

Registered number: 05479207  
Charity number: 1113382

**Open College Network West Midlands**

Trustees' report and financial statements

for the year ended 30 September 2020



# **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 2020

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<b>Trustees</b>	C D Morecroft H Woolf L T Fon (resigned 7 October 2019) J Wood (resigned 21 January 2020) G Desai O E Burke S Brownbill (appointed 4 February 2020) M Throssell (appointed 4 February 2020)
<b>Company registered number</b>	05479207
<b>Charity registered number</b>	1113382
<b>Registered office</b>	Aldersley House Pendeford Business Park Wolverhampton West Midlands WV9 5HA
<b>Company secretary</b>	A D Lake
<b>Chief executive officer</b>	C Assheton (Resigned 30 September 2020) K Kerswell (Appointed 01 September 2020)
<b>Independent auditors</b>	Dains LLP 15 Colmore Row Birmingham B3 2BH
<b>Bankers</b>	Unity Trust Bank plc PO Box 1487 Stafford ST16 3GJ
<b>Solicitors</b>	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 2020

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The Trustees present their annual report together with the audited financial statements of for the year 1 October 2019 to 30 September 2020.

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 # (Chair)  
L T Fon # (Retired 7th October 2019)  
J Wood \* # (Retired 21st January 2020)  
G Desai \*  
O E Burke \* (Vice Chair)  
S Brownbill # (Appointed 4th January 2020)  
M Throssell # (Vice Chair) (Appointed 4th January 2020)

\* 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 (Resigned 30th September 2020)
Chief Executive Officer	Kevern Kerswell (Appointed 1st September 2020)
Director of Access and Compliance	Diane Williams (Resigned 30 September 2020)
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](http://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 January 2020. 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.

**Trustees' report (continued)  
for the year ended 30 September 2020**

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**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 2019 – 2020;
- 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 fourth 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 2020**

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**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 2020**

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**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 2020

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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 2020 – 2023 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 2020 - 2021 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 2020-21;
- To develop and implement a Qualification Development Plan for 2020-21;
- 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 2020;
- 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 2020**

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**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**

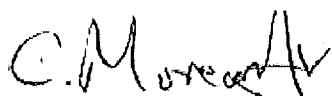
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- 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 27 January 2021 and signed on their behalf by:



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**C D Morecroft**  
Trustee

Independent auditors' report to the Members of Open College Network West Midlands

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**Opinion**

We have audited the financial statements of Open College Network West Midlands (the 'charity') for the year ended 30 September 2020 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 2020 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)**

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**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)

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**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](http://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  
**Dains LLP**

Statutory Auditor  
Chartered Accountants

Birmingham

27 January 2021

**Statement of financial activities (incorporating income and expenditure account)  
for the year ended 30 September 2020**

	Note	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>Income from:</b>				
Charitable activities	4	1,475,856	1,475,856	1,443,304
Investment income	5	38,076	38,076	37,300
<b>Total income</b>		<b>1,513,932</b>	<b>1,513,932</b>	<b>1,480,604</b>
<b>Expenditure on:</b>				
Charitable activities	6	1,399,510	1,399,510	1,352,441
<b>Total expenditure</b>		<b>1,399,510</b>	<b>1,399,510</b>	<b>1,352,441</b>
Net gains on investments		14,619	14,619	26,678
<b>Net movement in funds</b>		<b>129,041</b>	<b>129,041</b>	<b>154,841</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward		2,672,813	2,672,813	2,517,972
Net movement in funds		129,041	129,041	154,841
<b>Total funds carried forward</b>		<b>2,801,854</b>	<b>2,801,854</b>	<b>2,672,813</b>

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 15 to 30 form part of these financial statements.

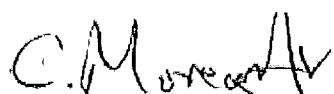
Balance sheet  
for the year ended 30 September 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	10	12,499	-
Tangible assets	11	958,986	978,270
Investments	12	747,890	598,272
		<u>1,719,375</u>	<u>1,576,542</u>
<b>Current assets</b>			
Debtors	13	195,737	179,178
Cash at bank and in hand		1,036,909	1,017,850
		<u>1,232,646</u>	<u>1,197,028</u>
Creditors: amounts falling due within one year	14	(150,167)	(100,757)
<b>Net current assets</b>		<u>1,082,479</u>	<u>1,096,271</u>
<b>Total net assets</b>		<u><u>2,801,854</u></u>	<u><u>2,672,813</u></u>
<b>Charity funds</b>			
Unrestricted funds	15	2,801,854	2,672,813
<b>Total funds</b>		<u><u>2,801,854</u></u>	<u><u>2,672,813</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 27 January 2021 and signed on their behalf by:



**C D Morecroft**  
Trustee

The notes on pages 15 to 30 form part of these financial statements.

Open College Network West Midlands

Statement of cash flows  
for the year ended 30 September 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	176,061	101,704
<b>Cash flows from investing activities</b>		
Proceeds from the sale of tangible fixed assets	-	280
Purchase of intangible assets	(12,499)	-
Purchase of tangible fixed assets	(24,363)	(19,834)
Proceeds from sale of investments	114,206	280,288
Purchase of investments	(234,346)	(153,350)
<b>Net cash (used in)/provided by investing activities</b>	<b>(157,002)</b>	<b>107,384</b>
<b>Change in cash and cash equivalents in the year</b>	<b>19,059</b>	<b>209,088</b>
Cash and cash equivalents at the beginning of the year	1,017,850	808,762
<b>Cash and cash equivalents at the end of the year</b>	<b>1,036,909</b>	<b>1,017,850</b>

The notes on pages 15 to 30 form part of these financial statements



**Notes to the financial statements  
for the year ended 30 September 2020**

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**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.

The charity has elected to apply all amendments to FRS 102, as set out in the Financial Reporting Council's triennial review published in December 2017, and included in Update Bulletin 2 to the Charities SORP (FRS 102), prior to mandatory adoption for accounting periods beginning on or after 1 January 2019.

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 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the statement of financial activities as the related expenditure is incurred.

### 2.7 Intangible assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

Amortisation is provided on the following basis:

Website development costs            -    5 years

## 2. Accounting policies (continued)

### 2.8 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.

### 2.9 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.

### 2.10 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.

### 2.11 Operating leases

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

### 2.12 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. Accounting policies (continued)

### 2.13 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.

### 2.14 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.

### 2.15 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.

### 2.16 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.

### 2.17 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.

### 2.18 Termination Benefits

Termination benefits are measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Notes to the financial statements  
for the year ended 30 September 2020

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 2020 £	Total funds 2020 £	Total funds 2019 £
Registration fees	1,412,405	1,412,405	1,443,304
Job Retention Scheme grant	63,451	63,451	-
	<u>1,475,856</u>	<u>1,475,856</u>	<u>1,443,304</u>

5. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Rental income	<u>38,076</u>	<u>38,076</u>	<u>37,300</u>

6. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Direct costs	<u>1,329,315</u>	<u>70,195</u>	<u>1,399,510</u>

Notes to the financial statements  
for the year ended 30 September 2020

6. Analysis of expenditure by activities (continued)

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Direct costs	1,265,338	87,103	1,352,441

Analysis of direct costs

	Charitable activities 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	973,769	973,769	915,693
Depreciation	43,647	43,647	43,250
Quality reviewer and external moderation costs	118,122	118,122	99,777
Establishment costs	127,583	127,583	157,153
Subscriptions and licence fees	61,994	61,994	43,465
Annual bursaries	4,200	4,200	6,000
	1,329,315	1,329,315	1,265,338

Analysis of support costs

	Charitable activities 2020 £	Total funds 2020 £	Total funds 2019 £
Communications	11,564	11,564	19,714
Travel expenses and conference fees	20,217	20,217	34,820
Miscellaneous	3,874	3,874	5,278
Governance costs	34,540	34,540	27,291
	70,195	70,195	87,103

Notes to the financial statements  
for the year ended 30 September 2020

7. Auditors' remuneration

	2020 £	2019 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	7,000	6,850

8. Staff costs

	2020 £	2019 £
Wages and salaries	831,222	794,419
Social security costs	83,595	65,921
Contribution to defined contribution pension schemes	58,952	55,353
	973,769	915,693

During the year, the charity paid redundancy costs of £2,714.

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

	2020 No.	2019 No.
Average number of employees	26	27

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

	2020 No.	2019 No.
In the band £70,001 - £80,000	1	1

During the year, key management personnel received total compensation of £278,536 (2018 - £268,065)

9. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

During the year ended 30 September 2020, no expenses were reimbursed or paid directly to Trustees (2019 - £663 to 3 Trustees).

Notes to the financial statements  
for the year ended 30 September 2020

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10. Intangible assets

	Website development costs £
<b>Cost</b>	
Additions	12,499
At 30 September 2020	<u>12,499</u>
<b>Net book value</b>	
At 30 September 2020	<u><u>12,499</u></u>
At 30 September 2019	<u><u>-</u></u>



Notes to the financial statements  
for the year ended 30 September 2020

## 11. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 October 2019	1,194,062	72,967	15,054	35,353	1,317,436
Additions	-	11,348	870	12,145	24,363
Disposals	-	-	(348)	-	(348)
At 30 September 2020	1,194,062	84,315	15,576	47,498	1,341,451
<b>Depreciation</b>					
At 1 October 2019	262,112	46,317	13,690	17,047	339,166
Charge for the year	24,242	6,036	1,327	12,042	43,647
On disposals	-	-	(348)	-	(348)
At 30 September 2020	286,354	52,353	14,669	29,089	382,465
<b>Net book value</b>					
At 30 September 2020	907,708	31,962	907	18,409	958,986
At 30 September 2019	931,950	26,650	1,364	18,306	978,270

Notes to the financial statements  
for the year ended 30 September 2020

12. Fixed asset investments

	Listed investments £
<b>Cost or valuation</b>	
At 1 October 2019	598,272
Additions	234,346
Disposals	(114,206)
Revaluations	29,478
<b>At 30 September 2020</b>	<b>747,890</b>
<b>Net book value</b>	
<b>At 30 September 2020</b>	<b>747,890</b>
At 30 September 2019	598,272

13. Debtors

	2020 £	2019 £
<b>Due within one year</b>		
Trade debtors	124,874	112,332
Prepayments and accrued income	70,863	66,846
	<b>195,737</b>	<b>179,178</b>

Notes to the financial statements  
for the year ended 30 September 2020

14. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	63,687	51,829
Accruals and deferred income	86,480	48,928
	<u>150,167</u>	<u>100,757</u>
	2020 £	2019 £
<b>Deferred income</b>		
Deferred income at 1 October 2019	17,703	9,760
Resources deferred during the year	58,454	(9,760)
Amounts released from previous periods	(17,703)	17,703
	<u>58,454</u>	<u>17,703</u>

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

Notes to the financial statements  
for the year ended 30 September 2020

## 15. Statement of funds

## Statement of funds - current year

	Balance at 1 October 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 30 September 2020 £
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
Fixed assets	978,270	-	-	(19,284)	-	958,986
Investments	598,272	-	-	149,619	-	747,891
Investment in digital technologies	50,000	-	-	-	-	50,000
Building future closer working relationships	50,000	-	-	-	-	50,000
Business Continuity	-	-	-	30,000	-	30,000
	<u>1,676,542</u>	<u>-</u>	<u>-</u>	<u>160,335</u>	<u>-</u>	<u>1,836,877</u>
<b>General funds</b>						
General Funds	<u>996,271</u>	<u>1,513,932</u>	<u>(1,399,510)</u>	<u>(160,335)</u>	<u>14,619</u>	<u>964,977</u>
<b>Total Unrestricted funds</b>	<u><u>2,672,813</u></u>	<u><u>1,513,932</u></u>	<u><u>(1,399,510)</u></u>	<u><u>-</u></u>	<u><u>14,619</u></u>	<u><u>2,801,854</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.

**Business Continuity**

This designated fund has been established to assist the charity with business continuity and accommodate unforeseen interruptions caused by national events outside of normal education and training matters.

Notes to the financial statements  
for the year ended 30 September 2020

## 15. Statement of funds (continued)

## Statement of funds - prior year

	Balance at 1 October 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 30 September 2019 £
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
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>
<b>General funds</b>						
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>
<b>Total Unrestricted funds</b>	<u>2,517,972</u>	<u>1,480,604</u>	<u>(1,352,441)</u>	<u>-</u>	<u>26,678</u>	<u>2,672,813</u>

## 16. Analysis of net assets between funds

## Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	958,986	958,986
Intangible fixed assets	12,499	12,499
Fixed asset investments	747,890	747,890
Current assets	1,232,646	1,232,646
Creditors due within one year	(150,167)	(150,167)
<b>Total</b>	<u>2,801,854</u>	<u>2,801,854</u>

Notes to the financial statements  
for the year ended 30 September 2020

16. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	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)
<b>Total</b>	<b>2,672,813</b>	<b>2,672,813</b>

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

	2020 £	2019 £
Net income for the period (as per Statement of Financial Activities)	129,041	154,841
<b>Adjustments for:</b>		
Depreciation charges	43,647	43,250
Gains on investments	(29,478)	(91,616)
Loss/(profit) on the sale of fixed assets	-	(280)
Increase in debtors	(16,559)	(14,457)
Increase in creditors	49,410	9,966
<b>Net cash provided by operating activities</b>	<b>176,061</b>	<b>101,704</b>

18. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	1,036,909	1,017,850
<b>Total cash and cash equivalents</b>	<b>1,036,909</b>	<b>1,017,850</b>

Notes to the financial statements  
for the year ended 30 September 2020

19. Analysis of changes in net debt

	At 1 October 2019 £	Cash flows £	At 30 September 2020 £
Cash at bank and in hand	1,017,850	19,059	1,036,909
	<u>1,017,850</u>	<u>19,059</u>	<u>1,036,909</u>

20. Capital commitments

	2020 £	2019 £
<b>Contracted for but not provided in these financial statements</b>		
Acquisition of intangible assets	12,499	-
Acquisition of tangible fixed assets	6,288	-
	<u>18,787</u>	<u>-</u>

21. Pension commitments

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million

Notes to the financial statements  
for the year ended 30 September 2020

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**21. Pension commitments (continued)**

- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The pension charge for the year includes contributions payable to the TPS of £37,665 (2019 - £32,896).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity has set out above the information available on the scheme.

**22. Operating lease commitments**

At 30 September 2020 the charity had future minimum lease payments under non-cancellable operating leases as follows:

	charity 2020 £	charity 2019 £
Not later than 1 year	1,903	1,903
Later than 1 year and not later than 5 years	-	1,903
	<u>1,903</u>	<u>3,806</u>

**23. Related party transactions**

There have been no related party transactions in the year (2019 - £nil)