

Open College Network West Midlands
Trustees' Report and Financial Statements
For the Year Ended 30 September 2018

Registered number: 05479207
Charity number: 1113382

Open College Network West Midlands

Trustees' report and financial statements

For the year ended 30 September 2018



Open College Network West Midlands

Contents

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2 - 8
Independent auditors' report	9 - 11
Statement of financial activities	12
Balance sheet	13
Statement of cash flows	14
Notes to the financial statements	15 - 26

Open College Network West Midlands

Reference and administrative details of the Charity, its trustees and advisers For the year ended 30 September 2018

Trustees

M J Atkinson (resigned 8 March 2018)
C D Morecroft
H Woolf
L Toner
J Wood
M A Stowell
G Layer
P Clark-Roden
L Teku Fon
C Vincent (resigned 16 October 2018)
E Quansah (resigned 8 March 2018)

Company registered number 05479207

Registered office Aldersley House Overstrand
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 2018

The Trustees present their annual report together with the audited financial statements of the Charity for the year 1 October 2017 to 30 September 2018. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), 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) as amended by Update Bulletin 1 (effective 1 January 2015).

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:

Chris Morecroft*(Chair)
Maureen Atkinson*(Retired 8th March 2018)
Geoff Layer
Marie Stowell#
Louise Toner#
Harvey Woolf#
Paris Clark-Roden*#
John Wood*#
Christine Vincent# (retired 16th October 2018)
Linus Teku Fon#
Edwina Quansah (Retired 8th March 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 Corporate Services	Valerie Taylor
Director of Business Development	Lee Moore
Director of Access and Compliance	Diane Williams

Trustees' report (continued)
For the year ended 30 September 2018

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 region 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 objectives

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;
- 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 2018

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 and nationally. 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 2017 – 2018;
- the maintenance of the Ofqual regulated and Education and Skills Funding Agency (ESFA) funded offer;
- continuing to be low risk with QAA for the AVA provision;
- the continuing extension of AVA Access to HE Diplomas and on-line provision;
- the continued excellent customer service and support for centres and learners by the staff;
- the increased number of registrations and centres leading to a second 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.

c. Material investments policy

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

Open College Network West Midlands

Trustees' report (continued) For the year ended 30 September 2018

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. Method 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.

c. Pay policy for senior staff

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 in to 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

Open College Network West Midlands

Trustees' report (continued) For the year ended 30 September 2018

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, Corporate Services, and Business Development 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.

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

a. Future developments

Open College Network West Midlands is committed to raising the profile of the Open College Network West Midlands and the AVA and 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.

Trustees' report (continued)
For the year ended 30 September 2018

The Strategic Plan 2016 – 2019 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 will be regularly monitored and reported to the appropriate sub-committees and the Board at their meetings.

Key objectives for 2018 - 2019 are to:

- To continue to meet the AVA's regulatory responsibilities;
- To raise the profile of the company as a leading AVA within the UK;
- To have a suite of good quality Access to HE Diplomas;
- To develop and implement a Sales & Marketing Plan for 2018/19;
- 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;
- To have a valid, relevant and manageable portfolio of RQF qualifications;
- Remain compliant with Ofqual and Qualifications Wales
- To keep under review the legal and compliance status of the organisation,
- To ensure we have sufficient physical resources to offer a cost effective and efficient service.

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.

Trustees' responsibilities statement

The Trustees (who are also directors of Open College Network West Midlands 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' report (continued)
For the year ended 30 September 2018

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 charitable company'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 charitable company's auditors are aware of that information.

Auditors

In line with good practice and by agreement of the Board of Trustees, the financial audit was put out to tender this year and Dains LLP were appointed.

This report was approved by the Trustees, on 30 January 2019 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 2018 which comprise the Statement of financial activities incorporating income and expenditure account, 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 2018 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.

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.

Open College Network West Midlands

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

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 the 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.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Charity 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.

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

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

Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham
30 January 2019

Open College Network West Midlands

Statement of financial activities (Incorporating income and expenditure account) For the year ended 30 September 2018

	Note	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:				
Charitable activities	2	1,409,891	1,409,891	1,268,965
Total income		<u>1,409,891</u>	<u>1,409,891</u>	<u>1,268,965</u>
Expenditure on:				
Charitable activities		1,310,315	1,310,315	1,244,179
Total expenditure	5	<u>1,310,315</u>	<u>1,310,315</u>	<u>1,244,179</u>
Net income before investment gains		99,576	99,576	24,786
Net gains on investments		24,842	24,842	49,325
Net Income before other recognised gains and losses		<u>124,418</u>	<u>124,418</u>	<u>74,111</u>
Net movement in funds		124,418	124,418	74,111
Reconciliation of funds:				
Total funds brought forward		2,393,554	2,393,554	2,319,443
Total funds carried forward		<u><u>2,517,972</u></u>	<u><u>2,517,972</u></u>	<u><u>2,393,554</u></u>

The notes on pages 15 to 26 form part of these financial statements.

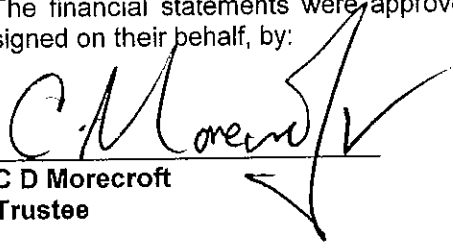
Open College Network West Midlands
Registered number: 05479207

Balance sheet
As at 30 September 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	8		1,001,686		1,032,944
Investments	9		633,594		658,753
			<u>1,635,280</u>		<u>1,691,697</u>
Current assets					
Debtors	10	164,721		127,818	
Cash at bank and in hand		808,762		627,237	
		<u>973,483</u>		<u>755,055</u>	
Creditors: amounts falling due within one year	11	(90,791)		(53,198)	
Net current assets			<u>882,692</u>		<u>701,857</u>
Net assets			<u>2,517,972</u>		<u>2,393,554</u>
Charity Funds					
Unrestricted funds	12		<u>2,517,972</u>		<u>2,393,554</u>
Total funds			<u>2,517,972</u>		<u>2,393,554</u>

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

The financial statements were approved and authorised for issue by the Trustees on 30 January 2019 and signed on their behalf, by:


C D Morecroft
Trustee


H Woolf
Trustee

The notes on pages 15 to 26 form part of these financial statements.

Statement of cash flows
For the year ended 30 September 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	14	84,529	(55,315)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(6,861)	(20,306)
Proceeds from sale of investments		225,929	344,931
Purchase of investments		(122,072)	(239,334)
Net cash provided by investing activities		96,996	85,291
Change in cash and cash equivalents in the year		181,525	29,976
Cash and cash equivalents brought forward		627,237	597,261
Cash and cash equivalents carried forward	15	808,762	627,237

The notes on pages 15 to 26 form part of these financial statements.

Notes to the financial statements
For the year ended 30 September 2018

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with 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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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.

The charity functional and presentational currency is GBP. The financial statements are rounded to the nearest £.

1.2 Company status

The Charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. 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.

1.3 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.

1.4 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.

1.5 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.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Notes to the financial statements
For the year ended 30 September 2018

1. Accounting policies (continued)

1.6 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.

1.7 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 carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Land & buildings	-	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.

1.8 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 fair 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 shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

Notes to the financial statements
For the year ended 30 September 2018

1. Accounting policies (continued)

1.9 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 Bank.

1.10 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.11 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.

1.12 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.

1.13 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.

1.14 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.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised as an expense.

1.15 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.

Notes to the financial statements
For the year ended 30 September 2018

1. Accounting policies (continued)

1.16 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.

1.17 Critical accounting estimates and areas of judgment

Estimates and judgments 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 areas of judgment:

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.

2. Income from charitable activities

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Registration fees	1,409,891	1,409,891	1,268,965
Total 2017	1,268,965	1,268,965	

Open College Network West Midlands

Notes to the financial statements For the year ended 30 September 2018

3. Direct costs

	Charitable activities £	Total 2018 £	Total 2017 £
Quality reviewer and external moderation costs	87,282	87,282	65,254
Establishment costs	141,669	141,669	132,166
Subscriptions and licence fees	33,862	33,862	25,440
Annual bursaries	7,000	7,000	7,500
Wages and salaries	779,400	779,400	736,632
National insurance	77,112	77,112	61,397
Pension cost	60,808	60,808	66,351
Depreciation	38,119	38,119	32,610
	<u>1,225,252</u>	<u>1,225,252</u>	<u>1,127,350</u>
Total 2017	<u>1,127,350</u>	<u>1,127,350</u>	

4. Support costs

	Governance £	Charitable activities £	Total 2018 £	Total 2017 £
Communications	-	27,016	27,016	24,627
Travel expenses and conference fees	-	38,267	38,267	37,493
Miscellaneous	-	6,742	6,742	9,356
Governance	12,640	398	13,038	45,353
	<u>12,640</u>	<u>72,423</u>	<u>85,063</u>	<u>116,829</u>
Total 2017	<u>45,353</u>	<u>71,476</u>	<u>116,829</u>	

5. Analysis of Expenditure by expenditure type

	Staff costs 2018 £	Depreciation 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Charitable activities	917,320	38,119	342,236	1,297,675	1,198,826
Expenditure on governance	-	-	12,640	12,640	45,353
	<u>917,320</u>	<u>38,119</u>	<u>354,876</u>	<u>1,310,315</u>	<u>1,244,179</u>
Total 2017	<u>864,380</u>	<u>32,608</u>	<u>347,191</u>	<u>1,244,179</u>	

Open College Network West Midlands

Notes to the financial statements For the year ended 30 September 2018

6. Net Income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	38,119	32,610
Auditors' remuneration - audit	6,650	6,450
Operating lease rentals	839	839
	<u>45,608</u>	<u>39,899</u>

During the year, no Trustees received any remuneration (2017 - £NIL).

During the year, no Trustees received any benefits in kind (2017 - £NIL).

5 Trustees received reimbursement of travel expenses amounting to £2,999 in the current year, (2017 - 6 Trustees - £1,622).

7. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	779,400	736,632
Social security costs	77,112	61,397
Other pension costs	60,808	66,351
	<u>917,320</u>	<u>864,380</u>

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

	2018 No.	2017 No.
Average number of employees	25	30

The number of higher paid employees was:

	2018 No.	2017 No.
In the band £70,001 - £80,000	1	1

During the year, key management personnel received total compensation of £227,189 (2017 - £212,533)

Notes to the financial statements
For the year ended 30 September 2018

8. Tangible fixed assets

	Leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 October 2017	1,194,062	72,969	51,379	151,090	1,469,500
Additions	-	-	-	6,861	6,861
At 30 September 2018	1,194,062	72,969	51,379	157,951	1,476,361
Depreciation					
At 1 October 2017	213,680	39,033	49,750	134,093	436,556
Charge for the year	24,216	7,296	372	6,235	38,119
At 30 September 2018	237,896	46,329	50,122	140,328	474,675
Net book value					
At 30 September 2018	956,166	26,640	1,257	17,623	1,001,686
At 30 September 2017	980,382	33,936	1,629	16,997	1,032,944

9. Fixed asset investments

	Listed securities £
Market value	
At 1 October 2017	658,753
Additions	122,072
Disposals	(225,929)
Revaluations	78,698
	<hr/>
At 30 September 2018	633,594
	<hr/> <hr/>
Historical cost	531,197
	<hr/> <hr/>
Investments at market value comprise:	
	2018 £
	2017 £
Listed investments	633,594
	<hr/>
	658,753
	<hr/>

All the fixed asset investments are held in the UK

Notes to the financial statements
For the year ended 30 September 2018

10. Debtors

	2018 £	2017 £
Trade debtors	132,040	100,445
Prepayments and accrued income	32,681	27,373
	<u>164,721</u>	<u>127,818</u>

11. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	19,742	19,788
Other taxation and social security	20,219	-
Other creditors	14,305	57
Accruals and deferred income	36,525	33,353
	<u>90,791</u>	<u>53,198</u>

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

Deferred Income

	£
Deferred income at 1 October 2017	7,844
Resources deferred during the year	5,760
Amounts released from previous years	(3,844)
	<u>9,760</u>
Deferred income at 30 September 2018	<u>9,760</u>

Notes to the financial statements
For the year ended 30 September 2018

12. Statement of funds

Statement of funds - current 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

Statement of funds - prior year

	Balance at 1 October 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 30 September 2017 £
Unrestricted funds					
General Funds	2,319,443	1,268,965	(1,244,179)	49,325	2,393,554

Summary of funds - current year

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

Summary of funds - prior year

	Balance at 1 October 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 30 September 2017 £
General funds	2,319,443	1,268,965	(1,244,179)	49,325	2,393,554

Notes to the financial statements
For the year ended 30 September 2018

13. Analysis of net assets between funds

Analysis of net assets between funds - current 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)
	<u>2,517,972</u>	<u>2,517,972</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	1,032,944	1,032,944
Fixed asset investments	658,753	658,753
Current assets	755,055	755,055
Creditors due within one year	(53,198)	(53,198)
	<u>2,393,554</u>	<u>2,393,554</u>

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

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	124,418	74,111
Adjustment for:		
Depreciation charges	38,119	32,610
Gains on investments	(78,698)	(102,921)
(Increase)/decrease in debtors	(36,903)	4,845
Increase/(decrease) in creditors	37,593	(63,960)
Net cash provided by/(used in) operating activities	<u>84,529</u>	<u>(55,315)</u>

15. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	808,762	627,237
Total	<u>808,762</u>	<u>627,237</u>

Notes to the financial statements
For the year ended 30 September 2018

16. Pension commitments

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years 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. 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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension charge for the year includes contributions payable to the TPS of £56,400 (2017 - £73,765).

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).

17. Operating lease commitments

At 30 September 2018 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	420	839
Between 1 and 5 years	-	420
Total	420	1,259

Notes to the financial statements
For the year ended 30 September 2018

18. Related party transactions

There have been no related party transactions during the year that require disclosure.