

Company number: 2876147

Charity number: 1034750

Open College Network London Region

Report and financial statements

For the year ended 30 September 2022

Contents

For the year ended 30 September 2022

Reference and administrative information	1
Trustees' annual report.....	2
Independent auditor's report	13
Statement of financial activities (incorporating an income and expenditure account).....	17
Balance sheet	18
Statement of cash flows.....	19
Notes to the financial statements	20

Open College Network London Region (OCNLR)

Reference and administrative information

For the year ended 30 September 2022

Company number 2876147

Charity number 1034750

Registered office and operational address 15 Angel Gate, City Road, London, EC1V 2SF

Country of registration England

Country of incorporation United Kingdom

The company trades under the name OCN

London.

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

L. Arnold–Courtney	Deputy Chair (Quality)
K. Caplin	
J. Farmer	
N. Foster	
P. Pledger	Chair
P. Wilson	(resigned 31 August 2022)
J. Dishman	(resigned 16 June 2022)

Key management personnel	Mr Federico Carlos Cubillo–Barsi	Chief Executive
	Paul Browning	Deputy Chief Executive
	Omovbera Erhenede	Head of Finance and Company Secretary

Bankers National Westminster Bank Plc
166 Camden High Street, London, NW1 0NW

Solicitors GRAYS SOLICITORS
Duncombe Place, York, YO1 7DY

Auditor Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108–114 Golden Lane
LONDON
EC1Y 0TL

Trustees' annual report

For the year ended 30 September 2022

The trustees present their report and the audited financial statements for the year ended 30 September 2022.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Purposes and aims

The charity is a company limited by guarantee and is constituted under a Memorandum and Articles of Association. The Memorandum of Association is dated 19 November 1993 and was amended on 13 January 1994, 26 February 1998 and 17 May 2005. A new Articles of Association was adopted by special resolution on 9 May 2008. Further changes were agreed by Board in December 2019 and are currently with the Charities Commission pending approval. Its registered charity number is 1034750 and its registered company number is 2876147. The charity trades under the name OCN London.

Open College Network London Region (OCNLR) is an awarding organisation (AO) approved by the Office of Qualifications and Examinations Regulation (OFQUAL) to offer national qualifications. As an Access Validating Agency (AVA), OCNLR is licensed by the Quality Assurance Agency for Higher Education (QAA) to validate and award certificates on QAA-recognised Access to Higher Education Diplomas. The Board of Trustees is ultimately responsible for the operation of both licences.

None of the trustees receive remuneration or other benefit from their work with the charity.

OBJECTIVES AND ACTIVITIES

OCNLR exists to support learning and widen participation through achievement of credit-based qualifications, regulated and unregulated. OCNLR aims are the advancement of the education of the public in one or more of the following ways:

- By promoting and increasing participation in education and training, particularly by those persons who have benefited least from existing provision;
- By being an open and inclusive organisation, where diversity is promoted, and discrimination eliminated. Our commitment is to continue to ensure that our services meet the needs of all our diverse customers. It ensures that equality, diversity and human rights are integrated into the way we plan, develop and deliver our services, covering our internal functions as an employer and our external operations as a provider of qualifications and accreditation services;
- By improving the quality and flexibility of education provision for the public benefit, primarily for educationally disadvantaged persons;
- By facilitating progression for learners by enabling them to achieve Open College Network (OCN) credits and to accumulate and, where appropriate, to transfer these towards a qualification;

Trustees' annual report

For the year ended 30 September 2022

- By improving access to higher education by carrying on and conducting the work of the accreditation system in London and elsewhere and conducting the work of Open College Network London Region as an AVA under licence from the Quality Assurance Agency for Higher Education (QAA);
- By improving recognition of education qualifications by issuing nationally recognised Access to HE Diplomas and credits for learner achievement to be awarded independently of the providing organisations.

PUBLIC BENEFIT

In setting its objectives for the year the Board of Trustees has regard to both the Charity Commission's general guidance on public benefit and the mission of OCNLR that supports education for learners who have benefitted least from existing provision and can be encouraged to progress to achieve their potential. The activities currently carried out for the public benefit by the charity can be broadly categorised into the following areas:

- **Development of products and services** for organisations to use for educational, training and assessment purposes.
- **Registration and certification** of learners.
- **Support for customers** to confirm centre approval and the offer of coherent curriculum provision with quality assured confirmation of the achievement of credit.
- **Retention of licences** to ensure continuity of the operation on behalf of customer organisations.

The majority of centres are not-for-profit organisations, delivering education and training for adults. Many of them target the educationally disadvantaged which is critical to supporting OCNLR to achieve its aims. A significant number of centres, namely those in the traditional further and adult education sectors, are eligible to access public funding via the Education and Skills Funding Agency (ESFA) for their delivery of our qualifications.

The outcomes of these activities for 2021–22 are identified in the following sections.

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The trustees 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 its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

Achievements and performance

The charity's main activities and who it tries to help are described below. All its charitable activities focus on education and are undertaken to further OCNLR's charitable purposes for the public benefit.

OCNLR acts to accredit courses and develop regulated qualifications in partnership with its centres, register learners on those courses and qualifications, confirm the learners' achievement of credits and qualifications through an external quality assurance process and then to certificate those achievements. In many cases these certificates are the first tangible evidence of learning and achievement those learners will have received.

OCNLR is not directly involved with the delivery of learning; it acts to formally recognise a centre's fitness to provide quality assured learning programmes that may consist of its qualifications (regulated) or accredited courses (unregulated). In each case OCNLR is concerned with confirming that the offer is appropriate and coherent at the curriculum planning stage and then is quality assured to ensure comparability of standards and to safeguard the learner experience.

Practically our aims are pursued beyond the core functions of the organisation where we seek to foster an understanding and an expansion of the benefits of accreditation.

In 2021–22 learner registrations on our national regulated qualifications were above projections despite further disruption during the year as a result of the COVID 19 pandemic. The transition that many centres made to remote teaching and assessment during the previous year enabled them to continue with delivery of our qualifications and accredited courses during the winter 2021–and for the remainder of the academic year.

The maximum number of organisations in membership throughout the reporting period was 359 plus 8 associate members (those organisations which do not offer OCNLR accredited educational programmes but want to support OCNLR aims). There was an increase in new centres, including large further education colleges, and a small number of resignations over the year, almost all of which were centres that had been inactive.

There were healthy registrations on Health & Safety qualifications and vocations allied to medicine. Demand for the newly developed Essential Digital Skills qualifications (EDSQs) increased significantly compared to 2019–20 as a result of continued focus and development.

Achievements against 2021–22 strategic priorities

- Recruited a new CEO in February 2022 as a result of the previous post-holder's decision to retire after 8 years of service in the role.
- Appointed a new Chair of Trustees in June 2022, also because of the post-holder's decision to retire.
- Continued to work with centres to support them in the online/blended delivery of the qualifications and accredited courses to their learners, anticipating and responding to needs through regular video meetings and webinars.
- Secured new business onto the Endorsed Training Scheme as an external quality assurance mechanism for non-accredited learning for in-house training.
- Engaged with centres to identify qualifications and resources that best suit the needs of their learners to boost employability.
- Expanded the non-regulated provision for centres outside the publicly funded sector in anticipation of future changes to public funding of qualifications.
- Carried out a sustained Essential Digital Skills marketing campaign, including regular webinars, to promote the qualifications to centres across the country as a means of addressing the nationally identified digital skills gaps.
- Invested further in the development of free materials in electronic form to support centres in the remote delivery and assessment of OCN London qualifications.
- Approved additional Access to HE Diploma courses for delivery from September 2022, particularly the Access Diploma in Policing, developed in conjunction with the Metropolitan Police.
- Engaged with Linking London, including delivering updates and attending Board meetings, raising awareness of the value of Access to HE Diploma and being their first awarding organisation member to sign up to their 'Green Pledge' to support centres in greening the curriculum.
- Awarded bursaries to two Access to HE Diploma learners for outstanding academic achievement and a further two for outstanding commitment to study.
- Maintained an excellent level of service to our customers throughout the year through remote and in-person operation.
- Secured Cyber Essentials accreditation demonstrating that OCNLR has appropriate levels of cybersecurity protection.
- Implemented PowerBI as a powerful reporting tool to significantly enhance management information and decision making.

Beneficiaries of our services

Learner registration and certification

In 2021–22 OCNLR received over 37,000 learner registrations, representing an increase of 18% compared to the previous financial year. Learner demographics were as follows: 56% female; 56% of a Black and Minority Ethnic background; 45% 16–18 year olds; and 47% of learners resident in the top 25% of deprived wards.

There were 2,772 learners registered on Access to HE courses in 2021–22 of which 1,985 achieved the full Diploma (71.6%). Results were submitted to UCAS by the July deadline for all learners, except for those who had appealed. The learners who had achieved the Access to HE Diplomas received their results ahead of A level results day. Hence, they were able to confirm their acceptance of higher education places in a timely fashion.

Sponsorship

As part of its commitment to adult learners OCNLR sponsored the Keith Fletcher Access to HE Learner Awards and Michael Sargent Access to HE Bursary Awards were awarded to four Access to HE Diploma learners in recognition of their outstanding academic achievement and outstanding commitment to study. All four learners had overcome the particularly challenging circumstances and barriers to learning in order to achieve their Access to HE Diplomas.

In addition, OCNLR sponsored the Access to HE student of year award as part of a student awards ceremony hosted by one of our FE college customers.

Financial review

OCNLR reported a £147,579 surplus on a turnover of £1,848,309 after a year in which trustees had set a surplus budget of £17,271.

The key sources of income continue to be registration and certification of learners on qualifications developed by the charity, accredited courses and annual fees charged to the approved centres for delivering the qualifications. The income from qualifications increased by 16% on the 2020–21 outturn and exceeded budget. The increase indicates ongoing growth in Ofqual qualifications, with considerable numbers of registrations on small health and wellbeing qualifications and an increase in Essential Digital Skills Qualifications, all of which are intended to meet the needs of learners who require a foundation of learning before they are ready to progress to higher levels of learning and into better employment.

Trustees continued to monitor income carefully and received information on major trends on a quarterly basis. OCNLR has good financial management with tight control of cash and debtors.

Principal risks and uncertainties

The Board of Trustees takes responsibility for managing risk. They assess the major risks to which the charity is exposed, in particular those related to the operations and finances, and are satisfied that appropriate systems and procedures are in place to mitigate those risks. The pandemic continued to present risks but of a less dramatic nature and mitigations were already in place to support any risks to business continuity. These included continuing to raise awareness of qualifications/products suitable for online delivery, investing resource in the development of materials to support remote delivery and allocating additional resource to support the implementation of both the Ofqual and QAA contingency regulatory frameworks and the quality assurance processes that were required to be able to certificate learners.

External quality assurance and curriculum support continued through remote means and in person. Video meetings and webinars continued to be used to provide additional support and were very well-received and appreciated by centres. The staff team have worked successfully under a hybrid model of working; both from home through our cloud-based systems and typically attending the office on average twice a week. The productivity of the organisation does not appear to have been detrimentally affected by these ongoing arrangements and the health and well-being of staff has been monitored through one to one and team meetings.

In addition, risks have emerged through the Government's continued review of regulated qualifications, particularly those at Level 2 and below, which represents 79% of OCNLR's regulated offer. The outcomes and impact of the review are not yet known, although Trustees have been working closely with the executive team to ensure that effective plans are in place to mitigate against potential impact.

Reserves policy and going concern

In accordance with its stated policy, OCNLR holds reserves to cover 3 months' expenditure in order to provide the necessary resources should the company need to be wound up. The reserves would be needed to meet liabilities relating to learners, centres, staff and lease costs. At the end of 2020-21 financial year, the total unrestricted funds were £695,677. The reserves at 2021-22 year-end are £843,256. The calculated costs of winding up the company based on the current staff complement is £534,000.

The money held by OCNLR in reserves is invested prudently with UK high street banks.

Remuneration policy

OCNLR is committed to ensuring a proper balance between (i) paying our staff and others who work for us fairly so that we attract and retain the best people for the job and (ii) careful management of our charity funds. In so doing we ensure the greatest effectiveness in delivering our charitable objectives and meeting the needs of our beneficiaries. Salaries for all posts comprise a band made up of a series of evenly distributed salary points.

In June each year, the trustees determine whether the salary points for all staff should be adjusted for the forthcoming financial year beginning 1st October, to reflect changes in the cost of living. The trustees' considerations begin with an assumption that salaries should be adjusted to match inflation (specifically the Consumer Price Index) over the preceding 12 months. They then determine whether this is appropriate in the context of:

- (i) the charity's financial situation;
- (ii) the charity's performance;
- (iii) cost of living adjustments made in recent years;
- (iv) pay reviews elsewhere in the sector.

Cost of living adjustments are applied equally to all staff.

For OCNLR to run successfully, a wide range of skills are required, and it is important to pay staff appropriately to ensure that we can recruit people with the right skills. Retention of staff is also important so as to benefit from their accumulated knowledge and skills in what is a niche sector. This is in preference to the disruption and expense of recruitment, especially as many staff have detailed knowledge that is unique to them in the organisation and could not be quickly replaced. OCNLR staff pay scales are set with this in mind.

Fundraising

OCNLR does not engage in public fundraising and does not use professional fundraisers or commercial participators. OCNLR nevertheless observes and complies with the relevant fundraising regulations and codes. During the year there was no non-compliance of these regulations and codes and OCNLR received no complaints relating to its fundraising practice.

Plans for the future

The financial outlook for OCNLR in 2022–23 is positive. The work invested in qualification and materials development and promotion this year has led to additional courses in place for 2022–23 and new centres have joined in order to deliver qualifications in 2021–22, including several large FE colleges and employers. The impact of the DfE's rolling programme of removing funding from qualifications with low or no registrations has been mitigated by the sustained promotion and subsequent take-up of the new Essential Digital Skills qualifications.

Additionally, a new 3-year strategic plan, covering the period 2022–2025, was agreed by the Board of Trustees in June 2022. The five strategic aims of the new plan are to:

- Significantly improve employer involvement through innovation and collaboration
- Proactively seek opportunities for growth and diversify sources of income
- Provide the highest levels of customer experience
- Develop high level vocational qualifications and ladders of progression
- Improve organisational resilience and productivity.

The previous CEO retired in January 2022 after 8 years in post and 26 years in the organisation. A successor was appointed and started in February 2022 with a full induction and transition coordinated by the Chair.

Structure, governance and management

A Search Committee of Trustees has been established to seek new Trustees to address gaps in skills, expertise and/or representation of the breadth of membership on the Board. A specialist recruitment organisation, Peridot Partners, has been commissioned to advertise for, and support the assessment of, trustee applicants. Following interviews, the Board approves the appointment of recommended new trustees.

New trustees are provided with a welcome pack that includes information about the organisation and its governance (including Memorandum & Articles of Association), contextual information, Charity Commission Guidance on being a Trustee and forms to complete including any conflict of interests for recording on the Register of Interests and Declaration of Eligibility and Suitability to meet the Ofqual requirements for senior officers.

The induction process follows and includes a tour of the organisation, meeting the staff and meeting with the Chief Executive for further information about their responsibilities in relation to governance of OCNLR, and a question and answer session.

OCNLR employs a full-time CEO, who is responsible for the day-to-day management of the organization, supported by his Deputy Chief Executive. Staffing matters are delegated to the CEO subject to the guidance of the Board of Trustees. The Board of Trustees delegates some responsibilities to a Quality and Standards Committee but retains overall responsibility for all strategic issues and regulatory licenses. The Board has also agreed to establish a Finance and

Trustees' annual report

For the year ended 30 September 2022

General Purposes Committee in the next financial year. The Chair of the Board is responsible for monitoring and reviewing the performance of the Chief Executive.

The organisation is a charitable company limited by guarantee, incorporated on 19 November 1993 and registered as a charity on 10 March 1994.

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in the notes to accounts.

Related parties and relationships with other organisations

OCNLR continues to work in an informal partnership with Laser Learning Awards in line with our shared mission, values and aims. The objective of the collaboration is to extend the range of qualifications available to its beneficiaries, share new developments that will benefit beneficiaries and share good practice in assessment and quality assurance to enhance the learning experience for beneficiaries.

Funds held as custodian trustee on behalf of others

OCNLR does not hold funds as a custodian nor acted as a custodian trustee.

Statement of responsibilities of the trustees

The trustees (who are also directors of OCNLR 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 that period. 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 and statements of recommended practice 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 charity will continue in operation

The trustees are responsible for keeping adequate 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
- 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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 30 September 2022

was 7. The trustees are members of the charity, but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to operate in that capacity.

The trustees' annual report has been approved by the trustees on 8 December 2022 and signed on their behalf by

Peter Pledger

Chair of OCNLR Board of Trustees

Opinion

We have audited the financial statements of Open College Network London Region (the 'charitable company') for the year ended 30 September 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 30 September 2022 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
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Open College Network London Region's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other

information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report. We have nothing to report in respect of the following matters in relation to which 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 directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Independent auditor's report

To the members of Open College Network London Region

For the year ended 30 September 2022

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Pittman FCA (Senior statutory auditor)

16 January 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108–114 Golden Lane, LONDON, EC1Y 0TL

Open College Network London Region

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 30 September 2022

	Note	2022 Total £	2021 Total £
Income from:			
Charitable activities	2	1,839,638	1,647,418
Other trading activities		8,250	9,455
Interest receivable		421	704
Total income		1,848,309	1,657,577
Expenditure on:			
Charitable activities	3	1,700,730	1,469,435
Total expenditure		1,700,730	1,469,435
Net income for the year	4	147,579	188,142
Reconciliation of funds:			
Total funds brought forward		695,677	507,535
Total funds carried forward		843,256	695,677

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. All income and expenditure is unrestricted.

Open College Network London Region

Balance sheet

Company no. 2876147

As at 30 September 2022

	Note	£	2022 £	£	2021 £
Fixed assets:					
Tangible assets	9		23,784		22,144
Current assets:					
Debtors	10	362,756		277,065	
Short term deposits		305,432		305,025	
Cash at bank and in hand		503,751		426,354	
			<u>1,171,939</u>	<u>1,008,444</u>	
Liabilities:					
Creditors: amounts falling due within one year	11	(352,472)		(318,103)	
			<u>819,468</u>		<u>690,341</u>
Net current assets					
			<u>843,252</u>		<u>712,485</u>
Total assets less current liabilities					
Creditors: amounts falling due after one year	13		–		(16,808)
			<u>843,256</u>		<u>695,677</u>
Total net assets					
			<u>843,256</u>		<u>695,677</u>
The funds of the charity:	15a				
Unrestricted income funds:					
Designated funds		–		100,000	
General funds		843,256		595,677	
			<u>843,256</u>	<u>695,677</u>	
Total unrestricted funds					
			<u>843,256</u>		<u>695,677</u>
Total charity funds			<u>843,256</u>		<u>695,677</u>

Approved by the trustees on 8 December 2022 and signed on their behalf by:

Lucy Arnold–Courtney
Trustee

Peter Pledger
Trustee

Statement of cash flows

For the year ended 30 September 2022

	Note	2022 £	2021 £
Cash flows from operating activities	16		
Net cash (used in) / provided by operating activities		96,233	250,386
Cash flows from investing activities:			
Dividends, interest and surplus from operating activities		421	704
Purchase of fixed assets		(18,850)	(2,712)
Net cash provided by / (used in) investing activities		(18,429)	(2,009)
Change in cash and cash equivalents in the year		77,804	248,377
Cash and cash equivalents at the beginning of the year		731,379	483,002
Cash and cash equivalents at the end of the year		809,183	731,379

1 Accounting policies

a) Statutory information

Open College Network London Region is a charitable company limited by guarantee and is incorporated in England and Wales. The registered office address (and principal place of business) is 15 Angel Gate, City Road, London, EC1V 2SF.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern. Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

1 Accounting policies (continued)

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure on charitable activities includes the costs of delivering services and other educational activities undertaken to further the purposes of the charity and their associated support costs.

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. The cost of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- | | |
|-----------------------|---------|
| ● Fixtures & fittings | 4 years |
| ● Computer Equipment | 3 years |

l) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

m) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

o) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Notes to the financial statements

For the year ended 30 September 2022

1 Accounting policies (continued)

p) Pensions

Teacher's Pension Scheme (TPS)

The charity participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £32,817.24 (2021 £43,877).

The TPS is an unfunded multi-employer defined contribution pension scheme governed by the Teachers' Pension Scheme regulations 2014. Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary Department. The latest valuation report of the TPS was prepared at 31 March 2016 and was published in March 2019. This report confirmed that the employer contribution rate for the TPS would increase from 16.48% to 23.68% although, recognising that teaching establishments work on an academic and not financial year, the Government deferred the implementation of this increase to September 2019. Employers in addition from 1 September 2019 pay a scheme administration levy of 0.08% of pay and will be payable over the remainder of the period to March 2023 to ensure that the level of the notional fund at the next valuation of the scheme is expected to be unaffected by delay.

The charity is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the charity has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Local Government Pension Scheme (LGPS)

The LGPS is multi-employer defined contribution scheme. It is contracted out of the State Second Pension. The assumption and other data that the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2019
Actuarial method	Prospective benefits
Discount rate	5.3%
Salary scale increases per annum	3.6%
Market value of assets at date of last valuation	£6,053m
Fund Surplus	£481m
Funding Level	109%

The LGPS is a multi-employer pension scheme. The charity is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the charity has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Total contributions to the scheme during the year were £94,904.65, (2021 £66,193). No additional payments have been required this year to cover the deficit funded, (2020: Nil)

2 Income from charitable activities

	2022 Total £	2021 Total £
Accreditation and registration income	1,571,178	1,398,095
Units Development income	10,975	24,425
Subscriptions	225,634	207,777
Other service income	31,851	17,121
Total for charitable activities	<u>1,839,638</u>	<u>1,647,418</u>

Open College Network London Region

Notes to the financial statements

For the year ended 30 September 2022

3 Analysis of expenditure

	Charitable activities £	Governance costs £	2022 Total £	Charitable activities £	Governance costs £	2021 Total £
Staff costs (Note 5)	1,062,363	15,699	1,078,062	916,311	14,540	930,851
Moderators' fees	62,085	–	62,085	63,140	–	63,140
Subscriptions and publications	64,868	–	64,868	69,667	–	69,667
Rents, rates and insurance	131,242	–	131,242	106,947	–	106,947
Telephone, postage and stationery	49,381	–	49,381	41,843	–	41,843
Consultancy	103,316	–	103,316	96,652	–	96,652
Printing and publishing	6,642	–	6,642	7,411	–	7,411
Travel and subsistence	7,579	–	7,579	6,810	–	6,810
Sundry expenses	39,034	–	39,034	3,424	–	3,424
Depreciation	17,210	–	17,210	18,616	–	18,616
Repairs and maintenance	11,728	–	11,728	10,515	–	10,515
Staff training and recruitment	11,589	–	11,589	3,493	–	3,493
Computer management and maintenance	7,414	–	7,414	7,402	–	7,402
Legal and professional	13,425	–	13,425	2,412	–	2,412
Bank charges and interest	2,665	–	2,665	2,832	–	2,832
Publicity and marketing	15,083	–	15,083	6,511	–	6,511
Bad debt provision	3,000	–	3,000	3,000	–	3,000
External verification	48,963	–	48,963	64,650	–	64,650
Access Revalidation	2,255	–	2,255	2,180	–	2,180
Governance costs	–	25,189	25,189	–	21,079	21,079
	1,659,842	40,888	1,700,730	1,433,816	35,619	1,469,435
Governance costs	40,888	(40,888)	–	35,619	(35,619)	–
Total expenditure	1,700,730	–	1,700,730	1,469,435	–	1,469,435

Notes to the financial statements

For the year ended 30 September 2022

4 Net income for the year

This is stated after charging:

	2022 £	2021 £
Depreciation	17,210	18,616
Operating lease rentals:		
Property	91,768	91,768
Auditor's remuneration (excluding VAT):		
Audit	9,525	9,075
Other services	1,175	1,125
	<u>118,678</u>	<u>206,684</u>

5 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2022 £	2021 £
Salaries and wages	845,615	743,377
Social security costs	92,384	77,374
Operating costs of defined benefit pension schemes	127,563	110,099
Termination costs	12,500	–
	<u>1,078,062</u>	<u>930,851</u>

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2022 No.	2021 No.
£60,000 – £69,999	1	1
£70,000 – £79,999	–	1

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £188,289 (2021: £168,180).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £225 (2021: £114.60) incurred by 2 (2021: 2) members relating to attendance at meetings of the trustees.

6 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 24 (2021: 21).

Staff are split across the activities of the charitable company as follows (head count basis):

	2022 No.	2021 No.
Chief Executive	2	2
Administration	3	3
Finance	2	2
Information Technology	2	1
Curriculum group	5	5
Quality group	10	8
	24	21

7 Related party transactions

A number of trustees hold positions at member organisations which in the year have engaged with OCN London. These include: L. Arnold-Courtney (UAL and City Lit), J Dishman (CU Coventry).

All transactions were on normal commercial terms and were made at arms-length.

8 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

9 Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At the start of the year	252,631	170,767	423,398
Additions in year	13,482	5,367	18,850
At the end of the year	266,113	176,135	442,248
Depreciation			
At the start of the year	234,298	166,955	401,253
Charge for the year	14,269	2,942	17,210
At the end of the year	248,567	169,896	418,463
Net book value			
At the end of the year	17,546	6,238	23,784
At the start of the year	18,332	3,813	22,145

All of the above assets are used for charitable purposes.

10 Debtors

	2022 £	2021 £
Trade debtors	220,373	166,607
Other debtors	24,647	24,642
Prepayments	117,736	85,816
	<u>362,756</u>	<u>277,065</u>

11 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	40,690	47,733
Taxation and social security	21,519	19,874
Other creditors	14,420	12,699
Accruals	52,308	62,097
Deferred income (note 12)	223,535	175,700
	<u>352,472</u>	<u>318,103</u>

12 Deferred income

Deferred income comprises of annual subscriptions received in advance

	2022 £	2021 £
Balance at the beginning of the year	175,700	154,168
Amount released to income in the year	(175,700)	(154,168)
Amount deferred in the year	223,535	175,700
	<u>223,535</u>	<u>175,700</u>

13 Creditors: amounts falling due after one year

	2022 £	2021 £
Accruals	–	16,808
	<u>–</u>	<u>16,808</u>

14a Analysis of net assets between funds (current year)

	Designated £	General unrestricted £	Total funds £
Tangible fixed assets	–	23,784	23,784
Net current assets	–	836,281	836,281
Long term liabilities	–	(16,809)	(16,809)
Net assets at 30 September 2022	–	843,256	843,256

14b Analysis of net assets between funds (prior year)

	Designated £	General unrestricted £	Total funds £
Tangible fixed assets	–	22,144	22,144
Net current assets	100,000	573,533	673,533
Long term liabilities	–	–	–
Net assets at 30 September 2021	100,000	595,677	695,677

15a Movements in funds (current year)

	At 1 October 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 30 September 2022 £
Unrestricted funds					
Designated funds:					
Future Lease cost	100,000	–	–	(100,000)	–
Total designated funds	100,000	–	–	(100,000)	–
General funds	595,677	147,579	–	100,000	843,256
Total unrestricted funds	695,677	147,579	–	–	843,256

15b Movements in funds (prior year)

	At 1 October 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 30 September 2021 £
Unrestricted funds					
Designated funds:					
Future lease costs	100,000	–	–	–	100,000
Total designated funds	100,000	–	–	–	100,000
General funds	595,677	–	–	–	595,677
Total unrestricted funds	695,677	–	–	–	695,677

Purposes of designated funds

Designated funds of £100,000 has been provided for future lease costs.

16 Reconciliation of net income to net cash flow from operating activities

	2022 £	2021 £
Net income for the reporting period (as per the statement of financial activities)	147,579	188,142
Depreciation charges	17,210	18,616
Interest and other trading income	(421)	(703)
Increase in debtors	(85,696)	27,393
(Decrease)/increase in creditors	17,561	16,938
Net cash (used in) / provided by operating activities	96,233	250,386

17 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property 2022 £	2021 £
Less than one year	91,729	91,729
One to five years	–	91,729
	91,729	183,459

18 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.