

Company Number: 03773914
Charity Number: 1088839

Open College Network Yorkshire and Humber Region

Trading as Certa

(A Company Limited by Guarantee)

Trustees' Report and Financial Statements

For the Year Ended 31 July 2016

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Open College Network Yorkshire and Humber Region Trading as Certa

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Open College Network Yorkshire and Humber Region Trading as Certa

Trustees' Report for the Year Ended 31 July 2016

The Trustees are pleased to present their annual report together with the audited financial statements of the charity for the year ending 31 July 2016, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Articles of Association, and 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 the Republic of Ireland (FRS102) (effective 1 January 2015).

Administrative Details

Open College Network Yorkshire & Humber Region (OCNYHR), trading as 'Certa' from 28 February 2014, is a registered charity (number 1088839) and a company limited by guarantee (number 03773914).

Members of the Board of Trustees

The Members of the Board of Trustees who served during the year were:

| | |
|---------------|--|
| M Coleman | (Re-elected at AGM on 9 June 2016 for a term of 1 year, Chair) |
| J Westerman | (Re-elected at AGM 25 March 2015 for a term of 3 years) |
| D Desgranges | (Re-elected at AGM on 12 March 2014 for 3 years) |
| A Torbitt | (Re-elected at AGM on 12 March 2014 for 3 years) |
| C Forrest | (Re-elected at AGM on 25 March 2015 for 3 years) |
| M Waterman | (Appointed 13 June 2014, elected at AGM 25 March 2015 for 3 years) |
| L Devenny | (Appointed 14 January 2015, elected 25 March 2015 for a term of 3 years) |
| J Austin | (Appointed & elected 25 March 2015 for a term of 3 years) |
| I Harmer | (Appointed & elected 25 March 2015 for a term of 3 years) |
| C Jarvis | (Co-opted in November 2015, elected at AGM 9 June 2016 for 3 years) |
| B Kaczmarczyk | (Co-opted in November 2015, elected at AGM 9 June 2016 for 3 years) |
| L Shepperson | (Co-opted March 2016, elected at AGM 9 June 2016 for 3 years) |
| E Dean | (Co-opted in May 2016, elected at AGM 9 June 2016 3 years) |
| T Thornton | (Resigned 12 August 2015) |

Company Secretary Melisa Vujatovic

| | | |
|------------------------|---------------------|--|
| Principal staff | Julie Knowles | Chief Executive Officer (appointed August 2015) |
| | Melisa Vujatovic | Finance and Operations Manager |
| | Dr James Stephenson | Quality, Standards and Compliance Manager (appointed 23 September 2015) |
| | Anne Adams | Quality, Standards and Compliance Manager (retired 9 October 2015) |

Auditors Garbutt & Elliott Audit Limited
Chartered Accountants and Statutory Auditors
33 Park Place
Leeds
LS1 2RY

Bankers Barclays Bank plc
Trinity Walk Shopping Centre,
Teall Way
Wakefield
WF1 1QS

Registered office Certa House
Lower Warrengate
Wakefield
WF1 1SA

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Trustees' Report for the Year Ended 31 July 2016

Structure, Governance and Management

Open College Network Yorkshire and Humber Region (OCNYHR), trading as Certa from 28 February 2014, was originally established as a company in May 1999 and has been operating as a registered charity since October 2001.

The Board of Trustees, who are also Directors for the purposes of the Companies Act, present their annual report and the financial statements for the year ended 31 July 2016.

Board of Trustees

Trustees are recruited through a Search and Nomination Committee instigated by the Board of Trustees, with retirees and appointees confirmed at an Annual General Meeting (AGM).

Trustees are briefed as to their responsibilities and accountabilities under charity and company law as well as licensed activities, and the regulators to which it is responsible, namely:

- Ofqual, the Office of Qualifications and Examinations Regulation, for Qualifications submitted to the Regulated Qualifications Framework (RQF)
- Quality Assurance Agency (QAA), for the performance against licence as an Access Validating Agency (AVA) for the delivery of the Access to HE Diplomas

All serving Trustees are given an induction pack, a copy of the Memorandum and Articles of Association, the Governance and staffing structure, the strategic plan and financial performance of the Charity. Trustees are required to sign a Terms of Service declaration including their willingness to act only in the best interests of the charity.

This declaration is matched against the Conditions of Regulation issued by both Ofqual and QAA to ensure that all senior officers, including Trustees, are fit and proper persons to be engaged in the Governance activities of the organisation.

The proceedings of all Board meetings meet the Nolan standards and an opportunity to make a declaration of interest is a standard agenda item on all sub-committees and at the full Trustee Board. All Trustees give their time voluntarily.

The charity is organised so that the Board meets a minimum of four times a year, with an additional meeting dedicated to strategic and business planning. The Board delegates relevant matters to four sub-committees, each of which meet normally three times per year and work to annually approved Terms of Reference (ToR):

- Finance and Staffing
- Quality, Standards and Compliance
- Access to Higher Education
- Search and Nominations

Sub-committees report to and make recommendations directly through to the Board. All Trustees are invited annually to a company-wide Strategic Planning Day, where matters of business performance and strategic direction are discussed by all staff and Trustees and future priorities reviewed in preparation for Trustee approval at the last meeting of the academic year.

The day-to-day management of the company is undertaken by the Chief Executive Officer, supported by the two other members of the Senior Management Team. The Chief Executive Officer is directly accountable to the Chair and collectively the wider Board of Trustees.

Julie Knowles, the former Access to HE and National Training Centre Manager, was appointed by the Board as Interim Chief Executive Officer in December 2014 and subsequently appointed through competitive interview by Trustees as the Charity's Chief Executive Officer in August 2015.

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Trading as Certa

Trustees' Report for the Year Ended 31 July 2016 (cont.)

Objectives and Activities

Amendments and updates to the Memorandum and Articles of Association were made during the year, in particular to support full Board of Trustee quoracy throughout the year, by:

- allowing 'co-opted Trustees to hold office with equal status as Trustees until the next AGM, pending election by members as a Trustee'
- expanding the representation of Trustees to a wider range of sectors
- introducing a fixed term of three years for Trustee appointments, with an option of re-appointment for a further fixed term of three years

All changes were approved at the Annual General Meeting on 9 June 2016.

Certa's charitable objectives are geared towards:

'the advancement of the education, learning and training of the public in Yorkshire and elsewhere'.

Staff and Trustees review the organisation's objectives annually to ensure that the Charity continually retains its vision, mission and values.

The Charity's **vision** is:

To be a well-respected and successful National Awarding Body of Accreditation, Access to HE and Professional Development.

The Charity's **mission** is:

To provide a high quality and accessible awarding body service with a strong social purpose to support the needs of learners, centres, businesses and communities.

This mission is anchored in the following core **values**:

- Responsive
- Reliable
- Robust

During 2015/16 the Charity continued to advance education and training for the general public through the development and maintenance of credit based qualifications and unit awards in the UK.

Certa's qualifications and services are mostly aimed at groups and communities that have not benefited from traditional or formal educational opportunities, 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
- the unemployed
- learners looking for an opportunity to progress into higher education
- people working in industries that have not traditionally valued formal qualifications.

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Trustees' Report for the Year Ended 31 July 2016 (cont.)

Public Benefit

When reviewing the aims and objectives of the Charity, and in planning future activities, the Trustees have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission, in particular in widening access to learning and in targeting disadvantaged learners and communities.

Membership of the Charity is open to any organisation which wishes to further the Charity's Objectives, meets the membership criteria, is approved by the Board, and either:

- has an interest in widening access to education by developing or using the range of learning programmes accredited or qualifications offered by the Charity;
- is a Higher Education Institution that wishes to contribute to the development of the Charity in its role as an approved Access Validating Agency; or
- is interested in a strategic partnership to promote widening access to education.

A strategic three year Business Plan that included business aims and targets linked to the Charity's mission and charitable objectives was implemented at the start of the 2014/15 operating year, with business performance monitored throughout the year by staff and Trustees. Strategic aims and targets were revised for 2015/16 based on 2014/15 performance and the refreshed priorities of a new staffing structure during the early part of the year.

Although the financial performance for the year returned a loss, the Charity continues to be financially stable, with good levels of cash and reserves that enable it to continue to invest in its long term work with centres and learners, to meet its strategic and charitable aims.

The Board has a comprehensive Risk Policy and receives a Risk Register update as a standing item at each meeting of the Board, and Finance and Staffing, and Quality and Standards Committees. The Board and Access to HE Committee consider the Charity's risk to the performance against the licence to deliver the Access to HE Diploma as an Access Validating Agency. Trustees approved the strategy of separating Risks in terms of organisational and compliance; sub-committees monitor appropriate risk and the Board oversee these.

Key Achievements

In serving the Charity's objectives and as a way of responding to the external challenges that the Charity faced, key achievements for the year were:

- refreshing the infrastructure and recruiting experts in quality and compliance, business and product development. New staff brought a refreshed innovation to the organisation which resulted in a range of qualification and services being introduced to, and approved by Trustees for launch during the year. Sales and marketing campaigns and resources have been developed. Accredited Training Services and international developments began to grow momentum towards the end of the year with promising results starting to show in 2016/17.
- achieving a 'low risk' rating with no 'required actions' as a result of the successful QAA re-visit in May 2016.
- a very successful mock Ofqual audit, undertaken by another AO on a mutually reciprocal basis in full preparation for a potential Ofqual visit and submitting the 2015/16 statement of compliance which confirmed that Certa was fully compliant with all conditions. All staff were involved in the audit and found the exercise valuable in relation to their work. Ofqual informed us during the summer that they would not audit us which we took as a positive outcome of our working relationship with them during the year.
- the return of a successful annual event hosted by Leeds College of Music where our centres, Trustees and staff heard from influential key note speakers and took part in workshops on business development, compliance, and Local Enterprise Partnerships (LEP) updates. Two Access to HE centres ran workshops on good practice within their provision. The day ended with Certa's AGM.
- implementing a fit-for-purpose Product Review process which incorporates a business case and validity evidence. This process has not only been a way of streamlining qualifications, but as a way of redefining the Awarding Body portfolio as a clear marketing tool to grow business outside of the traditional Yorkshire and Humber Region.

Open College Network Yorkshire and Humber Region Trading as Certa

Trustees' Report for the Year Ended 31 July 2016 (cont.)

- securing a contract with a local health and wellbeing organisation for a series of products and services that began in the latter part of the year and will continue well into 2016/17.
- successful migration of the Access to HE database into the Quartz database for all Access to HE providers.

Plans for the future

The Charity is working to year two of a three year Strategic Business Plan that details the main organisational objectives and targets up to July 2018. The Plan has been developed in the context of the increasingly competitive and commercial environment we now operate in, and acknowledges the need for fresh and new ways of working. The organisation knows it has to compete in a very commercial and competitive economic environment, where the external funding landscape is not always positive, although a significant number of our qualifications have become fundable again for 2016/17 which creates a number of business opportunities for us.

The main business focus for 2016/17 is to:

1. Deliver a net break even performance in line with budget
2. Improve our market presence by strategic sales and marketing promotions across England. This will lead to an increase in new centres and additional business with existing centres
3. Review and develop the infrastructure to support a modernised approach to business and customer relationships
4. Review 25% of Access to HE and 75% of Ofqual regulated qualifications
5. Continue to invest in our Governance structure to secure a new Chair and Deputy Chair of the Board and members of sub-committees
6. Continue to explore new networks and partnerships, including opportunities for enhanced work directly with employers

Financial Review

The net expenditure for the year before net gains on the revaluation of pension assets and liabilities is £178,519 (page 11). With the adjustments for revaluation of the pension fund of £240,000 the net performance for the year was a deficit of £418,519.

The Charity is fortunate in having built up generous reserves in earlier years, which can be used to absorb the impact of what may be a difficult policy and economic context for a number of years.

At the balance sheet date total funds (after deducting the pension reserve of £831,000) stood at £453,273, all of which are unrestricted.

Senior Management Remuneration

The trustees consider that the Board of trustees, the Chief Executive Officer and the Senior Management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the organisation on a day to day basis. All trustees give of their time freely and no trustee received remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in note 13 to the accounts.

The pay of the senior staff is reviewed annually by the remuneration committee and % changes are normally the same as for other members of staff, taking into account general inflation and the charity's financial position.

Reserves policy

The Trustees have established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets ('the free reserves') held by the charity should be six months of resources expended, which equates to around £472,000 in general funds.

At this level the Trustees feel they would be able to continue the current activities of the charity in the event of a significant drop in funding or unexpected increase in costs.

At the balance sheet date the free reserves amount to £560,473, before taking account of the long term pension liability. The Trustees review the reserves policy annually.

Open College Network Yorkshire and Humber Region

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Trustees' Report for the Year Ended 31 July 2016 (cont..)

Investment policy

The Chief Executive Officer and the Finance and Operations Manager are permitted to place cash surplus to working capital requirements on deposit with Board approved banks for periods of up to three months maximum. Surplus cash is not permitted to be transferred outside of the approved banking arrangements without prior authorisation by the Board. Interest receipts are to be accounted for as income.

Regular monitoring of the balance of the company's current account is required to ensure that its day-to-day cash requirements are adequately funded. Investment in assets other than cash is currently not permitted, subject to future review of investment policy. The Trustees review the policy annually.

Auditors

Garbutt & Elliott Audit Limited were appointed auditors, replacing Ian Pickup & Co., and in accordance with section 487 (2) of the Companies Act 2006 are deemed to be reappointed annually.

Statement of Responsibilities of the Trustees

Company law requires the Trustees to prepare financial statements for each financial year which 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Disclosure of Information to Auditors

The Trustees (who are also 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).

It was approved by Trustees on 23 November 2016 and signed on its behalf by:



Margaret Coleman
Chair

Open College Network Yorkshire and Humber Region Trading as Certa

Independent Auditors' Report to the Members of Open College Network Yorkshire and Humber Region

We have audited the financial statements of Open College Network Yorkshire and Humber Region for the year ended 31 July 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2016 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 UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Open College Network Yorkshire and Humber Region Trading as Certa

Independent Auditors' Report to the Members of Open College Network Yorkshire and Humber Region (cont.)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 exemption in preparing the Trustees' Annual Report.

Garbutt & Elliott Audit Ltd.

**Alan Sidebottom (Senior Statutory Auditor)
For and on behalf of Garbutt & Elliott Audit Limited**

21 December 2016

**Chartered Accountants
Statutory Auditors**

33 Park Place
Leeds
LS1 2RY

Open College Network Yorkshire and Humber Region

Trading as Certa

Statement of Financial Activities for the Year Ended 31 July 2016 (incorporating Income and Expenditure Account)

| | Notes | Total funds (all unrestricted) 2016 £ | Total funds (all unrestricted) 2015 £ |
|---|-------|--|--|
| Income | | | |
| Charitable activities | 2 | 762,314 | 871,050 |
| Investments | | 2,845 | 3,133 |
| Total | | 765,159 | 874,183 |
| Expenditure | | | |
| Charitable activities | 3 | 943,678 | 1,049,467 |
| Total | | 943,678 | 1,049,467 |
| Net expenditure | 4 | (178,519) | (175,284) |
| Other recognised gains/(losses) | | | |
| Actuarial (loss)/gain on defined benefit pension scheme | 17 | (240,000) | 19,000 |
| Net movement in funds | | (418,519) | (156,284) |
| Total funds brought forward | | 871,792 | 1,028,076 |
| Total funds carried forward | 12 | 453,273 | 871,792 |

The notes on pages 14 to 26 form part of these financial statements.

The statement of financial activities includes all gains and losses in the year. All income and expenditure derive from continuing activities.

Open College Network Yorkshire and Humber Region

Trading as Certa

Balance Sheet as at 31 July 2016

| | Notes | 2016 £ | 2015 £ |
|---|-------|-----------|-----------|
| Fixed assets | | | |
| Tangible assets | 7 | 723,800 | 740,250 |
| Current assets | | | |
| Debtors | 8 | 67,122 | 110,582 |
| Cash at bank and in hand | | 612,028 | 684,723 |
| | | 679,150 | 795,305 |
| Liabilities | | | |
| Creditors : Amounts falling due within one year | 9 | (118,677) | (91,763) |
| Net current assets | | 560,473 | 703,542 |
| Net assets before pension liability | | 1,284,273 | 1,443,792 |
| Defined benefit pension liability | 17 | (831,000) | (572,000) |
| Net assets | | 453,273 | 871,792 |
| Funds | | | |
| General unrestricted funds | 11 | 1,284,273 | 1,443,792 |
| Designated pension reserve | 11/17 | (831,000) | (572,000) |
| Total Charity Funds | | 453,273 | 871,792 |

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The financial statements were approved by the board on 23 November 2016 and signed on its behalf by:



Margaret Coleman
Chair

The notes on pages 14 to 26 form part of these financial statements

Company Number: 03773914

Open College Network Yorkshire and Humber Region Trading as Certa

Statement of Cash Flows as at 31 July 2016

| | Note | 2016 £ | 2015 £ |
|--|-----------|-----------------|------------------|
| Net cash provided by/(used in) operating activities | 18 | (75,540) | (114,495) |
| Cash flows From investing activities | | | |
| Interest received | | 2,845 | 3,133 |
| Net cash provided by investing activities | | 2,845 | 3,133 |
| Change in cash and cash equivalents in the year | | (72,695) | (111,362) |
| Cash and cash equivalents at the beginning of the year | | 684,723 | 796,085 |
| Cash and cash equivalents at the end of the year | | 612,028 | 684,723 |

Open College Network Yorkshire and Humber Region

Trading as Certa

Notes to the Financial Statements for the Year Ended 31 July 2016

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Company information

Open College Network Yorkshire and Humber Region is a company limited by guarantee, registration number 03773914, and a charity registered in England and Wales registration number 1088839. The registered office is Certa House, Lower Warrengate, Wakefield, WF1 1SA.

Basis of preparation of accounts

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 (FRS102) (effective 1 January 2015) ("Charities SORP (FRS102)"), the Financial Reporting Standard applicable in the UK and Ireland (FRS 102), and the Companies Act 2006 and the Charities Act 2011.

Open College Network Yorkshire and Humber meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether, in applying the accounting policies required by FRS102 and Charities SORP (FRS102), the restatement of comparative items was required.

At the date of transition, 1 August 2014, the requirements of FRS102 and Charities SORP (FRS102) have been reviewed and applied and no restatements were required on the basis that there are no material differences in valuation and recognition criteria which apply to the activities of Open College Network Yorkshire and Humber.

Going concern

The Trustees have prepared financial projections, taking into consideration the current economic climate and its potential impact on the sources of income and planned expenditure. They have a reasonable expectation that adequate financial resources are available to enable the charity to continue in operational existence for the foreseeable future, and have adequate contingency plans in the event that income streams are reduced. Consequently the financial statements have been prepared on the basis that the charity is a going concern.

Income

All income is included in the statement of financial activities when the charity is entitled to the income, the receipt is probable and the amount can be measured with sufficient reliability.

- Fees, contract income and grant income are accounted for by the charity when receivable.
- Charges for accreditation services are accounted for on delivery of the service.
- Where income is received specifically for expenditure in a future accounting period that amount is deferred.
- Investment income is accounted for on an accruals basis.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure includes attributable VAT which cannot be recovered:

- Charitable expenditure comprises those costs incurred by the charity in the deliverance of its activities and services for its beneficiaries. It includes both costs that can be directly allocated to such activities and those costs of an indirect nature necessary to support them.

Open College Network Yorkshire and Humber Region

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Notes to the Financial Statements for the Year Ended 31 July 2016 (cont.)

1. Accounting Policies (cont.)

Expenditure (cont.)

- All costs are allocated between the expenditure categories of the Statement of Financial Activities ("SoFA") on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis as set out in Note 3.

Staff costs

The costs of short term employee benefits are recognised as a liability and an expense where settlement of obligations does not fall within the same period.

Operating leases

Rentals applicable in respect of operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Income and expenditure account as incurred.

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside for a specific purpose.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write down the cost of fixed assets, less their estimated residual value over their expected useful economic lives on the following bases:

| | |
|-------------------------|-------------------|
| Equipment | 33% straight line |
| Furniture and fittings | 20% straight line |
| Long leasehold property | 2% straight line |

Items are capitalised where the purchase price exceeds £500.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Cash at bank and in hand

Cash at bank and cash 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.

Debtors

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

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the income and expenditure account.

Open College Network Yorkshire and Humber Region

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Notes to the Financial Statements for the Year Ended 31 July 2016 (cont.)

1. Accounting Policies (cont.)

Creditors' loans and provisions

Creditors, loans and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors, loans and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial liabilities are only derecognised when, and only when, the charity's obligations are discharged, cancelled or they expire.

Pension costs

The charity contributes to the West Yorkshire Pension Scheme, a defined benefit scheme, at rates set by the scheme's actuaries. The charity accounts for the scheme as a defined benefit scheme in accordance with Charities SORP (FRS102).

The charity also contributes in respect of certain employees to the Teachers' Pension Scheme, a statutory, contributory, final salary scheme. The Teachers' Pension Scheme is unable to identify the charity's share of the underlying assets and liabilities on a consistent or reasonable basis, and accordingly the charity accounts for its contributions to the scheme in accordance with Charities SORP (FRS102) as if it were a defined contribution scheme.

The charity contributes to defined contribution schemes for certain employees all of which are separately administered from the charity.

The charge to the SoFA represents the contributions payable by the charity to the Teachers' Pension Scheme and to the defined contribution schemes during the year.

Critical accounting estimates and judgements

In the application of the group's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods:

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical estimates

The liability in respect of the West Yorkshire Pension Scheme is calculated by the scheme actuary in conjunction with the results of the tri-annual review of the scheme as certified by the scheme actuary. The liability relating to the pension scheme is materially sensitive to changes in the underlying actuarial assumptions and estimates, details of which are included in note 17.

Open College Network Yorkshire and Humber Region Trading as Certa

Notes to the Financial Statements for the Year Ended 31 July 2016 (cont.)

2. Income from Charitable Activities

| | 2016 Total (all unrestricted) £ | 2015 Total (all unrestricted) £ |
|----------------------------|--|--|
| Centre approval fees | 90,450 | 106,600 |
| <i>Accreditation</i> | | |
| Programme recognition fees | 900 | 2,600 |
| Learner registration fees | 325,137 | 453,170 |
| Access to HE learner fees | 295,080 | 268,165 |
| <i>Training and advice</i> | | |
| Contracts and fees | 38,660 | 29,995 |
| Miscellaneous fees | 12,087 | 10,520 |
| | 762,314 | 871,050 |

Open College Network Yorkshire and Humber Region

Trading as Certa

Notes to the Financial Statements for the Year Ended 31 July 2016 (cont.)

3. Total Expenditure

| | Learner accreditation | Access to HE accreditation | Training and advice | 2016 Total | 2015 Total |
|---|--------------------------|-------------------------------|---------------------------|----------------|------------------|
| | £ | £ | £ | £ | £ |
| Costs directly allocated to activities | | | | | |
| Core staff salaries | 300,540 | 155,279 | 45,081 | 500,900 | 540,645 |
| Quality model support staff fees | 94,589 | 27,255 | - | 121,844 | 145,195 |
| Employer's national insurance | 28,256 | 14,599 | 4,238 | 47,093 | 43,405 |
| Employer's pension costs | 22,512 | 11,631 | 3,377 | 37,520 | 42,163 |
| Recruitment costs | 2,085 | 1,077 | 313 | 3,475 | 9,162 |
| Total direct staff costs | 447,982 | 209,841 | 53,009 | 710,832 | 780,570 |
| Current service cost (Note 17) | 17,400 | 8,990 | 2,610 | 29,000 | 28,000 |
| Pension finance cost (Note 17) | 12,000 | 6,200 | 1,800 | 20,000 | 22,000 |
| Business consultancy | 820 | 424 | - | 1,244 | 3,370 |
| Core staff travel costs | 5,451 | 2,816 | 818 | 9,085 | 7,688 |
| Quality model support staff travel costs | 9,435 | 5,434 | - | 14,869 | 20,849 |
| Staff development | 2,678 | 1,384 | 402 | 4,464 | 3,724 |
| Payroll costs | 2,053 | 1,061 | 308 | 3,422 | 3,437 |
| Bank charges | 639 | 330 | 96 | 1,065 | 1,111 |
| QAA Licence fee | - | 9,510 | - | 9,510 | 9,075 |
| Bad and doubtful debts | - | - | - | - | (8,719) |
| Total direct costs of charitable activities | 50,476 | 36,149 | 6,034 | 92,659 | 90,535 |
| Support costs allocated to charitable activities (pro-rata to employees) | | | | | |
| Audit and accountancy | 3,359 | 1,735 | 504 | 5,598 | 5,554 |
| Legal and professional | 1,724 | 891 | 258 | 2,873 | 8,840 |
| Insurance | 1,372 | 709 | 206 | 2,287 | 2,040 |
| Staff costs | 28,653 | 14,804 | 4,298 | 47,755 | 41,869 |
| Software and IT support | 18,511 | 9,564 | 2,777 | 30,852 | 32,386 |
| Depreciation | 9,870 | 5,100 | 1,480 | 16,450 | 16,450 |
| Rent and rates | 1,225 | 633 | 184 | 2,042 | 2,245 |
| Utilities | (12,923) | (6,677) | (1,938) | (21,538) | 6,657 |
| Room hire | 367 | 188 | 55 | 610 | 693 |
| Repairs and sundry equipment | 6,408 | 3,311 | 961 | 10,680 | 18,858 |
| Telephone and fax | 3,262 | 1,685 | 489 | 5,436 | 4,770 |
| Postage | 4,329 | 2,237 | 649 | 7,215 | 6,311 |
| Stationery | 5,326 | 2,752 | 799 | 8,877 | 9,226 |
| Reprographics | 3,747 | 1,933 | 562 | 6,242 | 9,042 |
| Marketing and advertising | 5,525 | 2,855 | 829 | 9,209 | 6,880 |
| Hospitality | 1,924 | 994 | 289 | 3,207 | 3,542 |
| Subscriptions and memberships | 1,435 | 742 | 215 | 2,392 | 2,999 |
| Total allocated support costs | 582,572 | 289,446 | 71,660 | 943,678 | 1,049,467 |
| Total costs of charitable activities | 582,572 | 289,446 | 71,660 | 943,678 | 1,049,467 |

Open College Network Yorkshire and Humber Region

Trading as Certa

Notes to the Financial Statements for the Year Ended 31 July 2016 (cont.)

4. Net expenditure for the year

| This is stated after charging | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Auditors' remuneration: | | |
| Audit fees | 3,307 | 3,307 |
| Accountancy | 1,991 | 1,959 |
| Non statutory audit – Teachers' Pension Scheme | 300 | 288 |
| Depreciation of tangible fixed assets | 16,450 | 16,450 |
| Operating lease rentals | 7,144 | 7,374 |

5. Employee information

The average monthly number of employees was:

| | 2016 | 2015 |
|--------------------------------------|------|------|
| Generic management and admin | 1 | 2 |
| Learner accreditation and admin | 13 | 15 |
| Access to HE accreditation and admin | 6 | 6 |
| Training and advice | 2 | 3 |
| | 22 | 26 |

Staff costs during the year were as follows:

| | 2016 £ | 2016 £ |
|---|----------------|----------------|
| Wages and salaries | 661,606 | 721,511 |
| Social security costs | 50,748 | 46,429 |
| Pension costs | 42,758 | 45,337 |
| Staff costs before defined benefit pension scheme costs | 755,112 | 813,277 |
| Current service cost (Note 17) | 29,000 | 28,000 |
| Associated pension scheme finance cost | 20,000 | 22,000 |
| Total staff costs | 804,112 | 863,277 |

No employee earned £60,000 or more during the year (2015 – none).

The key management personnel of Open College Network Yorkshire and Humber Region are the Trustees (who are not remunerated), the Chief Executive Officer, the Finance and Operations Manager and the Quality Standards and Compliance Manager. The total employee benefits of key management personnel were £165,848 (2015 – £201,277).

6. Trustees' information

No Trustee received remuneration or benefits for their services during this or the previous year. Four Trustees received reimbursed travel and subsistence expenses amounting to £735 during the year (2015 – £673 paid to three Trustees for travel expenses).

Open College Network Yorkshire and Humber Region

Trading as Certa

Notes to the Financial Statements for the Year Ended 31 July 2016 (cont.)

7. Tangible fixed assets

| | Long leasehold property £ | Office equipment £ | Furniture and fittings £ | Total £ |
|---------------------------------------|------------------------------------|--------------------------|-----------------------------------|------------------|
| Cost or valuation | | | | |
| At 1 August 2015 | 1,325,916 | 43,756 | 25,172 | 1,394,844 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| At 31 July 2016 | 1,325,916 | 43,756 | 25,172 | 1,394,844 |
| Depreciation | | | | |
| At 1 August 2015 | 585,666 | 43,756 | 25,172 | 654,594 |
| Charge for the year | 16,450 | - | - | 16,450 |
| Disposals | - | - | - | - |
| At 31 July 2016 | 602,116 | 43,756 | 25,172 | 671,044 |
| Net book value at 31 July 2016 | 723,800 | - | - | 723,800 |
| Net book value at 31 July 2015 | 740,250 | - | - | 740,250 |

The long leasehold property relates to the charity's registered office, CERTA House, Lower Warrengate, Wakefield which is held on a 250 year lease granted in 2008.

The carrying value of the leasehold property was reviewed in 2010 at which point the carrying value was impaired to £822,000, the lower of market value or value in use. This is amortised over 50 years which is the estimate of the economic life of the building. No value has been attributed to the leasehold land due to ongoing restrictions around its use and ground rents payable.

8. Debtors

| | 2016 £ | 2015 £ |
|----------------|---------------|----------------|
| Trade debtors | 61,758 | 83,051 |
| Accrued income | 258 | 2,640 |
| Prepayments | 5,106 | 24,891 |
| | 67,122 | 110,582 |

9. Creditors – Amounts Falling Due Within One Year

| | 2016 £ | 2015 £ |
|---------------------------------|----------------|---------------|
| Creditors and accruals | 48,496 | 73,996 |
| Social security and other taxes | 19,081 | 17,417 |
| Income in advance | 51,100 | 350 |
| | 118,677 | 91,763 |

Open College Network Yorkshire and Humber Region

Trading as Certa

Notes to the Financial Statements for the Year Ended 31 July 2016 (cont.)

10. Financial instruments

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Carrying amount of financial assets | | |
| Financial assets measured at amortised cost | 674,044 | 770,414 |
| Carrying amount of financial liabilities | | |
| Financial liabilities measured at fair value | 831,000 | 572,000 |
| Financial liabilities measured at amortised cost | 99,596 | 74,346 |

11. Analysis of net assets between funds

| Year ended 31 July 2016 | Tangible fixed assets £ | Net current assets £ | Total £ |
|--------------------------------------|--|-------------------------------------|--------------------|
| Unrestricted funds | | | |
| General funds | 723,800 | 560,473 | 1,284,273 |
| Designated pension reserve (Note 17) | (270,527) | (560,473) | (831,000) |
| Total funds | 453,273 | - | 453,273 |
| Year ended 31 July 2015 | Tangible fixed assets £ | Net current assets £ | Total £ |
| Unrestricted funds | | | |
| General funds | 740,250 | 703,542 | 1,443,792 |
| Designated pension reserve (Note 17) | - | (572,000) | (572,000) |
| Total funds | 740,250 | 131,542 | 871,792 |

12. Movement in funds

| Year ended 31 July 2016 | Balance 1 August 2015 £ | Income £ | Expenditure £ | Pension deficit £ | Balance 31 July 2016 £ |
|---|----------------------------------|----------------|------------------|-------------------------|---------------------------------|
| Unrestricted funds | | | | | |
| General funds | 1,443,792 | 765,159 | (924,678) | - | 1,284,273 |
| Designated pension reserve (Note 17) | (572,000) | - | (19,000) | (240,000) | (831,000) |
| Total funds | 871,792 | 765,159 | (943,678) | (240,000) | 453,273 |

Open College Network Yorkshire and Humber Region

Trading as Certa

Notes to the Financial Statements for the Year Ended 31 July 2016 (cont..)

12. Movement in funds (cont..)

| Year ended 31 July 2015 | Balance 1 August 2014 | Income | Expenditure | Pension gain | Balance 31 July 2015 |
|---|-----------------------------|----------------|--------------------|-----------------|----------------------------|
| | £ | £ | £ | £ | £ |
| Unrestricted funds | | | | | |
| General funds | 1,599,076 | 874,183 | (1,029,467) | - | 1,443,792 |
| Designated pension reserve (Note 17) | (571,000) | - | (20,000) | 19,000 | (572,000) |
| Total funds | 1,028,076 | 874,183 | (1,049,467) | 19,000 | 871,792 |

13. Related parties

In addition to details of payments to Trustees provided in Note 6 the following related party information is disclosed:

T Thornton, a retiring Trustee, was a governor of Northern College for Residential Adult Education Limited during the year and J Westerman, a Trustee, was Principal and CEO during the year. The charity invoiced Northern College for Residential Adult Education Limited £21,579 (2015 - £14,938) for services provided at an arms length rate and at the balance sheet date there were no balances outstanding.

L Devenney, a Trustee, is also a Director at Leeds City College. The charity invoiced Leeds City College £81,698 (2015 - £66,616) for services provided at an arms length rate. At the balance sheet date there was an amount due from Leeds City College of £350 (2015 - £4,664).

D Desgranges, a Trustee, is also a Director at Sheffield CC (Sheffield CC). The charity invoiced Sheffield CC £2,480 (2015 - £13,680) for services at arms length rate and at the balance sheet date there were no balances outstanding.

M Coleman, a Trustee, is also a Trustee at St John Ambulance. St John Ambulance invoiced the charity £492 (2015 - £nil) for services at arms length rate and at the balance sheet date there were no balances outstanding.

J Austin, a Trustee, is also Deputy Principal of Curriculum and Quality at Dearne Valley College. The charity invoiced Dearne Valley College £18,993 (2015 - £13,318) for services at arms length rate. At the balance sheet date there was an amount due from Dearne Valley College of £1,353 (2015 - £4,436).

A Torbitt, a Trustee, is also the manager of Swarthmore Centre. The charity invoiced Swarthmore Centre £2,295 (2015 - £4,273) for services at arms length rate and at the balance sheet date there were no balances outstanding.

Open College Network Yorkshire and Humber Region

Trading as Certa

Notes to the Financial Statements for the Year Ended 31 July 2016 (cont.)

14. Operating lease commitments

At 31 July 2016 the charity had total commitments under non-cancellable operating leases as follows:

| | Land and buildings | | Other | |
|----------------------------|--------------------|---------|-------|-------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Expiry date: | | - | | - |
| Within one year | 2,042 | 2,042 | 2,914 | 5,102 |
| Between two and five years | 8,168 | 8,168 | - | 2,914 |
| Over 5 years | 488,038 | 490,080 | - | - |
| | 494,164 | 496,206 | 2,914 | 8,016 |

The commitment in respect of land and buildings relates to a 250 year lease dated 20 June 2008 and comprises ground rent and service charge of £2,042 per annum.

15. Liability of members

Every member of the charity undertakes to contribute such amount as may be required (not exceeding £1) to the charity's assets if it should be wound up while they are a member or within one year after they cease to be a member, for payment of the charity's debts and liabilities contracted before they cease to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

16. Pension costs – defined contribution plans

The charity contributes to defined contribution pension schemes on behalf of those employees who remain auto-enrolled who are not members of either the West Yorkshire Pension Fund or the Teachers' Pension Scheme, which are defined benefit arrangements. The cost to the charity for these defined contribution arrangements for the year was £23,588 (2015 - £16,057) and at the end of the year £605 (2015: £1,305) was unpaid.

17. Pension costs – defined benefit plans

The charity participates in the West Yorkshire Pension Fund ("WYPF"). WYPF is a multi-employer defined benefit scheme. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 31 March 2013 and updated on an approximate basis to 31 July 2016.

Contributions were paid at rates of 6.5% to 8.5% for employees through the year. Employer's contributions were 30.1% in the year to 31 July 2016 (2015: 30.1%).

The cost to the charity for the year in respect of WYPF was £30,187 (2015: £30,199) and at the year-end £3,136 was unpaid (2015: £nil).

Open College Network Yorkshire and Humber Region

Trading as Certa

Notes to the Financial Statements for the Year Ended 31 July 2016 (cont.)

17. Pension costs – defined benefit plans (cont.)

Key assumptions

The assets of the Scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

| | 2016 | 2015 |
|------------------------------------|------|------|
| Financial | | |
| Discount rate | 2.3% | 3.5% |
| RPI inflation | 2.9% | 3.0% |
| CPI inflation | 1.8% | 1.9% |
| Pension increases | 1.8% | 1.9% |
| Pension accounts revaluation rates | 1.8% | 1.9% |
| Salary increases | 3.3% | 3.4% |

| Assumed life expectancy (mortality) | Years | Years |
|-------------------------------------|-------|-------|
| Males | | |
| Member aged 65 at accounting date | 22.7 | 22.6 |
| Member aged 45 at accounting date | 24.9 | 24.8 |
| Females | | |
| Member aged 65 at accounting date | 25.6 | 25.5 |
| Member aged 45 at accounting date | 28.0 | 27.8 |

| Asset allocation | 2016 | 2015 |
|------------------|--------|--------|
| Equities | 75.1% | 75.9% |
| Property | 4.8% | 4.5% |
| Government bonds | 11.2% | 10.4% |
| Corporate bonds | 4.2% | 4.6% |
| Cash | 1.4% | 1.5% |
| Other | 3.3% | 3.1% |
| Total | 100.0% | 100.0% |

| Reconciliation of funded status to Balance Sheet | 2016 | 2015 |
|--|-----------|-----------|
| | £ | £ |
| Fair value of assets | 1,526,000 | 1,388,000 |
| Present value of scheme liabilities | 2,357,000 | 1,960,000 |
| Liability recognised on the balance sheet | (831,000) | (572,000) |

Open College Network Yorkshire and Humber Region

Trading as Certa

Notes to the Financial Statements for the Year Ended 31 July 2016 (cont.)

17. Pension costs – defined benefit plans (cont.)

| Breakdown of amounts recognised in Statement of Financial Activities | 2016 | 2015 |
|---|-------------|-------------|
| | £ | £ |
| Current service cost | 29,000 | 28,000 |
| Net interest cost on defined benefit liability | 20,000 | 22,000 |
| Expense recognised in Statement of Financial Activities | 49,000 | 50,000 |

| Analysis of amounts recognised in Other Gains/Losses in the Statement of Financial Activities | 2016 | 2015 |
|--|-------------|-------------|
| | £ | £ |
| Asset gains arising during the year | 109,000 | 69,000 |
| Liability losses arising during the year | (349,000) | (50,000) |
| Total recognised (loss)/gain | (240,000) | 19,000 |

| Changes to the present value of the defined benefit obligation | 2016 | 2015 |
|---|-------------|-------------|
| | £ | £ |
| Opening defined benefit obligation | 1,960,000 | 1,858,000 |
| Current service cost | 29,000 | 28,000 |
| Interest expense on defined benefit obligation | 68,000 | 73,000 |
| Contribution by participants | 7,000 | 7,000 |
| Actuarial (gains)/losses on liabilities | 349,000 | 50,000 |
| Net benefits paid out | (56,000) | (56,000) |
| Closing defined benefit obligation | 2,357,000 | 1,960,000 |

| Changes to the fair value of assets | 2016 | 2015 |
|--|-------------|-------------|
| | £ | £ |
| Opening fair value of scheme assets | 1,388,000 | 1,287,000 |
| Interest income on scheme assets | 48,000 | 51,000 |
| Remeasurement gains on scheme assets | 109,000 | 69,000 |
| Contributions by the employer | 30,000 | 30,000 |
| Contribution by participants | 7,000 | 7,000 |
| Benefits paid | (56,000) | (56,000) |
| Closing fair value of scheme assets | 1,526,000 | 1,388,000 |

| Actual return on scheme assets | 2016 | 2015 |
|---------------------------------------|-------------|-------------|
| | £ | £ |
| Interest income on scheme assets | 48,000 | 51,000 |
| Gains on scheme assets | 109,000 | 69,000 |
| Actual return on scheme assets | 157,000 | 120,000 |

Open College Network Yorkshire and Humber Region

Trading as Certa

Notes to the Financial Statements for the Year Ended 31 July 2016 (contd.)

17. Pension costs – defined benefit plans (cont.)

Amounts for the current and previous four periods are as follows

| | 2016 £000's | 2015 £000's | 2014 £000's | 2013 £000's | 2012 £000's |
|---|----------------|----------------|----------------|----------------|----------------|
| Present value of defined benefit obligation | (2,357) | (1,960) | (1,858) | (1,731) | (1,604) |
| Fair value of scheme assets | 1,526 | 1,388 | 1,287 | 1,157 | 1,001 |
| Scheme deficit recognised | (831) | (572) | (571) | (574) | (603) |

The Teachers' Pension Scheme

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

As the TPS is unable to identify the charity's share of the underlying assets and liabilities on a consistent or reasonable basis, in accordance with Charities SORP (FRS 102) the charity accounts for its contributions to the scheme as if it were a defined contribution scheme.

A full copy of the valuation report and supporting documentation can be found on the TPS website at:

<https://www.teacherspension.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

During the year there was an average 5 members of staff in the scheme (2015 - 10) and contribution rates during the year were between 7.4% and 10.2% (2015 - between 7.2% and 11%) for employees and 14.1% to August 2015 and 16.5% thereafter for the charity. The cost to the charity for the year in respect of the TPS was £18,983 (2015 - £29,081) and at the end of the year £nil (2015 - £nil) was unpaid.

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

| | 2016 £ | 2015 £ |
|---|-----------|-----------|
| Net expenditure for the year | (418,519) | (156,284) |
| Depreciation charge | 16,450 | 16,450 |
| Interest received | (2,845) | (3,133) |
| Actuarial losses/(gains) | 240,000 | (19,000) |
| Amounts recognised in the Statement of Financial in respect of the defined benefit pension scheme | 49,000 | 50,000 |
| Contributions paid in respect of the defined benefit pension scheme | (30,000) | (30,000) |
| Decrease in debtors | 43,460 | 54,142 |
| Increase/(decrease) in creditors | 26,914 | (26,670) |
| | (75,540) | (114,495) |