

Open College of the Arts

(A company limited by guarantee)

Financial Statements

For the year ended 31 July 2024

Open College of the Arts (OCA)
Financial Statements for the year ended 31 July 2024

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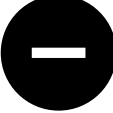




Open College of the Arts (OCA)

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Financial Highlights

Our financial results this year have been heavily impacted by the transfer to The Open University (OU). Whilst efforts have been made to reduce our cost base some expenditure linked to the initial transfer has been unavoidable, however it will ensure our financial stability in the coming years.

In 2023/24, our operating deficit of £484k was higher than our agreed deficit budget of £462k, this was as a result of lower than planned student enrolments (despite the 21% upturn compared with prior year), which was mainly caused by disruption to student recruitment at the start of the academic year due to the transfer. We undertook a series of measures to reduce spend where possible to mitigate the impact of student recruitment being under target, whilst introducing a longer-term plan to ensure we return to an operating surplus by 2024/25.

Results, Assets and Reserves		Year ended 31 July 2024 £k	Year ended 31 July 2023 £k
	Total Income	2,704	1,887
	Tuition fees and education contracts	2,426	1,689
	Funding body grants	133	194
	Income from other sources	145	4
	Total expenditure	3,187	2,730
	Staff costs	2,243	2,041
	Non-staff costs	945	689
	Accounting Surplus/(Deficit) for the year	(484)	(843)
	Net Current Liabilities	(699)	(226)
	Total Reserves	(678)	(195)
Other Key Statistics			
	Total number of enrolments	1,823	1,506
	Degrees conferred	33	55
	Conferred degrees with 1st class honours	76%	55%
	Course unit completion rate	60%	59%

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College Highlights

National Student Survey

Despite the challenges of managing the transition to the OU, the College continues to perform well in the National Student Survey (NSS), the outcomes from the 2024 survey reported 96% overall satisfaction with the teaching on their course (10% above the sector average) and 92% for learning opportunities and assessment and feedback. The feedback wasn't all positive though with Student Voice (67%) continuing to be lower than the sector average, work is underway to address this. The College will respond in the coming academic year to feedback received through both the NSS and through an external partner programme review.

Students

Our student numbers grew in the year, with an increase of 317 (21%) enrolments from 1,506 in 2022/23 to 1,823 in 2023/24, of those 246 were new student undergraduate enrolments. Enrolments from new undergraduate students studying their first programme of study have increased by 51%.

The final graduation ceremony that our students would attend under the University for the Creative Arts (UCA) took place in-person on Thursday 12 July 2024 at Royal Festival Hall in London.

During the year 33 undergraduate degrees were conferred with 76% being awarded with first class honours, 13 postgraduate awards were also conferred, in addition 14 Diploma of Higher Education's (DipHE's) and 19 Certificate of Higher Education's (CertHE's) were awarded. There were a further 28 students who exited and were eligible to request conferment of an exit award from UCA (2 x ordinary degrees, 17 x CertHE's, 8 x DipHE's and 1 x Postgraduate Diploma (PgDip's)).

During 2023/24 the College hosted a Student Voice festival over two weeks from 8 to 19 July 2024, the festival included a range of events including technology showcases, subject specific talks and webinars, learning, teaching and curriculum development sessions, and leadership team listening sessions. The event was well attended and very rewarding for both staff and students. The early feedback suggests that students would like this festival to become an annual event.

The College has once again hosted a graduate student showcase during 2023/24 celebrating work from across seven of our degree pathways. During 2023/24 we continued to offer course fee bursaries and additional financial support to low income and disadvantaged students and plan to expand this further during 2024/25, in particular the College will offer subsidies towards the purchase of technology for students in most need, equivalent to the scheme offered by the OU, to reduce barriers to digital study for the most disadvantaged students.

Teaching and Learning

The College has successfully completed a review of all its programmes of study and will complete the implementation of a new curriculum and tuition model this year.

Following recommendations from an institutional audit by the OU, the College has successfully commissioned and completed a series of enhanced and basic Disclosure and Barring Service checks for members of staff who will work with students under the age of 18. The College has since opened recruitment for students under the age of 18, with amendments to terms & conditions and policies ensuring that this demographic of students are fully supported to study.

The institutional review by the OU also highlighted workload within the academic teams as an area for ongoing monitoring and review. In response, the guidance provided to tutors has been reviewed to ensure that the information provided reflects the updated regulatory frameworks, curriculum developments and changing expectations of the role. This has provided a starting point for reshaping tutor roles, teaching capacities and delivery methods that will aim to ensure a parity of experience, quality of provision and value for money across all undergraduate and postgraduate programmes. An

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additional aim of the review will be to contribute to the future development of a framework for staff development, scholarly activity and engagement with OU collaborative projects.

In light of the Institutional review and OU Validating Services (OUVS) curriculum review panels, the College undertook an internal review of learning outcomes at undergraduate and postgraduate levels. The outcome was to develop an institutionally led approach to developing a framework for learning outcomes across our provision. This aligned programme-level and unit-level learning outcomes, reflected progression and different levels of study, provided clarity and uniformity in the ways that outcomes were expressed, and were mapped against subject specific QAA benchmark statements.

Social Justice and Inclusion

The College has formed a climate justice working group as part of the future strategy to promote social justice, and this has already made some significant progress. With the working group's help the College has built Equality, Diversity and Inclusion (EDI) and environmental sustainability into strategy and rolled out new policy templates which consider the environment as well as EDI within the equality impact assessment process. College policymakers all attended training run by the OU EDI team in conducting Equality Impact Assessments (EIA) as part of the creation of policy.

In early 2024 the College appointed a dedicated Disability Support Officer, increasing the College's ability to support a wider range of students and provide targeted support to those who need it most.

Our Student Association (OCASA) launched a 2024 Equity, Diversity & Inclusion Calendar, using student work reflecting on their own identity and cultural experiences.

The College is committing to sustainability and looking to make carbon literacy training available to staff and students from 2024/25 as part of a joint agreement with the OU.

Recognition

Programme Leaders, Carla Rees (Music) and Caroline Wright (Fine Art), attended the Music HE conference in Lincoln on Old Cold where their collaborative work formed part of the pilot project that informed the development of our 2.2 collaboration unit. Carla also delivered workshops at the Adams Flute Festival in the Netherlands on effective practicing, extended techniques, and low flutes. Caroline delivered a paper in the 'Watery Speculations' panel at the London Conference in Critical Thought.

Drawing Tutor Hondartza Fraga successfully passed VIVA this year, the final oral exam to complete a PhD, and Director of Curriculum and Quality, Moira Lovell, completed her PhD titled 'The Image as a Template for Posing', a practice-led inquiry into how women construct their self(ie) images and how in turn images shape women's experience of their bodies, she was also a winner of the Wolf Suschitzky Photography Prize 2023.

Drawing Tutor Dr Bryan Eccleshall was selected for the Harley Open exhibition, and Painting Programme Tutor Clare Wilson took part in 'Fight, Flight, or Freeze at Kafka Projects in London, 'A room of one's own' at the Irving Gallery in Oxford, and 'It rose, and it fell' at the Terrace Gallery in London.

In the Music team, Tutor Ben Gaunt was promoted to Professor in his role at Leeds Conservatoire. Ben also studied Bouffon (Clowning) at the École Philippe Gaulier, graduating on 1st March, the same day his piece, Sand House, was performed in Lucerne, Switzerland.

Creative Arts Tutor Diana Ali, in collaboration with Art Centre Carvel in association with ARTE.M, presented an exhibition 'Hide Me, Steal Me, Be Nice To Me', an exhibition of contemporary artwork investigating confrontational crossings, overcoming barriers and freedom of movement. The exhibition took place in Madeira, Portugal.

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Investing in the future of OCA

During 2023/24 the College commissioned curriculum development to produce two new short courses in areas of Creative Education and Games Design which will be launched during 2024/25. The College also began work with the Prisoner Education Trust (PET) on the establishment of a drawing short course suitable for learners in secure environments, this is due to be released as part of the catalogue of courses available through PET from 2025. Finally, the College commissioned work to refresh its Garden Design programme to enable it to be re-launched for enrolment as a CertHE during 2024/25.

The College invested further in services for student wellbeing, including extending the contract for the wellbeing app, which is regularly used by around 400 students, and with the assistance of a small amount of external funding supplied content and resources for student wellbeing and suicide prevention.

New managed payroll and HR services were established in 2022/23 and embedded during 2023/24. The College has also managed the regulatory and quality requirement to transfer to the OU, including outsourcing services to support the management of the College. The establishment of new and revision of existing policies and procedures was also undertaken.

The collaborative initiative between the College and OU's School of Creative Industries to develop a CertHE and programme in Film & Media represents a significant strategic priority, the project is funded through OU strategic investment. The CertHE will be put forward to the Institute for Apprenticeships and Technical Education (IfATE) to be accredited as a Higher Technical Qualification (HTQ). It will present for student enrolments for the first time in October 2025. Alongside the HTQ the College is also creating a 60-credit module (unit) which will form part of the National Qualifications Framework (NQF) level 4 of the OU's planned Bachelor of Arts (BA) in Film and Media, this will present for student enrolment in October 2027. The College sees the development of the course as a forerunner to establishing a range of curriculum for Creative Industries, skills and professional practice which we will be able to realise through further collaboration.

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Foreword by the Principal

In 2023 we formally joined the OU. It took dedication and hard work from a huge number of individuals from across OU, the College, and UCA to ensure the success of the transfer. The transition period with UCA came to an end in January 2024. 2024/25 will see the College begin further work on integrating with the OU, alleviating workload pressures and strengthening student support through the new posts we've recruited during 2023/24.

During 2023/24 the College was running regular webinars for students to explain the transfer process. Each webinar was attended by around 100-150 students, and this approach helped to ease concerns and suggested a bright future for the College and with over 1000 students having successfully transferred, another massive achievement. Early evidence suggests that the transfer has not had a negative impact on student retention. The support teams have worked industriously to manage the transfer of students alongside the enrolment of new students. This coincided with establishing a new induction process and methods for monthly enrolment management.

These changes are all to better the College, creating an environment that is both compliant and better supports our students. The changes will aid retention and reduce risk around how we manage and support different types of students such as under 18s, vulnerable students, disabled students and learners in secure environments. This has been a difficult process and involved huge and disruptive changes to fit the College into a regulatory framework whilst providing ongoing assistance to students.

Tutors and academic teams have also been at the forefront of these changes. Sometimes assisting in triaging and managing requests, at times when teams have been busy, and also keeping the lights on with the management of tuition and assessment over a period of significant change. This year has also seen the implementation of the new curriculum model across the remainder of the College's programmes.

The College will continue to innovate, ensuring that innovation is well managed and funded outside of normal practice to give the organisation capacity to do so.

In summary it's been a staggeringly busy year, one which is unique to our history. During the coming academic year, we will work on building resilience through additional support across the College to cope with our increased student numbers and the additional requirements taken on as part of the transfer to the OU. We'll be responding to the staff survey and student survey, taking steps to address the issues that have been highlighted. Lastly, we'll be focused on developing offers that integrate with the OU that are scalable, which generate income that can be reinvested across the College and most importantly which speak to our values and further our mission, creating a new chapter in the College's story.

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Strategic Report

Introduction

The 2023/24 Strategic Report provides an overview of the College's strategy and operations, and reports on our achievements and performance during the year. We explain our vision and how we will deliver this through our strategic objectives. We look at our charitable status and operational performance and consider our financial performance over the past year, comparing to the financial strategy, we also set out our approach to risk management. Finally, we look to the future as we consider the external environment, and the opportunities and challenges posed by regulatory, economic, social and political change.

The Board of Trustees, who are also the Directors of the College present this strategic report and accounts for the year ended 31 July 2024, they have been prepared to meet the requirements for a Directors' Report and accounts for Companies Act 2006 purposes.

The strategic report and financial statements have been prepared under the narrative disclosure requirements of the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards (FRS 102 section 1A). They conform to guidance published by the Office for Students.

In preparing this report, the Trustees have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

The Trustees confirm that:

- So far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- They have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

About Open College of the Arts

The College was created by Michael Young in 1987, one of the founders of the OU, to offer high quality arts courses as a means to transform lives, with the opportunity to develop and express creative talents under the guidance of experienced artists. We offer open access, distance learning further and higher education courses.

Over 2000 people study with us every year as part of a truly global community representing multiple nationalities worldwide on 13 degree programmes and two Masters. We reach people in every walk of life, with a high proportion of our students having a declared disability, and many students from disadvantaged backgrounds, and with no qualifications.

The College's community consists of students, practitioners and tutors, who are all practising artists, photographers, designers, writers or composers and experienced teachers at HE level.

The College joined with the OU in August 2023, collaborating with the School of Creative Industries within the OU's Faculty of Arts and Social Sciences, together we aim to further our founding principles of providing open education in the field of creative arts in all countries of the world. The OU shares with the College a common heritage and mission to open doors for those in society who have a desire to learn but not the means.

Our Strategy

The College's mission and strategy has been undergoing development throughout 2023/24 to encompass the College's aims through to 2028, the updated vision is to reach more students with life-

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changing creative arts learning that meets their needs, creatively responds to social and ecological challenges and enriches society.

In addition, a collaborative strategy in partnership with the OU has been established; through academic research and pedagogic innovation, we seek to be a world leader in the design, content and delivery of supported open learning in the Creative Industries and Education for Sustainable Development (ESD).

We aim to achieve the vision through 7 key strategic objective themes:

Innovational

- Widening Access to arts education, improving our provision for marginalised groups through targeted offers and increased levels of support.
- Building Trust through active engagement with our staff and learners about our direction of travel, curriculum plans and vision for the College.
- Engage in knowledge exchange across the College and wider HE community through sharing our experiences and partnering with relevant organisations.
- Enhance the student voice through involvement with all aspects of learning design and delivery.
- Use technology to scaffold and improve support of students and build on what we've got.

Open

- Improve accessibility and richness of content and services through our use of learning materials and environments.
- Promote the flexibility and inclusivity of our model, through the scaling up of Graphic Design, to help encourage more women into design education, and to increase Black, Asian, and Minority Ethnic (BAME) representation.
- Critically review the College's offer for learners in secure environments and build new pathways, particularly short courses, suited for students who face barriers to pursuing creative practice.
- Reverse the decline in part-time adult education through more vocationally focussed offers, created and managed in partnership with creative business.

Social

- Continue to build learning communities through use of technology to scaffold student networking and enhanced socio-constructivist approaches to teaching.
- Build teaching communities through establishing opportunities for peer networking, scholarship and knowledge exchange.
- Establish a dedicated group to engage with the Creative Industries Sector (practitioners, policy makers, employers, funders).
- Introduce student advocates, by applying open strategies, e.g. the sociocratic model used by the student association across the College.
- Provide a safe and secure environment through enhancement to services and support for vulnerable students.

Sustainable

- Grow and diversify our income streams, increasing student numbers and spreading risks.
- Develop a curriculum that includes environmental sustainability, climate justice and considers interdisciplinary, cross-disciplinary, lived and EDI experiences.
- Benchmark digital capabilities and infrastructure to future proof our learning environments and services.
- Invest in developments that enhance the ability to scale sustainably upwards.
- Improve communication and support to students and staff through acting on key findings from our student and staff surveys.

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Practice-based

- Offer technology enhanced creative education through establishing digital studios, digital portfolios and forms of digital assessment that enhance the student learning experience.
- Relaunch the Creative Education short course and use it as a platform for innovation and sharing practice.
- Invest in facilities, spaces, and time to explore and facilitate the teaching of Creative Practice.
- Develop further relationships with Creative Industry partners within the curriculum.
- Prepare students for an evolving creative industry through digital literacy, skills development, and creative risk taking.
- Create an enhanced enterprise hub for the development of professional practice and skills for students across the College.

Inventive

- Addressing skills gap, Film and Media, Games Design, Spatial Design.
- Establish Creative Practice Clusters to establish relevant and responsive approaches.
- Develop curriculum shorter models (micro- credentials, HTQs, CerTHes, short courses).
- Explore overlaps with OU's wider curriculum to identify opportunities and incubate solutions.
- Work with FE Colleges to establish FE/HE routes to Creative Industries.

Dynamic

- Explore digital business practice and the adoption of AI to enhance teaching and learning.
- Use Short Courses to test new subject areas and create bite sized chunks of learning for knowledge and skills development.
- Establish the College to become the creative engine for exploration for new Creative Industry offers.

Performance

The College sets a strategy as outlined above, which covers a long-term vision for the College. To meet the strategy the College establishes an annual business plan to set targets to achieve the annual progress required to achieve its long-term ambitions.

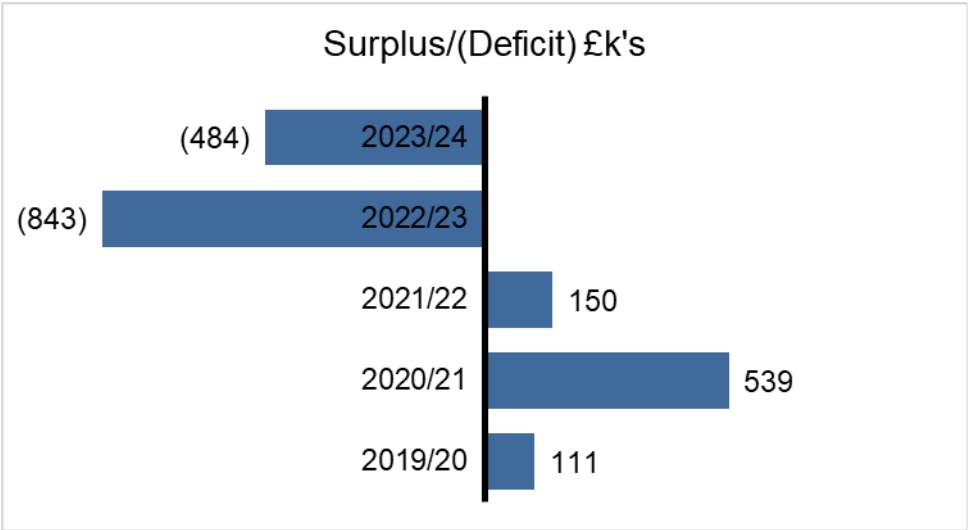
The 2023/24 year saw the completion of the remaining plans for transfer of the organisation, Key performance indicators (KPIs) were set to establish the health of the organisation and cover financial sustainability, enrolment target (to demonstrate attractiveness of new programmes and improvement in student re-enrolment), retention, and finally widening participation targets to meet the College's open and social mission.

Financial

KPI - To stay within the approved budget and return to surplus reserve position in 2025/26.

- The College returned an operating deficit of £484k, this was 5% (£22k) higher than our agreed deficit budget of £462k as a result of the lower than planned student enrolments.
- The Colleges deficit reserve position has increased to £678k.
- The agreed 2024/25 budget and 5-year plan remains on track to see the College return to a surplus position in 2025/26.

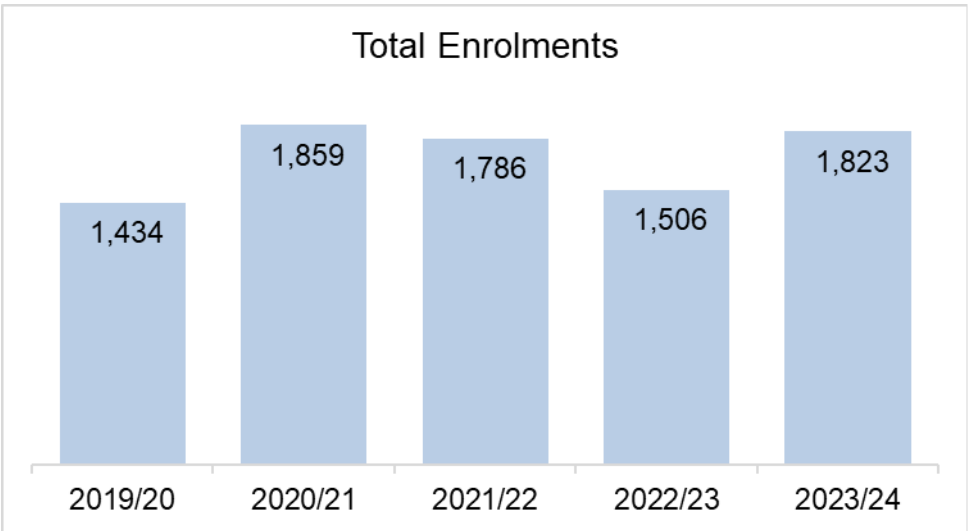
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Enrolments

KPI - To achieve 2,035 enrolments across all provisions

- The College achieved 1,823 enrolments across all provisions, 10% (212) below the set target.
- Student recruitment was disrupted at the start of the academic year, there were pauses to facilitate changes to the systems and processes used for the management of student data and student finance confirmations, which heavily contributed to the result being adverse against plan. These issues, whilst acute, are one offs resulting from transfer to OU and are therefore not expected to impact the College in 2024/25.
- There has been a significant gain in enrolments compared with the 2022/23 outturn, particularly in new undergraduate enrolments where a 51% increase has been recognised, this gives us confidence in our ability to achieve our 2024/25 targets.



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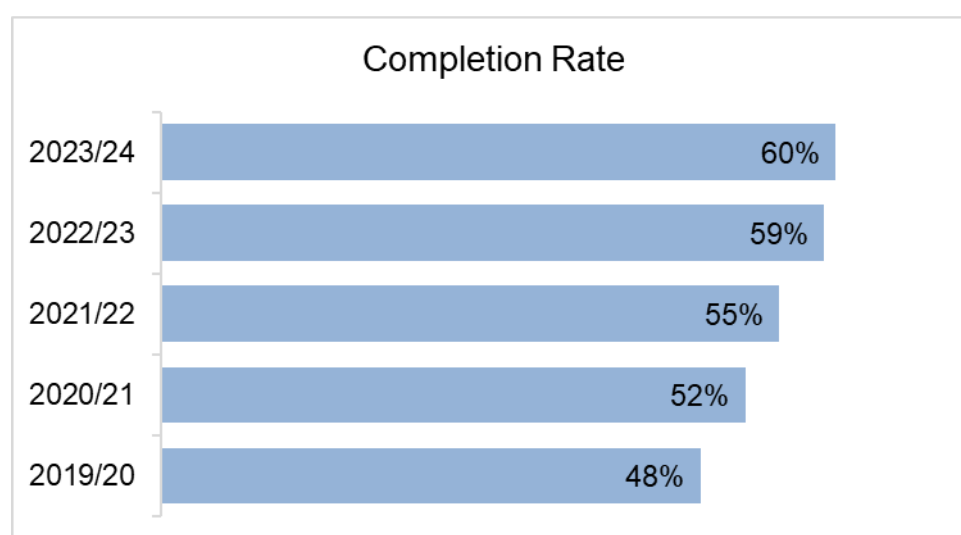
Retention Rate (foundations & undergraduate only)

Completion Rates	KPI	Current Completion Rate	Variance
Total completions	60%	60%	↔0%
First course	42%	38%	(↓10%)
Foundation unit	35%	30%	(↓15%)
HE4 unit	57%	54%	(↓6%)
HE5 unit	82%	87%	↑6%
HE6 unit	90%	94%	↑4%

To measure the completion rate of students we look at all students who enrolled and remained on their course after the initial cancellation period in the academic year 2 years previous, 2021/22 in this instance.

The new curriculum was beginning to bed in in the period being reported on and this has heavily impacted the first unit completion rate, steps have been taken to make improvements to retention including a new induction period in the 2 weeks post enrolment which was introduced in the 2023/24 academic year, the results of this in terms of retention will be visible over time, however initial feedback from students is encouraging.

- The College met its total completion rate of 60%.
- First unit, foundation and HE4 unit completion rates all fell short of expectations at 38%, 30%, and 54% respectively.
- Progression and completion by continuing students exceed target with a completion rate of 87% on HE5 units and 94% on HE6 units.



From the 2024/25 academic year the College is reporting student retention and completion through the Annual Programme Evaluation (APE) process, which replaces the Annual Academic Monitoring (AAM) process under UCA.

The APE process will take over reporting on student retention and completion. The APE process reviews all students active within an academic year, and then split by unit end date within an academic year (for example, for the 2023/24 APE process, reviews students who are due to complete their studies within the 2023/24 academic year, and those who will complete in the 2024/25 academic year, which represents recruitment). Student retention is calculated for both sides, but the focus for

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reporting on KPIs will be those who are due to complete within the specific academic year. This will increase accuracy of reporting as it will remove a lot of the completion lag that occurs when students are first starting out.

Widening Participation

KPI - To maintain the level of disabled students at 30% (minimum) and increase students from BAME background by 1.5%.

- The proportion of students with a listed disability has exceeded all expectations, coming in at 54% of students in the 2023/24 academic year
- The proportion of students from non-white ethnic backgrounds remains low, making up 8.52% of the overall student population on average.

The proportion of students from non-white ethnic backgrounds has increased slightly (from 7.7% in 2018), efforts to increase this have not been as successful as expected. Rather than set a specific KPI to increase numbers the College plans to interrogate the situation in more detail to greater understand the barriers and motivations to study for different ethnic groups, and to then adopt initiatives to minimise barriers, and maximise motivations.

Purposes and activities for public benefit

The College is a public benefit entity providing part time distance learning, and students are the College's primary beneficiaries. The College offers partial bursaries towards the cost of course fees, dependent on household income, to assist students on low incomes who would otherwise be unable to access learning.

The College Trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission for England and Wales in exercising their duties and trust that this report, together with the information on the College's website and the work the College does in delivering its objectives, is self-evident of its compliance. The mechanisms for the governance and management of the College have been provided to the Office for Students (OfS) as part of the requirements for registration as part of the OU Group. Additionally, in June 2017 the Board of Trustees for the College agreed to operate within the Charity Governance Code, established by the Charity Commission. We do not believe that the College carries out any activities that could harm its beneficiaries and we are not aware of views amongst others that such harm might arise. No serious incidents of material significance were reported in 2023/24.

Between 1 November 2016 and 31 July 2023, the College was a wholly owned subsidiary of University for the Creative Arts (UCA). Following divestment from UCA, the College became a wholly owned subsidiary of the OU. The OU became the awarding body for the College from 1 August 2023. The College is a charitable company limited by guarantee established in 1987.

The College adds Creative arts to the OU's course portfolio and opens up access to creative arts education at university level to everyone, providing choice and flexibility for students, wherever they are across the four nations of the UK and beyond. The OU validates all the College's undergraduate and postgraduate qualifications.

The College's mission and brand were revised to align with the OU strategic plan and vision. The College and OU are together working on innovation and curriculum development in the area of Creative Industries.

Since 2020 the College has performed well against its key indicators and objectives and had built accumulated reserves, however in the 2022/23 financial year these reserves were used up as a result of the reduced enrolments which has been seen across the distance learning sector, a planned pause in enrolments from mid-June to facilitate the transfer of students to the OU, one-off and new costs linked to the divestment from UCA to OU and an adjustment to the method used for foundation and undergraduate course fee income recognition due to the evolving curriculum. The outlook remained negative in 2023/24 with the budget returning a deficit due to lower-than-expected enrolments

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particularly in the first quarter of the year, this was mainly due to a gap between the marketing under UCA and the uptake of marketing under OU and was exacerbated by changes to the management of student finance causing delays in enrolment. Approved student fees and expected grant income do not cover increased ongoing costs as a result of both inflation and the transfer to OU, or additional staffing requirements due to improved student progression and the new curriculum. Surpluses are expected from 2024/25 onwards with the College forecast to return to a surplus reserve position in 2025/26.

Financial Review

The College returned an operating deficit of £484k for the year ended 31 July 2024. Our financial performance reflects the challenges of a transfer between partner universities, subsequent delays to student recruitment, and service costs.

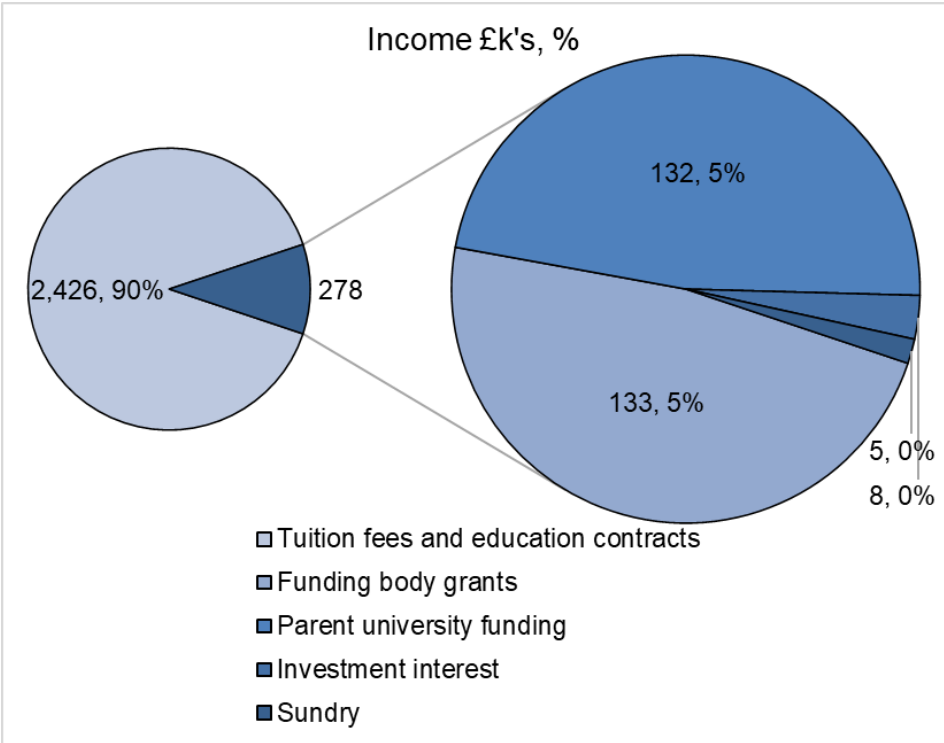
Income

In 2023/24 the College’s total income from all sources increased year on year by £817k (43%) to £2,704k.

The main source of the College’s income is from tuition fees, this increased in 2023/24 by £737k (44%) to £2,426k; students have the flexibility to complete their degree course over a number of years and are invoiced for each unit of study as they commence; a portion of income is deferred across the period of study for courses which are still in progress, £1,311k of income is currently deferred to be recognised in future periods. [Note 1](#) sets out tuition fee income by UK nation.

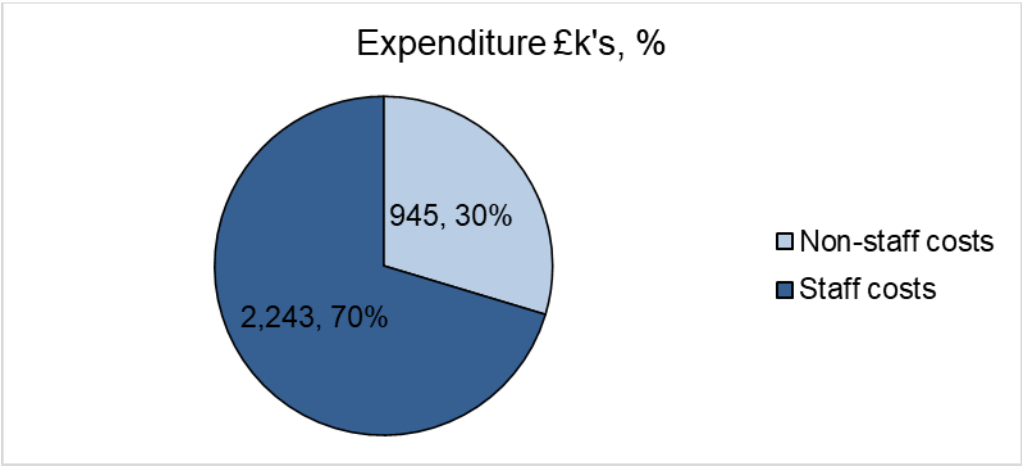
The College continued to receive grant funding via UCA from the Office for Students (OfS) which is used for widening participation activities. The amount of the grant in future will depend on the College’s student numbers and government policy in relation to the funding of higher education.

The College also received income from other sources including £132k from OU to support improvements in information security, and the collaborative development of a new HTQ and degree programme in Film & Media. [Note 2](#) provides a more detailed breakdown of other income.

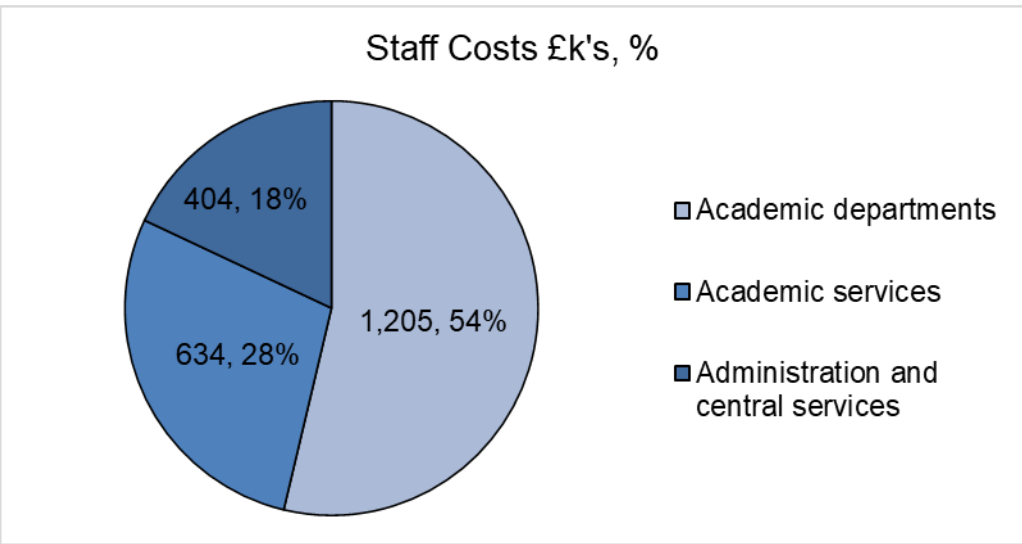


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Expenditure

In 2023/24, the College’s total expenditure was £3,188k, a £458k (17%) increase on 2022/23.

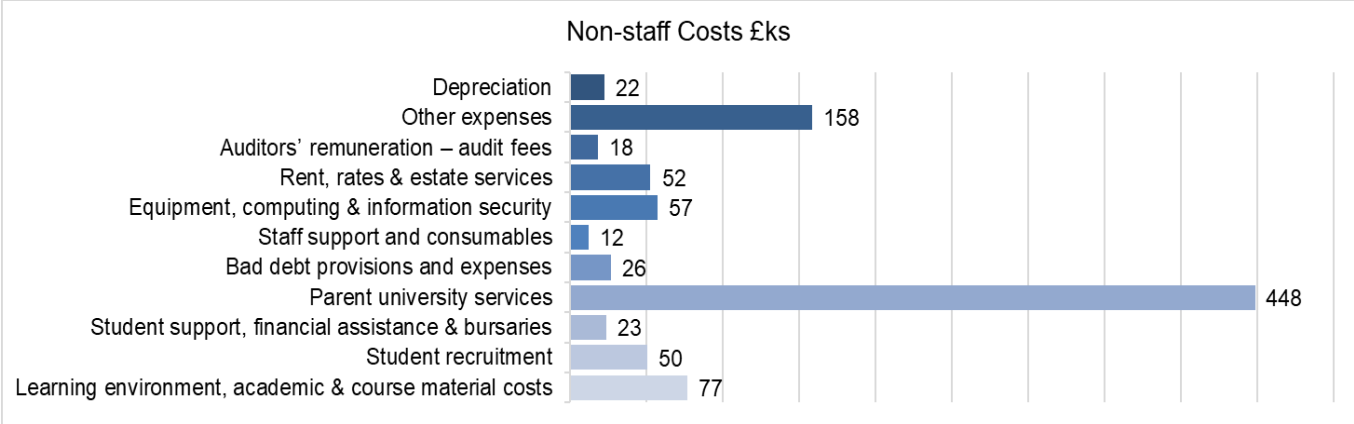


Staff costs, detailed in [note 3](#), amount to 70% of the College’s expenditure, the increase of £202k (10%) to £2,243k has been driven by inflation in pay, increased workload, student growth and progression. An annual cost of living increase of 5% (up to 13% for lower earners) was awarded from 1st August 2023. Pay to flexible tutors is variable and is dependent upon the number and type of enrolled courses.



Non-staff costs detailed in [note 4](#) and [note 5](#) (operating expenses and depreciation charges) increased by £256k (37%) to £945k. 47% of the operating costs in the year relate to services provided by our parent university. It is important to note that the Service Level Agreement with the OU, which includes library services, academic management, academic registry, quality assurance, governance, student recruitment etc. has been exceptional in 2023/24. It included several one-off elements that were required to facilitate the successful transfer of the organisation, this included the alignment and improvement of systems and services, additional support to transition policy and regulatory framework ensuring compliance and alignment with the OU.

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The College has made use of the OfS grant funding and student enhancement scheme funds to enable it to provide additional learning and support, training and development, student opportunities and hardship support.

Cash and cash flow

Total cash balances as at 31 July 2024 were £212k, £594k less than at 31 July 2023.

Our reported net cash outflow from operating activities of £582k (2022/23, £354k) detailed in the [Statement of Cash Flows](#) was due to our operating deficit which was impacted by the transfer to the OU as explained earlier in this report.

Assets and liabilities

Tangible assets totalled £21k at 31 July 2024, and the net decrease of £10k compared to 2022/23 was largely due to the depreciation charge for the year. The additions to computer equipment in the year of £12k (2022/23, £10k) were in respect of new and replacement equipment.

Net current liabilities increased by £474k to £699k. This is represented by the amounts owed to creditors which is due in less than one year increasing by £400k to £1,907k as a result of tuition fee income being deferred into future periods, and amounts owing to OU for the SLA charges, in addition to a £73k decrease in current assets.

It is our policy to abide by terms of payment agreed with suppliers. Unless special terms apply, payment is made within 30 days of receipt of a valid invoice or after acceptance of the goods or services, whichever is the later. There are no matters to disclose under the Late Payment of Commercial Debts (Interest) Act 1998.

Financial Strategy

The College’s financial strategy is to eliminate the accumulated deficit, by increasing student enrolments and actively managing costs to achieve annual surpluses, aiming for a resilient financial position that supports its core activities and assists its strategic development.

Investment powers and policy

The Trustees have the power to invest (to the extent that there are surpluses available for this purpose). During 2023/24 surplus cash was invested in short-term funds managed by the OU on our behalf which generated £8k of interest income.

Going concern

The College returned a deficit in the year of £484k (2023: £843k deficit), the Trustees have an agreed budget and Corporate Annual Plan for the forthcoming financial year and 5-year plan that will see it return to a surplus position in 2025/26. As at 31 July 2024, the College reported an accumulated deficit of £678k the College’s largest liability is the deferred income balance of £1,311k (2023: £1,172k). The

Open College of the Arts (OCA)

Financial Statements for the year ended 31 July 2024

College is cash positive and is forecast to remain so in the 12 months after these financial statements are signed.

Having reviewed the College's performance, the 5-year plan and the cashflow forecast, Trustee's assessment is there are adequate resources for the College to continue in operational existence and that there are no material uncertainties. Additionally, the OU has confirmed that it will provide financial support should it be required, to enable the College to meet its liabilities as they fall due for the foreseeable future and for a period of at least twelve months from the date the financial statements are signed, for this reason the trustees continue to adopt the going concern basis in preparing the financial statements.

The College has restricted reserves of £3k.

Managing Risks and Uncertainty

Unlike other education providers, students of the College can commence and complete courses to their own timeframe, subject to some maximum limits, rather than within a traditional academic year. Also, the application to enrolment process is much faster, meaning that the College has less time to predict and react to changing enrolment numbers. From 1 August 2023 the College has introduced fixed enrolment windows (monthly) allowing students to pick the month they wish to begin study and a fixed induction pattern over a two-week period to allow students an opportunity to familiarise themselves and to on-board or 'step off' if they do not feel ready to study. These two changes have the potential to impact enrolment profiles and patterns. In the first few months of this new pattern, we saw fewer students with more building over time as the student onboarding and induction process improves. This does however introduce additional risk and uncertainty until the new processes are fully embedded. More students are expected to drop out at induction, this is more favourable than having students drop out at later points and will lead to improvements in retention. This reduces the risk of greater financial consequences to them and to the College. Early indications are that higher numbers of students cancel within the first 14-day period, however we are also seeing indications of those retained students being more likely to complete. We won't have the full picture until at least 2025/6.

The College manages the risk of a reduction in enrolment figures by monitoring enrolments monthly, preparing statistics on student completion rates, reacting to changes by increasing marketing activity and reducing costs if necessary and where possible. The College invests in marketing activities by advertising courses to prospective students who may not be aware of the potential to study in the non-traditional manner. The OU has taken over responsibility for lead generation marketing which is expected to build over time. This is not anticipated to have a detrimental impact as more students seek distance learning and are routed to the College via the OU as appropriate. More of the new enrolments are from younger learners wanting to study at a faster pace, which puts additional pressure on the academic and support services, work is underway to automate processes which will alleviate pressure points.

There are risks resulting from the cost-of-living crisis and slower than expected economic growth in the UK. Inflation is likely to continue to increase operational costs, cause more students to leave as a consequence of financial hardship and also put pressure on staff and student mental health and wellbeing. The College has already mitigated some of these risks through moves to managed service environments, reducing the estate and through raising awareness of the hardship funding available to students.

There are a set of risks directly related to the business change process from one partner organisation to another which impacted the College during 2023/24 although diminishing, the residual risks from transfer will continue into 2024/25. These risks include:

- The implementation of new services or replacement of services, including tendering and outsourcing to new providers to ensure like-for-like provision.

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Financial Statements for the year ended 31 July 2024

- The management of service delivery as services change, the operations and structural changes within the organisation and the disruption to business continuity caused by the management of changed processes prior to full automation and/or integration.

The impact of these is both reputational and financial. The mitigation is through more active scrutiny and dynamic risk assessment, with clear escalation processes to ensure that the changes embed and operate effectively and efficiently within the required timeframes and budget. An internal audit process is currently underway to review the operational effectiveness between the College and OU which is expected to make a set of recommendations to improve efficiency.

The final area of risk is around fraud and financial management and control. Additional improvements have been made in this area through the revision of the Anti-Bribery, Fraud and Corruption Policy (approved June 2023), the approval and establishment of the Finance, Employment, Audit and Risk (FEAR) Committee, a subgroup of the College's Board of Trustees, which has oversight of financial practice and the agreement that the College will comply with and adopt the OU Financial Regulations in the management and operation of the organisation.

As a distance learning provider, the quality of the on-line provision is an important factor in the success of students, the College has invested and continues to invest in the student offering to encourage both new enrolments and engagement and re-enrolment from current students. Additionally, the security over the on-line resources and data held by the College is paramount and is supported through a dedicated IT manager and outsourced services, with security arrangements checked by data security experts from our parent organisation.

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Financial Statements for the year ended 31 July 2024

Future Plans

The College recently updated its vision and strategic aims ([see Our Strategy](#)) following the transfer to the OU. The key performance indicators and objectives for 2024/25 are as follows:

Key Performance Indicators (KPI's)

The KPI's focus on student recruitment, progression, retention and widening participation. These indicators will allow the College to judge the health of the organisation, track performance and year on year change. The indicators on retention and widening participation enable the College to ensure that it is improving the outcomes for the widest demographic, including those who are most disadvantaged.

- Return an operating surplus of £89k and decrease the deficit reserve.
- Achieve 2,411 enrolments across all levels of course provision.
- Overall completion rate to exceed 65%. To exceed a degree first unit completion rate of 43%, 35% for foundation units, and 57% for HE4 as a whole. To maintain completion rates at HE5 and HE6 at 87% and 94% respectively.
- KPIs around widening participation focus on ensuring outcomes for various groups of students including those with disabilities. Recent analysis conducted by the College demonstrate that students with a disability complete units less often than students without disabilities (overrepresentation value of 0.702 currently). Our aim for 2024/25 is to ensure that on the measure of overrepresentation, students with a disability achieve a value of 1 (for a perfect distribution).

Key Objectives

- Through the establishment of new offers in short courses and HTQ's, build opportunities for adult reskilling and upskilling in creative industries.
- Expand offers in Creative Industries through building on current collaborations in Film and Media, focussing on animation, screenwriting, production, music for screen and other related fields.
- Build on what we've got by exploring expanding UG and PG offers with joint honours options in areas including business, technology and creative industries (e.g. MBA in Creative Industries) – collaborating with the OU to co-construct curriculum.
- Explore scaling up provision and planning for growth through expansion of Graphic Design programme with targeted marketing campaign managed through OU.
- Have a diverse and global curriculum that is culturally relevant and incorporates social justice pedagogy, which involves critically reviewing the undergraduate curriculum through the lenses of sustainability and ethics.
- Critically review the College's offer for learners in secure environments and build new pathways suited particularly for these students, having the initial offer available for inclusion in the Prisoner Education Trust Prospectus for 2025.
- Improve accessibility and richness of content and services through a content review and enhancement of OCA Learn, the College's online learning environment.
- Provide richer forms of feedback and methods to support learners to ensure that we widen participation in higher level creative education, ensuring equality regardless of financial status, age, disability, race, religion or belief, sex, or sexual orientation.
- The proportion of students from non-white ethnic backgrounds remains low (8.5% on average). Whilst we have initial evidence of retention relating to certain demographic groups, the small sample sizes inhibit confidence in the conclusions we can draw. Ahead of setting formal targets we will run focus groups and surveys with our existing population to understand motivations and barriers to study in order to glean information that can help in increasing numbers of students from different ethnic backgrounds. In addition, the College will aim to increase public discussion of certain themes, for example efforts to decolonise the curriculum.
- The proportion of students at the College with a listed disability has exceeded all expectations, coming in at 54% of students in the 2023/24 academic year. This creates a unique challenge in

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Financial Statements for the year ended 31 July 2024

responding to student needs to ensure success. Analysis suggests that students with disabilities complete their studies less often than their peers, and specifically affecting students with a mental health condition, and those with two or more listed disabilities or health conditions. Consequently, our focus will be on reviewing the structure in place to support these students specifically and address the issues around completions for these specific groups.

- Offer technology enhanced creative education through considering the role of AI in creative Industries and exploring the use of digital and physical spaces to scaffold learning, in particular using the Film and Media Programme development for innovation of curriculum practice.
- Establish strong roots for Creative Education through linked research and scholarship activity, building a community of practice across the College and University.
- Establish a truly co-constructed learning design process to ensure that the curriculum remains fresh and attractive to new learners.

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Financial Statements for the year ended 31 July 2024

Responsibilities and Corporate Governance

Responsibilities of the Board of Trustees

In accordance with the College's Articles of Association, the Trustees who are also the Directors of the Open College of the Arts are responsible for the administration and management of the affairs of the College.

These responsibilities are set out in the College's governing documents:

- Memorandum and Articles of Association
- Board of Trustees Terms of Reference
- The Role of Trustee at the OCA
- Code of Practice for Protecting Academic Freedom

The College's objects, powers and framework of governance are set out in its Articles of Association. Its Board of Trustees comprises up to fifteen members, all of whom are non-executive.

The Trustees are required to present audited financial statements for each financial year and are responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Companies Act 2006, Charities Act 2011, FRS102 section 1A and the Statement of Recommended Practice (SORP 2019) "Accounting for Further and Higher Education". In addition, within the Office for Students (OfS)' Terms and Conditions of Funding for Higher Education Institutions, the College is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit and cash flows for that year. The results of the College are consolidated within the parent organisations group financial statements.

When preparing the financial statements, the Trustees ensure that:

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements
- financial statements are prepared on a going concern basis unless it is inappropriate to presume that the College will continue in operation. The Trustees are satisfied that the College has adequate resources to continue in operation for the foreseeable future: for this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

The Trustees have taken reasonable steps to:

- ensure that funds from the OfS are used only for the purposes for which they have been given and in accordance with the OfS' Terms and Conditions of Funding for Higher Education Institutions and any other conditions which these funding bodies may from time to time prescribe
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the College and the prevention and detection of fraud, bribery and other irregularities
- secure the economical, efficient and effective management of the College's resources and expenditure.

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.

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Financial Statements for the year ended 31 July 2024

Corporate Governance Statement

Principles and ethos of the College

The College endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and with the guidance to institutions of higher education which has been provided by the Committee of University Chairs (CUC) in its Higher Education Code of Governance, published in September 2020. A Register of Interests of Trustees and senior managers is regularly maintained.

Constitution and structural organisation

From 1 August 2023 the College became a wholly owned subsidiary of the OU. The College is a charitable company limited by guarantee; as such it is regulated by the Charity Commission for England and Wales. The nature of the relationship between OU and the College, and the terms on which they provide services to each other are set out in Service Level Agreements. The College has its own management and governance arrangements.

The College's Board of Trustees comprises up to fifteen members appointed under the Articles of Association of the College, all of whom are non-executive. Members have a variety of backgrounds and experience including from outside traditional HE but share the mission and values of the College. The Board of Trustees normally meets three times a year, attendance at 2023/24 meetings is shown in the table below:

Trustee	Trustee Meetings Attended
Prof Ian Fribbance, appointed 1 st August 2023	October, February, June
John Boyle (company secretary), appointed 1 st August 2023, resigned 31 st August 2024	October, February, June
Ceri Rose, appointed 1 st August 2023	October, February, June
Sir William Atkinson, appointed 1 st August 2023	February, June
Marie-Claire Isaaman, appointed 1 st December 2023	June
Simon Fenne, appointed 31 st August 2024	N/A

Amongst its responsibilities it keeps under review the effectiveness of the risk management arrangements and provides an opinion on the adequacy of the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loans Company (SLC), the OfS and other bodies.

The Finance, Employment, Audit and Risk (FEAR) committee, a sub-group of the College's Board of Trustees. The Committee meets at least three times a year and comprises of representatives from OU, the Finance department, Internal Audit office, and People Services. The FEAR committee reports to the College's Board. The OU's Finance Committee considers, and commissions reports from both internal and external auditors on behalf of the University and its subsidiary organisations.

FEAR committee also advise the College's Board on matters of staff remuneration and performance. In carrying out their responsibilities, each member of FEAR committee acts in a way which they consider, in good faith, to be most likely to promote the success of the College for the benefit of its members. No individual may participate in deliberations in which their remuneration is being directly discussed or in decisions which directly affect their personal remuneration.

The College's Board Trustees are responsible for approving the College's strategic direction, and their FEAR Committee receives financial reports in respect of the College. Reports on the College's risks are received by its Board of Trustees, which provides an annual statement of assurance to its parent organisation as part of the annual accounts. There were no internal audits performed in year however an internal audit by the OU looking at operational effectiveness is currently underway and due to

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Financial Statements for the year ended 31 July 2024

report at the end of September 2024. The College has undergone rigorous compliance auditing and checks including further Competitions and Market Authority (CMA) compliance checks, learning outcomes benchmarking the curriculum, website services for improved enrolment management, and improvements to student Terms and Conditions. These have led to multiple policy changes, a revised website and the establishment of a clearer information for students. These have been completed to the standard required by the HE regulatory bodies and CMA.

The parent organisation approves, and appointments to the College's Board of Trustees.

Internal control

The Board of Trustees has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Trustees within the Articles of Association and the OfS' Terms and Conditions of Funding for HE Institutions.

This system is based on an on-going process designed to identify the principal risks to the achievement of the College's aims and objectives; to evaluate the likelihood and impact of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2024 and up to the date of approval of the financial statements and accords with OfS guidance.

The key elements of the College's systems of risk management and internal control, which are designed to discharge the responsibilities set out above, include the following:

- oversight of risk management by the Trustees
- annual review of the College's Risk Management Policy & Strategy by the Trustees
- annual review of risk management effectiveness and risk appetite by the parent organisation
- the integration of risk management into the annual planning cycle of the College covering all business, operational, financial and compliance risks. This process is informed by detailed annual income, expenditure, capital and cash flow budgets
- the maintenance of an institutional Risk Register which is updated annually in accordance with the Strategic Plan and assessed on a quarterly basis. The Register includes an evaluation of the likelihood and impact of risks, and identifies mitigation measures
- clear definitions of the responsibilities and delegated authority of heads of academic and administrative departments including responsibility for identifying and managing operational risks at a departmental level and escalating significant risk to the Trustees
- regular reviews of key performance indicators and financial results involving variance reporting and updates of forecast out-turns
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review by the Trustees.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The Board of Trustees has responsibility for reviewing the effectiveness of the systems of risk management and internal control. The following processes have been established:

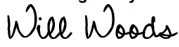
- the Board of Trustees meets at regular intervals to consider the plans and strategic direction of the College
- the Board of Trustees, through its consideration of the Risk Register at each meeting, provides oversight of the risk management process and requires regular reports from the College's management on the steps being taken to manage risks, including progress reports on key risks, systems for identifying significant risks facing the College, identifying actions required to minimise risk and regularly evaluating risks, using key risk and performance indicators

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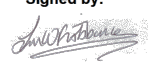
Financial Statements for the year ended 31 July 2024

- a professional Internal Audit team, whose annual programme is risk-based and approved by the parent organisation, reports regularly to Board of Trustees on specific areas of internal control relating to the College, which include an independent opinion on the adequacy of the effectiveness of the College's systems of internal control together with recommendations for improvement
- management makes regular reports and presentations to the Board of Trustees on internal control and risk mitigation actions

The Board's review is also informed by the work of the senior managers within the College, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the External Auditors, PKF Littlejohn LLP, in their Management Letter and other reports. In the opinion of Trustees there were no significant internal control weaknesses or failures arising during the year ended 31 July 2024 and up to the date of approval of the financial statements.

DocuSigned by:

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Will Woods
Principal & Chief Executive
23 October 2024

Signed by:

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Prof Ian Fribbance
Chair of the Board of Trustees
23 October 2024

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Independent Auditors' Report

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF THE OPEN COLLEGE OF THE ARTS

Opinion

We have audited the financial statements of the Open College of the Arts (the 'College') for the year ended 31 July 2024 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including the statement of principal 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 College's affairs as at 31 July 2024 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 College 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 the College'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 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

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Financial Statements for the year ended 31 July 2024

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; 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.

Responsibilities of the trustees

As explained more fully in the responsibilities of the board of trustees statement, the trustees (who are also the directors of the College 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 board of trustees are responsible for assessing the College'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 board of trustees either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and accumulation of cumulative audit knowledge and experience.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from the Companies Act 2006, Financial Reporting Standard 102, Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and Charities Act 2011.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to, enquiries of management, review of minutes and review of legal and regulatory correspondence.

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Financial Statements for the year ended 31 July 2024


- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in the judgements made around recoverability of debtors. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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 for the audit of the financial statements is located 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 College's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the College's trustees 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 College and the College's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

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Alastair Duke (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
 5 November 2024

15 Westferry Circus
 Canary Wharf
 London E14 4HD

Open College of the Arts (OCA)

Financial Statements for the year ended 31 July 2024

Statement of Principal Accounting Policies

1 General Information

Country of registration - England

Registered Office - The Michael Young Arts Centre Room 301, DMC 02, County Way, Barnsley, Yorkshire, England, S70 2AG

2 Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards (FRS 102 section 1A), the Charities Act 2011 and the Companies Act 2006. They conform to guidance published by the Office for Students (OfS).

The financial statements are prepared in sterling, which is the functional currency of the College.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

3 Basis of Accounting

The financial statements are prepared under the historical cost convention.

4 Going Concern

The College returned a deficit in the year of £483,588 (2023: £842,863 deficit), the Trustees have an agreed budget and Corporate Annual Plan for the forthcoming financial year and 5-year plan that will see it return to a surplus position in 2025/26. As at 31 July 2024, the College reported an accumulated deficit of £678,161 the College's largest liability is the deferred income balance of £1,311,296 (2023: £1,172,056). The College is cash positive and is forecast to remain so in the 12 months after these financial statements are signed.

Having reviewed the College's performance, the 5-year plan and the cashflow forecast, Trustee's assessment is there are adequate resources for the College to continue in operational existence and that there are no material uncertainties. Additionally, the OU has confirmed that it will provide financial support should it be required, to enable the College to meet its liabilities as they fall due for the foreseeable future and for a period of at least twelve months from the date the financial statements are signed, for this reason the trustees continue to adopt the going concern basis in preparing the financial statements.

The College has restricted reserves of £2,615.

5 Income Recognition

Tuition fee income from courses is recognised over the arranged period of instruction.

Tuition fee income received in advance of performance related conditions being met is carried forward to a future financial year and included in creditors as deferred income.

Where the amount of the tuition fee is reduced, by a refund or discount, income receivable is shown net of the discount.

Income from the sale of goods and services, excluding tuition fee income, is credited to the Statement of Comprehensive Income when the goods or services are supplied to the external customers, or the terms of the contract have been satisfied.

Grant funding from OfS is provided to the parent organisation (who carries the immediate risks and rewards) and passed to the College, where it is recognised as income when the College is entitled to

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Financial Statements for the year ended 31 July 2024

the income and performance related conditions have been met. Although the formal recurrent grant funding from the OfS is provided to the parent organisation; the proportion passed to the College is based on student numbers and performance conditions include the College providing facilities and carrying on of other activities, which the Trustees consider is necessary or desirable to provide or carry on for the purposes of, or in connection with, education. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

6 Accounting for Retirement Benefits

The College has a defined contribution pension scheme for employees. The amounts charged are as payable by the College during the period.

7 Employment Benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

8 Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

9 Stocks

Stocks are valued at the lower of cost or net realisable value.

10 Tangible Fixed Assets

Equipment and plant, including computers and software, are capitalised at cost and depreciated over their expected useful life of 5 years for fixtures, fittings and equipment and 3 years for computer equipment on a straight-line basis.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

11 Cash and Cash Equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if in practice they are available within 24 hours without penalty.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with significant risk of change in value.

12 Provision

Provisions are recognised when:

- The College has a present obligation (legal or constructive) as a result of a past event
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

13 Reserves

Reserves are classified as restricted or unrestricted. The College currently has £2,615 in restricted reserves for a small enterprise enhancement scheme which funds progressing students and provides sponsorship of projects.

Open College of the Arts (OCA)

Financial Statements for the year ended 31 July 2024

14 Financial Instruments

The financial assets and liabilities held qualify as basic financial instruments as described in Section 11 of FRS 102. Basic financial instruments, comprising trade debtors, cash and cash equivalents and trade payables, are initially recognised at transaction value and subsequently measured at their settlement value. Cash is held on deposit in Barclays Bank. Trade debtors and trade creditors consist of balances outstanding at the financial year end.

Open College of the Arts (OCA)

Financial Statements for the year ended 31 July 2024

Statement of Comprehensive Income

	Note	2024 £	2023 £
Income			
Tuition fees and education contracts	1	2,425,992	1,689,026
OfS grants		132,623	193,761
Other income	2	145,275	3,964
Total income		<u>2,703,890</u>	<u>1,886,751</u>
Expenditure			
Staff costs	3	2,242,670	2,041,003
Other operating expenses	4	922,413	668,843
Depreciation	7	22,395	19,768
Total expenditure	5	<u>3,187,478</u>	<u>2,729,614</u>
Loss on disposal of fixed assets		-	-
(Deficit) for the year		<u>(483,588)</u>	<u>(842,863)</u>
Total comprehensive income for the year		<u>(483,588)</u>	<u>(842,863)</u>
Represented by:			
Restricted comprehensive (deficit) for the year	6	(1,100)	(1,400)
Unrestricted comprehensive (deficit) for the year		<u>(482,488)</u>	<u>(841,463)</u>
		<u>(483,588)</u>	<u>(842,863)</u>

The income and expenditure of the Company relates wholly to continuing operations.

The notes on pages 34 to 39 form an integral part of these Financial Statements.

Open College of the Arts (OCA)

Financial Statements for the year ended 31 July 2024

Statement of Changes in Reserves

	Note	Income and expenditure reserve		Total
		Restricted £	Unrestricted £	
Balance at 1 August 2022		5,115	643,175	648,290
(Deficit) for the year		(1,400)	(841,463)	(842,863)
Balance at 31 July 2023		3,715	(198,288)	(194,573)
(Deficit) for the year		(1,100)	(482,488)	(483,588)
Balance at 31 July 2024	6	2,615	(680,776)	(678,161)
Surplus/(deficit)				

The notes on pages 34 to 39 form an integral part of these Financial Statements.

Open College of the Arts (OCA)

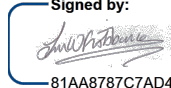
Financial Statements for the year ended 31 July 2024

Statement of Financial Position

	Note	2024 £	2023 £
Non-current assets			
Tangible assets	7	21,227	31,124
Total non-current assets		21,227	31,124
Current assets			
Stock		485	1,002
Trade and other receivables	8	994,973	473,229
Cash and cash equivalents	10	211,732	806,290
Total current assets		1,207,190	1,280,521
Less Creditors: Amounts falling due within one year	9	(1,906,578)	(1,506,218)
Net current (liabilities)		(699,388)	(225,697)
Total net liabilities		(678,161)	(194,573)
Restricted reserves			
Income and expenditure reserve - restricted	6	2,615	3,715
Unrestricted reserves			
Income and expenditure reserve - unrestricted		(680,776)	(198,288)
Total reserves		(678,161)	(194,573)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved by the Board of Trustees and authorised for issue on 23 October 2024 and were signed on its behalf by:

Signed by:

 81AA8787C7AD483...

Prof Ian Fribbance
 Chair of the Board of Trustees
 23 October 2024

The notes on pages 34 to 39 form an integral part of these Financial Statements.

Open College of the Arts (OCA)

Financial Statements for the year ended 31 July 2024

Statement of Cash Flows

	Note	2024 £	2023 £
Cash flow from operating activities			
(Deficit) for the year		(483,588)	(842,863)
Adjustments for non-cash items			
Depreciation		22,395	19,768
Decrease/(increase) in stock		517	(156)
(Increase)/decrease in debtors		(521,744)	15,703
Increase in creditors		400,360	493,773
(Decrease) in provisions		-	(40,000)
Net cash (outflow) from operating activities		<u>(582,060)</u>	<u>(353,775)</u>
Cash flows from investing activities			
Payments made to acquire tangible assets		(12,498)	(23,205)
(Decrease) in cash and cash equivalents		<u>(594,558)</u>	<u>(376,980)</u>
Cash and cash equivalents at the beginning of the year	10	806,290	1,183,270
Cash and cash equivalents at the end of the year	10	211,732	806,290

The notes on pages 34 to 39 form an integral part of these Financial Statements.

Open College of the Arts (OCA)

Financial Statements for the year ended 31 July 2024

Notes to the Financial Statements

1 Tuition fees and education contracts

	2024 £	2023 £
Student Fees - United Kingdom		
Higher Education:		
England	1,607,442	1,160,770
Scotland	68,392	49,576
Wales	133,765	52,382
Northern Ireland	20,745	16,314
Further Education:		
England	133,093	66,952
Scotland	9,367	5,793
Wales	7,266	553
Northern Ireland	2,010	575
Short Courses:		
England	18,919	11,243
Scotland	3,167	915
Wales	670	941
Northern Ireland	231	-
Total Student Fees - United Kingdom	2,005,067	1,366,014
Total Student Fees - Overseas	420,925	323,012
Total tuition fees and educational contracts	2,425,992	1,689,026

2 Other income

	2024 £	2023 £
Educational visits and events	-	163
Sundry	4,719	3,801
Parent university funding	132,200	-
Investment interest	8,356	-
Total other income	145,275	3,964

3 Staff costs

	2024 £	2023 £
Salaries and other payments to employees	1,989,739	1,807,502
Social security costs	161,842	146,189
Pension costs	84,050	78,155
Apprenticeship levy	7,039	9,157
Total staff costs	2,242,670	2,041,003

Open College of the Arts (OCA)

Financial Statements for the year ended 31 July 2024

Pension contributions are paid into the Charity's defined contribution group personal pension plan. The Charity set up a defined contribution pension scheme for employees with effect from 1 April 2016.

Average staff numbers	2024	2023
Academic	109	109
Academic Support	20	20
Central services	9	7
Total average staff numbers	138	136

The average staff numbers are comprised of a significant number of part-time and sessional employees.

Remuneration of Higher Paid Employees

The number of staff with full-time equivalent basic salary of over £100,000 per annum including the Principal was nil in the year (2023: nil).

The Principal

The Principal, William Woods, was appointed to the role on 29th September 2017.

The Principal's pension contributions are on the standard terms of the College's defined contribution group personal pension plan. No members of staff received employee benefits greater than £100,000.

Initial remuneration of £85,000 was increased in August 2018 by the nationally agreed cost of living (CoL) pay award of 1.7% to the higher education sector and again in August 2019 by 1.8%. No CoL award was agreed for August 2020 in line with the CoL freeze for all staff, a 1.5% CoL increase was approved from August 2021. A performance-related increase was approved from August 2022 in addition to a 3% cost of living increase in line with that for all staff. A 2% CoL increase was applied from August 2023.

In determining the base salary when making the appointment, the Board of Trustees took advice from an external recruitment agency and benchmarked the role with senior management positions within the UCA, as parent company. At the time of appointment, the role was considered equivalent to that of an Executive Dean at UCA, where the salary band was between £83,913 and £100,000. The Principal's base salary was set within that band. The College has also contributed 5% of base salary pa to a defined contribution pension scheme. The total remuneration awarded was determined considering the skills and experience that the successful candidate would bring to the post, as evidenced during the selection process.

Remuneration of the Principal	2024	2023
	£	£
Salary	97,632	95,718
Pension contribution	4,882	4,786
Social Security	12,218	12,224
	114,732	112,728

The Principal's basic salary is 2.36 (2023: 2.43) times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the College to its staff.

The Principal's total remuneration is 2.36 (2023: 2.86) times median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the College of its staff. It is not possible to reliably calculate the full-time equivalent value of course commissioning fees, these have instead been included within total remuneration at actual values paid for the purposes of calculating median pay levels.

Open College of the Arts (OCA)

Financial Statements for the year ended 31 July 2024

Key management personnel

Key management personnel are people who have authority and responsibility for planning, directing and controlling the activities of the College. The number of key management personnel including the Principal was 4 in the year (2023: 3), the Principal & Chief Executive, Director of Learning, Director of Teaching and Director of Curriculum & Quality.

Remuneration of key management personnel	2024	2023
	£	£
Salary	183,925	170,071
Pension contribution	8,657	8,504
Social Security	20,422	20,157
	213,003	198,732

The total remuneration for key management personnel for the year ended 31 July 2024 (including any severance payments and employers' pension contributions) was £192,582 (year ended 31 July 2023, £178,575).

Trustees

No Trustee has received/waived remuneration from the College during the year (2023: – none).

No expenses were paid to or on behalf of Trustees for travelling and subsistence (2023: – none).

No other expenses were paid (2023: nil).

4 Other operating expenses

	2024	2023
	£	£
Learning environment, academic & course material costs	76,676	89,372
Student recruitment	50,348	121,104
Student support, financial assistance & bursaries	23,301	60,922
Parent university services	448,402	77,225
Bad debt provisions and expenses	26,362	14,913
Staff support and consumables	11,863	10,625
Equipment, computing & information security	56,832	77,143
Rent, rates & estate services	52,413	35,642
Auditors' remuneration – audit fees	17,760	15,600
Other expenses	158,456	166,297
Total other operating expenses	922,413	668,843

Open College of the Arts (OCA)

Financial Statements for the year ended 31 July 2024

5 Analysis of expenditure by activity

	Staff costs		Other operating costs		Total	
	2024	2023	2024	2023	2024	2023
	£	£	£	£	£	£
Academic departments	1,204,637	1,178,236	131,277	90,016	1,335,914	1,268,252
Academic services	633,757	556,535	413,780	139,086	1,047,537	695,621
Administration and central services	404,276	306,232	324,943	404,099	729,219	710,331
Premises	-	-	52,413	35,642	52,413	35,642
	2,242,670	2,041,003	922,413	668,843	3,165,083	2,709,846
Depreciation	-	-	22,395	19,768	22,395	19,768
Total expenditure by activity	2,242,670	2,041,003	944,808	688,611	3,187,478	2,729,614

6 Restricted reserves

	2024	2023
	£	£
At 1 August 2023	3,715	5,115
Expenditure	(1,100)	(1,400)
Total restricted comprehensive (expenditure)	(1,100)	(1,400)
At 31 July 2024	2,615	3,715

7 Tangible assets

	Fixtures & fittings	Computer Equipment	Total
	£	£	£
Cost			
At 1 August 2023	30,413	50,763	81,176
Additions at cost	-	12,498	12,498
At 31 July 2024	30,413	63,261	93,674
Depreciation			
At 1 August 2023	16,483	33,569	50,052
Charge for year	4,533	17,862	22,395
At 31 July 2024	21,016	51,431	72,447
Net book value at 31 July 2024	9,397	11,830	21,227
Net book value at 31 July 2023	13,930	17,194	31,124

Open College of the Arts (OCA)

Financial Statements for the year ended 31 July 2024

8 Trade and other receivables

	2024 £	2023 £
Amounts falling due within one year:		
Trade receivables	737,602	431,770
Amounts due from group undertakings	200,836	-
Other receivables	4,215	4,215
Prepayments and accrued income	52,320	37,244
Total trade and other receivables	994,973	473,229

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

9 Creditors

	2024 £	2023 £
Amounts falling due within one year:		
Trade creditors	77,717	110,655
Amount owed to group undertakings	342,421	-
Other tax payable & social security	43,183	38,882
Accruals	123,363	135,760
Other creditors	8,598	48,865
Deferred income	1,311,296	1,172,056
Total creditors	1,906,578	1,506,218

10 Cash and cash equivalents

	2024 £	2023 £
Cash and cash equivalents	211,732	806,290
	211,732	806,290

11 Lease Obligations

At 31 July 2024, the Charity had total future minimum lease payments in respect of property under non-cancellable operating leases payable as follows:

	2024 £	2023 £
Payable during the year	47,693	41,934
Future minimum lease payments due:		
Not later than one year	25,286	20,966
Total lease payments due	25,286	20,966

Open College of the Arts (OCA)
Financial Statements for the year ended 31 July 2024
12 Analysis of changes in net debt

	At 31 July 2023	Net cash flows	At 31 July 2024
	£	£	£
Cash at bank and in hand	806,290	(594,558)	211,732

13 Related Party Transactions

The College has made enquiries with its Trustees and senior staff and there are no Related Party Transactions to report, Trustee expenses are disclosed in [note 3](#).

The College has taken advantage of the exemption offered by FRS 102 (section 33) in respect of transactions and balances between it and the Open University, as it is a wholly owned subsidiary of the Open University, Walton Hall, Kents Hill, Milton Keynes, MK7 6AA. The College is consolidated in the accounts of the Open University and those accounts are publicly available.

Open College of the Arts (OCA)

Financial Statements for the year ended 31 July 2024

Principal Advisors

Bankers

Barclays Bank plc
10 Market Street
Bradford
BD1 1EG

Independent Auditors

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15 Westferry Circus
London
E14 4HD

Solicitors

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