

Company Registration No. 5038056
Charity Registration No. 1103300

**Report of the Trustees
and Financial Statements
for the period ended 31st July 2005
for
OCN East Midlands Region
(OCNEMR)**



**OCN East Midlands Region
(OCNEMR)**

Report and Financial Statements 2005

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**OCN East Midlands Region
(OCNEMR)**

Legal and Administrative Information

TRUSTEES:	VA Barry DD Bray P Derges P Edwards P Harwood K Ives PS Lodge SD Muldowney JA Mulhearn PC Riley LS Wyatt A Scott (resigned 20.01.05)
CHIEF EXECUTIVE:	MG Lloyd
SECRETARY:	MG Lloyd
REGISTERED OFFICE:	Unit G Long Eaton Trade Centre, 52-56 Nottingham Road, Long Eaton, Nottingham NG10 2AU
AUDITORS:	Clayton & Brewill Chartered Accountants Wilne House, 10 Salisbury Street, Long Eaton, Nottingham NG10 1BA
BANKERS:	National Westminster Bank PLC 51 Market Place, Long Eaton, Nottingham NG10 1JP
INVESTMENT POWERS & RESTRICTIONS:	The Trustees powers of investment are subject to the restrictions imposed by the Trustees Act 1925 and the Trustee Investments Act 1961

OCN East Midlands Region

(OCNEMR)

Charity registration number: 5038056

Report of the trustees for the period ended 31st July 2005

The trustees, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the period ended 31st July 2005. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000 in preparing the annual report and financial statements of the charity.

The charity is a charitable company limited by guarantee and was set up on 9th February 2004. It is governed by a memorandum and articles of association and a constitution. Its objects are to provide a locally accessible and flexible accreditation service across the East Midlands which help to widen access to education and training for all learners, particularly those who have benefited least in the past from available provision. OCNEMR seeks to promote equality of opportunity and improve the quality, flexibility and responsiveness of learning opportunities to enable learners to progress into, through and across the framework of national qualifications.

OCNEMR operates under licence to the National Open College Network (NOCN) and the Quality Assurance Agency (QAA).

The Strategic Plan 2004-05 stated our main aims as:-

1. Establish OCNEMR as a more independent organisation with a viable Business Plan and sound cash reserves.
2. Comply with all licensing requirements of NOCN and QAA.
3. Provide the highest quality operation possible to both external providers and to staff employed.
4. Address the Lifelong Learning agenda in a strategic way so as to promote and encourage the use of OCN for Widening Participation and diversity and to maximise financial opportunities for OCNEMR.
5. Establish and implement effective marketing and communication policies.
6. Support the development and implementation of a national credit and qualifications framework.
7. Further develop the Access provision in the Region.

Review of the Period

In serving the aims and objectives, this year OCNEMR has:

- Registered 34,893 new learners with a total of 51,758 registrations.
- Awarded 369,538 10 hour credits.
- Adopted the National Charging policy (1st August 2005).
- Piloted a Staff Handbook containing all policies and procedures.
- Achieved the Investors in People Award (February 2005).
- Implemented the European Foundation for Quality Management self-assessment model.
- Supported proposals from the Board of the National Open College Network for structural change and endorsed in principle a move towards a regional structure, rather than a single organisation.
- Set up a Merger Steering Group for timetabling a merger with Open College Network South East Midlands (OCNSEM) for 1st August 2005.
- The charity changed its name on the 25th July 2005, formerly North East Midlands Open College Network (NEMOCN) to reflect the merger with OCN South East Midlands.
- Revised the staffing structure 2004-05 to better support the promotion and quality of delivery of the NOCN credit and qualification framework and to improve customer service.
- Developed a new website for the East Midlands Region (August 2005).
- Issued a East Midlands Newsletter for 2005.
- As a Qualifications and Curriculum authority (QCA) Approved Awarding Body, NOCN delegates the administration and quality assurance of its qualifications to named Lead OCNS. OCNEMR is Lead OCN for Information, Advice and Guidance and Managing Voluntary and Community Organisations qualifications in this capacity.
- OCNEMR has continued to develop and widen its services across the regions; this is reflected in the consistent number of learner registrations year on year.
- A collaborative partnership between the Trent multi-Professional Deanery on behalf of Trent Strategic Health Authority and NEMOCN/OCNSEM was established to address significant skill and staff shortages in the wide range of Health and Social Care Professions. The Access to Health and Social Care Framework was recognised with Designated Progression Pathways these pathways include:
 - Access to Nursing.
 - Access to Nursing and Midwifery
 - Access to Dietetics and Nutrition
 - Access to Pharmacy

It is anticipated new pathways will be developed in response to regional needs.

OCN East Midlands Region

(OCNEMR)

Charity registration number: 5038056
Report of the trustees for the period ended 31st July 2005

Future Development

NOCN is implementing in August 2005 a new organisational structure for NOCN and OCN's based on a functional matrix in order to bring together organisational structures, business processes, product development and quality development into a single system.

OCN's will be linked by a National Management team who will determine national priorities and targets, the National Management team is made up Regional Directors and the Chief Executive and Senior staff at NOCN, each will have lead responsibilities for Awarding Body functions.

OCN staff will be involved in project management teams led by NOCN staff.

Reserved Policy

The Charity has total unrestricted reserves at the 31st July 2005 of £536,385.

The target for readily realisable reserves is at least 4 months of agreed expenditure.

The medium to longer-term policy is to secure cash reserves sufficient to meet 6 months expenditure..

Risk Statement

The trustees are involved in a review of the major risks to which the charity is exposed to establish systems to mitigate those risks.

The whole staff team will be involved in a risk assessment exercise to encourage a sense of ownership and shared responsibility across the whole organisation for identifying and monitoring risk factors.

Financial Results

There was an excess of income over expenditure for the year of £365,608.

Company and charity law requires the trustees to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing those financial statements, the trustees have:

- selected suitable accounting policies and then applied them consistently.
- made judgments and estimates that are reasonable and prudent;
- stated whether applicable account standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

The trustees have overall responsibility for ensuring that the charity has appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved on 1st November 2005 by the directors/trustees and signed on its behalf by:



P Riley
Trustee

OCN East Midlands Region

(OCNEMR)

Independent Auditors' Report to the Trustees

We have audited the financial statements of the North East Midlands Open College Network for the year ended 31st July 2005 which comprise as the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Charity's trustees, as a body, in accordance with Regulations made under the Charities Act 1993. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are prepared 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 charity and the charity's trustees 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 are responsible for the preparation of the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. 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 Charities Act 1993. 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 or if we have not received all the information and explanations we require for our audit.

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 misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 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 group's circumstances, consistently applied and adequately disclosed.

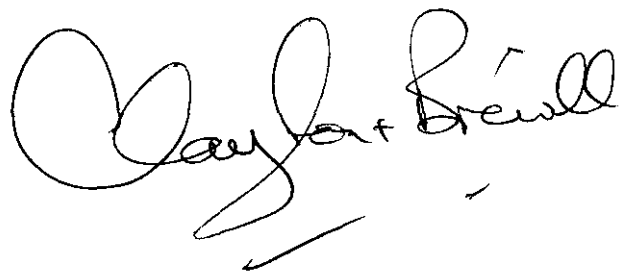
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**OCN East Midlands Region
(OCNEMR)
Independent Auditors' Report to the Trustees**

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs at 31st July 2005 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

Clayton & Brewill
Registered Auditors and
Chartered Accountants
Wilne House
10 Salisbury Street
Long Eaton
Nottingham
NG10 1BA

A handwritten signature in black ink, appearing to read 'Clayton & Brewill', with a large, stylized initial 'C' and 'B'.

Dated:

15/11/05

**OCN East Midlands Region
(OCNEMR)**

**Statement of Financial Activities
Period ended 31st July 2005**

	Notes	Unrestricted funds 2005
INCOMING RESOURCES		
Income from activities in direct furtherance of charitable objectives		952,566
Investment income		<u>7,066</u>
TOTAL INCOMING RESOURCES	2	<u>959,632</u>
RESOURCES EXPENDED		
Charitable expenditure		
Expenditure on accounts in furtherance of the charity's objects	2	306,731
Management and administration	2	<u>287,293</u>
TOTAL RESOURCES EXPENDED		<u>594,024</u> 365,608
NET INCOMING RESOURCES		
Transfer of monies from previous entity	6	<u>170,777</u>
Fund balance at 31 st July 2005	11	<u>536,385</u>

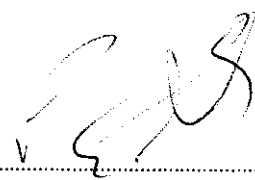
All the above results are derived from continuing activities. All recognised gains and losses in the year are included above.

**OCN East Midlands Region
(OCNEMR)
Balance Sheet
31st July 2005**

	Notes	2005 £
FIXED ASSETS		
Tangible assets	7	<u>3,396</u>
CURRENT ASSETS		
Debtors	8	287,857
Cash at bank and in hand	9	<u>339,181</u>
		627,038
CREDITORS: amounts falling due within one year	10	<u>94,049</u>
NET CURRENT ASSETS		<u>532,989</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>536,385</u>
RESERVES		
Unrestricted funds	11	<u>536,385</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.


P Riley
Signed on behalf of the Trustees


P Edwards
Signed on behalf of the Trustees

OCN East Midlands Region
(OCNEMR)
Notes forming part of the financial statements
for the period ended 31st July 2005

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice (SORP) - Accounting and Reporting by Charities (revised 2005).

The financial statements include a statement of financial activities which replaces the income and expenditure account permitted by schedule 4 paragraph 3 (3) of the Companies Act 1985 to reflect the special nature of the company's charitable activities. The directors consider that this policy is more appropriate given the nature of the company's activities.

(b) Company status

The charity is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

(c) 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.

(d) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Management and administration costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements. Irrecoverable input VAT is included within each expense category.

(e) Tangible fixed assets and depreciation

Individual fixed assets costing £1000 or less are written off fully in the year of purchase. Depreciation is provided at the following annual rates in order to write off each asset over its estimates useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	- 25% on cost
Computer equipment	- 33 1/3% on cost

(f) Pension scheme

Contributions are made to the Teachers Pension Scheme. The cost of providing pensions is charged to the statement of financial activities in the period in which the contributions are made.

(g) Interest receivable

Interest is included when receivable by the charity.

(h) Operating leases

Rentals payable under operating leases charged to the Statement of Financial Activities as incurred over the term of the lease.

(i) Fund accounting

All funds of the charity are unrestricted general funds. These are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

OCN East Midlands Region
(OCNEMR)
Notes forming part of the financial statements
for the period ended 31st July 2005

2. INCOME AND EXPENDITURE

Income represents amounts derived from the provision of goods and services which fall within the company's ordinary activities.

	Unrestricted funds 2005 £
Income from trading	952,566
Investment income	<u>7,066</u>
	<u>959,632</u>

Income from trading includes income from the previous period of £228,367. This arises because of the change in policy to the accruals basis. The previous entity recognised income on the cash basis.

Expenditure included in the statement of financial activities:-

**EXPENDITURE ON ACTIVITIES IN FURTHERANCE
OF THE CHARITY'S OBJECTS**

Staff costs	
Wages and salaries	151,174
Pension costs	13,925
Telephone	3,842
Travelling	15,142
Moderators	32,228
Panel members	1,200
Postage & stationery	12,163
Printing	725
External assessors	1,286
Certification	2,261
NOCN membership	47,291
NOCN development	10,000
Recruitment expenses & advertising	3,415
Qualification assessments	630
ICT/Opus	7,787
Conferences	<u>3,662</u>
	<u>306,731</u>

OCN East Midlands Region
(OCNEMR)
Notes forming part of the financial statements
for the period ended 31st July 2005

MANAGEMENT AND ADMINISTRATION

Staff costs	
Wages and salaries	193,670
Pension costs	22,124
Rent	14,726
Rates	1,737
Insurance	5,480
Light and heat	2,926
Premises expenses	3,877
Office cleaning	5,275
Sundries	1,740
Repairs and maintenance	4,586
Hire of equipment	6,134
Audit fees	1,293
Sage support fees	1,474
Legal and professional fees	8,935
Bad debt	161
Training costs	5,236
IT consumables	2,187
Subscriptions	210
Entertainment	3,399
Bank charges	35
Loss on disposal of fixed assets	1,968
Donations	120
	<u>237,293</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Average number of persons employed

	2005
	£
Management	5
Administrative staff	8
	<u>13</u>

Staff costs during the year (including trustees)

	2005
	£
Wages and salaries	320,807
Social security costs	24,037
Pension costs	36,049
	<u>380,893</u>

There were no employees whose emoluments as defined for tax purposes amounted to over £50,000 in the year.

The trustees were not paid remuneration during the year. Expenses of £984 were paid to M Lloyd, the chief executive. No other trustees received any expenses during the year.

4. OPERATING PROFIT

Operating profit is after charging:	
Loss on disposal of fixed assets	1,968
Auditors remuneration	<u>1,175</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The company is a registered charity and exempt from the liability to corporation tax.

6. The University of Derby transferred monies totalling £170,777 to the charity.

OCN East Midlands Region
(OCNEMR)
Notes forming part of the financial statements
for the period ended 31st July 2005

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings
Cost	
Additions in year	5,364
Disposals in year	<u>(1,968)</u>
At 31 st July 2005	<u>3,396</u>
Accumulated depreciation	
Charge in year	1,968
Eliminated on disposal	<u>(1,968)</u>
At 31 st July 2005	<u>-</u>
Net book value	
At 31 st July 2005	<u>3,396</u>

8. DEBTORS

	2005 £
Trade debtors	122,404
Prepayments and accrued income	<u>165,453</u>
	<u>287,857</u>

All amounts are due within one year

9. CASH AT BANK AND IN HAND

	2005 £
Cash at bank	4,427
Bank deposit account	104,604
Treasury reserve	230,000
Cash in hand	<u>150</u>
	<u>339,181</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £
Trade creditors	22,561
Other creditors	4,875
Other taxes and social security	8,669
Accruals	<u>57,944</u>
	<u>94,049</u>

11. RECONCILIATION OF MOVEMENTS IN FUNDS

	2005 £
Monies transferred	170,777
Surplus for the year	<u>365,608</u>
Closing funds	<u>536,385</u>

**OCN East Midlands Region
(OCNEMR)**

**Notes forming part of the financial statements
for the period ended 31st July 2005**

12. STATEMENT OF FUNDS

	Transfer from Previous entity	Surplus for the year	Balance carried forward
	£	£	£
General fund	170,777	365,608	536,385

13. ANALYSIS OF NET ASSETS

	General Fund £
Cash at bank	339,181
Other net current assets	197,204
	<u>536,385</u>

The general fund is unrestricted.

14. OPERATING LEASE COMMITMENTS

The amounts payable in the next year in respect of operating leases for equipment are shown below, analysed according to the expiry date of the leases.

	2005 £
Between two and five years	4,586

15. PENSION CONTRIBUTIONS

The charity operates a defined benefit scheme. The pension charge for the year was £36,049.

16. RELATED PARTIES

The charity is a member of the National Open College Network (NOCN). During the year membership fees of £47,291 were paid to NOCN and £6,218 was received from NOCN for services provided. Also £10,000 was given to NOCN towards development costs. At 31st July 2005, there was an amount owed to the charity by NOCN of £1,490.

17. POST BALANCE SHEET EVENT

On 1st August 2005 the charity merged with OCN South East Midlands (OCNSEM).

The charity is in the process of negotiating a 5 year lease for premises in Derby, together with the National Open College Network. The annual rent will be £35,250, with a rent review after 3 years.

**OCN East Midlands Region
(OCNEMR)
Notes forming part of the financial statements
for the period ended 31st July 2005**

ADDITIONAL INFORMATION

The additional information on pages 14 to 15 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.

**OCN East Midlands Region
(OCNEMR)
Income & Expenditure Account
Period ended 31st July 2005**

	Notes	2005 £
INCOME	1	952,566
LESS: OVERHEAD EXPENSES		
Direct Charitable	2	306,731
Management and administration	3	<u>287,293</u>
		<u>594,024</u>
SURPLUS FOR THE YEAR		358,542
ADD OTHER INCOME		
Interest receivable & similar income	4	<u>7,066</u>
PROFIT ON ORDINARY ACTIVITIES		<u>365,608</u>

OCN East Midlands Region
(OCNEMR)
Notes to the Income and Expenditure
Year ended 31st July 2005

1. INCOME

Membership	9500
Quality assurance charge	907,682
External assessment	4,046
New deal	1,418
Sundry	29,920
	<u>952,566</u>

2. DIRECT CHARITABLE EXPENDITURE

Staff costs	
Wages and salaries	151,174
Pension costs	13,925
Telephone	3,842
Travelling	15,142
Moderators	32,228
Panel members	1,200
Postage & stationery	12,163
Printing	725
External assessors	1,286
Certification	2,261
NOCN membership	47,291
NOCN development	10,000
Recruitment expenses & advertising	3,415
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Conferences	3,662
	<u>306,731</u>

3. MANAGEMENT AND ADMINISTRATION

Staff costs	
Wages and salaries	193,670
Pension costs	22,124
Rent	14,726
Rates	1,737
Insurance	5,480
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Bad debt	161
Training costs	5,236
IT consumables	2,187
Subscriptions	210
Entertainment	3,399
Bank charges	35
Loss on disposal of fixed assets	1,968
Donations	120
	<u>287,293</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

Bank interest receivable	<u>7,066</u>
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