognising revenue, giving rise to an adjustment to the prior year's financial statements.

The effect of the adjustment to the 2005 figures was to decrease net income for the year by £0.2m, increase accruals and deferred income by £3.7m (see note 16), and decrease brought forward reserves by £3.5m.

**3. INCOMING RESOURCES**

Examination fees income represents income from recognising and certificating educational achievement.

Voluntary income relates to sums donated from the WMEB fund which is a trust fund held by the University of Cambridge created from assets transferred from The West Midlands Examination Board.

**4. INVESTMENT INCOME**

	2006 £m	2005 £m
Income from Cambridge University Endowment Fund units	0.1	0.1
	<u>0.1</u>	<u>0.1</u>

**5. RESOURCES EXPENDED**

**a) on Support costs**

All support costs are in respect of the charitable activity of assessment

	2006 £m	2005 £m
Premises	4.1	3.4
Finance	1.9	2.6
Human Resources	1.1	0.7
Management	0.6	0.7
Information Management	11.5	10.9
	<u>19.2</u>	<u>18.3</u>

**b) on Governance**

	2006 £m	2005 £m
Audit Fee	-	-
Senior Management Salaries	0.8	0.6
	<u>0.8</u>	<u>0.6</u>

During the year no trustee or connected person received any remuneration from the company (2005 nil). See note 21.

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**6. STAFF COSTS**

The average number of persons (full time equivalent) employed by the Group during the year was 652 (2005: 662). These were engaged directly on the Group's charitable activities and Governance.

Staff costs for the above persons comprise:

	<b>2006</b>	<b>2005</b>
	<b>£m</b>	<b>£m</b>
Salaries and wages	15.4	15.2
Social Security costs	1.3	1.2
Other pensions cost (note 19)	2.5	2.3
	<u>19.2</u>	<u>18.7</u>

Of the above costs £877,000 (2005: £829,000) was incurred relating to temporary staff.

The number of employees (excluding trustees) whose emoluments were over £60,000 are as follows:

	<b>2006</b>	<b>2005</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	3	-
£70,001 - £80,000	2	3
£80,001 - £90,000	-	1
£90,001 - £100,000	3	1
£100,001 - £110,000	-	-
£130,001 - £140,000	1	1

All 9 (2005: 6) of the staff above were members of a defined benefit pension scheme, none (2005: nil) being members of a defined contribution scheme. No contributions were made in the year to a defined contribution scheme (2005: £nil).

During the year one trustee received fees of £882 in respect of examination services; no other trustee or connected person received any remuneration from the company (2005: nil). See note 21.

**7. NET INCOMING RESOURCES**

	<b>2006</b>	<b>2005</b>
	<b>Group</b>	<b>Group</b>
	<b>£m</b>	<b>£m</b>
Net incoming resources are stated after charging:		
Depreciation	0.4	0.4
Amortisation of goodwill	1.4	0.6
Operating leases		
- land and buildings	0.3	0.2
- plant, machinery and equipment	0.4	0.3
	<u>0.4</u>	<u>0.3</u>

Auditor's remuneration for the group amounted to £26,700 (2005: £32,000).

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**8. INTANGIBLE FIXED ASSETS**

**GROUP**

<b>GOODWILL</b>	<b>£m</b>
<b>COST</b>	
At 1 October 2005 and at 30 September 2006	<u>6.1</u>
<b>AMORTISATION</b>	
At 1 October 2005	4.7
Charge for year	<u>1.4</u>
At 30 September 2006	<u>6.1</u>
<b>NET BOOK VALUE</b>	
At 30 September 2006	<u>NIL</u>
At 30 September 2005	<u>1.4</u>

**9. TANGIBLE FIXED ASSETS**

**GROUP**

	<b>Land &amp; Buildings</b>			<b>Furniture &amp; fittings</b>	<b>Total</b>
	<b>Freehold £m</b>	<b>Long Leasehold £m</b>	<b>Short Leasehold £m</b>	<b>£m</b>	<b>£m</b>
<b>COST</b>					
At 1 October 2005	6.9	6.7	0.6	3.3	17.5
Additions	-	1.5	-	-	1.5
At 30 September 2006	<u>6.9</u>	<u>8.2</u>	<u>0.6</u>	<u>3.3</u>	<u>19.0</u>
<b>DEPRECIATION</b>					
At 1 October 2005	3.8	1.5	0.2	3.0	8.5
Charge for year	-	0.2	0.1	0.1	0.4
At 30 September 2006	<u>3.8</u>	<u>1.7</u>	<u>0.3</u>	<u>3.1</u>	<u>8.9</u>
<b>NET BOOK VALUE</b>					
At 30 September 2006	<u>3.1</u>	<u>6.5</u>	<u>0.3</u>	<u>0.2</u>	<u>10.1</u>
At 30 September 2005	<u>3.1</u>	<u>5.2</u>	<u>0.4</u>	<u>0.3</u>	<u>9.0</u>

There are no tangible fixed assets held for investment purposes by the Group, all are being used for the charitable objectives of the Group.



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**9. TANGIBLE FIXED ASSETS (continued)**

CHARITY	Land & Buildings Short leasehold £m	Plant & Equip. Furniture & fittings £m	Total £m
<b>COST</b>			
At 1 October 2005	0.6	0.5	1.1
Additions	-	0.1	0.1
At 30 September 2006	<u>0.6</u>	<u>0.6</u>	<u>1.2</u>
<b>DEPRECIATION</b>			
At 1 October 2005	0.2	0.3	0.5
Charge for year	0.1	0.1	0.2
At 30 September 2006	<u>0.3</u>	<u>0.4</u>	<u>0.7</u>
<b>NET BOOK VALUE</b>			
At 30 September 2006	<u>0.3</u>	<u>0.2</u>	<u>0.5</u>
At 30 September 2005	<u>0.4</u>	<u>0.2</u>	<u>0.6</u>

**10. FIXED ASSET INVESTMENTS  
GROUP**

	At 1 October 2005 £m	Movement in year £m	Increase in market value £m	At 30 September 2006 £m
Investments at market value	2.2	-	0.3	2.5
Loans to Group undertakings	10.5	-	-	10.5
Total	<u>12.7</u>	<u>-</u>	<u>0.3</u>	<u>13.0</u>

Investments at market value comprise Cambridge University Endowment Fund (Amalgamated Fund) units. The market value at 30 September 2006 is based on the estimated valuation at that date provided by the University Finance Division. The investments are managed by the University through external investment managers.

Loans to group companies comprise an interest-free loan to UCLES, the parent undertaking.

CHARITY	At 1 October 2005 £m	Movement in year £m	At 30 September 2006 £m
Investment in subsidiary undertakings	15.0	-	15.0
Total	<u>15.0</u>	<u>-</u>	<u>15.0</u>

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**10. FIXED ASSET INVESTMENTS (continued)**

<b>Name of subsidiary undertaking</b>	<b>Country of registration and operation</b>	<b>Class of share</b>	<b>Proportion held direct</b>	<b>Nature of Business</b>
RSA Examinations Board	England	Member	100%	Assessment services
Progress House Printers Ltd.	England	Ordinary	100%	Dormant
The West Midlands Examinations Board	England	Member	100%	Examination services
Sandonian Properties Ltd	England	Ordinary	100%	Property Holding
Mill Wharf Ltd	England	Ordinary	100%	Not trading
OCR Nationals	England	Member	100%	Dormant

The Group has a 33% interest in a joint venture company, QualDat, a company limited by guarantee and registered in England.

All of the subsidiary undertakings have been included in the consolidation.

**Summary of financial statements of subsidiaries**

	<b>Sandonian Properties Limited</b>		<b>Mill Wharf Limited</b>	
	<b>2006 £m</b>	<b>2005 £m</b>	<b>2006 £m</b>	<b>2005 £m</b>
Turnover	0.3	0.3	-	-
Expenditure	(0.1)	(0.1)	-	-
Gift Aid	(0.2)	(0.2)	-	-
Interest payable	(0.1)	(0.1)	-	-
Result for the year	<u>(0.1)</u>	<u>(0.1)</u>	<u>-</u>	<u>-</u>
Fixed assets	3.1	3.1	-	-
Current assets	-	0.1	0.1	0.1
Creditors: amounts falling due within 1 year	(0.2)	(0.3)	-	-
Creditors: amounts falling due after more than 1 year	(4.1)	(4.1)	-	-
Net assets	<u>(1.2)</u>	<u>(1.2)</u>	<u>0.1</u>	<u>0.1</u>

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**10. FIXED ASSET INVESTMENTS (continued)**

**Summary of financial statements of subsidiaries (continued)**

	<b>RSAEB</b>	
	<b>2006</b>	<b>2005</b>
	<b>£m</b>	<b>£m</b>
Incoming resources	21.6	21.6
Resources expended	(18.7)	(20.3)
	<u>2.9</u>	<u>1.3</u>
Unrealised gains on revaluation of investment assets	0.2	0.3
Net movement on funds	<u>3.1</u>	<u>1.6</u>
Fixed assets	19.5	18.0
Current assets	9.9	8.0
Creditors: amounts falling due within 1 year	(6.5)	(6.2)
Net assets	<u>22.9</u>	<u>19.8</u>

**11. STOCK**

	<b>Group</b>		<b>Charity</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Raw Materials	-	0.1	-	-
Finished Goods	0.4	0.3	-	-
	<u>0.4</u>	<u>0.4</u>	<u>-</u>	<u>-</u>

**12. DEBTORS**

	<b>Group</b>		<b>Charity</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Fee debtors	3.2	5.0	0.8	2.8
Other trade debtors	1.1	1.6	1.1	1.6
Amounts owed by group undertakings	-	0.9	6.5	7.3
Prepayments	2.5	2.4	2.4	2.2
	<u>6.8</u>	<u>9.9</u>	<u>10.8</u>	<u>13.9</u>

**13. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Charity</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>£m</b>	<b>as restated (see note 2)</b>	<b>£m</b>	<b>£m</b>
Trade creditors	1.4	0.9	1.4	0.9
Amounts due to group undertakings	2.3	-	2.3	0.2
Other taxes and social security	4.2	4.0	4.2	4.0
Other creditors	0.5	0.3	0.5	0.3
Accruals and deferred income	5.9	7.2	5.9	7.2
	<u>14.3</u>	<u>12.4</u>	<u>14.3</u>	<u>12.6</u>

In accordance with the Income Recognition Policy (see note 1), where the assessment service has not been substantially rendered, revenue from invoicing has not been recognised as Income but has been Deferred until later years.

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**13. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR (continued)**

Deferred Income is analysed as:

	Group		Charity	
	2006 Total	2005 as restated (see note 2)	2006 Total	2005
	£m	£m	£m	£m
At 1 October 2005	5.0	5.0	0.1	0.5
Deferred in current year	1.5	1.5	0.1	0.1
Released from previous year	(2.9)	(1.5)	(0.1)	(0.5)
At 30 September 2006	<u>3.6</u>	<u>5.0</u>	<u>0.1</u>	<u>0.1</u>

**14. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

	Group		Charity	
	2006 £m	2005 £m	2006 £m	2005 £m
Loan from Cambridge Assessment	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>

The loan from Cambridge Assessment is unsecured and has no fixed repayment date. No interest was charged in the year to 30 September 2006 (2005: nil).

**15. PROVISIONS FOR LIABILITIES AND CHARGES**

**GROUP AND OCR**

	Staffing £m	Total £m
At 1 October 2005	0.1	0.1
Utilised or Released	(0.1)	(0.1)
New Provision	0.1	0.1
At 30 September 2006	<u>0.1</u>	<u>0.1</u>

Provisions were made in respect of employment matters.

**16. FUNDS**

	Group £m	Charity £m
<b>Unrestricted general fund</b>		
At 1 October (as previously stated)	18.6	5.0
Less Prior year adjustment (see note 2)	(3.7)	-
At 1 October 2005. (Restated)	<u>14.9</u>	<u>5.0</u>
Surplus for the year	2.0	0.2
At 30 September 2006	<u>16.9</u>	<u>5.2</u>

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**17. NOTES TO CONSOLIDATED CASHFLOW STATEMENT**

**a. Reconciliation of changes in resources to net cash inflow from operating activities**

	2006	2005 as restated (see note 2)
	£m	£m
Net incoming resources before interest	1.7	5.0
Depreciation of tangible fixed assets	0.4	0.4
Amortisation of goodwill	1.4	0.6
Impairment loss	-	-
Less: Investment income	(0.1)	(0.1)
Movements in provisions	-	-
Increase in creditors	0.9	0.1
Decrease (Increase) in debtors	3.1	(3.4)
Net cash inflow from operating activities	<u>7.4</u>	<u>2.6</u>

**b. Reconciliation of net cash flow to movements in net funds**

	2006 £m	2005 £m
Increase in cash in the year	0.1	0.2
Cash outflow /(inflow) from change in money market deposits	6.9	(1.3)
Increase /(Decrease) in net funds resulting from cashflows	<u>7.0</u>	<u>(1.1)</u>
Net funds at 1 October 2005	<u>(6.0)</u>	<u>(4.9)</u>
Net funds at 30 September 2006	<u>1.0</u>	<u>(6.0)</u>

**c. Analysis of change in net funds**

	At 1 October 2005 £m	Cash Flows £m	At 30 September 2006 £m
Cash at bank and in hand	0.3	0.1	0.4
Debt due after one year	(15.0)	-	(15.0)
Money market deposits	8.7	6.9	15.6
Total	<u>(6.0)</u>	<u>7.0</u>	<u>1.0</u>

**18. CAPITAL COMMITMENTS**

There were capital commitments at the Balance Sheet date of £342,000 (2005: nil).

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**19. PENSION COSTS**

The Group participates in three defined benefit pension schemes. Each scheme is valued every three years by professionally qualified independent actuaries who are not employees or officers of the Group. The pension costs are assessed using the projected unit method.

The CPS and USS schemes are not closed, nor are the age profile of their active membership rising significantly. The Group's contributions to the CPS and USS schemes are affected by a surplus or deficit in these schemes. The RSAEB scheme is a closed scheme which has 14 (2005: 20) active members of whom 12 (2005: 14) work for OCR and 2 (2005: 6) work for Cambridge Assessment. The rates of contribution payable are determined by the trustees on the advice of the actuaries.

It is not possible to identify the Group's share of underlying assets and liabilities of the CPS and USS schemes and therefore contributions are accounted for as if they were defined contribution schemes in accordance with FRS 17. The assumptions and other data that have the most significant effect on the determination of contribution levels are as follows:

<b>USS and CPS</b>	<b>USS</b>	<b>CPS</b>
Latest actuarial valuations	Mar 2005	Jul 2003
Investment returns per annum	4.5%	7.0%
Salary scale increases per annum	3.9%	4.5%
Pension increases per annum	2.9%	3.5%
Market value of assets at date of last valuation	£21,740m	£216m
Funding level	77%	92%
Employer's contribution rate	14%	16.5%

The employer's contribution rate for the CPS scheme was increased to 19.7% from 1 August 2005.

**RSAEB Pension Scheme**

Although under FRS 17 it is classified as a multi-employer scheme covering employees in both OCR and Cambridge Assessment, since the majority of members are in OCR, information relating to the scheme as a whole is given below. Full disclosures of the scheme accounted for under FRS 17 are given in the Cambridge Assessment group accounts available from the Cambridge University Reporter (see note 23).

A lump sum contribution of £285,000 was made in the year and lump sum contributions of £285,000 per annum will be made by the Cambridge Assessment Group for the next 7 years to the RSAEB scheme to address the under funding. During the year OCR paid £262,000 and Cambridge Assessment paid £23,000 of the lump sum contribution.

A full actuarial valuation of the scheme was carried out at 1 October 2004, in accordance with the requirements under FRS 17 and updated to 30 September 2006 by a qualified independent actuary.

It has been agreed that an employer contribution rate of 24.6% of pensionable pay will apply in future years.

The major assumptions used by the actuary were:

	<b>At 30 Sept 2006</b>	<b>At 30 Sept 2005</b>	<b>At 30 Sept 2004</b>
Discount rate	4.9%	5.0%	5.5%
Retail price inflation	3.0%	2.7%	2.8%
Salary increase rate	5.0%	4.7%	4.8%
Pensions increases (at limited price indexation)	3.2%	3.2%	3.2%
Deferred pension revaluation	3.0%	2.7%	2.8%

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**19. PENSION COSTS (continued)**

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

**Scheme assets**

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	<b>Assets at 30 Sept 2006</b>	<b>Assets at 30 Sept 2005</b>	<b>Assets at 30 Sept 2004</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Equities	3.0	3.1	3.1
Bonds	2.4	2.3	0.4
Cash/ other	0.1	0.1	0.9
Total assets	5.5	5.5	4.4
Scheme liabilities	(7.6)	(7.4)	(6.4)
Net pension deficit	(2.1)	(1.9)	(2.0)

	<b>Expected return from 30 Sept 2006</b>	<b>Expected return from 30 Sept 2005</b>	<b>Expected return from 30 Sept 2004</b>
Equities	7.4%	7.3%	7.9%
Bonds	4.7%	4.4%	5.0%
Cash/ Other	4.8%	4.5%	5.0%

**Movement in Deficit during the year**

	<b>Year to 30 Sept 2006</b>	<b>Year to 30 Sept 2005</b>
	<b>£m</b>	<b>£m</b>
Deficit at beginning of the year	(1.9)	(2.0)
Movement in year:		
Current service cost	(0.2)	(0.2)
Contributions	0.5	0.4
Net return from other finance income	(0.1)	-
Actuarial (loss)	(0.4)	(0.1)
Deficit at end of the year	(2.1)	(1.9)

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**19. PENSION COSTS (continued)**

**History of experience gains and losses**

	Year to 30 Sept 2006 £m	Year to 30 Sept 2005 £m	Year to 30 Sept 2004 £m	Year to 30 Sept 2003 £m
Difference between the actual and expected return on scheme assets	0.1	0.6	0.1	0.2
- as % of scheme assets	2%	10%	2%	6%
Experience gains/(losses) on scheme liabilities	(0.1)	(0.1)	0.4	-
- as % of present value of scheme liabilities	(1%)	(1 %)	7%	0%
Total amount recognised under other recognised gains and losses	(0.4)	(0.1)	0.3	0.1
- as % of present value of scheme liabilities	(5%)	(2 %)	4%	1%

**Total Group pension cost for the year**

	2006 £m	2005 £m
USS	1.0	0.9
CPS	1.1	1.0
RSAEB	0.4	0.4
	<u>2.5</u>	<u>2.3</u>

**20. OPERATING LEASES**

**Group**

At 30 September 2006 the Group had annual commitments under non-cancellable operating leases as follows:

	Land & Buildings		Plant, Machinery & Equipment	
	2006 £m	2005 £m	2006 £m	2005 £m
Commitments expiring:				
In 1 year	0.1	-	-	-
Between 2 & 5 years	0.2	0.2	0.2	0.1



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**21. RELATED PARTY TRANSACTIONS**

The Group has taken advantage of the exemption in Financial Reporting Standard 8 to not disclose transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties).

During the year the Group entered into transactions with Cambridge University Press ("CUP"), a Syndicate of the University of Cambridge, the ultimate parent undertaking as follows:- purchase of printing services £4.4m (2005: £4.5m), there was no receipt of royalties (2005: £6,000), sale of other services £182,000 (2005: £219,000).

At 30 September a balance of £248,000 was due to CUP (2005: £83,000 due from CUP).

During the year the Group entered into transactions with the University of Cambridge, the ultimate parent undertaking, for the purchase of services amounting to £21,000 (2005: £25,000). There were no balances outstanding at 30 September 2006 (2005: Nil).

During the year one trustee received fees of £882 in respect of examination services; no other trustee or connected person received any remuneration from the company (2005: nil). Total travel expenses of £1,836 (2005: £2,041) were reimbursed to 4 (2005: 5) trustees by the Cambridge Assessment group, of which £126 (2005: £370) were reimbursed by the OCR group.

**22. CONTINGENT LIABILITIES**

There are no contingent liabilities as at 30 September 2006.

**23. ULTIMATE PARENT UNDERTAKING**

OCR is a part of the Cambridge Assessment Group, Cambridge Assessment is a not-for-profit organisation, a department of the University of Cambridge. The University of Cambridge is the sole member of OCR

The largest group in which the results of the OCR Group are consolidated is that headed by the University of Cambridge. The consolidated accounts of the University of Cambridge may be obtained from the Cambridge University Reporter, Cambridge University Press Bookshop 1 Trinity Street, Cambridge, CB2 1SZ.

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