

OPEN SCHOOL TRUST
COUNCIL MEMBERS' ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 30TH JUNE 2015
COMPANY REG. NO. 2438525
CHARITY NO. 328414



OPEN SCHOOL TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

CONTENTS

| | |
|---|--------|
| Legal and Administrative Information | 1 |
| Council Members' Annual Report | 2 - 4 |
| Report of the Auditors | 5 - 6 |
| Statement of Financial Activities | 7 |
| Balance Sheet | 8 |
| Notes forming part of the financial statements | 9 - 14 |
| The following pages do not form part of the statutory financial statements: | |
| Detailed Statement of Financial Activities | 15 |
| Detailed Balance Sheet | 16 |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS

REGISTRATION NUMBER: 02438525 (Company limited by guarantee)

CHARITY NUMBER: 328414

COUNCIL MEMBERS: J.A. Dodds (Chairperson)
G. Rumble (Vice Chairperson)
S.E. Carlton
P. Lavender
R. Morpeth (Chief Executive Officer)
R. Dorrance
C. Callaway

REGISTERED OFFICE 115c Milton Road
Cambridge
CB4 1XE

OPERATIONAL ADDRESS: The Michael Young Centre
School House
Homerton Gardens
Cambridge
CB2 8EB

AUDITORS: Prentis & Co LLP
Chartered Accountants & Statutory Auditors
115c Milton Road
Cambridge
CB4 1XE

| | | |
|----------|---|---|
| BANKERS: | CAF (Charities Aid Foundation) Bank 25 Kings Hill Avenue Kings Hill West Malling, Kent ME19 4TA | National Westminster Bank Kings Parade Branch 10 Benet Street Cambridge CB2 3PU |
|----------|---|---|

SOLICITORS: King & Co
238 High Street
Cottenham
Cambridge
CB4 8RZ

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

COUNCIL MEMBERS' ANNUAL REPORT

The Council Members, who are also directors of the charity for the purposes of the Companies Act, present their Council Members' Annual Report and the audited financial statements for the year ended 30th June 2015. The Council Members have adopted the provisions of the Statement of Recommended Practice (SORP), "Accounting and Reporting Charities", issued in March 2005 in preparing the Council Members' Annual Report and financial statements of the charity.

STRUCTURE, GOVERNANCE AND MANAGEMENT

NATURE OF THE GOVERNING DOCUMENT

The Open School Trust (registered charity 328414) was incorporated in November 1989 with an object to promote education for the benefit of the public. The Open School Trust was dormant from 2003 to 2011 and was revived to take the National Extension College (NEC) out of the administration of the Learning and Skills Network. The Open School Trust took over the assets and the liabilities of the NEC on 16th December 2011 and has been running the college as a going concern. The Open School Trust continues to use the trading name National Extension College (NEC). These financial statements cover the 12 months of trading to 30th June 2015.

The governing document is the Memorandum and Articles of Association filed at Companies House on 20th October 1989.

CONSTITUTION OF THE CHARITY

The constitution of the Charity is contained in items 1 to 7 of the Memorandum of Association and items 1 to 69 of the Articles of Association.

THE BOARD OF TRUSTEES

The Trustees of the Charity are also directors for the purposes of company law. The Board of Trustees (referred to in the company's articles as the "Council of Management") consists of not less than three members. At present, the Board of Trustees comprises of seven members from a variety of professional backgrounds relevant to the work of the charity and meet at least three times a year.

Council Members are responsible for the management of the risks faced by the charity. Risks are identified and assessed and controls established throughout the year. Significant new ventures are subject to a risk analysis by the council members before they are approved. Council members make a distinction between those initiatives which are subject to normal commercial practices and those which are subject to Government policy. In both cases, Open School Trust conforms to the legislative framework.

The Trust maintains a Register of Interests and Trustees and senior executive managers are required to declare annually, and whenever they may arise, any interest which may be perceived as being likely to interfere with the exercise of independent judgement.

The board is also underpinned by a senior management team, which support its decision making. The senior management team meet on a monthly basis. Experts and tutors are engaged when required to provide the support and development of services.

RECRUITMENT OF NEW TRUSTEES

The Trust may by ordinary resolution appoint a person who is willing to act to be a Trustee, either to fill a vacancy or as an additional Trustee.

New Trustees are invited to familiarise themselves with the charity and the context within which it operates. Briefing sessions jointly led by the Chief Executive Officer and the existing Trustees cover:

- The obligations of the management team.
- The main documents which set out the operational framework of the charity.
- The current financial position including the latest published accounts and the current management accounts.
- Future plans and objectives.
- The Charity Commission guide "The Essential Trustee"

OBJECTIVES AND ACTIVITIES

PURPOSES OF THE CHARITY AS SET OUT IN THE GOVERNING DOCUMENT

The Charity's object is that of promoting education for the benefit of the public and to provide or assist in providing both adults and children with sound general and specialised education and training. Our mission is "to widen learning opportunities for all by creating and promoting alternative modes of study for those who do not follow traditional educational routes".

MAIN ACTIVITIES UNDERTAKEN IN RELATION TO THOSE PURPOSES

The principal activities of the Charity during the year were the provision of education for adults and young people through distance learning courses and by publishing training and learning materials.

EXPLANATION OF THE ACTIVITIES, PROJECTS AND SERVICES IDENTIFIED IN THE ACCOUNTS

The Charity fills a significant gap in providing educational opportunities for adults and young people who need flexible part time provision of courses. The Charity takes this role very seriously and invests resources on improving the quality of its course portfolio and enhancing the level of service it offers its students.

In this year the work on improving the quality of teaching through tutor training and development continued. Eight replacement A-level courses were commissioned to meet the reformed specifications and two new science subjects were added to the portfolio.

The 2014/5 period focused on consolidating and strengthening the activities of the previous three years. The specific activities, projects and services have been described elsewhere in this report and have not changed over the last year.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

COUNCIL MEMBERS' ANNUAL REPORT

ACHIEVEMENTS AND PERFORMANCE

SUMMARY OF THE MAIN ACHIEVEMENTS OF THE CHARITY

The performance of the Charity was steady, building on the efforts in the previous years to strengthen the infrastructure of the organisation, especially the IT systems, to maintain the income stream through enrolments and to build up reserves. It is noticeable that the sponsored enrolments have increased and so have enrolments through personal recommendation.

A major achievement has been the ability to finance the investment in the improvements to the infrastructure and the new commissioning out of income. The Charity is free of debt and has not yet used an overdraft or a loan to pay for investment.

The Charity has been approved by the SFA to go on to its training register. This required a process of due diligence and the College was deemed to be in good financial health. The College was also audited by two awarding bodies during the year, CACHE and CMI and both audits were positive.

THE DIFFERENCE THE CHARITY'S WORK HAS MADE TO THE CIRCUMSTANCES OF ITS BENEFICIARIES

The Charity's mission is to open up access to learning opportunities for disadvantaged students, especially those who find it difficult to access mainstream provision. For example offenders, people with disabilities and people who are caring for others. The government spending reviews has resulted in serious cut backs to the provision of part time adult learning which has created a greater need for the services that NEC provides.

During the year we have enabled over 1,000 students to take GCSE and A-level qualifications which are essential qualifications for entry to higher level courses. We have also supported over 200 students gain qualifications at levels 2 and 3 in Childcare, Teaching Assistants, business and management. These qualifications open the door to career opportunities and to self-employment.

PUBLIC BENEFIT

TRUSTEES REGARD TO THE CHARITY COMMISSION'S GUIDANCE ON PUBLIC BENEFIT

The Trustees confirm that they have complied with the duty of section 4 of the Charities Act 2011 relating to public benefit and have considered the Charity Commission's specific public benefit guidance on education, which forms the basis of the following review.

The Charities Act 2011 (Section 2 of Part 1) identifies "the advancement of education" as a public benefit and states that to advance education "means to promote, sustain and increase individual and collective knowledge and understanding of specific areas of study, skills and expertise".

There is clear commonality with this and the Trust's mission. The Trust's strategic objectives, which are kept under constant review, also support this mission. The Trust mainly works with individuals to achieve the advancement of education.

Additionally the Trust is involved in a programme of improvement in delivery to ensure that education is brought to all people whatever their background in the most attractive and appropriate way. The Trust's work also involves keeping its courses and resources up to date in a wide range of curriculum areas.

FINANCIAL REVIEW

REVIEW OF THE FINANCIAL POSITION AT THE END OF THE YEAR

Total unrestricted income for the year was £1,033,408 which reflects a small reduction of income of just under 2% over the previous year. This was achieved despite continued uncertainties in the economy and certain areas of education that the Open School Trust provide courses.

Cash at bank and in hand increased to £81,215 and reflects the controls on expenditure in place. During the year a new credit provider for students was employed, this has resulted in less administration, fewer debts at year end and far fewer bad debts.

Course income provides over 90% of the income of the Open School Trust and the Charity continues to try and expand its income from publication sales, licence income, royalties and administration income.

RESERVES POLICY

Free reserves comprise of total reserves of the charity less those reserves which are restricted or else designated for specific purposes.

We are happy to report that the Open School Trust has been able to maintain its free reserves position of a surplus of £215,635 in 2015, an increase of £60,528 over the previous year. Each year the Trustees review the policy for maintaining free reserves, taking into account the risks faced by the Charity, the likely impact on income and an assessment of the ways to mitigate such risks.

The Trustees have considered that the most appropriate policy at present is to maintain all surplus funds in the bank current accounts. This policy is kept under review, having regard to the level of funds available. The Member of Council's investment powers are governed by the Trust Deed which permits the Open School Trust to invest the monies of the Trust not immediately required for its purposes in such ways as the Trust shall in its absolute discretion think fit.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

COUNCIL MEMBERS' ANNUAL REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

Internal controls over all forms of income, assets, commitment and expenditure continue to be refined to improve efficiency and effectiveness. Performance is monitored and appropriate management information is prepared and reviewed regularly by the management team and Trustees.

The Charity currently produces an annual budget and reports monthly against that budget, requiring managers to comment on variances and outline corrective action if required. The Trustees has delegated authority from the board to ensure that an active risk management process is in place and form part of the Open School Trusts' ongoing organisation activity.

MATERIAL FUNDS**Eileen Sellars Bursary Fund**

Eileen Sellars was a former NEC classics tutor who died in 2011 at the age of eighty-eight. She left a £19k legacy to NEC to help students overcome disadvantage in order to study. Students who benefited from this bursary were referred by the following Charities:

Crisis (10)
Refugee Council (12)
St Giles Trust (11)

Although all financial transactions have taken place, the students are still provided with tutor support on their chosen courses.

Open School in a Box

The NEC was awarded a grant of just over £60K by The Nominet Trust's social changes fund to enable digitally excluded groups to gain confidence and qualifications in literacy and numeracy using a range of mobile devices. Those who are digitally excluded include learners in prisons and young offender institutions, those working at sea, armed forces serving abroad, pupils not attending mainstream school and those living in remote areas with poor or no broadband.

The grant spanned two financial years and the project ended in December 2014.

STATEMENT OF MEMBERS OF COUNCIL RESPONSIBILITIES

The Members of Council are required by company law to prepare 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 year. In preparing those financial statements the Members of Council are required to:

- (a) Select suitable accounting policies and then apply them consistently;
- (b) Make judgements and estimates that are reasonable and prudent;
- (c) Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Charity will continue in operation.
- (d) State whether the policies adopted are in accordance with the Companies Act 2006 and with applicable accounting standards and statements of recommended practice, subject to any material departures disclosed and explained in the financial statements;
- (e) Observe the methods and principles of the Charities SORP

The Members of Council are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act.

The Members of Council 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.

The Members of Council confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are Members of Council at the time when the Council Members' report is approved:

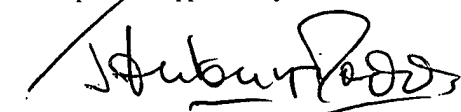
- (a) So far as the Members of Council are aware, there is no relevant audit information (information needed by the Charity's auditors in connection with preparing their report) of which the Charity's auditors are unaware, and
- (b) Each Member of Council has taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Amounts are presented within items in the statement of financial activities and balance sheet in accordance with generally accepted accounting principles or practice, the Council Members having had regard to the substance of the reported transaction or arrangement.

The Auditors, Prentis & Co LLP, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

APPROVAL

This report was approved by the Council of Trustees and signed on its behalf, on 6th November 2015.



CHAIR OF THE COUNCIL OF TRUSTEES
J. A. DODDS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF OPEN SCHOOL TRUST

We have audited the financial statements of Open School Trust for the year ended 30 June 2015 which comprise of the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Council 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 charity's Council 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 charity and the charity's Council Members as a body, for our audit work, for this report or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF COUNCIL MEMBERS AND THE AUDITORS

As explained more fully in the Council Members' responsibilities statement in the Council Member's Annual Report, the Member's of Council (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.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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, including "APB Ethical Standards - Provisions Available for Small Entities (Revised)", in the circumstances set out in note 5 to the financial statements.

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 Member's of Council; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Council Member's Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

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 30th June 2015, 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF OPEN SCHOOL TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Council Member's Annual Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



IAN SHIPLEY FCCA (Senior Statutory Auditor)
FOR AND ON BEHALF OF
PRENTIS & CO LLP
CHARTERED ACCOUNTANTS
& STATUTORY AUDITORS
115c Milton Road
Cambridge
CB4 1XE

17 February 2016

Prentis & Co LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

STATEMENT OF FINANCIAL ACTIVITIES

| | Notes | 2015 Restricted £ | 2015 Unrestricted £ | 2015 Total £ | 2014 Total £ |
|---|-------|-------------------------|---------------------------|--------------------|--------------------|
| INCOMING RESOURCES | | | | | |
| Incoming resources from generated funds | | | | | |
| Investment Income | 2 | - | 509 | 509 | 776 |
| Incoming resources from charitable activities | | | | | |
| Fees | | - | 982,978 | 982,978 | 999,193 |
| Publications | | - | 45,167 | 45,167 | 36,517 |
| Grants | 3 | 11,425 | - | 11,425 | 48,575 |
| Other Income | | - | 4,754 | 4,754 | 7,181 |
| Total Incoming Resources | | <u>11,425</u> | <u>1,033,408</u> | <u>1,044,833</u> | <u>1,092,242</u> |
| RESOURCES EXPENDED | | | | | |
| Costs of generated funds | | | | | |
| Fundraising Costs | | - | 8,330 | 8,330 | 11,889 |
| Charitable activities | | | | | |
| Fees | 4 | 1,411 | 830,607 | 832,018 | 866,671 |
| Publications | 4 | 65 | 104,724 | 104,789 | 54,969 |
| Grants | 4 | 16,634 | - | 16,634 | 65,015 |
| Governance Costs | 4 | - | 22,534 | 22,534 | 20,811 |
| Total Resources Expended | | <u>18,110</u> | <u>966,195</u> | <u>984,305</u> | <u>1,019,355</u> |
| Net movement in funds before transfers between funds | 5 | (6,685) | 67,213 | 60,528 | 72,887 |
| Transfers between funds | | 5,209 | (5,209) | - | - |
| Net movement in funds after transfers between funds | | <u>(1,476)</u> | <u>62,004</u> | <u>60,528</u> | <u>72,887</u> |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | 1,476 | 153,631 | 155,107 | 82,220 |
| Total funds carried forward | | <u>-</u> | <u>215,635</u> | <u>215,635</u> | <u>155,107</u> |

None of the charitable company's activities were acquired or discontinued during the year and there were no recognised gains and losses for 2015 or 2014 other than those included in the Statement of Financial Activities.

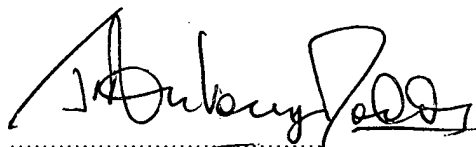
The notes on pages 9 to 14 form part of these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

BALANCE SHEET

| | Notes | 2015 | | 2014 | |
|---|-------|------------------|-----------------|------------------|------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 8 | | 42,715 | | 23,189 |
| Intangible assets | 9 | | 306,310 | | 271,050 |
| | | | <u>349,025</u> | | <u>294,239</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 10 | 5,910 | | 5,822 | |
| Debtors | 11 | 36,305 | | 55,809 | |
| Cash at bank and in hand | | 81,215 | | 60,158 | |
| | | <u>123,430</u> | | <u>121,789</u> | |
| CREDITORS: Amounts falling due within one year | 12 | <u>(163,052)</u> | | <u>(154,132)</u> | |
| NET CURRENT LIABILITIES | | | <u>(39,622)</u> | | <u>(32,343)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>309,403</u> | | <u>261,896</u> |
| PROVISIONS FOR LIABILITIES AND CHARGES | 13 | | <u>(93,768)</u> | | <u>(106,789)</u> |
| NET ASSETS | | | <u>215,635</u> | | <u>155,107</u> |
| FUNDS | | | | | |
| Restricted Funds | | | - | | 1,476 |
| Unrestricted Funds | | | 215,635 | | 153,631 |
| TOTAL FUNDS | 15 | | <u>215,635</u> | | <u>155,107</u> |

The financial statements were approved by the Council of Trustees on 6th November 2015 and signed on its behalf by



CHAIR OF THE COUNCIL OF MEMBERS
J. A. DODDS

The notes on pages 9 to 14 form part of these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principle accounting policies are summarised below. The accounting policies have been applied consistently through the year and the preceding year.

(a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007), the Companies Act 2006 and follow the recommendations in "Statement of Recommended Practice: Accounting and Reporting by Charities" (SORP 2005).

(b) GOING CONCERN

The financial statements have been prepared on a going concern basis. This may not be appropriate because at 30th June 2015 the charitable company's current liabilities exceeded its current assets by £39,622 (2014: £32,343)

Early management accounts and budgets for the following year indicate the measures taken are benefiting the charity in terms of both lowering costs and increasing income. With the improved trading position together with the continuing positive cash flows, the Council Members consider it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustment that would result from the going concern basis being inappropriate.

(c) COMPANY STATUS

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

(d) FUND ACCOUNTING

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Restricted funds are subject to restrictions on their expenditure imposed by the donor or terms of an appeal.

(e) INCOMING RESOURCES

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the money and the amounts can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- All fee income represents the invoiced value of services and goods net of Value Added Tax and discounts.

Because of the nature and advantage of distance learning there is no set length of a course. Courses can be undertaken in a matter of weeks or over a year, courses can be purchased simply for the material to support the material of other educators, and students can cease their studies permanently because of a number outside factors. Because of the above there is no reliable measure of the length of a course and timing of the income stream. Therefore the Charity considers it appropriate to recognise fee income where a course has been ordered.

- Grants received are credited in the year of receipt.

(f) RESOURCES EXPENDED

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to that activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of the resources.

- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.

- Governance costs include all expenditure not directly related to the charitable activity or fundraising ventures. This includes an appropriate proportion of costs of renting and running office premises, staff salaries for administration staff and audit fees.

- To the extent that grants are received for specific projects, the relevant expenditure is allocated to that project. Any expenditure in excess of the agreed grant is borne by the Charity.

- Irrecoverable Value Added Tax is charged as a cost to the Statement of Financial Activities.

(g) FIXED ASSETS AND DEPRECIATION

The charity has a policy of capitalising fixed assets with a cost in excess of £250. Depreciation is provided on all tangible fixed assets at rates calculated to write-off the costs less estimated residual value of each asset over its expected useful life as follows:

| | |
|------------------------|-------------------------|
| Leasehold improvements | - 2 years straight line |
| Equipment and software | - 3 years straight line |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS

(h) INTANGIBLE FIXED ASSETS AND AMORTISATION

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the separable net assets. The trustees have estimated the economic life to be 20 years for which it will be amortised to the Statement of Financial Activities from 1 July 2012.

(i) COURSE DEVELOPMENT EXPENDITURE

The Charity defers course development expenditure on new course products where the project meets the criteria set out for deferred costs in Statement of Standard Accounting Practice 13 (Research and Development). Identifiable development expenditure is deferred on clearly defined projects where the outcome has been assured with reasonable certainty and is viable in light of current market conditions. Income is expected to exceed all development costs. The life of each course on completion and commencement of marketing is expected to be 3 years and each course is reviewed annually to ensure commercial prospects remain, otherwise the costs are written off in that year.

(j) STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost of course materials and publications includes materials, printing and other direct costs at cost price.

(k) GOODS PURCHASED SUBJECT TO RESERVATION OF TITLE

Goods purchased subject to reservation of title are included within purchases and creditors.

(l) PROVISIONS

A provision is included for the economic cost of educating students who fulfil the necessary conditions and who are supported until they successfully complete the course, within a period of eighteen months.

(m) UNRESTRICTED FUNDS

The balance of the net income for the year shall be transferred annually to the Unrestricted Fund to the extent that it is not required to cover any designated purpose.

(n) DEFERRED INCOME

Income is deferred when conditions for receipt have not or cannot be met usually due to contractual, licensing and the guarantee and refund policies of the charity.

| | | | | | | | |
|----|--|------------|-------------|--------------|---------|---------|---------|
| 2. | INVESTMENT INCOME | | | | 2015 | 2014 | |
| | | | Restricted | Unrestricted | Total | Total | |
| | | | £ | £ | £ | £ | |
| | Bank interest receivable | | - | 509 | 509 | 776 | |
| | | | | | | | |
| 3. | GRANT INCOME | | | | 2015 | 2014 | |
| | | | Restricted | Unrestricted | Total | Total | |
| | | | £ | £ | £ | £ | |
| | Nominet | | 11,425 | - | 11,425 | 48,575 | |
| | | | | | | | |
| 4. | RESOURCES EXPENDED | | | | | | |
| | (a) ANALYSIS OF TOTAL RESOURCES EXPENDED | | | | | | |
| | | Activities | Staff Costs | | | | |
| | | Undertaken | (Excluding | Other Direct | Support | | |
| | | Directly | Support) | Costs | Costs | 2015 | 2014 |
| | | £ | £ | £ | £ | Total | Total |
| | | | | | | £ | £ |
| | Charitable Activities | | | | | | |
| | Fees | 176,285 | 345,999 | 11,586 | 298,148 | 832,018 | 866,671 |
| | Publications | 74,805 | 15,887 | 532 | 13,565 | 104,789 | 54,969 |
| | Grants | 16,634 | - | - | - | 16,634 | 65,015 |
| | Total resources expended | 267,724 | 361,886 | 12,118 | 311,713 | 953,441 | 986,655 |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS

RESOURCES EXPENDED...CONT.

(b) ANALYSIS OF SUPPORT COSTS

| | Fees £ | Publishing £ | Grants £ | 2015 Total £ | 2014 Total £ |
|--------------------------------|----------------|-----------------|-------------|--------------------|--------------------|
| Postage and carriage | 5,333 | 195 | - | 5,528 | 3,894 |
| Staff costs | 55,214 | 2,535 | - | 57,749 | 47,173 |
| Office expenses | 4,958 | 181 | - | 5,139 | 7,929 |
| Computer and hardware expenses | 33,118 | 1,521 | - | 34,639 | 35,602 |
| Telephone | 13,337 | 488 | - | 13,825 | 15,893 |
| Depreciation and amortisation | 33,524 | 1,910 | - | 35,434 | 61,619 |
| Professional fees | 46,550 | 2,137 | - | 48,687 | 40,185 |
| Audit and accountancy | 13,368 | 489 | - | 13,857 | 18,947 |
| Bad debts | (1,915) | (70) | - | (1,985) | 8,380 |
| Other costs | 2,450 | 112 | - | 2,562 | 748 |
| Recruitment costs | 751 | 27 | - | 778 | 95 |
| Bank and credit card charges | 16,983 | 621 | - | 17,604 | 14,054 |
| Premises expenses | 31,802 | 1,460 | - | 33,262 | 47,954 |
| Advertising and marketing | 42,675 | 1,959 | - | 44,634 | 32,250 |
| | <u>298,148</u> | <u>13,565</u> | <u>-</u> | <u>311,713</u> | <u>334,723</u> |

(c) ANALYSIS OF GOVERNANCE COSTS

| | 2015 Total £ | 2014 Total £ |
|---------------------------------|--------------------|--------------------|
| Legal and professional | 4,310 | 2,927 |
| Audit and accountancy | 9,779 | 9,473 |
| Trustees expenses | 2,445 | 2,411 |
| Apportionment of premises costs | 6,000 | 6,000 |
| | <u>22,534</u> | <u>20,811</u> |

5. NET INCOMING RESOURCES

This is stated after charging:

| | 2015 £ | 2014 £ |
|---|---------------|---------------|
| Auditors remuneration - Audit | 9,779 | 9,473 |
| - Other services | 2,004 | 7,239 |
| Amortisation of intangible fixed assets | 15,058 | 15,058 |
| Depreciation of tangible fixed assets | <u>20,376</u> | <u>46,561</u> |

MANAGEMENT THREAT IN RELATION TO NON-AUDIT SERVICES

In common with many other businesses of our size and nature we use our auditors to assist with the preparation of the financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS

6. STAFF COSTS

| | 2015 £ | 2014 £ |
|------------------------|----------------|----------------|
| Staff costs comprised: | | |
| Wages and salaries | 354,886 | 356,726 |
| Social security costs | 29,402 | 28,080 |
| Pension contributions | 18,362 | 18,809 |
| Restructuring costs | 9,048 | - |
| | <u>411,698</u> | <u>403,615</u> |

| | | |
|--|-----------|-----------|
| The average weekly number of staff employed by the charity during the year were: | 2015 | 2014 |
| Charitable activities | 16 | 16 |
| Management and Administration | 2 | 2 |
| | <u>18</u> | <u>18</u> |

The number of employees whose emoluments (salaries and pension contributions) exceeded £60,000 was nil (2014: nil).

Trustees received no remuneration in the year (2014 - £nil). Trustee expenses reimbursed during the year were £2,445 (2014 - £2,411).

7. TAXATION

As a charity, Open School Trust is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the year.

8. TANGIBLE FIXED ASSETS

| | Leasehold Improvement £ | Equipment & Software £ | Total £ |
|-------------------------------------|-------------------------------|------------------------------|----------------|
| COST OR VALUATION | | | |
| Balance at 1st July 2014 | 58,981 | 64,628 | 123,609 |
| Additions | - | 39,902 | 39,902 |
| | <u>58,981</u> | <u>104,530</u> | <u>163,511</u> |
| DEPRECIATION | | | |
| Balance at 1st July 2014 | 58,981 | 41,439 | 100,420 |
| Charge for the year | - | 20,376 | 20,376 |
| Balance at 30th June 2015 | <u>58,981</u> | <u>61,815</u> | <u>120,796</u> |
| NET BOOK VALUE as at 30th June 2015 | - | <u>42,715</u> | <u>42,715</u> |
| NET BOOK VALUE as at 30th June 2014 | - | <u>23,189</u> | <u>23,189</u> |

All the tangible assets are held for the charity's use.

9. INTANGIBLE FIXED ASSETS

| | Goodwill £ | Course Development £ | Total £ |
|-------------------------------------|----------------|----------------------------|----------------|
| COST | | | |
| Balance at 1st July 2014 | 301,166 | - | 301,166 |
| Additions | - | 50,318 | 50,318 |
| Balance at 30th June 2015 | <u>301,166</u> | <u>50,318</u> | <u>351,484</u> |
| AMORTISATION | | | |
| Balance at 1st July 2014 | 30,116 | - | 30,116 |
| Charge for the year | 15,058 | - | 15,058 |
| Balance at 30th June 2015 | <u>45,174</u> | <u>-</u> | <u>45,174</u> |
| NET BOOK VALUE as at 30th June 2015 | <u>255,992</u> | <u>50,318</u> | <u>306,310</u> |
| NET BOOK VALUE as at 30th June 2014 | <u>271,050</u> | <u>-</u> | <u>271,050</u> |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS

| | | | |
|-----|--|-----------|-----------|
| 10. | STOCKS | 2015 £ | 2014 £ |
| | Finished goods and goods for resale | 5,910 | 5,822 |
| 11. | DEBTORS | 2015 £ | 2014 £ |
| | Due within one year: | | |
| | Trade debtors | 19,911 | 30,082 |
| | Prepayments and accrued income | 16,394 | 25,727 |
| | | 36,305 | 55,809 |
| 12. | CREDITORS: DUE WITHIN ONE YEAR | 2015 £ | 2014 £ |
| | Trade creditors | 88,906 | 84,727 |
| | Other creditors | - | 40,000 |
| | Accruals and deferred income | 74,146 | 29,405 |
| | | 163,052 | 154,132 |
| 13. | PROVISIONS FOR LIABILITIES AND CHARGES | 2015 £ | 2014 £ |
| | Balance at 1st July 2014 | 106,789 | 114,400 |
| | Movement in provision | (13,021) | (7,611) |
| | Balance at 30th June 2015 | 93,768 | 106,789 |

The provision relates to course fees and tutorial costs. As the Charity accepts students on a regular basis it is expected that the provision will be in line with student numbers. The provision is calculated on the economic cost to the charity of supporting students to successful completion of their course up to an eighteen month period from commencement of the course.

| | | | | | |
|---------------------|--|----------------------------|----------------------------|------------------------------|--------------------|
| 14. | CAPITAL COMMITMENTS | | | 2015 £ | 2014 £ |
| | Approved by the Board but not contracted or provided for in the financial statements | | | 9,757 | - |
| 15. | STATEMENT OF FUNDS | | | Transfer Between Funds | Carried Forward |
| | Brought Forward £ | Incoming Resources £ | Resources Expended £ | £ | £ |
| UNRESTRICTED FUNDS | | | | | |
| General funds | 153,631 | 1,033,408 | (966,195) | (5,209) | 215,635 |
| RESTRICTED FUNDS | | | | | |
| Eileen Sellars fund | 1,476 | - | (1,476) | - | - |
| Nominet | - | 11,425 | (16,634) | 5,209 | - |
| | 1,476 | 11,425 | (18,110) | 5,209 | - |
| TOTAL FUNDS | 155,107 | 1,044,833 | (984,305) | - | 215,635 |

Eileen Sellars Fund - This fund represents monies received from the estate of the late Eileen Sellars to help towards supporting disadvantaged students by supporting their fees.

Nominet - This fund represents monies received towards the development of the "Open School in a Box" project.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Restricted Funds £ | Unrestricted Funds £ | 2015 Total Funds £ | 2014 Total Funds £ |
|-------------------------------|--------------------------|----------------------------|-----------------------------|-----------------------------|
| Tangible fixed assets | - | 42,715 | 42,715 | 23,189 |
| Intangible fixed assets | - | 306,310 | 306,310 | 271,050 |
| Current assets | - | 123,430 | 123,430 | 121,789 |
| Creditors due within one year | - | (163,052) | (163,052) | (154,132) |
| Provision for liabilities | - | (93,768) | (93,768) | (106,789) |
| | <u>-</u> | <u>215,635</u> | <u>215,635</u> | <u>155,107</u> |