

Company Number 3773914
Charity Number 1088839

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2008

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OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

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OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2008

The directors and trustees present their report and the audited accounts for the year ended 31 July 2008.

REFERENCE AND ADMINISTRATION DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS

Open College Network Yorkshire & Humber Region is a registered charity and a company limited by guarantee.

The registered office and operating address is:

Open College Network Yorkshire and Humber Region
OCN House
Lower Warrengate
Wakefield
WF1 1SA

The directors of the company, who are the charity trustees and who served during the year and up to the date of this report, were: -

J McLeod	Chair
K Fleming	
S Frost	
K Hinchcliff	
J Lawton	
G Layer	
J Major	(appointed 25 January 2008)
M Noble	
W Pawson	(resigned 19 October 2007)
T Sargison	
A Warner	
R Warren	(appointed 25 January 2008, resigned 20 June 2008)
J Westerman	(appointed 25 January 2008)

Company Secretary: V Hobson

Principal staff:	Sarah Connell	Chief Executive Officer/Regional Director
	Claire Wigzell	Regional Business Development Manager
	Melisa Vujatovic	Regional Finance and I.T. Manager
	Donna Pritchard	Regional Quality Manager
	Velda Hobson	Regional Operations Manager

Auditors: Ian Pickup & Co
Chartered Accountants and Registered Auditors
123 New Road Side
Horsforth
Leeds
LS18 4QD

Bankers: Barclays Bank plc
24 Otley Road
Headingley
Leeds LS6 2AD

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2008

STRUCTURE, GOVERNANCE AND MANAGEMENT

Open College Network Yorkshire and Humber Region (OCNYHR) is a registered charity, constituted as a company limited by guarantee and is therefore governed by a memorandum and articles of association. All the directors of the company are also trustees of the charity.

The names of the 11 directors of the company, who are also trustees of the charity, are set out on page 3. In accordance with the Articles of Association certain of these directors will retire at the next annual general meeting by rotation or by virtue of having appointed during the year.

The OCNYHR trustees receive an Induction pack, with a clear identification of roles and responsibilities as charity trustees are set out by the Charities Commission and to the National Occupational Standards for Trustees and Management Committees.

On appointment, all trustees are required to sign a Terms of Service declaration including their willingness to act only in the best interests of the charity. The proceedings of all Board meetings meet the Nolan standards and an opportunity to make a declaration of interest is a standard agenda item. The OCN holds a Register of Interests.

The Board has committed itself to working towards the Good Governance Standards set out by the Governance Hub. The trustees have undertaken a self assessment exercise on an ongoing basis.

The charity is organised so that the trustees meet regularly to manage its affairs with three meetings a year plus three Finance and Staffing Committee meetings.

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

The charity is licensed by two regulatory authorities, the Qualifications and Curriculum Authority (QCA) for its NOCN accreditation activity and the Quality Assurance Agency (QAA) for its Access to HE activity. The charity is responsible for the effective and consistent implementation of both licences and subject to audit by both bodies. As a NOCN licensed OCN it is part of the national network of 9 Regional OCNs plus an OCN for Wales and Northern Ireland.

In response to the feedback from the QAA licensing authority, the company added two additional categories to its Articles of Association, at the AGM January 2008, to ensure that the involvement of Higher Education Institutions in its governance structure is further secured.

The Chief Executive is part of the NOCN National Leadership Team and has a national responsibility for Marketing and Communication. She is accountable to that Team for that responsibility and for the involvement of YHR staff in national activities as appropriate.

The directors and trustees have conducted their own review of the major risks to which the charity is exposed to build on the original risk exercise in the Regional Business Plan. The Board has a Risk Policy and receives a Risk Register update on an annual basis.

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2008

OBJECTIVES AND ACTIVITIES

The OCN YHR Mission is:

To operate as an effective awarding body with a strong social purpose and provide a high quality, responsive and accessible accreditation service that recognises the achievements of adults and young people, particularly those who have benefited least from prior educational experiences in the past.

This mission is anchored in the following core values:

- A belief that the accreditation of learning is an important tool for individuals to have their achievements recognised and valued
- Respect for and encouragement of diversity – in learners and learning approaches, partners and settings
- A passion to make a difference to disadvantaged individuals, groups and communities and for their voice to be heard
- An ambition to open up opportunities for vocational progression, both into work and in the workplace, and for personal and social development
- A commitment to integrity and ethical business

The Strategic Operational Plan 07/08 was approved by the Board after the annual process of review and consultation with all staff and including trustee input. Each operational area has targets and objectives for the work mapped to the key strategic priorities identified by the Regional Business Plan. All staff are required to map their own work to the Strategic Operational Plan through Individual Action Plans. The Performance Review submitted to the Board in June 2008 demonstrated that the organisation had met its objectives and the trustees congratulated the Chief Executive and staff on a successful year.

ACHIEVEMENTS AND PERFORMANCE

The company has had another year of change with a major relocation project. The trustees decided in November 07 to purchase a new build in Wakefield, following a feasibility study by an external consultant exploring the options for investing the reserves in a building. In July 2008, both existing offices were closed and the staff moved to a purpose built office on three floors offering modern open space facilities and a suite of training rooms. This move was achieved with a relatively small loss of core staff.

At the end of 2007/08, the trustees acknowledge:

Strengths

- A strong staff team including new recruits in finance and awards
- Purpose built offices offering high quality facilities to staff and visitors
- Our own training suite with the potential to be hired by external bodies and be a source of income
- A range of educational services offered for the region including a successful CPD programme
- A responsive registration and certification service

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2008

- A team of field workers offering curriculum advice and support to learning providers and agencies
- An organisational structure which embeds equal opportunities and supports learning and development for all staff
- Secure and well managed finance systems
- Increased effectiveness in marketing and communication

Despite these successes, there has been a larger decrease in learner numbers than anticipated. The overall target for growth in 07/08 was not met. This is in line with the national situation for adult learning and all OCNs, with a squeeze on LSC funding for the core FE and adult community learning and a predicted further loss of FE and VCS business

PLANS FOR FUTURE PERIODS

Challenges

1. To continue to build recognition that the OCN has a role as an agency involved in strategic developments and initiatives to support progression and current policy drivers
2. To continue the support offered by staff across the OCN for the national network, despite the consequent claim on resources and time
3. To develop the IT facilities and systems, including implementation of the new national business process model, the development of an intranet, and the use of the website
4. To continue to build the internal strength of the organisation as a good place to work
5. To identify and establish new areas of business to replace the FE sector

Markets for Growth

There are a number of established OCN markets where growth is possible and where we have the products, the relationships and the match to policy drivers

- Offender Learning
- TUC and associated union activity
- 14 – 19 including in schools with the new Step Up qualification
- Access to HE – especially with the demise of AQA
- Workplace learning particularly with the Health Service
- The VCS and workplace learning for the sector

The OCN can also offer strategies and products to meet several of the identified key areas for action on the skills agenda as expressed by the RSPB. In particular, we can offer a strategic approach to building pathways for the welfare to work and employability agenda. We can also offer employers coherence and quality for in house training.

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2008

FINANCIAL REVIEW

The net expenditure for the year of £170,883 is shown on page 11. After accounting for pension costs in accordance with FRS17 the net decrease in funds for the year was £411,883.

At the balance sheet date total funds (after accounting for pensions in accordance with FRS17) stood at £2,076,670 all of which are unrestricted funds. The trustees are satisfied with the financial performance of the charity during the year when significant one-off costs were incurred connected with the relocation of the offices.

Reserves policy

The directors and 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 £771,000 in general funds.

At this level the directors and 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 after allowing for the pension reserve of £453,000 and after deducting the designated development fund of £200,000 amount to £524,301. The trustees will review the policy annually.

Investment policy

The Chief Executive Officer and the Regional Finance and IT Manager are permitted to place cash surplus to working capital requirements on deposit with Barclays Bank for periods of up to two months maximum. Surplus cash is not permitted to be transferred outside of the banking arrangements with Barclays Bank 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 the day to day cash requirements of the OCN are adequately funded.

Investment in assets other than cash is currently not permitted, subject to future review of investment policy. The trustees will review the policy annually.

AUDITORS

Ian Pickup & Co., Chartered Accountants, have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting in accordance with s.385 of the Companies Act 1985.

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2008

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

Company law requires the trustees to prepare financial statements for each financial year which give a true fair view of the state of affairs of the company as at the end of the financial year and of the surplus or deficit of the company for that period.

In preparing those financial statements, the trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue on that basis

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The trustees 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.

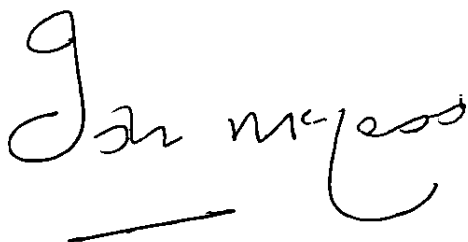
STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

The trustees of the company who held office at the date of approval of this annual report confirm that:

- so far as the director is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- each director has taken all the steps that he or she ought to have taken as a director in order to make him or her aware of any relevant audit information and to establish that the company's auditors are aware of that information

Approved by the board on 26 November 2008 and signed on its behalf by:

J McLeod
Director and Trustee (Chair)

A handwritten signature in black ink, appearing to read 'J McLeod', with a horizontal line underneath.

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

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 2008, which comprise the primary statements such as the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 directors and trustees and auditors

As described in the Statement of Responsibilities of the Directors and Trustees the directors and trustees, who are also the directors of the company for the purposes of company law, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information outside the report.

Basis of opinion

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

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

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

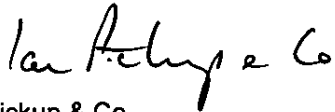
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION**

(continued from page 9)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 July 2008 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Ian Pickup & Co
Chartered Accountants & Registered Auditors
123 New Road Side
Leeds
LS18 4QD

26 November 2008

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2008 (incorporating Income and Expenditure Account)

	NOTE	UNRESTRICTED FUNDS	RESTRICTED FUNDS	TOTAL FUNDS 2008	TOTAL FUNDS 2007
		£	£	£	£
INCOMING RESOURCES					
Incoming resources from generated funds:					
Investment income		102,627	-	102,627	65,373
Incoming resources from charitable activities:					
Centre approval fees	2	138,650	-	138,650	166,425
Fees, contracts & grants	2	1,101,048	-	1,101,048	1,167,795
Miscellaneous fees	2	29,413	-	29,413	12,714
Total incoming resources		<u>1,371,738</u>	<u>-</u>	<u>1,371,738</u>	<u>1,412,307</u>
RESOURCES EXPENDED					
Charitable activities:					
NOCN Accreditation	3	846,955	-	846,955	880,328
Access to HE Accreditation	3	291,005	-	291,005	215,837
Training and advice	3	142,751	-	142,751	84,081
Governance costs	3	261,910	-	261,910	241,499
Total resources expended	3	<u>1,542,621</u>	<u>-</u>	<u>1,542,621</u>	<u>1,421,745</u>
Net (expenditure) for the year before revaluations	4	(170,883)	-	(170,883)	(9,438)
(Losses) / gains on revaluation of pension assets	17	(119,000)	-	(119,000)	51,000
(Losses) / gains on revaluation of pension liabilities	17	(122,000)	-	(122,000)	5,000
Net movement in funds before the transfer of the net assets of the OCNSYH business		(411,883)	-	(411,883)	46,562
Funds acquired on transfer of net assets of OCNSYH business	15	-	-	-	2,358,403
Net movement in funds		<u>(411,883)</u>	<u>-</u>	<u>(411,883)</u>	<u>2,404,965</u>
Funds b/f at 1 August 2007		2,488,553	-	2,488,553	83,588
Funds c/f at 31 July 2008	11	<u>2,076,670</u>	<u>-</u>	<u>2,076,670</u>	<u>2,488,553</u>

The notes on pages 13 to 21 form part of these accounts.

There were no recognised gains and losses for 2008 and 2007 other than those included in the income and expenditure account.

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

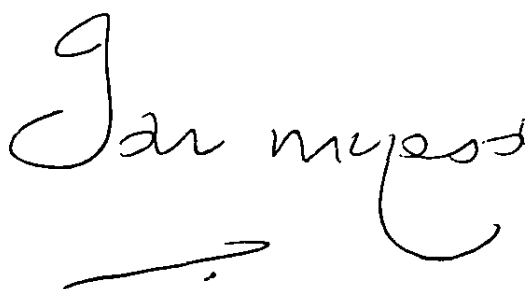
BALANCE SHEET AS AT 31 JULY 2008

		2008		2007	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	7		1,352,369		29,059
CURRENT ASSETS					
Debtors	8	372,316		494,374	
Cash at bank and in hand		<u>929,844</u>		<u>2,247,534</u>	
		1,302,160		2,741,908	
CREDITORS					
AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(124,859)</u>		<u>(93,414)</u>	
NET CURRENT ASSETS			<u>1,177,301</u>		<u>2,648,494</u>
NET ASSETS excluding pension liability			2,529,670		2,677,553
PENSION LIABILITY	16		<u>(453,000)</u>		<u>(189,000)</u>
NET ASSETS including pension liability			<u>2,076,670</u>		<u>2,488,553</u>
UNRESTRICTED FUNDS					
Designated funds	11		200,000		1,200,000
General funds	11		<u>2,329,670</u>		<u>1,477,553</u>
TOTAL CHARITY FUNDS excluding pension liability	11		2,529,670		2,677,553
PENSION RESERVE	11/16		<u>(453,000)</u>		<u>(189,000)</u>
TOTAL CHARITY FUNDS			<u>2,076,670</u>		<u>2,488,553</u>

The financial statements were approved by the board of directors on 26 November 2008 and signed on its behalf by:

J McLeod
Director and Trustee

The notes on pages 13 to 21 form an integral part of these accounts.



OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2008

1. ACCOUNTING POLICIES

(a) Basis of preparation of accounts

The financial statements are prepared under the historical cost convention and include the results of the charity's operations which are described in the Directors' and Trustees' Report and all of which are continuing. The accounts have been prepared in accordance with the Companies Act 1985 and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice issued in March 2005 and applicable accounting standards.

(b) All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

- Fees, contract income and grants are accounted for by the charity when receivable.
- Where income is received specifically for expenditure in a future accounting period that amount is deferred.
- Investment income is included when receivable.

(c) 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 | - 33.3% straight line basis |
| Furniture and Fittings | - 20% straight line basis |
| Leasehold improvements | - over unexpired portion of lease |
| Leasehold property | - 2% straight line basis |

(d) 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.

(e) Resources expended

Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered, and is reported as part of the expenditure to which it relates:

- Resources expended are allocated to the particular activity where the cost can be directly attributed to an activity, or alternatively on the basis of the approximate amount of staff time spent on each activity.
- Governance costs include those costs incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

(f) Unrestricted funds

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

(g) Designated funds

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

(h) Restricted funds

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2008

(i) 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 also contributes in respect of certain employees to the Teachers' Pension Scheme, a statutory, contributory, final salary scheme. The charity has accounted for these pension costs in accordance with FRS17.

2. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	2008 Total £	2007 Total £
Centre Approval fees	138,650	-	138,650	166,425
Accreditation:				
Programme recognition				
Fees	32,380	-	32,380	4,100
Learner registration fees	823,958	-	823,958	879,999
Access to HE learner fees	192,534	-	192,534	226,036
Training and advice:				
Contracts and fees	52,176	-	52,176	57,660
Fees, contracts & grants	1,101,048	-	1,101,048	1,167,795
Miscellaneous fees	29,413	-	29,413	12,714
TOTAL	1,269,111	-	1,269,111	1,346,934

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2008

3. TOTAL RESOURCES EXPENDED

	NOCN Accreditation	Access to HE Accreditation	Training & Advice	Governance Costs	2008 Total	2007 Total
	£	£	£	£	£	£
Costs directly allocated to activities:						
Core staff salaries	405,275	173,689	86,845	144,741	810,550	679,471
Quality model support staff fees	67,530	5,600	-	-	73,130	77,158
Employer's national insurance	32,676	14,004	7,002	11,670	65,352	53,621
Employer's pension costs	40,747	17,463	8,731	14,552	81,493	63,062
Current and past service costs of pensions (notes 5 & 17)	11,000	4,714	2,357	3,929	22,000	13,000
	557,228	215,470	104,935	174,892	1,052,525	886,312
Core staff travel costs	16,381	7,020	3,510	5,850	32,761	29,721
Quality model support staff travel costs	14,612	1,757	-	-	16,369	18,265
Staff Development	6,319	2,708	1,354	2,257	12,638	16,375
Payroll costs	1,112	477	238	397	2,224	2,667
NOCN Membership & other fees	102,810	-	-	-	102,810	207,852
Regional restructure costs	-	-	-	-	-	(17,281)
Office relocation costs	14,065	6,028	3,014	5,023	28,130	-
Audit and accountancy	-	-	-	5,413	5,413	5,740
Recruitment	11,312	4,847	2,424	4,040	22,623	7,086
Legal and professional	-	-	-	20,116	20,116	43,590
Insurance	-	-	-	562	562	2,403
Bad & doubtful debts	1,711	666	1,260	-	3,637	6,365
Pension finance cost (Note 17)	500	214	107	179	1,000	1,000
Support costs allocated to activities:						
Software and IT support	9,331	3,999	1,999	3,332	18,661	45,296
Depreciation	12,555	5,381	2,690	4,484	25,110	19,030
Rent and rates	40,657	17,425	8,714	14,522	81,318	70,706
Utilities	1,431	614	307	511	2,863	4,567
Room hire	4,430	1,898	949	1,582	8,859	4,632
Repairs and sundry equipment	5,265	2,256	1,128	1,880	10,529	4,099
Telephone and fax	7,818	3,350	1,675	2,792	15,635	11,174
Postage	6,545	2,805	1,402	2,337	13,089	11,985
Stationery	7,972	3,417	1,708	2,847	15,944	19,302
Reprographics	2,775	1,190	595	991	5,551	7,644
Marketing and advertising	17,741	7,604	3,802	6,336	35,483	7,509
Hospitality	3,325	1,425	713	1,188	6,651	4,186
Subscriptions & memberships	926	397	198	331	1,852	918
Books and publications	134	57	29	48	268	602
TOTAL	846,955	291,005	142,751	261,910	1,542,621	1,421,745

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2008

4. NET EXPENDITURE FOR THE YEAR BEFORE REVALUATIONS

This is stated after charging:

	2008 £	2007 £
Auditors' remuneration:		
Audit fees	3,200	3,200
Accountancy	1,900	1,800
Audit fees – Teachers' pension scheme	176	211
Other advice	-	529
Depreciation of tangible fixed assets	25,110	19,030
Operating lease rentals	4,167	4,167

5. EMPLOYEE INFORMATION

The average number of employees, calculated on a full-time equivalent (FTE) basis analysed by function was:

	2008 FTE	2007 FTE
Management and administration	5	5
NOCN Accreditation	14	14
Access to HE Accreditation	6	5
Training and advice	3	2
	<u>28</u>	<u>26</u>

Staff costs during the year were as follows:

	2008 £	2007 £
Wages and salaries	883,680	756,629
Social security costs	65,352	53,621
Pension costs	81,493	63,062
	<u>1,030,525</u>	<u>873,312</u>

One employee (who was also a member of a defined benefit pension scheme) earned between £60,000 and £70,000 during the year (2007 – No employees earned more than £60,000).

6. TRUSTEES' INFORMATION

None of the trustees received remuneration for their services during the year except for Mr J Macleod who received £5,287 (2007 – £4,500). Discussions with the Charity Commission are still ongoing with regard to seeking approval for this payment. No trustees received reimbursed expenses during the year (2007 – £NIL).

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2008

7. TANGIBLE FIXED ASSETS

	Leasehold Property £	Leasehold Property £	Office Equipment £	Furniture & fittings £	Total £
Cost or valuation:					
At 1 August 2007	-	41640	26136	11437	79213
Additions	1325916	-	8769	13735	1348420
At 31 July 2008	1325916	41640	34905	25172	1427633
Depreciation:					
At 1 August 2007	-	17943	20774	11437	50154
Charge for the year	2210	18957	3043	900	25110
At 31 July 2008	2210	36900	23817	12337	75264
Net book value					
At 31 July 2008:	1323706	4740	11088	12835	1352369
Net book value					
At 31 July 2007:	-	23697	5362	-	29059

8. DEBTORS

	2008 £	2007 £
Debtors	194348	335040
Accrued income	170896	149045
Prepayments	7072	10289
	<u>372316</u>	<u>494374</u>

9. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Creditors and accruals	94420	71082
Social security and other taxes	28970	19739
Income in advance	1469	2593
	<u>124859</u>	<u>93414</u>

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Net current assets £	Total £
Unrestricted funds:			
General funds	1352369	977301	2329670
Designated funds	-	200000	200000
	<u>1352369</u>	<u>1177301</u>	<u>2529670</u>
Less: Pension Reserve	-	(453000)	(453000)
Total funds	<u>1352369</u>	<u>724301</u>	<u>2076670</u>

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2008

11. MOVEMENT IN FUNDS

	Balance 1 August 2007 £	Incoming Resources £	Outgoing Resources £	Transfers and pension costs £	Balance 31 July 2008 £
Restricted funds	-	-	-	-	-
Unrestricted funds:					
General funds	1477553	1371738	(1519621)	1000000	2329670
Designated funds					
- Development fund	200000	-	-	-	200000
- Building fund	1000000	-	-	(1000000)	-
Pension reserve	(189000)	-	(23000)	(241000)	(453000)
Total unrestricted funds	<u>2488553</u>	<u>1371738</u>	<u>(1542621)</u>	<u>(241000)</u>	<u>2076670</u>
Total funds	<u>2488553</u>	<u>1371738</u>	<u>(1542621)</u>	<u>(241000)</u>	<u>2076670</u>

Purposes of designated funds:

Development Fund – the fund was set up by the trustees during the year to support regional and national initiatives in business development.

Building Fund - The fund was set up by the trustees to reflect the need for the charity to acquire its own office building for the longer term. The purchase was completed during 2008.

12. RELATED PARTIES

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

The company has been awarded a licence to operate an accreditation service to educational organisations by the National Open College Network (NOCN), which is in itself subject to regulation by the Qualifications and Curriculum (QCA) in England and ACCAC, CCEA in Wales and Northern Ireland. During the year the company has paid total fees of £102810 (2007: £207852) to NOCN. The licence is subject to annual inspection/compliance requirements. The company also charged NOCN £4000 in the year (2007:£nil) for work done for them. At the year-end there was an amount due to NOCN of £4264 (2007:£11818).

13. COMMITMENTS UNDER OPERATING LEASES

At 31 July 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008 Land & buildings £	2008 Other £	2007 Land & buildings £	2007 Other £
Expiry date:				
Between one and five years	-	-	41554	4167
After five years	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2008

14. 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 he is a member or within one year after he ceases to be a member, for payment of the charity's debts and liabilities contracted before he ceases 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.

15. FUNDS RECEIVED ON TRANSFER OF BUSINESS OF OCNSYH

In accordance with an agreement signed on 7 September 2006 the net assets and the business of Open College Network South Yorkshire and Humberside ("OCNSYH") was transferred to the charity from Sheffield Hallam University with effect from close of business on 31 July 2006. The net funds received of £2,358,403 comprise monies received direct from Sheffield Hallam University and receivable from the activities of OCNSYH prior to the merger.

16. PENSION RESERVE

The pension reserve of £453,000 has arisen as a result of the charity complying with Financial Reporting Standard 17 – Retirement Benefits. It relates to the charity's defined benefit pension scheme with West Yorkshire Pension Fund and represents the shortfall of the total market value of the pension scheme assets to the present value of the pension scheme liabilities at 31 July 2008. See note 17.

17. PENSION COSTS – WEST YORKSHIRE PENSION FUND

The charity participates in the West Yorkshire Pension Fund (WYPF). WYPF is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme. The last full actuarial valuation of the scheme was carried out at 31 March 2007 and updated to 31 July 2007 and 31 July 2008 by professionally qualified actuaries: Mercer Human Resource Consulting.

Contributions were paid at a rate of 6% for employees throughout the year. Employers' contributions were 14.1% up to March 2008 and 16.6% thereafter.

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2008

17. PENSION COSTS – WEST YORKSHIRE PENSION FUND (CONTINUED)

The amounts recognised in the balance sheet are as follows:

	2008	2007
	£	£
Present value of funded obligations	1433000	1179000
Fair value of pension scheme assets	(980000)	(990000)
	<u>453000</u>	<u>189000</u>
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Deficit at end of year	<u>453000</u>	<u>189000</u>

The amounts recognised in the statement of financial activities are as follows:

	2008	2007
	£	£
Current service cost	38000	38000
Past service cost	12000	-
Interest on obligations	70000	55000
Expected return on pension scheme assets	(71000)	(54000)
Adjustment to opening fair value of pension scheme assets	2000	-
Total pension cost recognised in statement of financial activities	<u>51000</u>	<u>39000</u>
Actual return on pension scheme assets	<u>(47000)</u>	<u>104000</u>

Changes in the present value of the defined benefit obligation are as follows:

	2008	2007
	£	£
Opening defined benefit obligation	1179000	1041000
Current service cost	38000	38000
Interest on pension liabilities	70000	55000
Member contributions	12000	11000
Past service cost	12000	-
Actuarial losses / (gains) on liabilities	122000	(5000)
Benefits / transfers paid	-	39000
Closing defined benefit obligation	<u>1433000</u>	<u>1179000</u>

Changes in the present value of the pension scheme assets are as follows:

	2008	2007
	£	£
Opening fair value of pension scheme assets	990000	810000
Adjustment to opening fair value of pension scheme assets	(2000)	-
Expected return on pension scheme assets	71000	54000
Employer contributions	28000	25000
Member contributions	12000	11000
Actuarial (losses) / gains on assets	(119000)	51000
Benefits / transfers paid	-	39000
Closing fair value of pension scheme assets	<u>980000</u>	<u>990000</u>

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2008

17. PENSION COSTS – WEST YORKSHIRE PENSION FUND (CONTINUED)

The charity expects to contribute £33120 to this defined benefit pension scheme in the year to 31 July 2009.

The major categories of pension scheme assets as a percentage of total pension scheme assets are as follows:

	2008	2007
Equities	68.1%	74.0%
Government bonds	9.9%	8.0%
Other bonds	4.6%	3.9%
Property	4.6%	5.2%
Cash / liquidity	4.5%	3.6%
Other	8.3%	5.3%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	2008	2007
Discount rate at 31 July	5.9%	5.8%
Expected return on pension scheme assets at 31 July	7.0%	7.11%
Future salary increases	5.55%	4.95%
Future pension increases	3.8%	3.2%
Rate of inflation	3.8%	3.2%
Proportion of employees opting for early retirement	0%	0%

Amounts for the current and previous four periods are as follows:

	2008	2007	2006	2005	2004
	£k	£k	£k	£k	£k
Defined benefit obligation	(1433)	(1179)	(1041)	(1007)	(824)
Pension scheme assets	980	990	810	770	610
(Deficit) / Surplus	(453)	(189)	(231)	(237)	(214)
Experience adjustments on scheme liabilities	(32)	-	(36)	-	-
Experience adjustments on scheme assets	(119)	49	59	92	16

18. PENSION COSTS – THE TEACHERS' PENSION SCHEME

The Teachers' Pension Scheme (TPS) is a statutory, contributory, final salary scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. However, as the Teachers' Pension Scheme is unable to identify the charity's share of the underlying assets and liabilities on a consistent or reasonable basis, in accordance with SORP Update Bulletin 1 issued in December 2002 the charity accounts for its contributions to the scheme as if it were a defined contribution scheme. There were on average through the year 13 members of staff in the scheme (2007: 11) and contribution rates during the year were paid at a rate of 6% for employees and 13.5% for employers up to December 2006 and 6.4% and 14.1% respectively thereafter.

At the year end £3572 was unpaid to the West Yorkshire Pension Fund (2007: £3220) and £6934 (2007: £5498) was unpaid to the Teachers' Pension Scheme.

The cost to the charity for the year in respect of the West Yorkshire Pension Fund was £28089 (2007: £25447) and in respect of the Teachers' Pension Scheme £53404 (2007: £37615).