

Charity No. 327446
Company No. 2125674

OPEN COLLEGE OF THE ARTS
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

WEDNESDAY



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COMPANIES HOUSE

OPEN COLLEGE OF THE ARTS

Charity Information

Trustees: Cathy Baxandall
The Very Reverend Peter Edward Bradley
Professor Patricia Cullen
Helen Dingle
Peggotty Graham resigned 14 February 2013
Karan Green appointed 24 July 2013
Simon Hill appointed 24 July 2013
Chris Jelley
Jacqueline Marsh resigned 27 September 2012
Professor Muriel Robinson OBE appointed 24 July 2013
David Willshaw

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

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

Bankers: CAF Bank Ltd
25 Kings Hill Avenue
Kings Hill
West Malling
ME19 4JQ
Danske Bank
1 Airton Close
Tallaght
Dublin 24
Eire

Barclays Plc
10 Market Street
Bradford
BD1 1EG

Solicitors: Irwin Mitchell Solicitors
40 Holborn Viaduct
London
EC1N 2PZ

CONTENTS

	Page
Trustees' Report	1 - 3
Independent Auditors' Report	4
Statement of Financial Activities	5
Balance Sheet	6
Notes to the accounts	7 - 11

The trustees present their report and accounts for year ended 31 August 2013.
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 2011 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 as detailed under Charity Information.

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.

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

This year the OCA has continued to focus its efforts on improving the quality of the student experience and widening the student choice.

We have:

- Restructured our Head Office operations to put the maximum resource into directly supporting students' learning;
- Continued our programme of course introductions and renewal to ensure our degrees remain contemporary and challenging;
- Supported more tutors to gain HEA Fellowships as part of a programme of tutor development;
- Developed a new student site as the foundation of an enhanced e-delivery platform.

As a consequence, whilst enrolments are down on recent years, the number of academic credits awarded has grown significantly.

Future Plans

The charity remains committed to widening access and improving the quality of provision and will:

- Work with the OCA Student Association to enhance the student experience;
- Refresh the OCA brand and build greater awareness of our courses and the benefits of studying the creative arts.
- Continue to invest in course and tutor development.

Financial review

The 2012/13 year resulted in a deficit of £316,444 (2012: £328,170 surplus) on the General Fund before transfers to designated reserves for the Learner Support Scheme (£0) and the Accreditation Contingency Fund (£15,000).

The OCA anticipated that this transitional year would be financially challenging and made provision in advance to take account of this. Careful cost management has enabled the OCA to limit the financial deficit to a level broadly similar to the surplus generated in the previous year. While it is never pleasing to make a loss, our charitable purpose drives what we do and we are pleased that we have been able to maintain investment in development.

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 regular reviews of controls over key financial systems, will provide sufficient resources in the event of adverse conditions.

Reserves policy

As at 31 August 2013, the charity had unrestricted reserves of £471,937.

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 £343,911 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 not committed or invested in tangible fixed assets, which amount to £438,407, meet this target but cannot be considered excessive.

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.

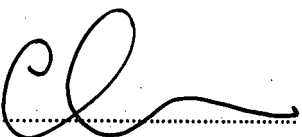
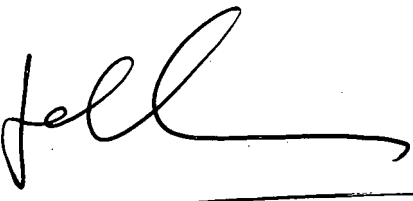
Statement of disclosure to auditors

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 21 February 2014 and signed on their behalf by:

 
Signed Chris Jelley (Chairman)

On behalf of the board of trustees

We have audited the financial statements of Open College of the Arts for the year ended 31 August 2013, which comprise the Statement of Financial Activities and Income and Expenditure Account, the Balance Sheet and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement (set out on pages 2 and 3), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2013 and of its incoming resources and applications of resources, including its income and expenditure, in the period 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.

Opinion on other matters prescribed by the Companies Act 2006

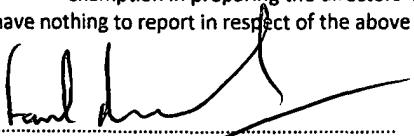
In our opinion the information given in the Annual Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report (Annual Trustees' Report).

We have nothing to report in respect of the above matters on which we are required to report by exception.


Charles Sheard (Senior Statutory Auditor)
for and on behalf of Forrest Burlinson
Chartered Accountants and Statutory Auditors

30/04/14
20 Owl Lane
Dewsbury
WF12 7RQ

OPEN COLLEGE OF THE ARTS
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2013
AND INCOME AND EXPENDITURE ACCOUNT

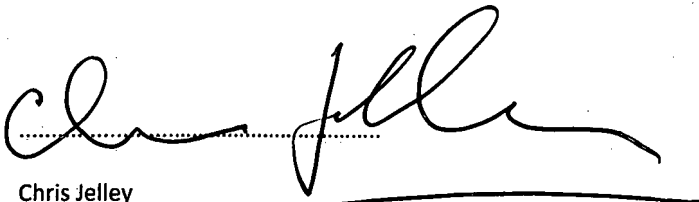
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Company No. 2125674

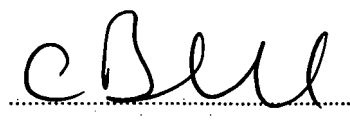
		2013 Total £	2012 14 months Total £
	Notes		
Incoming resources			
Incoming resources from generated funds:			
Grants and donations	2	105	100
Investment income	3	7,869	9,333
		<u>7,974</u>	<u>9,433</u>
Incoming resources from charitable activities:			
Course income		1,033,290	1,889,668
Total incoming resources		<u>1,041,264</u>	<u>1,899,101</u>
Resources Expended			
Charitable activities:			
College operating costs		1,373,322	1,553,021
Governance costs		8,853	9,306
Total resources expended		<u>1,382,175</u>	<u>1,562,327</u>
Net income/(expenditure) for the year	4	(340,911)	336,774
Other recognised gains/losses			
Net realised gains/(losses) on sale of investments		917	(2,821)
Net unrealised gains/(losses) on investment assets		17,019	(11,872)
Net movement in funds		<u>(322,975)</u>	<u>322,081</u>
Reconciliation of funds:			
Total funds brought forward		794,912	472,831
Fund funds carried forward		<u><u>471,937</u></u>	<u><u>794,912</u></u>

	Notes	Total 2013 £	Total 2012 £
Fixed Assets			
Tangible assets	7	33,530	27,266
Investments	8	132,503	104,630
		<u>166,033</u>	<u>131,896</u>
Current Assets			
Stocks		14,602	10,779
Debtors and prepayments	9	203,804	188,862
Cash at bank		207,755	635,543
		<u>426,161</u>	<u>835,184</u>
Creditors: Amounts falling due within one year	10	(120,257)	(172,168)
Net Current Assets		<u>305,904</u>	<u>663,016</u>
Net Assets		<u><u>471,937</u></u>	<u><u>794,912</u></u>
FUNDS			
Unrestricted funds	11	471,937	794,912
		<u><u>471,937</u></u>	<u><u>794,912</u></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).

The financial statements were approved by the board on 21 February 2014 and signed on their behalf by:


Chris Jelley
Trustee


Cathy Baxandall
Trustee

1 Accounting Policies

1.1 Basis of preparation of accounts

The financial statements are prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as modified by the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005).

The accounts have been prepared in accordance with the Companies Act 2006 and 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).

1.2 Company status

The company is a company limited by guarantee, having no share capital and being a registered charity.

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.

1.3 Funds structure

Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objects. These funds are explained in note 11.

There were no restricted funds for the year to 31 August 2013 and the period to 31 August 2012.

1.4 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 is the invoiced sales of goods and services to students.

Grants and donations are included when the charity is entitled to receipt which may be subject to conditions and contingencies.

Income from investments is recognised on a receivable basis.

1.5 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 includes Value Added Tax which the charity cannot recover.

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.

1.6 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.

1.7 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	Reducing Balance Method at 20% per annum
Computer Equipment	Straight Line Method over 3 years

1.8 Investments

Investments are stated at market value. Realised and unrealised gains on investments are accounted for separately in the statement of financial activities.

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 £	2013 12 months Total £	2012 14 months Total £
Donations	105	-	105	100
	<u>105</u>	<u>-</u>	<u>105</u>	<u>100</u>

3 Investment Income

	Unrestricted Funds £	Restricted Funds £	2013 12 months Total £	2012 14 months Total £
Bank and other interest received	7,869	-	7,869	9,333

4 Net incoming resources

	2013 12 months Total £	2012 14 months Total £
This is stated after charging:		
Auditors' fees remuneration for audit services	6,000	6,250
Hire of plant and machinery	4,459	8,132
Other operating leases	22,170	24,733
(Gains)/Losses on foreign exchange	(975)	1,795
Depreciation of tangible assets	11,420	13,387
Profit on disposal of fixed assets	-	350

5 Staff costs

	2013 12 months Total £	2012 14 months Total £
Wages and salaries	455,083	561,048
Social Security costs	41,653	55,522
	<u>496,736</u>	<u>616,570</u>

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

	2013	2012
Staff	<u>13</u>	<u>15</u>
Number of employees earning between:		
£70,000 and £80,000	-	1
£80,000 and £90,000	1	-

Volunteers

There were no hours contributed by volunteers in 2012 or 2013.

6 Trustees Remuneration and Expenses

No remuneration was paid to any trustee in the year.

Travelling expenses totalling £2,417 (2012: £1,173) were reimbursed to trustees.

7 Tangible Fixed Assets

	Office Equipment and Fittings £	Total £
Cost		
As at 1 Sept 2012	56,083	56,083
Additions	17,684	17,684
Disposals	-	-
As at 31 August 2013	<u>73,767</u>	<u>73,767</u>
Depreciation		
As at 1 Sept 2012	28,817	28,817
Charge for the year	11,420	11,420
On disposals	-	-
As at 31 August 2013	<u>40,237</u>	<u>40,237</u>
Net book value		
As at 31 August 2012	<u>27,266</u>	<u>27,266</u>
As at 31 August 2013	<u>33,530</u>	<u>33,530</u>

8	Investments	2013 Total £	2012 Total £
	Fixed Interest	<u>132,503</u>	<u>104,630</u>

All investments are UK securities, being bonds, preference shares and permanent interest bearing shares.
No single holding exceeds £30,000.

9	Debtors	2013 Total £	2012 Total £
	Prepayments and accrued income	<u>203,804</u>	<u>188,862</u>

10	Creditors	2013 Total £	2012 Total £
	Trade creditors	7,654	15,913
	Taxation and social security	10,011	13,646
	Accruals	102,592	142,609
		<u>120,257</u>	<u>172,168</u>

11	Analysis of Funds	as at 1 Sept 2012 £	Incoming resources £	Resources expended £	Other Gains £	Transfers £	as at 31 Aug 2013 £
	Designated Funds:						
	Learner Support Scheme	19,606	-	(6,531)	-	-	13,075
	Accreditation Fund	15,000	-	-	-	15,000	30,000
		<u>34,606</u>	<u>-</u>	<u>(6,531)</u>	<u>-</u>	<u>15,000</u>	<u>43,075</u>
	General Fund	<u>760,306</u>	<u>1,041,264</u>	<u>(1,375,644)</u>	<u>17,936</u>	<u>(15,000)</u>	<u>428,862</u>
	Unrestricted funds	<u>794,912</u>	<u>1,041,264</u>	<u>(1,382,175)</u>	<u>17,936</u>	<u>-</u>	<u>471,937</u>
	Total Funds	<u>794,912</u>	<u>1,041,264</u>	<u>(1,382,175)</u>	<u>17,936</u>	<u>-</u>	<u>471,937</u>

Learner Support Scheme

This is a designated bursary fund to support equality of opportunity and open access to courses for those facing financial or other hardship.

Accreditation Fund

This is a designated contingency fund against the future costs of maintaining degree accreditation.

General Fund

The General Fund is used for the running of the college.

Restricted Funds

The charity held no restricted funds as at 31 August 2012 and 31 August 2013.

12 Analysis of Net Assets Between Unrestricted Funds

	General Fund £	Accreditation Fund £	Learner Support Scheme £	Total £
Tangible fixed assets	33,530	-	-	33,530
Investments	132,503	-	-	132,503
Current assets	383,086	30,000	13,075	426,161
Creditors falling due within one year	(120,257)	-	-	(120,257)
	428,862	30,000	13,075	471,937

13 Related Party Transactions and Transactions with Trustees

Travel expenses were reimbursed to trustees of £2,417 (2012: £1,173).
Trustee indemnity insurance was taken for the protection of the trustees paid for by the charity at a cost of £436 (2012: £1,088) during the period.

14 Commitments

As at 31 August 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Office equipment	
	2013 £	2012 £	2013 £	2012 £
Leases expiring between 2 and 5 years	22,200	21,240	4,459	9,595