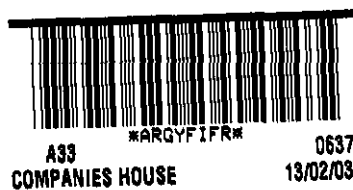


OPEN COLLEGE NETWORK (TROCN)

**TRUSTEES' REPORT AND
STATEMENT OF ACCOUNTS**

YEAR ENDED 31ST JULY 2002

COMPANY LIMITED BY GUARANTEE



**REGISTERED CHARITY NUMBER 1087530
COMPANY NUMBER 4042215**

OPEN COLLEGE NETWORK (TROCN)

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OPEN COLLEGE NETWORK (TROCN)

Legal and Administrative Details

The Open College Network (TROCN) was registered as a private Limited Company on 24th July 2002 and was registered as a charity in July 2001.

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 of this report:

J Hogg – Chairman
L Cook – Secretary
S Farley
R Cannon
L Smitheringale
K Dunn
B King
A Bell
M Ireland
A Old
J Venables (Resigned – 10 April 2002)
S Kearney (Joined – 1 October 2001)
J Barrett (Joined – 4 February 2002)

Executive Committee

The executive committee is made up of all of the trustees.

Company Secretary L Cook

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
Sun Alliance House
35 Mosley Street
Newcastle upon Tyne
NE1 1XX

OPEN COLLEGE NETWORK (TROCEN)

TRUSTEES' REPORT

The Board presents their annual report and the accounts for the year ended 31st July 2002.

OBJECTIVES

- To offer accredited programmes that will raise achievement and enable greater participation of people and communities who are excluded, and that will build and increase the capacity of organisations working with these learners and potential learners.
- To build new local and regional partnerships that can identify and develop strategies to meet the diverse needs of people, especially the most disadvantaged.
- To raise the quality and effectiveness of all aspects of our services, identifying and building on good practice and expertise within the Network.
- To foster the provision and quality of learning opportunities for adult returners throughout the region giving progression to Higher Education.
- Create a regional focus for Access to Higher Education and its part in the Widening Participation and Inclusion debate.
- To ensure effective governance and management structures, including financial management, and compliance with regulatory bodies.

REVIEW OF THE PERIOD

In this, our second year as an independent company and charity, the Network has seen some significant changes.

Governance and Management structures have now been embedded which has enabled effective and efficient systems for decision making within the organisation.

Changes were made to the Articles of Association which clarified the rights of users, as opposed to members, delegated further responsibility to the trustees, and made provision for increasing the number of co-opted trustees to enable representation from the wider community.

Although growth has not been as significant this year, there has still been a 4% increase in the number of learners being registered with TROCEN and 12 new providers have joined as members, confirming that we are continuing to meet our objectives and the needs of the communities we serve.

In March 2002, the Network's Chief Executive, Karan Green, left to take up a post with the British Council overseas. On the 1st April, David Rippon was appointed as Chief Executive. Since his appointment the staff has been strengthened through the review of the senior management team and the recruitment of an additional development worker and an administration manager.

A positive cashflow has been maintained again this year and policies on Investments and Reserves have been reviewed by the trustees to ensure the ongoing financial viability of the Network. The major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems established to mitigate those risks.

OPEN COLLEGE NETWORK (TROCN)

TRUSTEES' REPORT

In June 2002, TROCN was audited by the National Open College Network (NOCN) as part of the process for the granting of a licence to operate as an Open College Network. This audit was very successful with many strengths and few weaknesses identified. In their conclusions, the auditors recommended to NOCN that elements of our moderation systems be used as a base for determining a national benchmark.

The above achievements reflect a robust and successful organisation with a growing membership and consistent learner base.

Approved by the Board

A handwritten signature in black ink, appearing to read 'L Cook', is written over a horizontal line.

L Cook

Secretary
25th November 2002

OPEN COLLEGE NETWORK (TROC N)

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.

REPORT OF THE AUDITORS
TO THE MEMBERS OF OPEN COLLEGE NETWORK (TROC N)

We have audited the financial statements on pages 7 to 14 which have been prepared on the basis of the accounting policies set out on page 9.

Respective responsibilities of trustees and auditors

As described on page 5 the trustees, who are directors for the purpose of company law, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the management committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs at 31st July 2002 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

New Garth House,
Upper Garth Gardens
Guisborough
TS14 6HA



S V Bye
Chartered Accountants
Registered Auditors
26th November 2002

OPEN COLLEGE NETWORK (TROC N)
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31ST JULY 2002

	Note	2002 £	2001 £
INCOMING RESOURCES			
Income	2	674618	666101
OUTGOING RESOURCES			
Direct Charitable expenditure	3	(541202)	(452195)
Management & administration	3	(84554)	(103205)
NET INCOMING RESOURCES	4	48862	110701
FUNDS AND ASSETS TRANSFERRED FROM THE UNIVERSITY	5	-	296219
NET INCOMING RESOURCES BEFORE REVALUATIONS		48862	406920
Gains on revaluation of Investment assets	(1e)	3968	-
NET MOVEMENT IN FUNDS FOR THE YEAR		52830	406920
FUND BALANCE BROUGHT FORWARD		406920	-
FUND BALANCE CARRIED FORWARD		459750	406920

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

The notes on pages 9 to 14 form part of these accounts

OPEN COLLEGE NETWORK (TROC N)

BALANCE SHEET

AS AT 31ST JULY 2002

	Note	£	2002 £	£	2001 £
FIXED ASSETS					
Tangible fixed assets	8		30762		31157
Investments	9		103968		-
			<u>134730</u>		<u>31157</u>
CURRENT ASSETS					
Debtors	10	189582		182187	
Cash at bank and in hand		215475		238755	
		<u>405057</u>		<u>420942</u>	
CREDITORS:AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(80037)		(45179)	
		<u></u>		<u></u>	
NET CURRENT ASSETS			<u>325020</u>		<u>375763</u>
NET ASSETS			<u>459750</u>		<u>406920</u>
FUNDS					
Unrestricted	12		<u>459750</u>		<u>406920</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 March 2000).

J Hogg

A Bell

) TRUSTEES

Approved by the Board: 25th November 2002

The notes on pages 9 to 14 form part of these accounts

OPEN COLLEGE NETWORK (TROCN)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2002

1. ACCOUNTING POLICIES

- a) The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), the Companies Act 1985 and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice issued in October 2000.
- b) Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.
- c) 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

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

2. INCOMING RESOURCES	2002 £	2001 £
Membership fees	42134	40468
Learner registration	187440	205193
Certification	194055	231045
Programme Recognition	15725	8725
Programme Registration	44475	42150
Access Registration	94500	57780
HMP	10514	14505
TUC	23477	14640
Duke of Edinburgh	230	449
Moderation Fees	847	14820
Project Income	49266	22191
Bank Interest Received	7239	6399
Other Income	4716	7736
	<u>674618</u>	<u>666101</u>

OPEN COLLEGE NETWORK (TROCN)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2002

3. ANALYSIS OF RESOURCES EXPENDED	2002 £	2001 £
Direct Charitable Expenditure		
Salaries	268933	228097
Pensions	30039	24123
Staff travel and subsistence	11317	10019
Staff course and conference fees	11256	5366
Agency staff	330	6008
Members' training	3281	2978
Panel fees	3216	1511
Moderators	54915	52780
NOCN	29703	19691
TUC Expenses	8406	4017
Access	3598	3457
Advertising and Marketing	15523	8882
Rent	9853	8388
Insurance	4573	3145
Room hire	2018	329
Printing and stationery	25341	28468
Telephone and postage	11642	13336
Repairs and office machine maintenance	615	2466
Subscriptions and licences	-	1503
Refreshments	2912	1366
Sundry expenses	419	3590
Website and other IT costs	7058	8833
Finance charges	2697	4324
Depreciation	10182	9518
Project costs	22757	-
Loss on disposal of fixed assets	427	-
Bad Debt write off	191	-
	<u>541202</u>	<u>452195</u>
Management and Administration		
Salaries	60632	58496
Pensions	5885	6648
Recruitment expenses	5824	7476
Independent status costs	-	16128
Audit and accountancy	2000	2247
Legal and consultancy fees	6652	12210
ICT Project costs	3149	-
Health and Safety	412	-
	<u>84554</u>	<u>103205</u>

OPEN COLLEGE NETWORK (TROCN)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2002

4. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging

	2002	2001
	£	£
Depreciation – owned assets	10182	9518
Trustees expenses	-	3
Auditors' remuneration		
Audit services	2000	1763
Accountancy services	-	484
Professional Indemnity Insurance	2077	-
	<u>2077</u>	<u>-</u>

5. FUNDS AND ASSETS TRANSFERRED

Prior to 1st August 2000 Open College Network (TROCN) was a department of the University of Teesside. When the organisation became independent funds and assets at a value of £296219 were transferred from the University.

6. STAFF COSTS AND NUMBERS

Staff costs were as follows:-

	2002	2001
	£	£
Wages and Salaries	308739	268245
Social Security Costs	20826	18348
Pensions Costs	35924	30771
Moderators fees	39848	32060
	<u>405337</u>	<u>349424</u>

No employee received emoluments of more than £50,000.

The average number of persons employed during the year was 17.

7. TAXATION

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

OPEN COLLEGE NETWORK (TROCN)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2002

8. TANGIBLE FIXED ASSETS

	Equipment £	Fixtures & Fittings £	TOTAL £
COST			
At 1 st August 2001	28757	11918	40675
Additions	8198	2017	10215
Disposals	(1720)	-	(1720)
	<hr/>	<hr/>	<hr/>
At 31 st July 2002	35235	13935	49170
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 31 st July 2001	8727	791	9518
Charge for the year	8889	1293	10182
Disposals	(1292)	-	(1292)
	<hr/>	<hr/>	<hr/>
At 31 st July 2002	16324	2084	18408
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 st July 2002	18911	11851	30762
	<hr/>	<hr/>	<hr/>
At 31 st July 2001	20030	11127	31157
	<hr/>	<hr/>	<hr/>

9. INVESTMENTS

	2002 £	2001 £
Investment Bonds:		
Clerical Medical International	51567	-
Norwich Union International	52401	-
	<hr/>	<hr/>
	103968	-
	<hr/>	<hr/>

OPEN COLLEGE NETWORK (TROCN)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2002

10. DEBTORS

	2002 £	2001 £
Trade Debtors	170714	92729
Prepayments and accrued income	18868	89458
	<u>189582</u>	<u>182187</u>

11. CREDITORS

Amounts falling due within one year

	2002 £	2001 £
Trade Creditors	33783	13775
Social Security and other taxes	9086	8832
Accruals	32033	18570
Other Creditors	5135	4002
	<u>80037</u>	<u>45179</u>

12. UNRESTRICTED FUNDS

	2002 £	2001 £
At 1 st August 2001	406920	-
Transfer from income and expenditure account	52830	406920
At 31 st July 2002	<u>459750</u>	<u>406920</u>

13. 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 £18656 to NOCN.

14. 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 76 members.

OPEN COLLEGE NETWORK (TROCN)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JULY 2002

15. 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 Employers cost charged in the accounts to 31st July 2002 was £30039. The latest formal valuation of the Teesside Pension Fund was at 31st March 2001 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:

Assumptions as at	31 July 2002 % per annum	31 July 2001 % per annum	
Price increases	2.4%	2.5%	
Salary increases	4.4%	4.0%	
Pension increases	2.4%	2.5%	
Discount rate	6.0%	5.7%	
Assets (Whole Fund)	Long Term Return % per annum	Fund Value at 31 July 2002 £000	Expected Annual Return £000
Equities	8.0%	705,588	56,447
Bonds	5.5%	162,089	8,915
Property	6.0%	50,660	3,040
Cash	4.0%	125,000	5,000
Total	7.0%	1,043,337	73,402
Net Pension Asset as at	31 July 2002 £000	31 July 2001 £000	
Estimated Employer Assets (A)	240	229	
Present Value of Scheme Liabilities	243	205	
Present Value of Unfunded Liabilities	-	-	
Total Value of Liabilities (B)	243	205	
Net Pension Asset (A)-(B)	(3)	24	