

**OPEN COLLEGE FOR THE ARTS**  
**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

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## OPEN COLLEGE FOR THE ARTS

### Charity Information

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**Trustees:** Cathy Baxandall  
Alison Churchill  
Sheila Carlton  
Peggotty Graham  
Chris Jelley  
Ros Morpeth  
Richard Robbins  
Richard Spelman

**Chief Executive:** Gareth Dent

**Secretary:** Malcolm Thompson

**Charity Registration Number:** 327446

**Company Registration Number:** 2125674

**Charity Office/Registered Office:** Unit 1B  
Redbrook Business Park  
Wilthorpe Road  
Barnsley  
S75 1JN

**Website:** [www.oqa-uk.com](http://www.oqa-uk.com)

**Auditors:** Forrest Burlinson  
Chartered Accountants & Registered Auditors  
# 20 Owl Lane  
Dewsbury  
West Yorkshire  
WF12 7RQ

<b>Bankers:</b>	HSBC PLC 5 Market Hill Barnsley South Yorkshire S70 2PY	National Irish Bank 20 Drogheda Street Balbriggan Co. Dublin Eire
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**Solicitors:** Irwin Mitchell Solicitors  
40 Holborn Viaduct  
London  
EC1N 2PZ

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The trustees present their report and accounts for the year ended 30 June 2009. The financial statements have been prepared in accordance with the accounting policies set out in note 1 and comply with the charity's trust deed, the Charities Act 1993 and the Statement of Recommended Practice: Accounting and Reporting by Charities 2005.

#### **Structure, governance and management**

The charity is a company limited by guarantee and not having a share capital is governed by its Memorandum and Articles of Association dated 23rd April 1987. The Trust is a registered charity.

The directors of the company are its trustees for the purpose of charity law and throughout this report are referred to as the trustees. The trustees as Charity Trustees have control of the company and its property and funds.

The trustees named on the front sheet have served throughout the year.

Each member undertakes to contribute to the assets of the company in the event of the company being wound up to a limit not exceeding £1 (one pound).

The board of trustees, which can consist of up to 12 members, agree the broad strategy and areas of activity of the company in accordance with the Articles of Association and the charitable objects set out below.

The board of trustees have general powers of investment under the Articles of Association. In practice surplus funds are invested in interest bearing bank deposits.

On a day to day basis the Chief Executive and the Company Secretary manage the activities of the charity. To facilitate effective operations, the Chief Executive has delegated authority for operational matters including finance, employment and academic affairs.

#### **Policies and procedures adopted for the induction and training of trustees**

The company recognises that it has a responsibility to provide guidance and assist new trustees in fulfilling their duties and responsibilities. This is done in accordance with Charity Commission guidance. New trustees are given appropriate Charity Commission publications and training seminars.

#### **Objects and policies**

The object of the charity is to promote and provide education and training in the field of arts and crafts and related skills and disciplines in all countries of the world.

The principal work of the charity is through high quality, tutor supported, distance learning courses. This is done using specially written course manuals and associated learning materials which guide students through a programme of work.

#### **Achievements and performance**

It has been a major year of change for the OCA.

We have:

- Made significant investment in quality through commissioning new courses and the refreshment of existing ones;
- Developed an overarching QA framework;
- Introduced Course Leaders with responsibility for teaching and learning in their subject specialisms;
- Implemented a bursary scheme to increase access to our provision;
- Restructured the Executive Team to ensure greater effectiveness in operational and academic management;
- Streamlined the committee structure to speed and improve decision making;

Although economic conditions have had a negative effect on enrolments, student progression has increased and accreditations are up more than 40% on the previous year. This will feed through in subsequent years to a significant increase in the numbers of students gaining degrees with the OCA

### Future Plans

The charity will maintain its focus on investment in quality and will:

- Develop discrete degree pathways to widen student choice and enhance student employability;
- Continue with significant investment in course development;
- Work with OCA Course Leaders in a programme of tutor development;
- Enhance the college's management information systems to better support students and the needs of the charity;
- Build the charity's capacity through restructuring of the finance and academic services teams;

### Financial review

The trustees have approved a change in accounting policy with regard to the recognition of income from our partner university. This has meant that figures for the year ending 30 June 2008 have been restated.

The 2008/09 year resulted in an overall deficit of £97,031 (2008 restated £53,985 surplus), of this however £26,508 was spending of grant monies received in the previous year. As outlined above expenditure has been incurred in the year on course development. Whilst the benefits of this expenditure will be obtained in the near future, the trustees did not feel it prudent to carry these costs forward to future periods given the nature of the expenditure and benefits.

Given the changes which have taken place and the level of investment during the year, the trustees consider the financial performance to be satisfactory.

### Risk management

The trustees actively assess the major risks to which the charity is exposed through regular meetings and believe that maintaining reserves at current levels, combined with an annual review of controls over key financial systems, will provide sufficient resources in the event of adverse conditions.

A provision of £45,000 has been made available in previous accounts to cover potential risk associated with employment and course accreditation liabilities, this provision has been kept in full.

### Reserves policy

At 30th June 2009, the company had reserves of £440,852.

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 at least 3 months of the resources expended which equates to £280,740 in general funds. At this level the trustees feel that they can continue current activities of the charity in the event of a significant drop in funding. In the event of such an occurrence, it would obviously be necessary to consider how the funding would be replaced or activities changed. At present, the free reserves, which amount to £420,852, meet this target but are not considered to be excessive in the opinion of the trustees.

#### Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Forrest Burlinson be reappointed as auditors of the company will be put to the Annual General Meeting.

#### Statement of trustees' responsibilities

The trustees are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a) select suitable accounting policies and apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and;
- d) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in operation.

The trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


#### Statement of disclosure to auditors

So far as the trustees are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the trustees have taken all the necessary steps that they ought to have taken as trustees in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

#### Approval

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

This report was approved by the trustees on 22 October 2009 and signed on their behalf by:

  
Signed Chris Jelley

On behalf of the board of trustees

We have audited the financial statements of Open College of the Arts for the year ended 30 June 2009 set out on pages 5 to 11, which comprise the Statement of Financial Activities and Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (April 2008) as adapted using the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005.

This report is made solely to the company's members, as a body, in accordance with section 495 and 496 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

The financial statements of the charitable company as of 30 June 2008 were audited by another auditor whose report dated 14 November 2008, expressed an unqualified opinion and was unmodified.

#### **Respective responsibilities of the directors and auditors**

The Trustees, who are also directors of Open College of the Arts for the purpose of company law, are responsible for preparing 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. Their responsibilities 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, 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 Report of the Trustees 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.

#### **Basis of audit opinion**

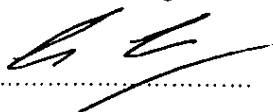
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 company'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.

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its incoming resources and applications of resources, including its income and expenditure, in the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 applicable to small companies; and
- the information given in the Report of the Trustees is consistent with the financial statements



Simon Sheard (Statutory Auditor)

for and on behalf of Forrest Burlinson  
Chartered Accountants and Registered Auditors

30 March 2009

20 Owl Lane  
Dewsbury  
WF12 7RQ

**OPEN COLLEGE OF THE ARTS**  
**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2009**  
**AND INCOME AND EXPENDITURE ACCOUNT**

Charity No. 327446  
Company No. 2125674

	Notes	Unrestricted funds £	Restricted funds £	2009 Total £	2008 Total £ (restated)
<b>Incoming resources</b>					
Incoming resources from generated funds:					
Grants and donations	2	-	-	-	89,000
Investment income	3	9,336	-	9,336	23,689
		<u>9,336</u>	<u>-</u>	<u>9,336</u>	<u>112,689</u>
Incoming resources from charitable activities:					
Course income		1,043,105	-	1,043,105	1,194,706
<b>Total incoming resources</b>		<u>1,052,441</u>	<u>-</u>	<u>1,052,441</u>	<u>1,307,395</u>
<b>Resources Expended</b>					
Charitable activities:					
College operating costs		1,112,367	26,508	1,138,875	1,246,742
Governance costs		10,597	-	10,597	6,668
<b>Total resources expended</b>		<u>1,122,964</u>	<u>26,508</u>	<u>1,149,472</u>	<u>1,253,410</u>
<b>Net income/(expenditure) for the year</b>	4	<b>(70,523)</b>	<b>(26,508)</b>	<b>(97,031)</b>	<b>53,985</b>
Transfers	5	(498)	498	-	-
<b>Net movement in funds</b>		<u>(71,021)</u>	<u>(26,010)</u>	<u>(97,031)</u>	<u>53,985</u>
Reconciliation of funds:					
Total funds brought forward		491,873	46,010	537,883	483,898
<b>Fund funds carried forward</b>		<u><u>420,852</u></u>	<u><u>20,000</u></u>	<u><u>440,852</u></u>	<u><u>537,883</u></u>



**OPEN COLLEGE OF THE ARTS**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 30 JUNE 2009**

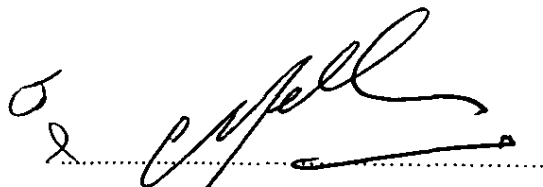
Charity No. 327446  
Company No. 2125674

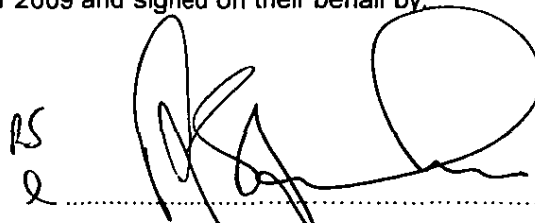
	<b>2009</b>	<b>2008</b>
	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
		(restated)
Net income for the year	(97,030)	53,985
<b>Total recognised gains and losses relating to the year</b>	<u>(97,030)</u>	<u>53,985</u>
Prior year adjustment 1	(6,577)	-
<b>Total recognised gains and losses since last annual report</b>	<u>(103,607)</u>	<u>53,985</u>

	Notes	Total 2009 £	Total 2008 £ (restated)
<b>Fixed Assets</b>			
Tangible assets	8	4,517	-
<b>Current Assets</b>			
Stocks		10,070	12,746
Debtors and prepayments	9	256,106	221,087
Cash at bank		318,759	524,911
		<u>584,935</u>	<u>758,744</u>
<b>Creditors: Amounts falling due within one year</b>	10	(148,600)	(220,861)
<b>Net Current Assets</b>		<u>436,335</u>	<u>537,883</u>
<b>Net Assets</b>		<u>440,852</u>	<u>537,883</u>
<b>FUNDS</b>			
Restricted funds	11	20,000	46,010
Unrestricted funds	11	420,852	491,873
		<u>440,852</u>	<u>537,883</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008) as adapted using the Statement Of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005.

The financial statements were approved by the board on 22 October 2009 and signed on their behalf by:

  
 Chris Jelley  
 Trustee

  
 Richard Spelman  
 Trustee

**1 Accounting Policies**

**1.1 Change in accounting policy and in presentation**

Comparative figures have been restated to reflect a change of accounting policy:

Income from the partner university is recognised in accordance with a contract and paid in arrears at the end of the academic year. Previously this income was recognised in the period in which the income was received.

As a result, comparative figures for the year ended 30 June 2008 have been adjusted as follows:

	Surplus for the year	Net assets
	£	£
Effect of change in the timing of recognition of partner university income	(14,189)	205,742

**1.2 Basis of preparation of accounts**

The financial statements are prepared in accordance with Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005 and applicable UK Accounting Standards and the Companies Act 2006.

The accounts have been prepared in accordance with the historical cost convention except as modified for the revaluation of investments and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

**1.3 Company status**

As the company does not trade for profit, the trustees have taken advantage of Section 474 of the Companies Act 2006 and have prepared an income and expenditure account instead of a profit and loss account.

**1.4 Funds structure**

Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objects.

Restricted funds comprise grant monies from the Lankelly Chase Foundation to assist work in prisons.

**1.5 Incoming resources**

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.

The following specific policies apply to categories of income:

Course income: this represents net invoiced sales of goods and services.

Course income dependent upon external factors is credited on receipt.

Grants and Donations: these are accounted for on receipt, unless otherwise specified by the donor. There were no Grants or Donations received in the year.

Investment Income: is recognised on a receivable basis.

**1.6 Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category and include Value Added Tax.

Charitable activities: comprise all costs identified as wholly or mainly attributable to achieving the charitable objects of the charity, including the costs of course production, development and support.

Governance costs comprise all costs identified as wholly or mainly attributable to ensuring the public accountability of the charity and its compliance with regulation.

**1.7 Operating Leases**

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities as incurred.

**1.8 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets, except freehold land, at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives using the following rates:

Fixture, Fittings & Equipment	Straight Line Method over 5 years
Computer Equipment	Straight Line Method over 3 years

**1.9 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items. Cost includes all direct expenditure.

**2 Grants and donations**

	Unrestricted Funds £	Restricted Funds £	2009 Total £	2008 Total £
Esmee Fairbairn Foundation	-	-	-	69,000
LankellyChase Foundation	-	-	-	20,000
	-	-	-	<u>89,000</u>

**3 Investment income**

	Unrestricted Funds £	Restricted Funds £	2009 Total £	2008 Total £
Bank interest received	<u>9,336</u>	-	<u>9,336</u>	<u>23,689</u>

**4 Net Incoming resources**

This is stated after charging:	2009 Total £	2008 Total £
Auditors' fees remuneration for audit services	5,670	3,228
Operating lease rentals:		
Hire of plant and machinery	12,131	16,769
Other operating leases	18,729	18,643
Depreciation of tangible assets	1,245	-

**5 Transfers**

A transfer has been made of £498 for excess expenditure from the Esmee Fairburn Fund. No other transfers have been made between funds in the period.

<b>6 Staff costs</b>	<b>Total £</b>	<b>Total £</b>
Wages and salaries	359,586	350,954
Social Security costs	34,847	32,274
	<u>394,433</u>	<u>383,228</u>

The average full-time equivalent number of employees is as follows:

	<b>2009</b>	<b>2008</b>
Staff	<u>13</u>	<u>17</u>

Number of employees earning between £60,000 and £70,000	<u>1</u>	<u>1</u>
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**Volunteers**

There are no hours contributed by volunteers in 2008 or 2009.

**7 Remuneration and Transactions with Trustees**

No remuneration was paid to any trustee in the year.

Expenses totalling £3,960 (2008: £2,495) were reimbursed to trustees during the year.

Trustee indemnity insurance was taken for the protection of the trustees paid for by the charity at a cost of £967 (2008: £945) during the year.

**8 Tangible Fixed Assets**

	<b>Leasehold Premises Improvements £</b>	<b>Office Equipment and Fittings £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 July 2008	13,272	215,655	228,927
Additions		5,762	5,762
Disposals	-	-	-
At 30 June 2009	<u>13,272</u>	<u>221,417</u>	<u>234,689</u>
<b>Depreciation</b>			
At 1 July 2008	13,272	215,655	228,927
Charge for the year		1,245	1,245
On disposals	-	-	-
At 30 June 2009	<u>13,272</u>	<u>216,900</u>	<u>230,172</u>
<b>Net book value</b>			
At 30 June 2008	-	-	-
At 30 June 2009	<u>-</u>	<u>4,517</u>	<u>4,517</u>

<b>9 Debtors</b>	<b>2009 Total £</b>	<b>2008 Total £</b>
Prepayments and accrued income	<u>256,106</u>	<u>(restated) 221,087</u>

**10 Creditors**

	2009 Total £	2008 Total £
Trade creditors	23,763	50,863
Taxation and social security	9,327	-
Accruals	115,510	169,998
	<u>148,600</u>	<u>220,861</u>

**11 Analysis of Funds**

	B/Fwd (restated) £	Incoming resources £	Resources expended £	Transfers £	C/Fwd £
<b>Restricted funds</b>					
Esmee Fairbairn Foundation	26,010	-	(26,508)	498	-
LankellyChase Foundation	20,000	-	-	-	20,000
	<u>46,010</u>	<u>-</u>	<u>(26,508)</u>	<u>498</u>	<u>20,000</u>
<b>Unrestricted funds</b>	491,873	1,052,441	(1,122,963)	(498)	420,853
	<u>537,883</u>	<u>1,052,441</u>	<u>(1,149,471)</u>	<u>-</u>	<u>440,853</u>

**Analysis of Net Assets Between Funds**

	General Fund £	Esmee Fairburn Foundation £	Lankelly Foundation £	Total £
Tangible fixed assets	4,517	-	-	4,517
Current assets	564,935	-	20,000	584,935
Creditors falling due within one year	(148,600)	-	-	(148,600)
	<u>420,852</u>	<u>-</u>	<u>20,000</u>	<u>440,852</u>

**12 Commitments**

At 30 June 2009 the company had annual commitments under non cancellable operating leases as follows:

	Land and buildings		Office equipment	
	2009 £	2008 £	2009 £	2008 £
Within 1 year	-	-	-	15,838
Between 2 and 5 years	18,780	12,500	11,463	4,726

**13 Contingent Liability**

The charity accepts credit card payments from customers. There is a potential clawback of payments made by customers under consumer legislation. HSBC Bank Plc has reserved the right to utilise a maximum of £250,000 against this liability.