

**OPEN COLLEGE NETWORK NORTH EAST REGION**

**TRUSTEES' REPORT AND  
STATEMENT OF ACCOUNTS**

**YEAR ENDED 31<sup>ST</sup> OCTOBER 2006**

**COMPANY LIMITED BY GUARANTEE**

**REGISTERED CHARITY NUMBER 1087530  
COMPANY NUMBER 4042215**

**TUESDAY**



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**A15**

**29/05/2007**

**649**

**COMPANIES HOUSE**

CONTENTS

	<b>Pages</b>
Legal and administrative information	2
Report of the trustees	3 – 7
Statement of responsibilities	8
Report of the auditors	9
Statement of financial activities	10
Balance sheet	11
Notes forming part of the financial statements	12 – 19

**OPEN COLLEGE NETWORK NORTH EAST REGION  
TRUSTEES' REPORT**

**Legal and Administrative Details**

The Open College Network (TROCN) was registered as a private Limited Company on 24<sup>th</sup> July 2000 and registered as a charity on 13<sup>th</sup> July 2001. On 1<sup>st</sup> August 2005, Open College Network (TROCN) acquired the assets and liabilities of North East Open College Network (NEOCN) to form a regional Open College Network. The name of the charitable company was changed to Open College Network North East Region (OCNNER) on 21<sup>st</sup> September 2005.

**Registered Office** PO Box 310  
Marton Road  
Middlesbrough  
TS4 3YH

**Trustees**

The trustees are directors of the Company for the purpose of Company law. The trustees serving during the year and up to the date this report was approved

John Hogg – Chair until 30<sup>th</sup> November 2005  
Alan Bell  
Alfred Bennett  
Professor Jonathan Brown  
Glenis Charlton  
Kathleen Dunn  
Sarah Farley (resigned 30<sup>th</sup> November 2005)  
Alison Fisher  
Minna Ireland  
Susan Kearney (resigned 30<sup>th</sup> November 2005)  
Dr David Knight – Chair from 30<sup>th</sup> November 2005  
Mike Powell (resigned 30<sup>th</sup> November 2005)  
Ray Snowdon  
Mark Thompson (resigned 25<sup>th</sup> May 2006)  
Pat Whaley

<b>Chief Executive</b>	David Rippon
<b>Director of Business Development</b>	Paula Baxter
<b>Director of Quality and Company Secretary</b>	Linden Cook
<b>Director of Operations</b>	Patricia McCarron

**Bankers** Yorkshire Bank plc  
7 Linthorpe Road  
Middlesbrough TS1 1RF

**Auditors** S V Bye  
New Garth House  
Upper Garth Gardens  
Guisborough TS14 6HA

**Solicitors** Eversheds  
Central Square South  
Orchard Street  
Newcastle upon Tyne NE1 3XX

## OPEN COLLEGE NETWORK NORTH EAST REGION TRUSTEES' REPORT

The Board presents their annual report and accounts for the year ended 31<sup>st</sup> October 2006

### **Mission**

The Open College Network supports learning and widens opportunity by recognising achievement through credit-based courses and qualifications

### **Vision**

To be at the forefront of a comprehensive national Credit Accumulation and Transfer system, and recognised for promoting social inclusion, wider participation and community transformation

We will achieve this by

- Being passionate about inclusive credit-based learning (Learners/Opportunities/ Social Transformation)
- Being the best at facilitating the creative use of credit through responsive and demand-led product development
- Ensuring a robust business base through increasing learner registration and credit achievement, and providing high quality service and support
- Developing the people, capacity and resources of the network to ensure effective business partnerships

### **Values**

The mission and vision are anchored in the following core values OCNNER has

- A belief in the entitlement of people to gain recognition for their achievements in learning and to fulfil their potential
- 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
- An ambition to open up opportunities for vocational progression and personal and social development
- A commitment to integrity and ethical business practices

### **Structure, Governance and Management**

OCNNER is a charitable company limited by guarantee, established under a Memorandum of Association which lays out the objects and powers of the charitable company and is governed under its Articles of Association. The Articles of Association were revised in November 2005 following the acquisition of the assets and liabilities of NEOCN on 1<sup>st</sup> August 2005 by TROCN to form OCNNER.

OCNNER operates under licence to the National Open College Network (NOCN). As a national awarding body, NOCN is regulated by the Qualifications and Curriculum Authority (QCA). OCNNER is also an authorised validating agency (AVA) for Access to Higher Education courses and operates under licence to the Quality Assurance Agency for Higher Education (QAA). OCNNER is therefore regulated and audited by NOCN, QCA and QAA.

In the event of the company being wound up members are required to contribute an amount not exceeding £1.

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as the Board of Trustees.

Following the merger of the two companies in August 2005, a new board of Trustees was elected in November 2005. The Articles of Association were amended to reflect the constitution of the new larger and regional organisation and approved by members at an Extraordinary General Meeting on 30<sup>th</sup> November 2005.

The Board of Trustees meet at least five times a year and are responsible for the strategic direction and policy of the charitable company. Currently the Board has eleven members from a variety of professional backgrounds. Nine of the trustees are elected by the members with up to six co-options available through the Board.

## OPEN COLLEGE NETWORK NORTH EAST REGION TRUSTEES' REPORT

One elected trustee, Mark Thompson, resigned during the year and a replacement will be sought from the membership in 2007. The co-option of three new trustees Alison Fisher, an independent French Tutor and former NEOCN Board member, Ray Snowdon, Pro Skills UK Regional Director, and Patricia Whaley, NIACE Regional Development Officer and former TROCN Board member have brought significant additional experience and skills to the Board.

A skills audit undertaken in 2005 has been useful in informing the recruitment strategy for 2007 in order to ensure we retain a truly representative and diverse Board.

All new trustees receive an induction which includes a briefing on their legal obligations under charitable and company law, the content of the Memorandum and Articles of Association, the current business plan and management accounts. Ongoing training and development needs are met via events throughout the year. The majority of Trustees are familiar with the practical work of OCNNER having been involved in delivering OCN accreditation. The Director of Business Development provides regular updates on business activity at Board meetings and new and existing trustees are invited and encouraged to attend OCNNER events throughout the year. Trustees are regular contributors to the Annual General Meeting.

Standing Committees with revised titles, remits and reinvigorated membership were established this year and have proven highly effective with lively and informed debate enhancing the decision making process.

Day to day running of OCNNER is delegated to the Chief Executive who is responsible for ensuring delivery of the objectives contained within the business plan. The chief executive is supported by a team of three senior managers with responsibility for business development, operations and quality.

The Finance and Business Development Committee receives regular reports on the financial position and associated risks and support officers and the Board in developing procedures and contingency plans to mitigate against these. Risk management is an ongoing activity within Senior Management staff responsibilities and relevant issues are regularly reported to Committees and the Board of Trustees. Alongside the publication of regular management accounts a key process in our management of risk is that of regular review of financial policies and procedures and this includes the monitoring of reserves and investments as an annual activity.

### **Objectives and Activities**

OCNNER's aims and objectives, as outlined in the Memorandum of Association are to promote the improvement of the educational welfare of learners by the award of universally recognised credits and credit-based qualifications through a nationally agreed and maintained framework, for the general benefit of the public, thereby enhancing progression, motivation and satisfaction of learners and improving access to learning opportunities and facilitating progression to further learning, employment, training and higher education.

OCNNER addresses its aims by

- ensuring that there is a quality assured effective and comprehensive accreditation service to consistently award credit for learner achievements and provide access into, and pathways across, the national qualifications system,
- promoting and widening participation in education, learning and training, particularly by those adults who have previously been excluded from educational opportunities,
- improving the quality and flexibility of education, learning and training provision for the public benefit, primarily for those adults who have previously benefited least from formal educational provision,
- safeguarding and promoting the quality of the programmes of learning it accredits,
- providing a means by which progression, access, satisfaction and motivation may be enhanced for learners, and
- operating as an approved validating agency for the Quality Assurance Agency

## OPEN COLLEGE NETWORK NORTH EAST REGION TRUSTEES' REPORT

### Achievements and Performance

The external environment and specifically the amount of funding allocated to Adult Education in 2005–06, proved to be even more damaging than predicted. These funding cuts have seriously hit learners at the very core of our main income stream, that is, those courses that support first rung provision and learners in the widening participation and social inclusion market.

The Business Plan for 2005-6 stated the main objectives of OCNNE as follows

- To retain commitment of current combined membership of the two former OCNs
- To maintain Learner Registrations on standard OCN programmes
- To maintain Learner Achievement in line with the above
- To maintain current Learner Registrations on National Programmes
- To extend and develop work in new markets
  - Voluntary and Community sector
  - 14–19 year olds
  - Workforce Development
- To maintain current growth rates in Cumbria over 2005–2007
- To review Fees and Charges for implementation from September 2006 in line with National Fees and Charges
- To increase Access to HE provision in Tyne and Wear

Although business activity has reduced, a significant amount of progress has been made towards these stated objectives and OCNNE has been able to build upon the history of the two former OCNs to create a broader regional perspective giving us a greater strategic presence. This has been measured and evidenced through our increasing role as a strategic partner in the region with one example being the 'Working Together' initiative with Tyne-Wear LSC.

A significant strength of OCNNE is that it can provide opportunities for accreditation across a range of providers and can point to progression routes for learners. In particular, the NOCN Progression Qualifications have been used to provide a staged re-introduction to learning for potential Access learners.

A key milestone achieved in the period was the development and implementation of a Regional Access to HE Framework and a proactive approach to the promotion of this area of our work. OCNNE was actively involved in a National Access to HE Conference held in the region and supported by NOCN and NIACE. The development of the Regional Access to HE Framework has provided an excellent opportunity to engage with providers throughout the region who do not currently use OCNNE Access to HE provision.

Operating in a very difficult environment, with much change both internal and external, OCNNE has maintained a focus on the development of Access to HE provision. This has enabled us to plan effectively in advance for the implementation of the Access to HE Diploma.

Despite the reduction in learner numbers membership has grown over the past twelve months to a record of almost three hundred organisations.

OCNs have a key role to play in providing recognition of learning at work. The flexibility of our accreditation means that employers can gain recognition for courses that are tailored specifically to their needs. Learning organisations are dynamic and forward thinking and the creation of culture of learning can be supported by us. This year has seen an increase in the number of employers seeking membership of our organisation and extending our work with employers is a key objective for us in 2007.

We have retained national responsibility for working with the TUC on their OCN accredited provision and this 10 year partnership with NOCN has seen more than a million credits awarded to union representatives. The development of online learning has opened up the world of trade union education to those representatives who have been unable to access courses in the past. The vision underpinning the strategy with the TUC is that online courses and learning services will be of exemplary quality, highly valued both by learners and units.

## OPEN COLLEGE NETWORK NORTH EAST REGION TRUSTEES' REPORT

In addition to our work with our members, the achievement of the new NOCN Licence has provided us with a challenging set of new standards, mapped to QCA requirements, which ensures our ongoing credibility as a regional arm of a national awarding body

### Financial Review

The decline in learner numbers became obvious in April 2006. As our main income is reliant upon learner registrations and achievements, the cuts in funding for adult education had a serious effect on our forecasted income. The exact extent of the decline was difficult to forecast but the evidence was sufficient to alert Senior Managers and meant that remedial action needed to be taken to ensure the longer term sustainability of the organisation.

The decision was therefore taken to plan for a restructure of existing staffing which would enable OCNNEER to address three major issues,

- 1 Reduce costs and plan for a zero balance in 2006 – 07 with growth and a positive balance in 2007 – 08
- 2 Review the existing staffing structure to ensure new roles and responsibilities reflect the future needs of OCNNEER to continue to play its part as a member of the National Open College Network, as an AVA and in order to meet the needs of the region for a responsive and credible provider of accreditation services
- 3 Re-locate the company's two offices into a single, central site

The Board of Trustees supported the Chief Executive's plans to undertake these changes. At the time of this report all negotiations and consultation have been completed and the new structure will be fully operational from 1<sup>st</sup> April 2007 in a single office location.

The Board of Trustees have approved the utilisation of reserves to ensure business viability during the transition phase. The Reserves Policy was reviewed in 2006 and the full effect of the changes will be monitored and reported on as part of the review in 2007.

A review of our Investment Policy took place in 2006 and due to a positive overall performance and the fact that the five year investment period is not due to end until 2007 a further review will take place then.

In 2007 we will also be considering our position regarding the accumulating liability of the Pension Scheme.

### Plans for Future Periods

Business planning for the year 2006-2007 has been challenging, taking into account the reduced income from LSC funded learning, new quality agendas and the prospect of the QCA Framework. Concentration on core income streams is crucial to the recovery of the business in 2006-2007, but a number of key issues will also be addressed to ensure the continuing prosperity of OCNNEER.

The organisation will be moving premises to a single site for the North East in April 2007. The Cumbria office will remain in its current accommodation in Carlisle. Discussions have begun with Open College Network North West Region (OCNNWR) regarding the process for work in Cumbria being transferred in the summer of 2007 in line with a national agreement with NOCN.

OCNNEER Business Planning has been realistic and has recognised that the organisation faces further challenges over the next academic year, particularly in relation to reduction in income from core provision. However, the Board of Trustees has been proactive in taking difficult decisions to create a staffing structure that can deliver the service required and meet our obligations, one that is also affordable and prepares the organisation for the future. The Board of Trustees and staff team remain optimistic and determined to ensure that OCNNEER will continue to play a key role in adult learning throughout the region.

**OPEN COLLEGE NETWORK NORTH EAST REGION  
TRUSTEES' REPORT**

The challenge for OCNNER is twofold. Firstly, we must respond to the changes in the external environment as positively as possible. We must be positive about the reform of the National Qualification Framework and gear our systems and processes to deliver against the new quality standards demanded by the Government.

Secondly, we must re-establish the company as a sustainable business and ensure we make a full financial recovery from the loss of learner registrations experienced in 2005 – 06.

**Approval**

This report was approved by the Trustees on 16<sup>th</sup> February 2007 and signed on their behalf



L Cook  
Secretary



STATEMENT OF RESPONSIBILITIES

**RESPONSIBILITIES OF THE TRUSTEES**

Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure for the financial year. In preparing those financial statements, the Trustees should follow best practice and

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The Trustees are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

## OPEN COLLEGE NETWORK NORTH EAST REGION

We have audited the financial statements of Open College Network North East Region for the year ended 31<sup>st</sup> October 2006 which comprise the Statement of Financial Activities, Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities the trustees (who are also the directors of Open College Network North East Region for the purposes of company law) are responsible for the preparation of the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

We read other information contained in the Trustees Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. 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 charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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, in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to Smaller Entities) of the state of the company's affairs as at 31<sup>st</sup> October 2006 and of its incoming resources and application of resources in the year then ended. The financial statements have been properly prepared in accordance with the Companies Act 1985 and the information given in the Trustees' Annual Report is consistent with the financial statements.

New Garth House,  
Upper Garth Gardens  
Guisborough  
TS14 6HA

S V Bye  
Chartered Accountants  
Registered Auditors



12th March 2007

## STATEMENT OF FINANCIAL ACTIVITIES (Including Income and Expenditure Account)

YEAR ENDED 31<sup>ST</sup> OCTOBER 2006

	Note	Unrestricted Funds 2006  £	Unrestricted Funds 2005  £
<b>INCOMING RESOURCES</b>			
<b>Incoming resources:</b>			
From generated funds			
Accreditation income	2	1151217	911870
Project income		68650	50915
Pension income	13	3000	-
Bank Interest received		16175	15218
		<u>1239042</u>	<u>978003</u>
<b>RESOURCES EXPENDED</b>			
Charitable activities		1262108	939558
Governance costs		6736	5182
	3	<u>1268844</u>	<u>944740</u>
<b>Net outgoing / incoming resources</b>	4	(29802)	33263
Unrealised gains on investments	8	18026	9731
Actuarial loss on the pension scheme	13	(134000)	(103000)
<b>Net movement in funds</b>		<u>(145776)</u>	<u>(60006)</u>
Fund balances brought forward at 1 <sup>st</sup> November		586684	447254
Fund balance transferred from NEOCN		-	199435
Fund balances carried forward at 31 <sup>st</sup> October		<u>440908</u>	<u>586683</u>

All incoming resources and resources expended derive from continuing activities

The notes on pages 12 to 19 form part of these accounts

# OPEN COLLEGE NETWORK NORTH EAST REGION

## BALANCE SHEET

AS AT 31<sup>ST</sup> OCTOBER 2006

	Note	£	2006 £	£	2005 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	7		39302		62586
Investments	8		142561		124534
			<u>181863</u>		<u>187120</u>
<b>CURRENT ASSETS</b>					
Debtors	9	304051		310466	
Cash at bank and in hand		511174		537432	
		<u>815225</u>		<u>847898</u>	
<b>CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	10	(216180)		(223335)	
<b>NET CURRENT ASSETS</b>			<u>599045</u>		<u>624563</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>780908</u>		<u>811683</u>
<b>PROVISION FOR PENSION SCHEME DEFICIT 13</b>			<u>(340000)</u>		<u>(225000)</u>
<b>NET ASSETS</b>			<u>440908</u>		<u>586683</u>
<b>FUNDS</b>					
Unrestricted			<u>440908</u>		<u>586683</u>

These financial statements are prepared in accordance with the special Provisions of Part VII of the Companies Act 1985 relating to small Companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002)

M Ireland

K Dunn

*M Ireland*  
*K Dunn*

TRUSTEES

Approved by the Board 16<sup>th</sup> February 2007

The notes on pages 12 to 19 form part of these accounts

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2006

1. ACCOUNTING POLICIES

a) **Basis of Preparation**

The financial statements have been prepared under the historical cost convention as modified by the inclusion of fixed asset investments at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), the Companies Act 1985 and follow the recommendations in Accounting and Reporting by Charities Statement of Recommended Practice issued in October 2005

b) **Incoming Resources**

All incoming resources are included in the SOFA when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy

c) **Resources expended and basis of allocation**

Resources expended are recognised in the period in which they are incurred Resources expended include attributable VAT which cannot be recovered Costs are allocated to one particular activity where one cost relates to that activity Staff cost are split on a time apportioned basis to activities and management and administration

d) **Depreciation**

Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life at the following rates -

Office Equipment	3-5 years
Fixtures & Fittings	10 years

e) **Unrestricted Funds**

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

f) **Investments**

Investments are shown at their market value at the year end, with any increase or decrease in valuation being recognised in the Statement of Financial Activities

g) **Pension costs**

The company operates a defined benefit scheme for the benefit of its employees A full actuarial evaluation by a professionally qualified actuary is carried out every 3 years The surplus/deficit in the scheme is recognised as an asset/liability on the balance sheet Changes in the asset/liability are written off in the statement of financial activities or statement of total recognised gains and losses as appropriate

**OPEN COLLEGE NETWORK NORTH EAST REGION**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2006**

<b>2. ACCREDITATION INCOME</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Membership fees	87244	102641
Learner registration	118025	174982
Certification	351125	296774
Programme Recognition	15650	26075
Programme Registration	160301	73267
Access Registration	119220	108955
National Courses	111615	83818
Moderation Fees	750	755
Other Income	6545	23166
Qualification	11799	15297
Grants – Newcastle	10687	6140
Centre Approval	62400	-
Development Support	125	-
Intended Credit Achievement	95731	-
	<u>1151217</u>	<u>911870</u>

**3. TOTAL RESOURCES EXPENDED**

	<b>Charitable Activities</b>	<b>Governance Costs</b>	<b>2006 Total</b>	<b>Charitable Activities</b>	<b>Governance Costs</b>	<b>2005 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Merger costs	3879		3879	20437		20437
Staff costs	722409	1500	723909	489872	1500	491372
Pensions (current service cost)	36780		36780	59136		59136
Recruitment	2724		2724	8042		8042
Training	20017		20017	14919		14919
Moderators fees & expenses	96090		96090	72919		72919
Travel	37665		37665	18328		18328
NOCN	129181		129181	97954		97954
Panel fees	1330		1330	1376		1376
Access	-		-	463		463
Premises	34421	1343	35764	21981	800	22781
Communications & IT costs	28380		28380	22743		22743
Printing & Stationery	29908		29908	23739		23739
Advertising & Marketing	27068		27068	21837		21837
Legal, Professional & Consul	3832		3832	5323		5323
Audit and Accountancy fees	10608	3760	14368	5329	2882	8211
Depreciation	25955		25955	14496		14496
Project costs	27065		27065	23776		23776
Finance charges	4009		4009	3778		3778
Repairs	1808		1808	1528		1528
Refreshments	1937		1937	1960		1960
Loss on disposal of fixed assets	5216		5216	2269		2269
Bad Debt	2994		2994	-		-
Committee/Trustees Expenses	370	133	503	326	-	326
Archive costs	1675		1675	1689		1689
Sundry expenses	515		515	338		338
Net Return on Pension Assets	-		-	5000		5000
Business Development Fund	6272		6272	-		-
	<u>1262108</u>	<u>6736</u>	<u>1268844</u>	<u>939558</u>	<u>5182</u>	<u>944740</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2006

**4 NET INCOMING RESOURCES FOR THE YEAR**

	2006	2005
	£	£
This is stated after charging		
Depreciation – owned assets	25955	14496
Auditors' remuneration		
Audit services	3760	2882
Professional Indemnity Insurance	3150	3150
	<u>          </u>	<u>          </u>

**5 STAFF COSTS AND NUMBERS**

	2006	2005
	£	£
Staff costs were as follows -		
Wages and Salaries	648156	430782
Social Security Costs	52265	32448
Pensions Costs	167780	59136
Moderators fees	67671	53035
Agency staff	23487	28142
	<u>          </u>	<u>          </u>
	959359	603543
	<u>          </u>	<u>          </u>

No employee received emoluments of more than £60,000

The average number of persons employed during the year, calculated on the basis of full time equivalents was 29 (2005 21)

No remuneration was paid to Trustees (2005 Nil) Trustees expenses were paid of £133 (2005 Nil)

**6. TAXATION**

The Company is a registered charity and as such is exempt from Income tax, corporation tax and capital gains tax

**OPEN COLLEGE NETWORK NORTH EAST REGION**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2006**

**7. TANGIBLE FIXED ASSETS**

	<b>Office Equipment £</b>	<b>Fixtures &amp; Fittings £</b>	<b>TOTAL £</b>
<b>COST</b>			
At 1 <sup>st</sup> November 2005	81690	45377	127067
Additions	7330	557	7887
Disposals	(447)	(28268)	(28715)
	<u>88573</u>	<u>17666</u>	<u>106239</u>
<b>DEPRECIATION</b>			
At 1 <sup>st</sup> November 2005	36305	28176	64481
Charge for the year	22094	3861	25955
Disposals	(335)	(23164)	(23499)
	<u>58064</u>	<u>8873</u>	<u>66937</u>
<b>NET BOOK VALUE</b>			
At 31 <sup>st</sup> October 2006	<u>30509</u>	<u>8793</u>	<u>39302</u>
At 31 <sup>st</sup> October 2005	<u>45385</u>	<u>17201</u>	<u>62586</u>

**8. INVESTMENTS**

	<b>2006 £</b>	<b>2005 £</b>
<b>Investment Bonds:</b>		
At 1 <sup>st</sup> November 2005	124534	114803
Gain on Investments from change in value	18027	9731
	<u>142561</u>	<u>124534</u>
Historical cost of Investments held at 31 <sup>st</sup> October 2006	<u>100000</u>	<u>100000</u>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2006

9. DEBTORS

	2006 £	2005 £
Trade Debtors	267184	262651
Prepayments and accrued income	36867	47815
	<u>304051</u>	<u>310466</u>

10. CREDITORS

	2006 £	2005 £
Amounts falling due within one year		
Trade Creditors	106620	140011
Social Security and other taxes	17178	16293
Accruals	70609	43266
Other Creditors	21773	23765
	<u>216180</u>	<u>223335</u>

11. RELATED PARTY DISCLOSURE

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

In consideration of the Licence to accredit awards, the company has paid an Annual Membership fee of £99868 to NOCN (2005 £73059) Other charges amounted to £29313 (2005 £24895) At the year end £50006 (2005 £36533) was owed to NOCN

12. MEMBERS CONTRIBUTION

Every Member of the Company undertakes to contribute such amount as may be required (not exceeding £1) to the Company's assets if it should be wound up while they are a member, or within one year after they ceased to be a member, for payment of the Company's debts and liabilities contracted before they ceased 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

There are 300 members

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2006

13. PENSION FUNDING

Employees of this organisation may participate in the Teesside Pension Fund, part of the Local Government Pension Scheme, a defined benefit statutory scheme. The fund is administered by Middlesbrough Borough Council in accordance with the Local Government Pension Scheme Regulations 1997 as amended. The following disclosures are in accordance with Financial Reporting Standard number 17.

The latest formal valuation of the Teesside Pension Fund was at 31<sup>st</sup> March 2004 and the actuaries have rolled forward that value allowing for changes in financial assumptions as prescribed under FRS17. The assumptions and results are as follows:

	At 31 October 2006	At 31 October 2005	At 31 October 2004
Price Increases	3.2%	2.8%	2.8%
Salary Increases	5.2%	4.8%	4.8%
Pension Increases	3.2%	2.8%	2.8%
Discount rate	5.0%	5.1%	5.4%

The assets in the scheme and the expected rate of return were:

	Long-term Rate of return Expected at 31 10 2006	Value at 31 October 2006 £'000	Long-term rate of return expected at 31 10 2005	Value at 31 October 2005 £'000	Long-term rate of return expected at 31 10 2004	Value at 31 October 2004 £'000
Equities	7.2%	738	7.5%	626	7.7%	321
* Gilts	4.2%	93	4.5%	97	5.0%	-
Other Bonds	5.0%	12	5.3%	4	5.0%	64
Property	6.7%	47	7.0%	57	5.7%	23
Cash	4.5%	88	4.3%	68	4.3%	38
Total market value of assets		<u>978</u>		<u>852</u>		<u>446</u>
Present value of scheme liabilities		(1318)		(1077)		(548)
Net pension (liability)/asset		<u>(340)</u>		<u>(225)</u>		<u>(102)</u>

\* Assets invested in gilts were previously disclosed under other bonds

Analysis of the amount charged to operating profit

	2006 £'000	2005 £'000
Current service cost	78	59
Past service cost	(41)	-
Total operating charge	<u>37</u>	<u>59</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2006

**Analysis of the amount credited to other finance income**

	2006 £'000	2005 £'000
Expected return on pension scheme assets	60	45
Interest on pension scheme liabilities	(57)	(50)
Net return	<u>3</u>	<u>(5)</u>

**Analysis of amount recognised in statement of financial activities**

	2006 £'000	2005 £'000
Actual return less expected return on pension scheme assets	44	120
Experience gains and losses arising on the scheme liabilities	-	(99)
Changes in assumptions underlying the present value of the scheme liabilities	(178)	(124)
Actuarial loss recognised in STRGL	<u>(134)</u>	<u>(103)</u>

**Movement in surplus during the year**

	2006 £'000	2005 £'000
Deficit in scheme at beginning of the year	(225)	(102)
Movement in year		
Current service cost	(78)	(59)
Contributions	53	44
Past service costs	41	-
Net return on assets	3	(5)
Actuarial losses	(134)	(103)
Deficit in scheme at end of year	<u>(340)</u>	<u>(225)</u>

OPEN COLLEGE NETWORK NORTH EAST REGION

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2006

History of experience gains and losses

	2006 £	2005 £
Difference between the expected and actual return on scheme assets		
amount (£'000)	44	120
percentage of scheme assets	4.5%	14.0%
Experience gains and losses On scheme liabilities		
amount (£'000)	-	(99)
percentage of the present value of the scheme liabilities	-	(9.2%)
Total amount recognised in statement of total recognised gains and losses		
amount (£'000)	(134)	(103)
percentage of the present value of the scheme liabilities	(10.2%)	(9.5%)