

**OPEN COLLEGE NETWORK NORTH EAST REGION**

**TRUSTEES' REPORT AND  
STATEMENT OF ACCOUNTS**

**YEAR ENDED 31<sup>ST</sup> OCTOBER 2011**

**COMPANY LIMITED BY GUARANTEE**

THURSDAY



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17/05/2012

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COMPANIES HOUSE

**REGISTERED CHARITY NUMBER 1087530  
COMPANY NUMBER 4042215**

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## **OPEN COLLEGE NETWORK NORTH EAST REGION**

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## OPEN COLLEGE NETWORK NORTH EAST REGION

### TRUSTEES' REPORT

#### Legal and Administrative Details

Open College Network North East Region (OCN North East Region) is a registered charity and company limited by guarantee

#### Registered Office

1 Palmer Road, South West Industrial Estate, Peterlee, County Durham SR8 2HU

#### 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

Alan Bell

Hilary Bennison

(Appointed 13<sup>th</sup> May 2011)

David Duell

(Appointed 11<sup>th</sup> March 2011)

Kathleen Dunn

Minna Ireland

Mary Lindsay

Kevin Loughlin

Sandra Morton

Ray Snowdon

Chair

(Appointed as Chair 1<sup>st</sup> April 2011)

Bernadette Wallis

Pat Whaley

Andrew Wright

Vice Chair

Edward Young

#### Senior Management Team

Ruth Durbridge

Chief Executive

(Resigned 16<sup>th</sup> December 2011)

Louise Morritt

Director of Business Development

Interim Chief Executive (Appointed 19<sup>th</sup> December 2011)

Linden Cook

Director of Quality and Operations/Company Secretary

#### 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

## **OCN NORTH EAST REGION TRUSTEES' REPORT**

The Board present their annual report and accounts for the year ended 31<sup>st</sup> October 2011

### **Mission**

OCN North East Region supports learning and widens opportunity by recognising achievement through credit based courses and qualifications

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

OCN North East Region 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

OCN North East Region is a membership organisation, consisting of a range of providers of learning with an interest in furthering our aims. The liability of the members is limited to £1. The charity is governed by its Board of Trustees drawn from its members and other organisations with an interest in furthering the Charity's aims. The number of organisations in membership within the reporting period was approximately 243 compared to 249 in 2009-10. 52 organisations left membership in the period due to a variety of reasons but mainly due to cuts in funding for accredited learning. 46 new organisations joined as members in the period predominantly from voluntary organisations and private training providers however schools have shown the largest net growth at 31%.

The Board of Trustees consists of nine members, elected by the membership, and six co-opted members appointed by the Board. At the start of the 2010-11 year there were four vacancies. The recruitment strategy in 2010-11 was focussed on recruiting to these vacancies but also in finding a suitable replacement for our Chair, David Knight, who resigned following five years of dedicated service. The Board were therefore delighted with the appointment of Ray Snowdon, a serving and experienced trustee as the new Chair in April 2011.

Two new trustees joined the Board, Hilary Bennison and Dave Duell, bringing with them extensive experience of further and higher education. Appointments were made through a rigorous selection process ensuring that trustees had the appropriate level of experience to contribute effectively to the Board. Being eligible for retirement by rotation two trustees, Alan Bell and Bernie Wallis, declared their intention to put themselves forward for re-election at the AGM and were duly re-elected.

At the time of this report, two vacancies exist for both an elected and a co-opted trustee and these will be recruited during 2012.

As well as experience of management and strategic planning, trustees are required to have relevant sector and geographical knowledge enabling them to contribute effectively to the work of the charity. Induction is provided for all new trustees by the Company Secretary. The Board's training and development needs are identified on an ongoing basis and events and information provided to meet these throughout the year.

The Board meets at least four times a year, with one of these meetings dedicated to strategic and business planning ensuring that activities continue to be aligned to the mission and purpose of the charity. The Board delegates relevant activities to its standing committees covering Finance, Standards and Regulation, and Access to Higher Education but retains overall responsibility for strategic issues. All committees are chaired by a member of the Board and have at least two trustees as members.

The articles of association require trustees to act within the Nolan Committee Principles of Public Life.

and a standing agenda item to enable trustees and committee members to declare any relevant interests is included at each Board and Committee meeting

OCN North East Region employs a full-time Chief Executive, who is responsible for the leadership and management of the organisation, recommending and progressing strategic aims, and ensuring delivery of the objectives contained within the annual Business Plan. The Board is responsible for reviewing the performance of the Chief Executive and for setting her pay. The Chief Executive is supported by a team of two senior managers, the Director of Business Development and Director of Quality and Operations, who also undertakes the role of Company Secretary. The Chief Executive, Ruth Durbridge, resigned on 16<sup>th</sup> December 2011 having held the post for three years. The Board appointed Louise Morritt, Director of Business Development, as Interim Chief Executive on the 19<sup>th</sup> December 2011. Recruitment for a permanent Chief Executive will take place during 2012.

The Board of Trustees and Senior Management Team have in place a robust risk management process which enables them to review the major risks to which the charity is exposed as part of its business planning process. The risks are reported upon at each Board meeting and where relevant to regulatory conditions, through the committees. While the Board acknowledges the difficulty of absolute mitigation, systems or processes have been established against all the risks the charity faces and progress is regularly monitored.

Potential internal risks are minimised by the implementation of effective operational systems and procedures monitored and reviewed by the Senior Management Team, Board and its standing committees where appropriate. These systems and procedures are periodically reviewed to ensure that they continue to meet the needs of the charity.

OCN North East Region operates under a collaboration agreement with the National Open College Network (NOCN), an awarding organisation approved by the Office of Qualifications and Examinations Regulation (Ofqual) to offer QCF qualifications. OCN North East Region is also an Access Validating Agency (AVA), licensed by the Quality Assurance Agency (QAA) to accredit and award the Access to Higher Education Diploma.

In March 2011, following a successful application process, we were delighted to receive formal approval from Ofqual of awarding organisation status in our own right. The requirement to submit a Compliance Statement to Ofqual by May 2012 will be a focus for the Board and staff during the first half of the 2011-12 business year. Developing and implementing a robust self evaluation process, which demonstrates our compliance with the Conditions of Recognition and enables the organisation to identify and develop good practice effectively, will support this statement.

The Board of Trustees is responsible for the operation of all licenses and agreements and monitoring against these is undertaken by two standing committees, the Standards and Regulation Committee and Access to HE Committee.

Under the terms of the NOCN agreement, OCN North East Region works with other OCNs to develop national qualifications for use by all providers of OCN accredited courses across England and Northern Ireland. This collaborative working requires OCN North East Region to operate within agreed systems and processes and to apply national fees and charges. Fees and charges for regional services are agreed by the OCN North East Region Board and reviewed annually ensuring these provide value for money, are reasonable and necessary in order for the Charity to carry out its aims. Membership and Centre Recognition fees are set at varying levels which are related to the size of the organisation delivering the accredited courses and the number of learners registered.

In exercising their duties, the trustees have had due regard to the Charity Commission's guidance on public benefit and have outlined the significant activities undertaken in order to carry out the Charity's aims within this report.

### **Objectives and Activities**

OCN North East Region's aims and objectives, as outlined in the Memorandum of Association are to promote the improvement of the educational welfare of learners. We do this through the award of universally recognised credit-based qualifications within 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.

OCN North East Region furthers its aims by

- ensuring that there is a quality assured, effective and comprehensive accreditation service in which to consistently award credit for learner achievements and provide access into, and pathways across the national qualifications systems,
- 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. This includes adults who have previously benefited least from formal educational provision, 14-19 year olds with diverse learning needs or who are not in education, employment or training, learners with learning difficulties and disabilities, the unemployed,
- encouraging personal achievement and success,
- developing and promoting the QAA-recognised Access to HE Diploma to enable learners to progress to higher level studies

The agreed objectives for 2010-11 were, therefore, to

- maximise opportunities to grow the organisation and strengthen the business and financial base
- protect the organisation from reduced income which threaten business viability and services to learners
- apply to Ofqual for recognition of OCN North East Region as an Awarding Organisation in our own right benefitting learners and centres
- develop business opportunities in Scotland to benefit learners in accordance with mission of the organisation
- strengthen governance through the practical realisation of new remits of committees and appointments to vacancies on the Board to provide support for future challenges
- strengthen relationships with Higher Education Institutions to maximise opportunities for learners to access universities and HE programmes in colleges
- build the capacity of the organisation to thrive in a competitive environment through developing the skills and knowledge of all staff

### **Achievements and Performance**

Progress against the 2010-11 objectives was significant and included

- achievement of Ofqual recognition in March 2011
- 100% of service standards met
- strengthened governance as a result of trustee recruitment and training, committee review with clear remits and briefings on role requirements
- good level of Access to HE registrations facilitating entry to university and higher education for approximately 1600 adults
- enhanced partnership working with HEIs to aid learner progression at level 3 and raising the profile of our work in the regional community
- smooth transition to new database with no negative impact on customer service
- enhanced monitoring and reporting against key performance indicators giving the Board and managers greater knowledge of business performance and trends, and providing the basis for action

- increased presence in Scotland enhancing reputation and knowledge of OCN North East Region's products and services for learners where there is currently no suitable accreditation and/or recognition of achievement
- increased learner registrations from Voluntary and Community and Private Training sectors widening the reach of our qualification and units
- increased number of conferences, events and award ceremonies to celebrate the work of the charity and highlight the many achievements of beneficiaries and providers
- improved research into niche markets informing development of future qualifications to meet the needs of learners seeking employment and in improving skills and knowledge whilst in employment
- Working for Health Award achieved at Silver and Gold levels endorsing organisation's approach to promoting health and wellbeing

Factors outside the Charity's control and affecting achievement of objectives include

- reduced funding in the Further Education sector, and especially for adult learning, affecting income levels
- low interest rates reducing income compared to previous years
- the impact of the economic climate on take up of accredited courses

OCN North East Region has been a licensed AVA since 1996 and during the academic year 2010-11 quality assured Access to HE provision in 13 of a total of 16 FE colleges, together with a sixth form college, in County Durham, Tees Valley and Tyne and Wear. A strong emphasis on personal communication featured heavily in the strategic approach of the AVA in 2010-11. Relationships have been strengthened with HEIs and this has been evident in the increased involvement of HE staff at validation panels and consultation events.

In 2010-11, Access registrations reduced slightly from 1589 to 1583 however providers report that retention, achievement, success and progression have all improved significantly on 2009-10. Retention has increased by 10% to 85% and achievement by 13% to 95%, giving a success rate of 80%. Progression to HE has improved by 16% in that 78% of learners registered gained HE places for September 2010 entry. 78% full Diplomas were awarded, showing no movement on this performance indicator over the previous year. Performance relating to learners registered in September 2011 will be reported in the 2011-12 report.

The AVA's collegiate approach is a strength which ultimately benefits the learner. The statistical evidence of enhanced widening participation for those from diverse backgrounds, for example 8% of learners reported having a disability gives assurance that the AVA is achieving its learner aims.

The Access results service, piloted this year with a number of HEIs has impacted significantly on learners receiving confirmation of their places as soon as possible after results have been published.

### **Plans for future periods**

The mission is at the heart of OCN North East Region's strategies, however the world of Education, Skills and Qualifications continues to change and it is recognised that the organisation must continue to develop within a competitive and demanding awarding organisation climate. The Board has, therefore, agreed the following business objectives for 2011-12:

- sustain existing customer base through review and development of products and services to meet their diverse needs
- develop non-traditional delivery modes and markets to increase opportunities for participation in Access to HE courses
- raise the profile of the organisation to gain maximum coverage of existing and new products and services, increase market share and financial resources
- develop the portfolio of OCN North East Region qualifications to complement existing NOCN and AVA products and meet gaps in provision

- develop and enhance organisational policy, procedure and systems to meet regulatory requirements
- provide value for money for products and services ensuring these reach a wide range of beneficiaries
- enhance organisational capacity to meet known and future challenges and opportunities through a managed programme of development activities for staff and trustees

### **Financial Review**

The economic downturn continues to affect all organisations utilising the services of OCN North East Region and therefore the charity itself. An anticipated decline in learner registrations during the year coupled with the planned purchase and implementation of a new database have contributed to the net operating deficit of £127,433 as reported in the financial statement, pre pension liability adjustments

Although the 2010-11 deficit has reduced the level of reserves, the charity's financial position remains stable with a reserve of £888,303, excluding the FRS17 provision. The reserves policy states that these should cover six months operating costs, redundancy and winding up fees, and enable the charity to discharge its responsibilities in the event of a reduction in income, maintain staffing levels and support new initiatives without jeopardising core business. The Board of Trustees has reviewed the charity's requirements for reserves and acknowledged that these have now reduced to approximately four months of operating costs in line with agreed expenditure. However, as part of the new strategic plan measures will be taken to rebuild reserves towards the previous level.

Following on from 2009-10, the FRS17 valuation for 2010-11 has reported a further decrease in the pension liability of £357,000. The balance sheet figure at October 2011 stands at £305,000. The decrease is a result in the change of assumptions, primarily the salary increase assumption which has fallen from 5.3% to 4.3%. The FRS17 adjustment has been reflected and reported within the statutory accounts in line with financial standards.

The Board, through its Finance Committee, have reviewed the investment policy and have approved, in line with its low risk strategy that the current investment is maintained with no additional funds being allocated.

2010-11 has been a challenging year, reflective of the economic climate and the reduction in funding for the majority of the educational sectors which use our accreditation services. The financial management of the organisation continues to be a strength and trend reporting continues to be developed remaining an intrinsic part of the charity's risk monitoring and strategic decision making process.

### **Approval**

This report was approved by the Trustees on 24<sup>th</sup> February 2012 and signed on their behalf



**L Cook**  
Secretary



## **OPEN COLLEGE NETWORK NORTH EAST REGION**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of Open College Network North East Region for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

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

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

## **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 2011 which comprise the Statement of Financial Activities, Balance Sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable 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 charitable 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 charitable company and its 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, 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 an 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 (APB'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 charitable company's affairs as at 31<sup>st</sup> October 2011, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the Companies Act 2006

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
OPEN COLLEGE NETWORK NORTH EAST REGION (continued)**

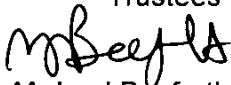
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Trustees' Annual 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 Trustees' Annual Report



Michael Beeforth  
Senior Statutory Auditor

For and on behalf of S V Bye, Statutory Auditor

New Garth House  
Upper Garth Gardens  
Guisborough  
TS14 6HA

19<sup>th</sup> March 2012

**OPEN COLLEGE NETWORK NORTH EAST REGION**

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

**YEAR ENDED 31<sup>ST</sup> OCTOBER 2011**

	<b>Note</b>	<b>Unrestricted Funds 2011</b>	<b>Unrestricted Funds 2010</b>
		<b>£</b>	<b>£</b>
<b>INCOMING RESOURCES</b>			
From charitable activities			
Accreditation income	2	1250116	1376348
Bank Interest received		698	774
<b>Total incoming resources</b>		<u>1250814</u>	<u>1377122</u>
<b>RESOURCES EXPENDED</b>			
Charitable activities	3	1420213	1234637
Governance costs	3	15034	14263
<b>Total resources expended</b>		<u>1435247</u>	<u>1248900</u>
<b>Net (outgoing) / incoming resources</b>	4	<u>(184433)</u>	<u>128222</u>
<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>			
<b>Net (outgoing) / incoming resources</b>		(184433)	128222
Actuarial gain on the pension scheme	13	414000	131000
<b>Net movement in funds</b>		229567	259222
Fund balances brought forward at 1 <sup>st</sup> November		353736	94514
Fund balances carried forward at 31 <sup>st</sup> October		<u>583303</u>	<u>353736</u>

All incoming resources and resources expended derive from continuing activities

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

# OPEN COLLEGE NETWORK NORTH EAST REGION

## BALANCE SHEET

AS AT 31<sup>ST</sup> OCTOBER 2011

		2011		2010	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible fixed assets	8		37892		46698
<b>CURRENT ASSETS</b>					
Debtors	9	156322		176634	
Cash at bank and in hand		805583		917676	
		<u>961905</u>		<u>1094310</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	10	<u>(111494)</u>		<u>(125272)</u>	
<b>NET CURRENT ASSETS</b>			850411		969038
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			888303		1015736
<b>PROVISION FOR PENSION SCHEME DEFICIT 13</b>			<u>(305000)</u>		<u>(662000)</u>
<b>NET ASSETS</b>			<u>583303</u>		<u>353736</u>
<b>FUNDS</b>					
Unrestricted			<u>583303</u>		<u>353736</u>

These financial statements are prepared in accordance with the special Provisions of Part VII of the Companies Act 2006 relating to small Companies and with the Financial Reporting Standard for Smaller Entities (effective January 2008)

R Snowdon

D Duell

*Ray Snowdon*  
*Duella Duell* ) TRUSTEES

Approved by the Board 24<sup>th</sup> February 2012

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

**OPEN COLLEGE NETWORK NORTH EAST REGION**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2011**

**1. ACCOUNTING POLICIES**

**a) Basis of Preparation**

The financial statements have been prepared under the historic cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2008), the Companies Act 2006 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 and to which they relate Resources expended include attributable VAT which cannot be recovered

**d) Fixed Assets**

The acquisition of fixed assets is shown at cost

**e) Depreciation**

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

Equipment	3-5 years
Furniture	10 years

**f) 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

**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

**h) Operating Leases**

Costs arising under operating leases are charged to the SOFA in the period to which they relate

**OPEN COLLEGE NETWORK NORTH EAST REGION**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2011**

<b>2. ACCREDITATION INCOME</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Membership fees	40165	44742
Programme Recognition	6925	4650
Access Registration	198100	200740
Centre Approval	142757	146713
Intended Credit Achievement	838781	949394
Other Income	23388	30109
	<u>1250116</u>	<u>1376348</u>

**3. TOTAL RESOURCES EXPENDED**

	<b>Charitable Activities</b>	<b>Governance Costs</b>	<b>2011 Total</b>	<b>Charitable Activities</b>	<b>Governance Costs</b>	<b>2010 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Staff costs	746198	5740	751938	745181	5520	750701
Pension - service costs						
Current	136298	-	136298	120654	-	120654
Past gains	-	-	-	(109000)	-	(109000)
Pension - net finance costs	12000	-	12000	33000	-	33000
Recruitment costs	-	-	-	2333	-	2333
Training	6740	-	6740	19099	-	19099
Validators' fees & expenses	70352	-	70352	69693	-	69693
Travel	22194	-	22194	15459	-	15459
NOCN	122931	-	122931	65058	-	65058
Overheads	118608	-	118608	122936	-	122936
Access expenses	33683	-	33683	35856	-	35856
Advertising & marketing	16269	1500	17769	22909	-	22909
Legal & professional	23031	5540	28571	14408	5318	19726
Depreciation & profit on disposal of assets	23022	-	23022	20762	-	20762
ICT projects, consumables and maintenance	88887	-	88887	56289	-	56289
AGM, Committee & Trustee expenses	-	2254	2254	-	3425	3425
	<u>1420213</u>	<u>15034</u>	<u>1435247</u>	<u>1234637</u>	<u>14263</u>	<u>1248900</u>

**OPEN COLLEGE NETWORK NORTH EAST REGION**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2011**

**4. NET INCOMING RESOURCES FOR THE YEAR**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
This is stated after charging		
Depreciation – owned assets	22973	20827
Loss on disposal of assets	53	-
Auditors' remuneration		
Audit services	5540	5318
Professional Indemnity Insurance	4225	3150
	<u>          </u>	<u>          </u>

**5. STAFF COSTS AND NUMBERS**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Staff costs were as follows -		
Wages and Salaries	695068	676674
Social Security Costs	54961	53083
Pension Costs – Current Service	136298	120654
Pension Costs – Past Gains	-	(109000)
Quality Assurance Staff	52407	52360
Agency Staff	1908	20944
	<u>          </u>	<u>          </u>
	<u>940642</u>	<u>814715</u>

One member of staff received emoluments in the range £70000 - £80000 and was a member of the defined benefit pension scheme

The average number of core staff employed during the year, was 26 (2010 26)

In addition, services were provided by 23 (2010 22) Quality Assurance staff on casual contracts

No remuneration was paid to Trustees (2010 Nil) Expenses were paid to 6 Trustees totalling £1542 (2010 £976)



**OPEN COLLEGE NETWORK NORTH EAST REGION**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2011**

**6. LEASING COMMITMENTS**

The company is committed to making the following payments in respect of operating leases

	<b>Within 1 year</b>	<b>2-5 years</b>
Land and Buildings	60000	150000
Other leases	4872	406

**7. TAXATION**

The Company is a registered charity and as such is exempt from tax on its charitable activities

**8. TANGIBLE FIXED ASSETS**

	<b>Equipment £</b>	<b>Furniture £</b>	<b>TOTAL £</b>
<b>COST</b>			
At 1 <sup>st</sup> November 2010	99524	47652	147176
Additions	13344	876	14220
Disposals	(7003)	-	(7003)
	<u>105865</u>	<u>48528</u>	<u>154393</u>
At 31 <sup>st</sup> October 2011	<u>105865</u>	<u>48528</u>	<u>154393</u>
<b>DEPRECIATION</b>			
At 1 <sup>st</sup> November 2010	71929	28549	100478
Charge for the year	17295	5678	22973
Disposals	(6950)	-	(6950)
	<u>82274</u>	<u>34227</u>	<u>116501</u>
At 31 <sup>st</sup> October 2011	<u>82274</u>	<u>34227</u>	<u>116501</u>
<b>NET BOOK VALUE</b>			
At 31 <sup>st</sup> October 2011	<u>23591</u>	<u>14301</u>	<u>37892</u>
At 31 <sup>st</sup> October 2010	<u>27595</u>	<u>19103</u>	<u>46698</u>

## OPEN COLLEGE NETWORK NORTH EAST REGION

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2011

9. DEBTORS	2011 £	2010 £
Trade Debtors	135812	157348
Prepayments and accrued income	20510	19286
	<u>156322</u>	<u>176634</u>

10. CREDITORS	2011 £	2010 £
Amounts falling due within one year		
Trade Creditors	58142	44882
Social Security and other taxes	17996	17024
Accruals	25157	52958
Other Creditors	10199	10408
	<u>111494</u>	<u>125272</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 £88561 to NOCN (2010 £54153) Other charges amounted to £5518 (2010 £10905) At the year end £22208 (2010 £8051) 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 243 members

# **OPEN COLLEGE NETWORK NORTH EAST REGION**

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2011**

### **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 2007-08 as amended. The following disclosures are in accordance with Financial Reporting Standard 17.

#### **Financial Assumptions**

	<b>At 31 October 2011</b>	<b>At 31 October 2010</b>
RPI Increases	2.8%	3.3%
CPI Increases	2.0%	2.8%
Salary Increases	4.3%	5.3%
Pension Increases	2.0%	2.8%
Discount rate	5.0%	5.2%
Life expectancy at 65 (years)		
Retiring today - males	18.9	19.5
- females	23.0	22.5
Retiring in 20 years - males	20.9	20.4
- females	24.9	23.4
Expected returns		
Equities	6.2%	7.0%
Gilts	3.3%	4.1%
Other Bonds	5.0%	5.2%
Property	5.7%	6.5%
Cash	3.0%	3.0%

#### **Net Pension Liability**

	<b>2011 £'000</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Fair value of scheme assets	1521	1722	1399
Present value of funded obligation	(1826)	(2384)	(2234)
<b>Net pension deficit</b>	<u>(305)</u>	<u>(662)</u>	<u>(835)</u>
<b>Net liability in Balance Sheet</b>	<u>(305)</u>	<u>(662)</u>	<u>(835)</u>

**OPEN COLLEGE NETWORK NORTH EAST REGION**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2011**

**13. PENSION FUNDING (CONTINUED)**

The amounts recognised in the Statement of Financial Activities are:

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	136	121
Interest on obligation	105	127
Expected return on scheme assets	(93)	(94)
Past service gain	-	(109)
Curtailments & settlements	-	-
	<u>148</u>	<u>45</u>

**Reconciliation of opening & closing balances of the Defined Benefit Obligation**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Defined Benefit Obligation</b>	<b>2384</b>	<b>2234</b>
Service cost	136	121
Interest cost	105	127
Actuarial gains	(810)	(2)
Losses (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in a business combination	-	-
Estimated benefits paid (net of transfers in)	(25)	(22)
Past service gain	-	(109)
Contributions by Scheme participants	36	35
Unfunded pension payments	-	-
	<u>1826</u>	<u>2384</u>

**Reconciliation of opening & closing balances of the fair value of Scheme assets**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening fair value of Scheme assets</b>	<b>1722</b>	<b>1399</b>
Change in asset valuation	-	-
Expected return on Scheme assets	93	94
Actuarial gains and (losses)	(396)	129
Contributions by employer	91	87
Contributions by Scheme participants	36	35
Assets acquired in a business combination	-	-
Estimated benefits paid (net of transfers in)	(25)	(22)
	<u>1521</u>	<u>1722</u>

**OPEN COLLEGE NETWORK NORTH EAST REGION**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2011**

**13. PENSION FUNDING (CONTINUED)**

**Reconciliation of opening & closing balances of the  
Net pension liability**

	<b>2011 £'000</b>	<b>2010 £'000</b>
<b>Deficit at beginning of the year</b>	<b>(662)</b>	<b>(835)</b>
Change in asset valuation	-	-
Service cost	(136)	(121)
Employer Contributions	91	87
Past Service Gain	-	109
Other Finance Income	(12)	(33)
Settlements/Curtailments	-	-
Actuarial gain/loss	414	131
<b>Deficit at end of the year</b>	<b>(305)</b>	<b>(662)</b>

**Projected Pension Expense for the year to 31<sup>st</sup> October 2012**

	<b>31 October 2011 £'000</b>
Service cost	100
Interest cost	94
Return on assets	(90)
<b>Total</b>	<b>104</b>
Employer Contributions	90

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31<sup>st</sup> October 2011

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

	<b>2011 %</b>	<b>2010 %</b>
Equities	80	83
Gilts	8	6
Other Bonds	2	2
Property	4	4
Cash	6	5

**OPEN COLLEGE NETWORK NORTH EAST REGION**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2011**

**13. PENSION FUNDING (CONTINUED)**

**Amounts for the current and previous four periods**

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Defined Benefit Obligation	(1826)	(2384)	(2234)	(1311)	(1357)
Scheme assets	1521	1722	1399	1115	1143
Deficit	(305)	(662)	(835)	(196)	(214)
Experience adjustments on Scheme liabilities	477	-	-	(332)	-
Experience adjustments on Scheme assets	(396)	129	195	(160)	25
Percentage of assets	(26.0%)	7.5%	13.9%	(14.3%)	2.2%
Cumulative actuarial gain (loss)	(206)	(620)	(751)	(111)	(197)

The cumulative gains and losses in the table above start from 31<sup>st</sup> October 2003