

Registered number: 05479207
Charity number: 1113382

Open College Network West Midlands

Trustees' Report and Financial Statements

for the year ended 30 September 2019



Open College Network West Midlands

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Open College Network West Midlands

Reference and Administrative Details of the Charity, its Trustees and Advisers for the year ended 30 September 2019

Trustees	C D Morecroft H Woolf M A Stowell (resigned 8 July 2019) G Layer (resigned 1 April 2019) L T Fon (resigned 7 October 2019) L Toner (resigned 2 April 2019) J Wood P Clark-Roden (resigned 29 August 2019) G Desai (appointed 1 May 2019) O E Burke (appointed 10 June 2019) C Vincent (resigned 16 October 2018)
Company registered number	05479207
Charity registered number	1113382
Registered office	Aldersley House Pendeford Business Park Wolverhampton West Midlands WV9 5HA
Company secretary	A D Lake
Chief executive officer	C Assheton
Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH
Bankers	Unity Trust Bank plc PO Box 1487 Stafford ST16 3GJ
Solicitors	Freeths LLP The Colmore Building 20 Colmore Circus Queensway Birmingham B4 6AT

Open College Network West Midlands

Trustees' report for the year ended 30 September 2019

The Trustees present their annual report together with the audited financial statements of for the year 1 October 2018 to 30 September 2019.

Since the Charity qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Charity Trustees

The Board Members have served as the Trustees of the Charity throughout the year except where indicated. They are:

C D Morecroft * (Chair)
H Woolf # (Vice Chair)
M A Stowell # (retired 8th July 2019)
G Layer (retired 1st April 2019)
L T Fon # (retired 7th October 2019)
L Toner # (Retired 2nd April 2019)
J Wood* #
P Clark-Roden* # (Retired 29th August 2019)
G Desai* # (Appointed 1st May 2019)
O E Burke (Appointed 10th June 2019)
C Vincent (Resigned 16 October 2018)

* Member of the Finance and Resources Committee

Member of the Access and Compliance Committee

The nomination, removal and replacement of the Trustees shall be by the Open College Network West Midlands Board as a whole (from time to time) having regard to the desire to achieve a broad representation of FE (including FE Colleges, adult, voluntary and community organisations, and private training providers), and Higher Education Institutions. The Open College Network West Midlands Board may appoint (and remove or replace) up to 3 Co-opted Trustees having regard to the overall desire of achieving a combined board with a broad representation of relevant stakeholder interests across the West Midlands region.

The members may, at a properly constituted meeting, appoint an additional director(s) by ordinary resolution of those present.

As described in the Charity's Articles of Association the directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed directors on the same day those to retire shall be determined by lot.

Officers

Chief Executive Officer	Christine Assheton
Director of Access and Compliance	Diane Williams
Director of Business Development	Lee Moore
Director of Corporate Services	Valerie Taylor

Registered Address:

Aldersley House Overstrand
Pendeford Business Park Wolverhampton
WV9 5HA

Website: www.opencollnet.org.uk

Objectives and activities

a. Policies and objectives

Charitable Objects

The Charity's objects are the advancement of the education of the public in or around the West Midlands and elsewhere. These can be summarised as promoting lifetime learning, increasing social inclusion and widening participation, supporting the providers of education and training, improving the quality and flexibility of education provision and access to learning opportunities by facilitating progression to further learning, employment and higher education particularly through the award of credits and credit-based qualifications.

Objectives for the year

The Open College Network West Midlands has a three-year Strategic Plan which was approved in September 2016. There are three key strategic aims which enable the Open College Network West Midlands to achieve its overarching business objective:

"To maintain financial viability by providing the right products and services". The strategic aims are:

Aim 1: To be the AVA of choice throughout the UK.

Aim 2: To sell innovative services and products that meet the requirements of all our stakeholders.

Aim 3: To be a financially viable organisation operating with a surplus

b. Activities for achieving objects

A Company Action Plan and performance targets were developed and monitored throughout the year. These included:

- ensuring compliance with the General Conditions of Recognition issued by Ofqual and Qualification Wales;
- ensuring compliance with the licensing criteria for the Quality Assurance Agency for Higher education (QAA);
- the development and promotion of Open College Network West Midlands Qualifications;
- providing information, training and support for all Open College Network West Midlands recognised centres;
- ensuring that all members, partners, stakeholders and agencies and customers were aware of the distinctive mission, vision and values of the organisation.

Throughout the year, the Board and Executive Officers have focused on:

- ensuring that the Charity fulfilled its objectives;
- ensuring that appropriate resources were in place to fulfil the Charity's operational responsibilities;
- ensuring the continued support and services for the recognised centres.

Objectives and activities (continued)

c. Main activities undertaken to further the charity's purposes for the public benefit

The Trustees are cognisant of the key principles of the public benefit requirement. The Charity continues to demonstrate its objective of widening participation in education by working with groups and communities that have traditionally not benefited from traditional or formal educational opportunities. This includes, for example, learners working at lower educational levels; learners with few formal qualifications; learners based in offender institutions; younger learners who are not in employment or training; and people working in industries that have not traditionally valued formal qualifications.

Open College Network West Midlands have established a scheme to provide annual bursaries for learners who are undertaking Access to Higher Education Diplomas. These awards are made to nominated individuals who are undertaking or have had inspirational learning journeys which have helped them transform their lives.

Achievements and performance

a. Review of activities

Operational Performance

The Open College Network West Midlands continued to provide support for a wide range of organisations including Further Education Colleges, Schools, Voluntary and Community Organisations, Employers and Private Training Providers, both locally, nationally and internationally. Many of Open College Network West Midlands recognised centres deal with learners who have benefited least from their prior educational experiences and who are often the excluded and the "forgotten" members of the society.

Key achievements this year were:

- the effective implementation of the Strategic Plan and Aims and the Company Action Plan for 2018 – 2019;
- the maintenance of the Ofqual and Qualifications Wales regulated qualifications;
- continuing to be low risk with QAA for the AVA provision;
- the continued excellent customer service and support for centres and learners by the staff;
- the third year in surplus.

Financial review

a. Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. Reserves policy

The Open College Network West Midlands has sufficient reserves to fund some six months of total annual expenditure to cover such things as staff salaries and redundancy payments, establishment expenses, outstanding accounts and any committed funds. The actual minimum reserve figure is calculated annually based on current financial accounts and business plans and presented to The Board for agreement on an annual basis. This year, the Board approved designated reserves for specifically identified projects.

**Trustees' report (continued)
for the year ended 30 September 2019**

Strategic report (continued)

Financial review (continued)

c. Material investments policy

Surplus funds are invested for specific periods when appropriate with the Bank.

Structure, governance and management

a. Constitution

The Open College Network West Midlands was incorporated under the Companies Act 1985 on the 13th June 2005. The Company applied for and was confirmed as a Charity in March 2006. The Open College Network West Midlands operates throughout England and Wales and internationally.

Governing Document:

The Memorandum and Articles of Association and accompanying the set of private "Rules", which include the detail of governance of the Company, explain the Open College Network West Midlands legal and constitutional arrangements.

How the Charity is constituted:

The Open College Network West Midlands is a company limited by guarantee (registration number 5479207) with charitable status (Charity registration number 1113382).

The Membership acts as the guarantors for the Charity but their liability is limited to £10.00 in the event of business failure. The governance structure of the Open College Network West Midlands consists of the legal Members and a Board of Trustees, the latter being the principal strategy forming and decision-making body.

Membership of the Charity is open to organisations who meet the membership criteria and whose application is approved by the Board of Trustees. Members are required to subscribe to the vision, ethos and objects of Open College Network West Midlands and support the use of credit and are expected to attend any Extraordinary General Meetings that may be called.

b. Methods of appointment or election of Trustees

The Board should consist of the broadest representation in terms of types of organisation and geographical location including up to 12 board members from the Education and Learning Sector who would together constitute a broad representation of FE (including FE Colleges, adult, voluntary and community organisations, and private training providers), and Higher Education Institutions.

The Rules contain a code of conduct for the Trustees which specify their obligations and the need for them to act independently, honestly and in good faith and in the best interests of Open College Network West Midlands and its objects as a whole. Trustees must declare an interest in any item on the agenda and abide by the Nolan Principles of Public Life.

**Trustees' report (continued)
for the year ended 30 September 2019**

Structure, governance and management (continued)

c. Pay policy for key management personnel

The Board of Trustees has adopted a pay policy following consultation with employees in the charity and the charity-based representatives of the recognised unions and professional associations.

The Chief Executive Officer (CEO) is responsible for ensuring appraisal objectives for all members of the senior management team are set and reviews are undertaken in line with the policy, and to report the outcome to the FRC annually.

The remuneration package for the CEO will be determined by the Finance and Resources Committee (FRC), taking into account all of the permanent responsibilities of the role, any challenges that are specific to the role and all other relevant considerations. In the case of a new appointment, when determining the salary, the FRC will consider the requirements of the post and the extent to which the preferred candidate meets those requirements.

The FRC and the Board of Trustees will ensure that there is appropriate scope to allow for performance related progress over time, subject to receiving evidence that there has been substantial and sustained high quality of performance having regard to the results of the recent appraisal and achieving the overall expectations and outcomes of the charity.

d. Organisational structure and decision making

The Board, as the Trustees of the Charity, are legally responsible for the overall management and control of Open College Network West Midlands and are responsible for all material decisions on expenditure, contracts, and policy matters. The Board has met four times this year.

The Board can delegate certain matters to the two sub-committees: The Finance and Resources Committee (FRC) and the Access and Compliance Committee (A&CC), pursuant to the remit for each committee and in line with the Delegation Protocol. The sub-committees report and can make recommendations directly to the Board through the sub-committee minutes which are a standing item on the Board's agenda. Each committee has at least three Trustees as members, one of whom acts as the Chair.

The day to day management of the Open College Network West Midlands is delegated to the Chief Executive Officer (CEO) and the three Directors of Access and Compliance, Business Development and Corporate Services, who make up the Senior Management Team (SMT).

e. Relationships

The Open College Network West Midlands was approved by the regulatory authority Ofqual as an Awarding Organisation in May 2011 and by Qualification Wales when this was set up in 2015. As such it is able to develop national qualifications that meet the needs of Open College Network West Midlands learners and providers.

Open College Network West Midlands is also licensed as an Access Validating Agency (AVA) by QAA for the Access to Higher Education provision it offers.

Trustees' report (continued)
for the year ended 30 September 2019

Structure, governance and management (continued)

f. Risk management

The Open College Network West Midlands Board of Trustees is responsible for the management of the risks faced by the Charity. Detailed considerations of risk are delegated to the Senior Management Team. Risks are identified and monitored throughout the year.

The key controls used by the Charity include:

- formal agendas for all Committee and Board activity;
- detailed terms of reference for all Committees;
- comprehensive strategic planning, budgeting and management accounting;
- established organisational structure and lines of reporting;
- clear authorisation and approval levels.

Through the risk management processes the Board are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Plans for future periods

Open College Network West Midlands is committed to raising the profile of the Open College Network West Midlands working in partnership to enhance and extend the provision nationally and internationally enabling learners to access quality learning courses and progress into further and higher education and employment thereby increasing social inclusion and widening participation.

The Strategic Plan 2016 – 2020 and the underpinning Sales and Marketing Strategy and the Company Action Plan provides the key aims and supporting targets for the operational activities of Open College Network West Midlands. The achievement is regularly monitored and reported to the appropriate sub-committees and the Board at their meetings.

Key objectives for 2019 - 2020 are to:

- To continue to meet the AVA's regulatory responsibilities;
- To raise the profile of the company as the leading AVA within the UK;
- Continue to have a proactive and robust approach to defending and increasing our market share;
- To have a proactive approach to developing new Diplomas according to market need;
- Increase the level of registrations and income from Access Diplomas;
- To develop and implement a Sales & Marketing Plan for 2019-20;
- To develop and implement a Qualification Development Plan for 2019-20;
- To focus sales activity and resources on top selling qualifications to increase income;
- To raise the profile of the company and effectively promote our services and products;
- Where appropriate and financially viable, develop resources for specific qualifications;
- To have a valid, relevant and manageable portfolio of RQF qualifications;
- Work towards maximising any opportunities arising from the devolution of the Adult Education Budget (AEB) from August 2019;
- Remain compliant with Qualifications Wales and become compliant with Ofqual;
- To effectively monitor financial and other management information;
- To keep under review the legal and compliance status of the organisation;
- To develop and maintain cost effective products;
- To ensure that all staff have the skills to provide a cost effective and efficient service;
- To ensure we have sufficient physical resources to offer a cost effective and efficient service;
- To increase and monitor membership of the Board and Committees to ensure the right skills and diversity mix are represented.

**Trustees' report (continued)
for the year ended 30 September 2019**

Members' liability

The Members of the Charity guarantee to contribute an amount not exceeding £10 to the assets of the charity in the event of winding up.

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the charity for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

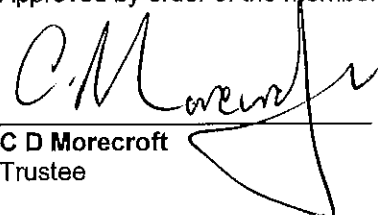
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The auditors, Dains LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on 29 January 2020 and signed on their behalf by:


C D Morecroft
Trustee

Independent Auditors' Report to the Members of Open College Network West Midlands

Opinion

We have audited the financial statements of Open College Network West Midlands (the 'charity') for the year ended 30 September 2019 which comprise the Statement of Financial Activities, the balance sheet, the statement of cash flows and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditors' Report to the Members of Open College Network West Midlands (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 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
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic report.

Independent Auditors' Report to the Members of Open College Network West Midlands (continued)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are 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 Trustees determine 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 Trustees are responsible for assessing the charitable company'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 Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 these financial statements.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Morris FCA (Senior statutory auditor)

for and on behalf of
Dalns LLP

Statutory Auditor
Chartered Accountants

Birmingham

29 January 2020

**Statement of financial activities (incorporating income and expenditure account)
for the year ended 30 September 2019**

	Note	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:				
Charitable activities	4	1,443,304	1,443,304	1,372,708
Investment income	5	37,300	37,300	37,183
Total income		1,480,604	1,480,604	1,409,891
Expenditure on:				
Charitable activities	6	1,352,441	1,352,441	1,310,315
Total expenditure		1,352,441	1,352,441	1,310,315
Net gains on investments		26,678	26,678	24,842
Net movement in funds		154,841	154,841	124,418
Reconciliation of funds:				
Total funds brought forward		2,517,972	2,517,972	2,393,554
Net movement in funds		154,841	154,841	124,418
Total funds carried forward		2,672,813	2,672,813	2,517,972

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 15 to 27 form part of these financial statements.

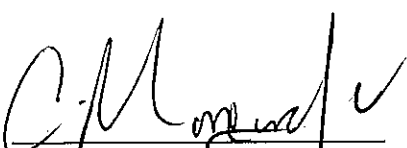
Balance sheet
for the year ended 30 September 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	10	978,270	1,001,686
Investments	11	598,272	633,594
		<u>1,576,542</u>	<u>1,635,280</u>
Current assets			
Debtors	12	179,178	164,721
Cash at bank and in hand		1,017,850	808,762
		<u>1,197,028</u>	<u>973,483</u>
Creditors: amounts falling due within one year	13	(100,757)	(90,791)
Net current assets		<u>1,096,271</u>	<u>882,692</u>
Total net assets		<u><u>2,672,813</u></u>	<u><u>2,517,972</u></u>
Charity funds			
Unrestricted funds	14	2,672,813	2,517,972
Total funds		<u><u>2,672,813</u></u>	<u><u>2,517,972</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 29 January 2020 and signed on their behalf by:


C D Morecroft
Trustee

The notes on pages 15 to 27 form part of these financial statements.

Open College Network West Midlands

**Statement of cash flows
for the year ended 30 September 2019**

	2019 £	2018 £
Cash flows from operating activities		
Net cash used in operating activities	101,704	84,529
Cash flows from investing activities		
Proceeds from the sale of tangible fixed assets	280	-
Purchase of tangible fixed assets	(19,834)	(6,861)
Proceeds from sale of investments	280,288	225,929
Purchase of investments	(153,350)	(122,072)
Net cash provided by Investing activities	107,384	96,996
Cash flows from financing activities		
Net cash provided by financing activities	-	-
Change in cash and cash equivalents in the year	209,088	181,525
Cash and cash equivalents at the beginning of the year	808,762	627,237
Cash and cash equivalents at the end of the year	1,017,850	808,762

The notes on pages 15 to 27 form part of these financial statements

**Notes to the financial statements
for the year ended 30 September 2019**

1. General information

The Charity is a company limited by guarantee. The members of the company are the Trustees named on page . In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Open College Network West Midlands meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

2.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

2.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

All centre approval and registration fees are included in the statement of financial activities when invoiced.

2. Accounting policies (continued)

2.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the Charity's educational operations, including support costs and costs relating to the governance of the Charity apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

2.6 Tangible fixed assets and depreciation

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Freehold property	- 2% straight line
Integral features	- 4% straight line
Fixtures and fittings	- 10% straight line
Office equipment	- 20% straight line
Computer equipment	- 33% straight line

Assets costing less than £1,000 with a useful economic life of less than three years are written off as an expense as acquired.

2. Accounting policies (continued)

2.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the statement of financial activities.

2.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.9 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

2.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.13 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements
for the year ended 30 September 2019

2. Accounting policies (continued)

2.14 Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

2.15 Pensions

Retirement benefits to some of the Teaching Staff of the Charity are provided by the Teachers' Pension Scheme ("TPS"), which is a defined benefit scheme.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The charity also provide a defined contribution scheme. The costs arising on the defined contribution scheme are recognised in the Income Statement in the period in which the related service is provided.

3. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

Depreciation and residual values

The Trustees have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriated.

Fair value of investments

The Trustees have reviewed the investment valuation reports received from the management expert and have concluded that the value of investments is appropriate.

4. Income from charitable activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Registration fees	1,443,304	1,443,304	1,372,708

Notes to the financial statements
for the year ended 30 September 2019

5. Investment Income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Rental income	37,300	37,300	37,183

6. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Direct costs	1,265,338	87,103	1,352,441	1,310,315
Total 2018	1,225,252	85,063	1,310,315	

Analysis of direct costs

	Charitable activities 2019 £	Total funds 2019 £	Total funds 2018 £
Staff costs	915,693	915,693	917,320
Depreciation	43,250	43,250	38,119
Quality reviewer and external moderation costs	99,777	99,777	87,282
Establishment costs	157,153	157,153	141,669
Subscriptions and licence fees	43,465	43,465	33,862
Annual bursaries	6,000	6,000	7,000
	1,265,338	1,265,338	1,225,252

Notes to the financial statements
for the year ended 30 September 2019

6. Analysis of expenditure by activities (continued)

Analysis of support costs

	Charitable activities 2019 £	Total funds 2019 £	Total funds 2018 £
Communications	19,714	19,714	27,016
Travel expenses and conference fees	34,820	34,820	38,267
Miscellaneous	5,278	5,278	6,742
Governance costs	27,291	27,291	13,038
	<u>87,103</u>	<u>87,103</u>	<u>85,063</u>

7. Auditors' remuneration

	2019 £	2018 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	<u>6,850</u>	<u>6,650</u>

8. Staff costs

	2019 £	2018 £
Wages and salaries	794,419	779,400
Social security costs	65,921	77,112
Contribution to defined contribution pension schemes	55,353	60,808
	<u>915,693</u>	<u>917,320</u>

The average number of persons employed by the charity during the year was as follows:

	2019 No.	2018 No.
Average number of employees	<u>27</u>	<u>25</u>

Notes to the financial statements
for the year ended 30 September 2019

8. Staff costs (continued)

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2019 No.	2018 No.
In the band £70,001 - £80,000	1	1

During the year, key management personnel received total compensation of £268,065 (2018 - £227,189)

9. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2018 - £NIL).

During the year ended 30 September 2019, expenses totalling £663 were reimbursed or paid directly to 3 Trustees (2018 - £2,999 to 5 Trustees).

10. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 October 2018	1,194,062	72,969	51,379	157,951	1,476,361
Additions	-	6,102	599	13,133	19,834
Disposals	-	(6,104)	(36,924)	(135,731)	(178,759)
At 30 September 2019	1,194,062	72,967	15,054	35,353	1,317,436
Depreciation					
At 1 October 2018	237,896	46,329	50,122	140,328	474,675
Charge for the year	24,216	6,092	492	12,450	43,250
On disposals	-	(6,104)	(36,924)	(135,731)	(178,759)
At 30 September 2019	262,112	46,317	13,690	17,047	339,166
Net book value					
At 30 September 2019	931,950	26,650	1,364	18,306	978,270
At 30 September 2018	956,166	26,640	1,257	17,623	1,001,686

Notes to the financial statements
for the year ended 30 September 2019

11. Fixed asset investments

	Listed investments £
Valuation	
At 1 October 2018	633,594
Additions	153,349
Disposals	(280,287)
Revaluations	91,616
At 30 September 2019	598,272
Net book value	
At 30 September 2019	598,272
At 30 September 2018	633,594

12. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	112,332	132,040
Prepayments and accrued income	66,846	32,681
	179,178	164,721

Notes to the financial statements
for the year ended 30 September 2019

13. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	51,829	19,742
Other taxation and social security	-	20,219
Other creditors	-	14,305
Accruals and deferred income	48,928	36,525
	<u>100,757</u>	<u>90,791</u>

Income has been deferred in the current year for Centre Registration fees and QEL fees paid in advance.

	2019 £	2018 £
Deferred Income		
Deferred income at 1 October 2018	9,760	7,844
Resources deferred during the year	(9,760)	5,760
Amounts released from previous periods	17,703	(3,844)
	<u>17,703</u>	<u>9,760</u>

Notes to the financial statements
for the year ended 30 September 2019

14. Statement of funds

Statement of funds - current year

	Balance at 1 October 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 30 September 2019 £
Unrestricted funds						
Designated funds						
Fixed assets	-	-	-	978,270	-	978,270
Investments	-	-	-	598,272	-	598,272
Investment in digital technologies	-	-	-	50,000	-	50,000
Building future closer working relationships	-	-	-	50,000	-	50,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,676,542</u>	<u>-</u>	<u>1,676,542</u>
General funds						
General Funds	<u>2,517,972</u>	<u>1,480,604</u>	<u>(1,352,441)</u>	<u>(1,676,542)</u>	<u>26,678</u>	<u>996,271</u>
Total Unrestricted funds	<u><u>2,517,972</u></u>	<u><u>1,480,604</u></u>	<u><u>(1,352,441)</u></u>	<u><u>-</u></u>	<u><u>26,678</u></u>	<u><u>2,672,813</u></u>

Fixed assets

This designated fund represents the capital element of the fixed assets.

Investments

This designated fund represents the value of the investment portfolio.

Investment in digital technologies

This designated fund has been established to cover investments in new activities in the area of digital technologies.

Building future closer working relationships

This designated fund has been established to assist in building future closer working relationships with partners.

Notes to the financial statements
for the year ended 30 September 2019

14. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 October 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 30 September 2018 £
Unrestricted funds					
General Funds	2,393,554	1,409,891	(1,310,315)	24,842	2,517,972

15. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	978,270	978,270
Fixed asset investments	598,272	598,272
Current assets	1,197,028	1,197,028
Creditors due within one year	(100,757)	(100,757)
Total	2,672,813	2,672,813

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	1,001,686	1,001,686
Fixed asset investments	633,594	633,594
Current assets	973,483	973,483
Creditors due within one year	(90,791)	(90,791)
Total	2,517,972	2,517,972

Notes to the financial statements
for the year ended 30 September 2019

16. Reconciliation of net movement in funds to net cash flow from operating activities

	2019 £	2018 £
Net income for the year (as per Statement of Financial Activities)	154,841	124,418
Adjustments for:		
Depreciation charges	43,250	38,119
Losses on investments	(91,616)	(78,698)
Loss/(profit) on the sale of fixed assets	(280)	-
Increase in debtors	(14,457)	(36,903)
Increase in creditors	9,966	37,593
Net cash provided by operating activities	101,704	84,529

17. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	1,017,850	808,762
Total cash and cash equivalents	1,017,850	808,762

18. Pension commitments

INTRODUCTION

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

THE TEACHERS' PENSION BUDGETING AND VALUATION ACCOUNT

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to

**Notes to the financial statements
for the year ended 30 September 2019**

18. Pension commitments (continued)

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

VALUATION OF THE TEACHERS' PENSION SCHEME

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website

SCHEME CHANGES

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The pension charge for the year includes contributions payable to the TPS of £32,896 (2018 - £56,400).

A copy of the valuation report and supporting documentation is on the Teachers' Pension website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

19. Related party transactions

There have been no related party transactions in the year (2018 - £nil)