

Company Number 3773914
Charity Number 1088839

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2010

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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 2010

The directors and trustees present their report and the audited accounts for the year ended 31 July 2010

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	Chairman (re-elected 29 January 2010)
	E Agar	
	S Cottrell	
	K Hinchcliff	(resigned 20 November 2009)
	W Jones	(appointed as a co-opted Trustee on 1 September 2009 and elected as Trustee 29 January 2010)
	J Major	(resigned 8 April 2010)
	T Sargison	
	T Thornton	
	J Westerman	
	J Novitzky	(elected 29 January 2010)
	J Martin	(elected 29 January 2010)
	M Hodgkinson	(elected 29 January 2010)
	D Desgranges	(elected 29 January 2010)
	A Torbitt	(elected 29 January 2010)
	A Adams	(appointed as a co-opted Trustee 8 April 2010)
Company Secretary	V Hobson	(resigned 20 May 2009, reappointed 3 August 2009)
	M Vujatovic	(appointed 20 May 2009, resigned 3 August 2009)
Principal staff	John Lawton	Chief Executive Officer
	Claire Wigzell	Regional Business Development Manager
	Melisa Vujatovic	Regional Finance and IT Manager
	Donna Pritchard	Regional Quality Manager
	Velda Hobson	Regional Operations Manager
	Julie Knowles	Access to HE Manager (appointed 8 November 2009)
Auditors	Ian Pickup & Co	
	Chartered Accountants and Registered Auditors	
	123 New Road Side	
	Horsforth	
	Leeds LS18 4QD	
Bankers	Barclays Bank plc	
	24 Otley Road	
	Leeds LS6 2AD	

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2010

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 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 been appointed during the year.

During the course of the year, there were two resignations from the OCNYHR Trustee Board and seven new members were recruited to serve as Trustees and Directors. The Board established a Trustee Search Committee to recruit these new Trustees, ensuring that there was a representative balance across the whole of the OCN's business interests.

The OCNYHR trustees receive an Induction Pack, with a clear identification of roles and responsibilities as charity trustees as set out by the Charities Commission and written to the National Occupational Standards for Trustees and Management Committees. Trustees are also invited to engage in continuing professional development opportunities made available to them throughout their tenure.

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 on all sub-Committees and at the full Trustee Board. The OCN holds a Register of Interests. All trustees give their time voluntarily. Any expenses reclaimed by trustees from the charity are set out in note 7 to the accounts.

The Board has committed itself to working towards the Good Governance Standards set out by the Governance Hub and will be working to new guidelines issued in October 2010. The trustees and each of its Committees 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 at least three full Board meetings a year plus at least three, more often four, Finance and Staffing Committee meetings per annum. The full Trustee Board is invited to a strategic planning day, and has their own Trustees' Away Day.

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 for 2007-2009 and fed this into the design of the new Strategic Plan for OCNYHR which now runs from 2010-2012 (see below). The Board has a Risk Policy and receives a Risk Register update on an annual basis.

The day-to-day management of the company is undertaken by the Chief Executive Officer, supported by the five members of the Senior Management Team. A new member of the Senior Management Team (SMT) was appointed in November 2009 to strengthen the Access to HE function of OCNYHR as an Access Validating Agency, accountable for licence purposes to the Quality Assurance Agency (QAA – see paragraph below). The Chief Executive Officer is directly accountable to the Chairman and collectively the wider Board of Trustees. His performance is reviewed by the Chairman on an annual basis.

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DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2010

The charity is licensed by two regulatory authorities Ofqual (the Office of Qualifications and Examinations Regulation) having taken over regulatory duties from the Qualifications and Curriculum Authority (QCA) for OCNYHR's NOCN accreditation activity, and the Quality Assurance Agency (QAA) for its Access to HE activity OCNYHR is referred to as an Access Validating Agency (AVA) for its Access to Higher Education work 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 Northern Ireland

The Chief Executive is part of the National Open College Network (NOCN) National Leadership Team He is accountable to that Team and to NOCN (the National Open College Network, based in Sheffield) for the involvement of Yorkshire and Humber Region staff in national activities as appropriate

OBJECTIVES AND ACTIVITIES

The OCNYHR 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 in relation to their learning and personal development, and for their voices 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 practice

The new Strategic Plan covering the period 2010-2012 was approved by the Board after the annual process of review and consultation with all staff and included significant trustee input Each operational area or theme has key strategic aims, objectives and milestones for the work, mapped to the key strategic priorities identified by the Plan Members of the Senior Management Team individually have lead responsibility to deliver against the Strategic Plan in key business areas and are required to report to the Board of Trustees on a quarterly basis All staff are required to map their own work to the Strategic Plan through team and individual action planning

The Performance Review submitted to the Board on 22nd June 2010 demonstrated that the organisation had met the majority of its business objectives When reviewing the aims and objectives of the charity, and in planning future activities, the trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Commission, in particular in widening access to learning and in targeting disadvantaged learners and communities

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2010

ACHIEVEMENTS AND PERFORMANCE

Open College Network Yorkshire and Humber has continued to provide a stable and supportive service to its membership network in the 2009-2010 operational year. Despite concerns over government funding and policy, OCNYHR has maintained an assertive and confident business approach and has continued to diversify and innovate in a number of key areas of the business. The growth of schools coming into membership is a key sign that the relatively new offer made available through the investments made in Step-UP and the Progression Qualifications are producing positive returns with the potential for further significant growth. OCNYHR's ability to reach disadvantaged learners through its diverse membership network has been evidenced by the number of learners from disadvantaged postcodes being awarded Credit-bearing Units or full Qualifications.

In June 2009, the Quality Assurance Agency (QAA), responsible for reviewing the licence of OCNYHR as an Access Validating Agency (AVA), conducted a three day review and presented a very favourable report of the AVA's work, against four set licence principles. The AVA was subsequently issued with a renewed licence for 5 years, conditional on the implementation of 6 changes, including some to OCNYHR's Memorandum and Articles of Association. There were 6 areas of the AVA's practice which the QAA commended and a number of further recommendations were made for the continuing improvement of the AVA's service, for consideration by the Trustees and the Senior Management Team. An action plan in response to the findings was produced and implemented. The six conditions have all now been fully met, as confirmed by correspondence received from the Quality Assurance Agency on 18th June 2010, following consideration of our responses by the QAA's Recognition and Licensing Committee.

At the end of 2009/10, the trustees acknowledged

Strengths

- 1 A strong staff team, which works to a core set of negotiated and agreed company values of Clarity, Integrity, Flexibility and Teamwork, as evidenced by the successful award of the Investors in People Bronze Award. This work met one of the challenges expressed in last year's report – *'To continue to build the internal strength of the organisation as a good place to work where employees feel valued, productive and rewarded'*
- 2 Wholly owned purpose built offices offering high quality facilities to staff, members and visitors,
- 3 The continuing extensive use of our own dedicated training suite to deliver Continuing Professional Development (CPD) to members of the OCNYHR Network, reducing costs in hiring facilities,
- 4 A range of educational services offered for the region including the very successful CPD programme which again grew in 2009-2010 and intensive support to new members and providers with curriculum and accreditation guidance,
- 5 A responsive registration and certification service, processing over 75,000 learner registrations and awards in 2009/10,

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2010

- 6 A growth in the number of schools coming into membership of OCNYHR. Here there is evidence of an increasing take-up of the Step-UP and Qualifications in Progression qualifications. This addresses one of the challenges expressed in last year's Directors' and Trustees' report *'To identify and establish new areas of business, such as increased work with schools, to replace the declines in the Further Education sector'*
- 7 As well as work in schools, there has been growth in the whole 14-19 sector, including with alternative education providers, targeting those young people who might have been, or who have the potential to be classified as NEETS (Not in Employment, Education or Training)
- 8 The promotion of our Foundation Learning offer has been key in 2009-2010 and there are positive indicators that we have now established ourselves as a creditable and significant player in this market,
- 9 A successful brand presence in the region, noted for its flexibility and creativity,
- 10 A robust human resources set up, including the successful award of the Disability Two-Ticks accreditation during 2009-10,
- 11 An organisational structure which embeds equal opportunities and actively promotes and funds learning and development for all staff ,
- 12 Secure and well-managed finance and IT systems, which are scrutinised by an active Finance and Staffing Committee of Trustees,
- 13 Increased effectiveness in marketing and communication through the membership network,
- 14 A successful set of Quality Assurance arrangements, which fully satisfy the requirements of the NOCN licence and that of the Quality Assurance Agency. This included an extensive piece of work to establish a revised quality model for schools,
- 15 A full, active and alert Trustee Board which helps the company fulfil its charitable objects and which helps the company to manage risks, provides challenge and accountability, offers strategic direction and acts in the role of critical friend to the organisation,
- 16 A growth in the number of learners taking the Access to HE Diploma as an entry route into Higher Education and the acquisition of new providers joining us as an AVA (Access Validating Agency),
- 17 A growth in the number of learners gaining a full Level 2 qualification (through Qualifications in Progression), with many learners then going on to study for the Access to HE Diploma at Level 3

Despite these successes, there has again been a larger decrease in learner numbers than anticipated. The overall target for growth in learner numbers for NOCN provision in 2009-10 was not met, although given that there was a higher than expected average cost per learner, the registration income was higher than forecast. This reduction in learner numbers is in line with the national situation for adult learning, with a squeeze on LSC funding for the core Further Education and adult community learning budgets and a predicted further loss of Further Education and Voluntary and Community Sector business as a consequence. Learner numbers in Access to Higher Education were above target and led to a 30% increase.

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2010

PLANS FOR FUTURE PERIODS

Challenges

- 1 Responses to the cuts made by the Coalition Government may well lead to a decline in the number of small third sector and indeed local authority members who can afford to trade with us. Similar declines may well be experienced in both the Further Education and Higher Education sectors
- 2 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 localised, regional and national policy drivers. To address this challenge, the OCNYHR Trustee Board has established a Regional Policy and Practice Committee to act as a consultative forum for Yorkshire and Humber and to support the company's strategic and operational objectives
- 3 OCNYHR has decided to consider the implications of being an Awarding Organisation in its own right. The drivers behind this include (1) the flexibilities offered by the Qualifications and Credit Framework (QCF) and the instigation of a new regulator, Ofqual, which is seeing an increase in the number of independent Awarding Organisations, as allowed for in current legislation, (2) challenges faced from other organisations, including consortia of colleges, to set up their own Awarding Organisations (AO), (3) the opportunity to be able to respond quickly and assertively to market demands in Yorkshire and Humber and to our membership
- 4 The OCN recognises that its registrations database will need replacing fairly soon, and by taking full advantage of new technology will further improve the effectiveness of its customer services, and fully support all its activities as an independent AO. This will be undertaken in consultation with but independent of other regional offices in the OCN Network, including the national office

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 relevant match to current and emerging policy drivers

- 14 – 19 work, linking Alternative Education Providers with schools to create clear progression pathways and coherent curricula in localities with the flexible Step-UP qualification,
- Access to Higher Education and Level 2 progression opportunities – especially with the withdrawal from the Access to HE Diploma market of AQA. Having already secured the successful transfer of one AQA provider in the summer of 2010, which is likely to attract an additional 250 learners for 2010/11, there is evidence that our reputation as an AVA is growing and this is attracting other providers to want to come with us for their Access to HE Diploma Level 3 provision,
- The promotion of new Access to Higher Education Regional Diplomas, such as Sustainable Development, Science, the Humanities, Nursing and Multi-media/Performing Arts,
- Development of GCSE Equivalencies with regional HEI input and progression agreements and cross-regional AVA working to secure a standardised approach,

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2010

- Workplace learning, particularly within the Social Care Sector and the third Sector,
- Enhanced support across all agencies for young people Not in Employment, Education or Training (NEETS),
- Employability support – focusing on job-readiness models for all ages but particularly for the Retail and Construction Sector – linked to post-recession growth opportunities,
- Foundation Learning (Entry Level and Level 1) qualifications and the dissemination of best practice,
- Promotion of the Qualifications and Credit Framework (QCF) and the potential this offers for progression pathways delivered by a variety of providers,
- Opportunities provided by the new Quality Assurance Qualifications which go live on 1st January 2011 will be maximised, with planning under way to be able to respond immediately with a comprehensive offer for member organisations and potential new customers

FINANCIAL REVIEW

The net deficit for the year before gains and losses on pension assets and liabilities is £232,680 (page 13) The above net deficit is after charging an exceptional item of £448,166 for the impairment of the leasehold offices of the charity (Note 5)

At the balance sheet date total funds (after deducting the pension reserve) stood at £1,527,801, all of which are unrestricted funds The trustees have noted the financial performance of the charity during the year and are aware of the need to improve their operational results going forward

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 (net of exceptional item), which equates to around £650,000 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 £484,000 amount to £697,155 The trustees will review the reserves 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 Board approved banks for periods of up to two 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 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

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2010

AUDITORS

The auditors, Ian Pickup & Co , will be proposed for reappointment in accordance with s 485 of the Companies Act 2006

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 2006 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

This report has been prepared in accordance with the Accounting and Reporting by Charities Statement of Recommended Practice (revised 2005) and in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 It was approved by the directors and trustees on 30 November 2010 and signed on its behalf by

J McLeod
Director and Trustee (Chairman)

2.12.2010

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 2010, 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 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 directors and trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

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 our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been properly prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Trustees' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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.

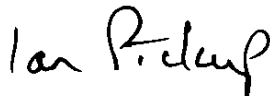
OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION (CONTINUED)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities, of the state of the charity's affairs as at 31 July 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been prepared in accordance with the Companies Act 2006,
- the information given in the Trustees' Annual Report is consistent with the financial statements



Ian Pickup
Senior Statutory Auditor
For and on behalf of Ian Pickup & Co
Chartered Accountants & Statutory Auditors
123 New Road Side
Leeds
LS18 4QD

Date 20 December 2010

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2010 (incorporating Income and Expenditure Account)

	NOTE	UNRESTRICTED FUNDS	RESTRICTED FUNDS	TOTAL FUNDS 2010	TOTAL FUNDS 2009
		£	£	£	£
INCOMING RESOURCES					
Incoming resources from generated funds					
Investment income		361	-	361	11,668
Rental income		478	-	478	-
Incoming resources from charitable activities					
Centre approval fees	2	167,195	-	167,195	168,875
Fees, contracts & grants	2	1,275,198	-	1,275,198	1,184,014
Miscellaneous fees	2	71,327	-	71,327	46,525
Total incoming resources		<u>1,514,559</u>	<u>-</u>	<u>1,514,559</u>	<u>1,411,082</u>
RESOURCES EXPENDED					
Charitable activities*					
NOCN Accreditation	3	710,847	-	710,847	807,437
Access to HE Accreditation	3	259,597	-	259,597	358,556
Training and advice	3	167,015	-	167,015	168,961
Governance costs	3	161,614	-	161,614	270,317
Other resources expended					
Exceptional item	4/5	448,166	-	448,166	-
Total resources expended	3	<u>1,747,239</u>	<u>-</u>	<u>1,747,239</u>	<u>1,605,271</u>
Net (expenditure) for the year before other recognised gains and losses	4	(232,680)	-	(232,680)	(194,189)
Gains/(Losses) on revaluation of pension assets	18	69,000	-	69,000	(110,000)
(Losses) on revaluation of pension liabilities	18	(79,000)	-	(79,000)	(2,000)
Net movement in funds		<u>(242,680)</u>	<u>-</u>	<u>(242,680)</u>	<u>(306,189)</u>
Funds b/f at 1 August 2009		<u>1,770,481</u>	<u>-</u>	<u>1,770,481</u>	<u>2,076,670</u>
Funds c/f at 31 July 2010	12	<u>1,527,801</u>	<u>-</u>	<u>1,527,801</u>	<u>1,770,481</u>

The notes on pages 15 to 23 form part of these accounts

There were no recognised gains and losses for 2010 and 2009 other than those included in the income and expenditure account

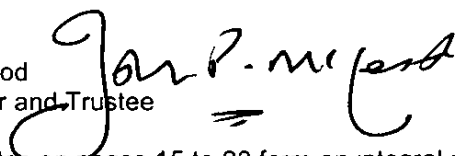
OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

BALANCE SHEET AS AT 31 JULY 2010

		2010	2009
	Note	£	£
FIXED ASSETS			
Tangible assets	8	830,646	1,312,006
CURRENT ASSETS			
Debtors	9	357,449	577,804
Cash at bank and in hand		<u>907,346</u>	<u>554,331</u>
		1,264,795	1,132,135
CREDITORS			
AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(83,640)</u>	<u>(77,660)</u>
NET CURRENT ASSETS		<u>1,181,155</u>	<u>1,054,475</u>
NET ASSETS excluding pension liability		2,011,801	2,366,481
PENSION LIABILITY	17	<u>(484,000)</u>	<u>(596,000)</u>
NET ASSETS including pension liability		<u>1,527,801</u>	<u>1,770,481</u>
UNRESTRICTED FUNDS			
Designated funds	12	-	200,000
General funds	12	<u>2,011,801</u>	<u>2,166,481</u>
TOTAL CHARITY FUNDS excluding pension reserve	12	2,011,801	2,366,481
PENSION RESERVE	12/17	<u>(484,000)</u>	<u>(596,000)</u>
TOTAL CHARITY FUNDS		<u>1,527,801</u>	<u>1,770,481</u>

The financial statements, which 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, were approved by the board of directors and trustees on 30 November 2010 and signed on its behalf

J McLeod
Director and Trustee



2.12.2010

The notes on pages 15 to 23 form an integral part of these accounts

Company Number 3773914

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2010

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 2006 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 1/3% straight line basis
- Furniture and Fittings - 20% straight line basis
- Leasehold improvements - over unexpired portion of lease
- Leasehold property - 2% straight line basis

Items are capitalised where the purchase price exceeds £500.

(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.

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2010

(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

(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. Additionally the charity contributes to defined contribution personal pension plans with Standard Life for certain employees.

2 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	2010 Total £	2009 Total £
Centre Approval fees	167,195	-	167,195	168,875
Accreditation				
Programme recognition				
Fees	7,900	-	7,900	6,825
Learner registration fees	961,218	-	961,218	942,616
Access to HE learner fees	227,683	-	227,683	184,043
Training and advice				
Contracts and fees	78,397	-	78,397	50,530
Fees, contracts & grants	1,275,198	-	1,275,198	1,184,014
Miscellaneous fees	71,327	-	71,327	46,525
TOTAL	1,513,720	-	1,513,720	1,399,414

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2010

3 TOTAL RESOURCES EXPENDED

	NOCN Accreditation £	Access to HE Accreditation £	Training & Advice £	Governance Costs £	2010 Total £	2009 Total £
Costs directly allocated to activities						
Core staff salaries	417,722	178,679	89,339	119,119	804,859	799,637
Quality model support staff fees	69,799	24,607	-	-	94,406	85,458
Employer's national insurance	31,330	13,401	6,701	8,934	60,366	67,700
Employer's pension costs	49,534	21,188	10,594	14,125	95,441	92,452
Current and past service costs of pensions	(78,369)	(33,522)	(16,761)	(22,348)	(151,000)	14,000
	490,016	204,353	89,873	119,830	904,072	1,059,247
Core staff travel costs	9,936	4,250	2,125	2,834	19,145	50,267
Quality model support staff travel costs	14,658	5,788	-	-	20,446	15,845
Staff Development	6,433	2,752	1,376	1,834	12,395	22,640
Payroll costs	1,142	488	244	326	2,200	2,220
NOCN Membership & other fees	86,825	-	-	-	86,825	88,651
Project contract costs	-	-	52,414	-	52,414	30,501
Office relocation costs	-	-	-	-	-	340
Audit and accountancy	-	-	-	4,823	4,823	4,628
Recruitment	-	-	-	-	-	10,733
Legal and professional	-	-	-	1,958	1,958	1,366
Insurance	-	-	-	2,032	2,032	1,525
Bad & doubtful debts	3,725	-	-	-	3,725	5,544
Pension finance cost (Note 18)	15,051	6,438	3,219	4,292	29,000	17,000
Support costs allocated to activities(pro-rata to employees)						
Software and IT support	9,319	3,986	1,993	2,658	17,956	14,338
Depreciation	18,521	7,922	3,961	5,282	35,686	40,986
Rent and rates	1,343	575	287	383	2,588	24,759
Utilities	4,232	1,810	905	1,207	8,154	6,776
Room hire	488	208	104	139	939	2,468
Repairs and sundry equipment	11,314	4,840	2,420	3,225	21,799	30,013
Telephone and fax	2,573	1,100	551	734	4,958	7,257
Postage	5,337	2,283	1,141	1,521	10,282	11,789
Stationery	9,385	4,015	2,007	2,676	18,083	28,484
Reprographics	6,597	2,822	1,411	1,881	12,711	10,535
Marketing and advertising	6,280	2,686	1,343	1,791	12,100	22,911
Hospitality	6,799	2,908	1,454	1,939	13,100	15,064
Subscriptions & memberships	505	216	108	144	973	627
Books and publications	368	157	79	105	709	1,046
TOTAL EXCL EXCEPTIONAL ITEMS	710,847	259,597	167,015	161,614	1,299,073	1,527,560
Exceptional items (Note 4)					448,166	77,711
TOTAL					1,747,239	1,605,271

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2010

4 NET (EXPENDITURE) FOR THE YEAR BEFORE OTHER RECOGNISED GAINS AND LOSSES

This is stated after charging

	2010 £	2009 £
Auditors' remuneration		
Audit fees	2,895	2,725
Accountancy	1,717	1,616
Audit fees – Teachers' pension scheme	211	201
Other services	-	86
Depreciation of tangible fixed assets	35,686	40,986
Operating lease rentals	9,490	9,448
Exceptional item - legal costs relating to an employment dispute	-	77,711
Exceptional item - impairment charge (Note 5)	448,166	-

5 EXCEPTIONAL ITEM – IMPAIRMENT OF LEASEHOLD BUILDING

In 2010 in accordance with Financial Reporting Standard 11 (Impairment of Fixed Assets and Goodwill) and SORP 2005, the trustees arranged for the charity's property to be reviewed for impairment. Impairment occurs where the carrying value (net book value) is higher than its recoverable amount. In such cases the asset is required to be written down to its recoverable amount. Recoverable amount is the higher of the net realisable value and the value in use (replacement cost).

In the case of the offices of OCNYHR, OCN House, the carrying value was £1,270,666 and the replacement cost was £822,500. Consequently an impairment charge of £448,166 has been charged to the accounts in the Statement of Financial Activities (Note 4).

6 EMPLOYEE INFORMATION

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

	2010 FTE	2009 FTE
Management and administration	4.5	4.0
NOCN Accreditation	14.0	14.0
Access to HE Accreditation	6.0	7.0
Training and advice	3.0	3.0
	<u>27.5</u>	<u>28.0</u>

Staff costs during the year were as follows

	2010 £	2009 £
Wages and salaries	899,265	885,095
Social security costs	60,366	67,700
Pension costs	95,441	92,452
	<u>1,055,072</u>	<u>1,045,247</u>

The number of higher paid employees was

	2010 No	2009 No
Taxable emoluments band £60,000 - £70,000	1	Nil
The number with retirement benefits accruing in Defined Benefit Pension Scheme	1	Nil

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2010

7 TRUSTEES' INFORMATION

None of the trustees received remuneration for their services during the year. Two trustees received reimbursed travel expenses amounting to £74 during the year (2009 - £nil)

8 TANGIBLE FIXED ASSETS

	Leasehold Property £	Office Equipment £	Furniture & fittings £	Total £
Cost or valuation				
At 1 August 2009	1,325,916	35,528	25,172	1,386,616
Additions	-	2,492	-	2,492
Disposals	-	-	-	-
At 31 July 2010	1,325,916	38,020	25,172	1,389,108
Depreciation				
At 1 August 2009	28,730	28,965	16,915	74,610
Charge for the year	26,520	4,588	4,578	35,686
Impairment charge (Note 5)	448,166	-	-	448,166
At 31 July 2010	503,416	33,553	21,493	558,462
Net book value				
At 31 July 2010	822,500	4,467	3,679	830,646
Net book value				
At 31 July 2009	1,297,186	6,563	8,257	1,312,006

The leasehold property is the charity's offices, OCN House, Lower Warrengate, Wakefield. The replacement cost of the property was estimated (on an insurance re-build basis) at £822,500 on 5 November 2010 by Malcolm Stuart LLP (Property Consultants). The market value of the property was estimated at £675,000 on 22 June 2010, by Malcolm Stuart LLP (Property Consultants).

9 DEBTORS

	2010 £	2009 £
Debtors	259,387	411,445
Accrued income	87,551	154,571
Prepayments	10,511	11,788
	<u>357,449</u>	<u>577,804</u>

10 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Creditors and accruals	46,853	46,001
Social security and other taxes	24,457	22,765
Income in advance	12,330	8,894
	<u>83,640</u>	<u>77,660</u>

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2010

11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Net current assets £	Total £
Unrestricted funds			
General funds	830,646	1,181,155	2,011,801
Designated funds	-	-	-
	<u>830,646</u>	<u>1,181,155</u>	<u>2,011,801</u>
Less Pension Reserve	-	(484,000)	(484,000)
Total funds	<u>830,646</u>	<u>697,155</u>	<u>1,527,801</u>

12 MOVEMENT IN FUNDS

	Balance 1 August 2009 £	Incoming Resources £	Outgoing Resources £	Pension gains/(losses) £	Transfer £	Balance 31 July 2010 £
Restricted funds	-	-	-	-	-	-
Unrestricted funds						
General funds	2,166,481	1,514,559	(1,869,239)	-	200,000	2,011,801
Designated funds						
- Development fund	200,000	-	-	-	(200,000)	-
Pension reserve	(596,000)	-	122,000	(10,000)	-	(484,000)
Total unrestricted funds	<u>1,770,481</u>	<u>1,514,559</u>	<u>(1,747,239)</u>	<u>(10,000)</u>	<u>-</u>	<u>1,527,801</u>
Total funds	<u>1,770,481</u>	<u>1,514,559</u>	<u>(1,747,239)</u>	<u>(10,000)</u>	<u>-</u>	<u>1,527,801</u>

Purposes of designated funds

Development Fund – the fund was set up by the trustees to support regional and national initiatives in business development. It was decided by the trustees in January 2010 that the fund was no longer required.

13 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 Authority (QCA) in England and ACCAC, CCEA in Wales and Northern Ireland. During the year the company has paid total fees of £94,046 (2009 £88,651) to NOCN. The licence is subject to annual inspection/compliance requirements. The company also charged NOCN £2,140 in the year (2009 £500) for work done for them. At the year-end there was an amount due to NOCN of £nil (2009 £57) and due from NOCN of £1,874 (2009 £nil).

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2010

14 COMMITMENTS UNDER OPERATING LEASES

At 31 July 2010 the charity had annual commitments under non-cancellable operating leases as follows

	Land & Buildings		Other	
	2010	2009	2010	2009
	£	£	£	£
Expiry date				
Between one and five years	1,999	7,571		
Over five years			1,957	7,473

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 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

16 PENSION COSTS – DEFINED CONTRIBUTION PLANS

The Charity has defined contribution pension plans with Standard Life as an alternative option for staff 12% an employee's gross salary is contributed by the company in addition to the employee's contribution Two employees took up this option in the year (2009 one) The cost to the charity for the year was £5,813 (2009 £2,080) and at the end of the year £nil (2009 £nil) was unpaid

17 PENSION RESERVE

The pension reserve of £484,000 at 31 July 2010 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 2010 See note 18

18 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 All valuations are carried out by professionally qualified actuaries The last full actuarial valuation of the scheme, as published, was carried out at 31 March 2007 and was updated by Hewitt Associates at 31 July 2010

Contributions were paid at rates of 6.5% to 7.2% for employees through the year Employers' contributions were 16.6% up to March 2009, 19.2% in the year to March 2010 and 21.7% thereafter

The cost to the charity for the year in respect of the West Yorkshire Pension Fund was £27,603 (2009 £29,985) and at the year-end £nil was unpaid (2009 £Nil)

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2010

18 PENSION COSTS – WEST YORKSHIRE PENSION FUND (CONTINUED)

The amounts recognised in the balance sheet are as follows

	2010 £	2009 £
Present value of funded obligations	1,435,000	1,498,000
Fair value of pension scheme assets	(951,000)	(902,000)
	<u>484,000</u>	<u>596,000</u>
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Deficit at end of year	<u>484,000</u>	<u>596,000</u>

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

	2010 £	2009 £
Current service cost	36,000	44,000
Past service cost	(159,000)	-
Interest on obligations	88,000	84,000
Expected return on pension scheme assets	(59,000)	(67,000)
Adjustment to opening fair value of pension scheme assets	-	-
Total pension cost recognised in statement of financial activities	<u>(94,000)</u>	<u>61,000</u>
Actual return on pension scheme assets	<u>128,000</u>	<u>(43,000)</u>

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

	2010 £	2009 £
Opening defined benefit obligation	1,498,000	1,433,000
Current service cost	36,000	44,000
Interest on pension liabilities	88,000	84,000
Member contributions	10,000	12,000
Past service cost	(159,000)	-
Actuarial losses on liabilities	79,000	2,000
Benefits / transfers paid	(117,000)	(77,000)
Closing defined benefit obligation	<u>1,435,000</u>	<u>1,498,000</u>

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

	2010 £	2009 £
Opening fair value of pension scheme assets	902,000	980,000
Adjustment to opening fair value of pension scheme assets	-	-
Expected return on pension scheme assets	59,000	67,000
Employer contributions	28,000	30,000
Member contributions	10,000	12,000
Actuarial gains/(losses) on assets	69,000	(110,000)
Benefits / transfers paid	(117,000)	(77,000)
Closing fair value of pension scheme assets	<u>951,000</u>	<u>902,000</u>

OPEN COLLEGE NETWORK YORKSHIRE AND HUMBER REGION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2010

18 PENSION COSTS – WEST YORKSHIRE PENSION FUND (CONTINUED)

The employer's regular contributions to the fund in the year to 31 July 2011 are estimated to be £31,000. In addition "Strain on fund" contributions may be required.

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

	2010	2009
Equities	69.9%	71.4%
Government bonds	13.2%	14.7%
Other bonds	3.9%	3.7%
Property	3.9%	3.6%
Cash / liquidity	2.5%	5.0%
Other	6.6%	1.6%

Principal actuarial assumptions at the balance sheet date were as follows

	2010	2009
Discount rate at 31 July	5.4%	6.0%
Future salary increases	5.15%	5.45%
Future pension increases	2.7%	3.7%
Rate of inflation - RPI	3.4%	3.7%
Expected return on pension scheme assets at 31 July	7.4%	6.9%
Rate of inflation - CPI	2.7%	N/A

OCNYHR employs a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each net asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31 July 2010.

Amounts for the current and previous four periods are as follows

	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
Defined benefit obligation	(1,435)	(1,498)	(1,433)	(1,179)	(1,041)
Pension scheme assets	951	902	980	990	810
(Deficit) / Surplus	(484)	(596)	(453)	(189)	(231)
Experience adjustments on scheme liabilities	-	-	(32)	-	(36)
Experience adjustments on scheme assets	69	(110)	(119)	49	59

19 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 Statement of Recommended Practice issued in March 2005, the charity accounts for its contributions to the scheme as if it were a defined contribution scheme. There were on average through the year 14 members of staff in the scheme (2009: 14) and contribution rates during the year were paid at a rate of 6.4% for employees and 14.1% for employers respectively.

The cost to the charity for the year in respect of the Teachers' Pension Scheme was £62,025 (2009: £60,387) and at the end of the year £nil (2009: £nil) was unpaid.