

THE OPEN SCHOOL TRUST
COUNCIL MEMBERS' ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30TH JUNE 2022
COMPANY REG. NO. 02438525
CHARITY NO. 328414

THE OPEN SCHOOL TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

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

REGISTRATION NUMBER:	02438525 (Company limited by guarantee)	
CHARITY NUMBER:	328414	
COUNCIL MEMBERS:	Dr R. Dorrance (Chairperson) Dr R. Morpeth R.A. Marshall (Vice Chairperson) C. Callaway (resigned June 2022) R.E. Moore (resigned November 2021) C.J. Woolliscroft Dr V. Pittard S. Mistry	
CHIEF EXECUTIVE OFFICER:	E Chesterman	
REGISTERED OFFICE	Woolpack House 70 High Street Sawston Cambridge CB22 3HJ	
AUDITORS:	Prentis & Co LLP Chartered Accountants & Statutory Auditors 115c Milton Road Cambridge CB4 1XE	
BANKERS:	CAF (Charities Aid Foundation) Bank 25 Kings Hill Avenue Kings Hill West Malling, Kent ME19 4TA Insignis St Johns Innovation Centre Cowley Road Cambridge CB4 0WS	National Westminster Bank Kings Parade Branch 10 Benet Street Cambridge CB2 3PU
SOLICITORS:	Stone King 3rd Floor Bateman House 82-88 Hills Road Cambridge CB2 1LQ	

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

COUNCIL MEMBERS' ANNUAL REPORT

The Council Members present their annual report and financial statements of the Trust for the year ended 30th June 2022. The financial statements have been prepared to meet the requirements for a directors' report and financial statements for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

PURPOSES OF THE TRUST AS SET OUT IN THE GOVERNING DOCUMENT

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

MAIN ACTIVITIES UNDERTAKEN IN RELATION TO THOSE PURPOSES

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

COUNCIL MEMBER'S REGARD TO THE CHARITY COMMISSION'S GUIDANCE ON PUBLIC BENEFIT

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

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

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

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

ACHIEVEMENTS AND PERFORMANCE

The Trust fills a significant gap in providing educational opportunities for adults and young people who need flexible part time provision of courses. The Trust takes this role very seriously and invests considerable resources on improving the quality of its course portfolio and enhancing the level of service it offers its students. This year we launched A Level Geography which is a fully interactive online distance learning course. This will add to our wide range of A levels on offer and support students who are looking for a range of A Level options. We have been able to support a growing number of students to gain bursaries with partner organisations. These have enabled students to gain a qualification regardless of their final circumstances. Our bursaries are provided by a range of subject associations and specialist organisations. Within this financial year we launched a new scholarship. 'The Russell Kane Scholarship' will support 3 learners through their GCSEs and A levels. The successful applicants will be announced in the Autumn of 2022.

SUMMARY OF THE MAIN ACHIEVEMENTS OF THE TRUST

NEC moved to a new office in a village 6 miles south of Cambridge. The new office has more parking availability and internal space for all staff to attend the office and work collaboratively. A model of hybrid working is continuing. This is in part due to the change in working practices brought about by the pandemic and in part due to a delay on the lease line being connected.

2020 and 2021 saw high pass rates across GCSE's and A Levels due to the use of a different model to provide grades. This increase had an effect on NEC's enrolments as traditionally a good percentage of students are those looking to retake.

2022 saw students sit exams for the first time in two years. Ofqual and JCQ put measures in place to ensure students' learning was not impacted by the lost time. NEC applied these measures across all our courses.

We were delighted to be awarded Distance learning centre of the year at the IAB awards. NEC has worked with the IAB for a number of years and they have been supportive of the model of delivery required for our prison learners.

Our work with a variety of partners has strengthened and we are seeing an increase in income from an increasing number of education institutions. This is an area we will focus on over the coming year.

REVIEW OF THE FINANCIAL POSITION AT THE END OF THE YEAR

The Council Members are satisfied that the level of free reserves currently a surplus of £873,138 (2021: £757,840) which they are aiming to increase to a target of £1 million. Income for the year amounted to £1,331,599 (2021: £1,526,539) and expenditure amounted to £1,218,991 (2021: £1,300,921).

FUNDRAISING

The Open School Trust does not openly fundraise or solicit donations from the public.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

COUNCIL MEMBERS' ANNUAL REPORT

FINANCIAL REVIEW

CURRENT FINANCIAL POSITION

Trustees are pleased to see that despite a tough market in terms of the impact of cost of living, and general economic climate affecting students, that the charity has still performed well.

RESERVES POLICY

The Council Members have a target for free reserves of £1million, and expect this to be achieved over an 8 year term, through increased sales and careful cost management.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

NATURE OF THE GOVERNING DOCUMENT

The Open School Trust (registered charity 328414) was incorporated in November 1989 with an object to promote education for the benefit of the public. The Open School Trust was dormant from 2003 to 2011 and was revived to take the National Extension College (NEC) out of the administration of the Learning and Skills Network. The Open School Trust took over the assets and the liabilities of the NEC on 16th December 2011 and has been running the college as a going concern. The Open School Trust continues to use the trading name National Extension College (NEC). These financial statements cover the 12 months of trading to 30th June 2022.

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

CONSTITUTION OF THE CHARITY

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

THE BOARD OF TRUSTEES (COUNCIL MEMBERS)

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

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

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

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

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

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

KEY MANAGEMENT PERSONNEL REMUNERATION

The Council Members consider the Members of Council and the Chief Executive as comprising the key management personnel of the charitable company in charge of directing and controlling the charitable company and running and operating the charitable company on a day to day basis.

All Council Members and the outgoing Chief Executive give their time freely and neither the Council Members nor outgoing Chief Executive received any remuneration in the year. Details of Council Member's expenses are disclosed in note 6 to the financial statements and related party transactions are disclosed in note 16 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

COUNCIL MEMBERS' ANNUAL REPORT

STATEMENT OF MEMBERS OF COUNCIL RESPONSIBILITIES

The Members of Council are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the surplus or deficit of the Trust for that year. In preparing those financial statements the Members of Council are required to:

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

The Members of Council are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities Act 2011 and the Charities (Accounts and Reports) Regulations.

The Members of Council are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

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

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

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

APPROVAL

This report was approved by the Members of Council and signed on its behalf, on 11th November 2022



CHAIR OF THE MEMBERS OF COUNCIL
R. DORRANCE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL MEMBERS OF THE OPEN SCHOOL TRUST

OPINION

We have audited the financial statements of Open School Trust for the year ended 30 June 2022 which comprise of the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30th June 2022, and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 5 to the financial statements, 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 Council's 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 Trust'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 Council with respect to going concern are described in the relevant sections this report.

OTHER INFORMATION

The other information comprises the information included in the Council Members' Annual Report, other than the financial statements and our auditor's report thereon. The Council Members are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Council Members Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Council Members Annual Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Council Member's Annual Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 or Charities Act 2011 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustee remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL MEMBERS OF THE OPEN SCHOOL TRUST

RESPONSIBILITIES OF COUNCIL MEMBERS

As explained more fully in the Council Members' responsibilities statement in the Council Members Annual Report, the Members of Council (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council Members 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 Council Members are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council Members either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- We have considered the nature of the industry and sector, control environment and business performance, including the design of the Trust's remuneration policies
- We have enquired with management in regards to their own assessment of the risks of irregularities, including fraud
- We have obtained relevant documentation and representations in order to form an opinion on potential irregularities, including fraud
- Our audit work is limited to samples inherently used under International Auditing Standards, therefore not all transactions are reviewed so the detection of irregularities, including fraud is limited to this

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud is in relation to the overstatement of revenue. In common with all audits under ISAs (UK). We are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory environment and frameworks in which the Trust operates, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and local tax legislation.

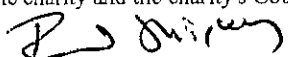
In addition, we have queried with management the need for any other provisions for other laws and regulations which do not have a direct effect on the financial statements, but compliance which may be fundamental for the Trust to operate or to avoid a material penalty.

Relevant identified laws and regulations were communicated within the engagement team so they remained alert throughout the audit for indications of fraud or non-compliance.

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 charity's Council Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's Council Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Council Members as a body, for our audit work, for this report, or for the opinions we have formed.


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

14th November 2022

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

STATEMENT OF FINANCIAL ACTIVITIES

	Notes	2022 Unrestricted Funds £	2022 Restricted Funds £	2022 Total Funds £	2021 Unrestricted Funds £	2021 Restricted Funds £	2021 Total Funds £
INCOME FROM:							
Charitable activities:							
Fees		1,304,902	-	1,304,902	1,513,909	-	1,513,909
Publications and licences		3,818	-	3,818	4,110	-	4,110
Project income	3	-	-	-	-	6,250	6,250
Other income		22,879	-	22,879	2,090	-	2,090
TOTAL INCOME		<u>1,331,599</u>	<u>-</u>	<u>1,331,599</u>	<u>1,520,109</u>	<u>6,250</u>	<u>1,526,359</u>
EXPENDITURE ON:							
Charitable activities:							
Fees	4	1,161,936	-	1,161,936	1,224,831	-	1,224,831
Publications and licences	4	24,521	-	24,521	45,191	-	45,191
Projects	4	-	2,690	2,690	-	3,560	3,560
Other costs	4	29,844	-	29,844	27,339	-	27,339
TOTAL EXPENDITURE		<u>1,216,301</u>	<u>2,690</u>	<u>1,218,991</u>	<u>1,297,361</u>	<u>3,560</u>	<u>1,300,921</u>
Net income and net movement in funds	5	115,298	(2,690)	112,608	222,748	2,690	225,438
RECONCILIATION OF FUNDS							
Total funds brought forward		757,840	2,690	760,530	535,092	-	535,092
Total funds carried forward		<u>873,138</u>	<u>-</u>	<u>873,138</u>	<u>757,840</u>	<u>2,690</u>	<u>760,530</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 10 to 17 form part of these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

BALANCE SHEET

	Notes	2022		2021	
		£	£	£	£
FIXED ASSETS					
Intangible assets	8		119,140		164,059
Tangible assets	9		34,180		64,054
TOTAL FIXED ASSETS			<u>153,320</u>		<u>228,113</u>
CURRENT ASSETS					
Stocks	10	10,436		16,682	
Debtors	11	66,702		47,917	
Cash at bank and in hand		852,735		813,019	
TOTAL CURRENT ASSETS		<u>929,873</u>		<u>877,618</u>	
LIABILITIES:					
Creditors: Amounts falling due within one year	12	(100,025)		(221,933)	
NET CURRENT ASSETS			<u>829,848</u>		<u>655,685</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>983,168</u>		<u>883,798</u>
PROVISIONS FOR LIABILITIES	13		(110,030)		(123,268)
TOTAL NET ASSETS			<u>873,138</u>		<u>760,530</u>
THE FUNDS OF THE CHARITY:					
Unrestricted Funds	14		873,138		757,840
Restricted Funds	14		-		2,690
TOTAL FUNDS			<u>873,138</u>		<u>760,530</u>

The financial statements were approved by the Council of Trustees on 11th November 2022 and signed on its behalf by



CHAIR OF THE COUNCIL OF MEMBERS
R. DORRANCE

The notes on pages 10 to 17 form part of these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

STATEMENT OF CASH FLOWS

	Notes	2022 Total Funds £	2021 Total Funds £
Cash flows from operating activities:			
<i>Net cash provided by/(used in) operating activities</i>	17	73,255	408,586
Cash flows from investing activities:			
Purchase of tangible fixed assets		(7,752)	(18,665)
Capitalisation of intangible assets		(25,787)	(27,780)
<i>Net cash provided by/(used in) investing activities</i>		(33,539)	(46,445)
Cash flows from financing activities:			
Repayment of borrowing		-	(50,000)
<i>Net cash provided by/(used in) financing activities</i>		-	(50,000)
<i>Change in cash and cash equivalents in the year</i>		39,716	312,141
Cash and cash equivalents brought forward		813,019	500,878
Cash and cash equivalents carried forward		852,735	813,019

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Open School Trust meets the definition of a public benefit entity under FRS 102.

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

(b) INCOME RECOGNITION

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

Fee and Publications income:

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

Publication income represents the invoiced value of publications of learning material.

Project and Grant income:

Income from grants, whether 'capital' grants or 'revenue' grants, is recognised when the trust has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Investment income:

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

(c) EXPENDITURE AND IRRECOVERABLE VAT

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

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the following expenditure headings as follows:

Raising funds:

Costs of raising funds comprise the costs of seeking and applying for grants and costs associated with the seeking and arranging of licence fee agreements.

Charitable activities:

Expenditure on charitable activities includes the costs of activities undertaken to further the purposes of the trust and their associated support costs. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.

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

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS

(e) OPERATING LEASES

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the Statement of Financial Activities as incurred.

(f) TANGIBLE FIXED ASSETS

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

Leasehold improvements	- 4 years straight line
Equipment and software	- 3 and 4 years straight line

(g) INTANGIBLE FIXED ASSETS*Goodwill:*

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

Following a review undertaken by the Council Members, from 1 July 2015 it was agreed that the economic life was to be reduced and as such the remaining value of the goodwill will be amortised over the next 10 years.

Course development:

The Trust defers course development expenditure on new course products where the project meets the criteria set out for deferred costs in FRS 102.

Identifiable development expenditure is deferred on clearly defined projects where the outcome has been assured with reasonable certainty and is viable in light of current market conditions. Income is expected to exceed all development costs. The life of each course on completion and commencement of marketing is expected to be 3 years and each course is reviewed annually to ensure commercial prospects remain, otherwise the costs are written off in that year.

(h) STOCKS

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

(i) DEBTORS

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

(j) CREDITORS

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

(k) PROVISIONS FOR LIABILITIES

A provision for deferred income relating to the tutor element of each course is included under liabilities.

Each course sold comprises of study materials and tutor support. The length of time taken to complete the course depends on the student's objectives and often the course is purchased for the study materials alone. Tutor support is given for a period of 24 months from the start of the course and that part of the course fees is estimated and deferred over that period.

2. LEGAL STATUS OF THE CHARITY

The Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

3. INCOME FROM PROJECTS	2022	2022	2022	2021	2021	2021
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	Funds	Funds	Funds	Funds	Funds	Funds
	£	£	£	£	£	£
Open University	-	-	-	-	6,250	6,250

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS

4. EXPENDITURE ON:
CHARITABLE ACTIVITIES
FOR THE YEAR ENDED 30TH JUNE 2022

	Activities Undertaken Directly £	Other Direct Costs £	Support Costs £	2022 Total £
Fees	682,403	8,377	471,156	1,161,936
Publications & licences	23,166	-	1,355	24,521
Projects	-	2,690	-	2,690
Governance costs	-	-	29,844	29,844
	<u>705,569</u>	<u>11,067</u>	<u>502,355</u>	<u>1,218,991</u>

ANALYSIS OF SUPPORT COSTS
FOR THE YEAR ENDED 30TH JUNE 2022

	Fees £	Publications & Licences £	Governance £	2022 Total £
Postage and carriage	1,092	3	-	1,095
Staff costs	132,548	381	-	132,929
Office expenses	6,066	17	-	6,083
Computer and hardware expenses	58,944	169	-	59,113
Telephone	5,542	16	-	5,558
Depreciation and amortisation	108,021	311	-	108,332
Professional fees	6,955	20	-	6,975
Accountancy	102	-	-	102
Other costs	318	1	-	319
Recruitment costs	875	3	-	878
Bank and credit card charges	15,646	45	-	15,691
Premises expenses	55,844	161	-	56,005
Advertising and marketing	79,203	228	-	79,431
	<u>471,156</u>	<u>1,355</u>	<u>-</u>	<u>472,511</u>

ANALYSIS OF GOVERNANCE COSTS

Legal and professional	-	-	16,470	16,470
Auditors remuneration	-	-	6,900	6,900
Council Member expenses	-	-	474	474
Apportionment of premises costs	-	-	6,000	6,000
	<u>471,156</u>	<u>1,355</u>	<u>29,844</u>	<u>502,355</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS

4.a EXPENDITURE ON:
CHARITABLE ACTIVITIES
FOR THE YEAR ENDED 30TH JUNE 2021

	Activities Undertaken Directly £	Other Direct Costs £	Support Costs £	2021 Total £
Fees	682,875	7,200	534,756	1,224,831
Publications & licences	39,789	-	5,402	45,191
Projects	-	3,560	-	3,560
Governance costs	-	-	27,339	27,339
	<u>722,664</u>	<u>10,760</u>	<u>567,497</u>	<u>1,300,921</u>

ANALYSIS OF SUPPORT COSTS
FOR THE YEAR ENDED 30TH JUNE 2021

	Fees £	Publications & Licences £	Governance £	2021 Total £
Postage and carriage	356	3	-	359
Staff costs	116,745	1,179	-	117,924
Office expenses	2,046	21	-	2,067
Computer and hardware expenses	57,188	579	-	57,767
Telephone	7,606	78	-	7,684
Depreciation and amortisation	170,878	1,726	-	172,604
Professional fees	8,539	86	-	8,625
Accountancy	1,562	16	-	1,578
Other costs	186	1	-	187
Recruitment costs	17,514	177	-	17,691
Bank and credit card charges	19,828	200	-	20,028
Premises expenses	67,556	682	-	68,238
Advertising and marketing	64,752	654	-	65,406
	<u>534,756</u>	<u>5,402</u>	<u>-</u>	<u>540,158</u>

ANALYSIS OF GOVERNANCE COSTS

Legal and professional	-	-	14,739	14,739
Auditors remuneration	-	-	6,600	6,600
Apportionment of premises costs	-	-	6,000	6,000
	<u>534,756</u>	<u>5,402</u>	<u>27,339</u>	<u>567,497</u>

5. NET INCOME FOR THE YEAR

	2022 £	2021 £
Auditors remuneration - Audit	6,900	6,600
- Other services (consultancy)	102	1,577
Depreciation of tangible fixed assets	37,626	50,481
Amortisation of intangible fixed assets	70,706	122,123

MANAGEMENT THREAT IN RELATION TO NON-AUDIT SERVICES

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

6. ANALYSIS OF STAFF COSTS AND REMUNERATION OF
KEY MANAGEMENT PERSONNEL

	2022 £	2021 £
Salaries and wages	603,359	529,582
Social security costs	43,417	34,849
Pension contributions	33,733	32,772
	<u>680,509</u>	<u>597,203</u>

The number of employees whose emoluments (salaries and pension contributions) exceeded £60,000 was 1 (2021: nil). Council Members received no remuneration in the year (2021 - £nil). Council Members expenses reimbursed during the year were £474 (2021 - £nil).

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS

The average weekly number of staff employed by the charity during the year were:	2022	2021
Charitable activities	25	20
Management and Administration	2	2
	<u>27</u>	<u>22</u>

The Trust considers its key management personnel comprise of the Council Members and the Chief Executive Officer, all of which received £76,360 (2021 - £15,329)

7. TAXATION

As a charity, Open School Trust is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the year.

8. INTANGIBLE FIXED ASSETS

FOR THE YEAR ENDED 30TH JUNE 2022

COST OR VALUATION

Balance at 1st July 2021

Additions

Balance at 30th June 2022

AMORTISATION

Balance at 1st July 2021

Charge for the year

Balance at 30th June 2022

NET BOOK VALUE as at 30th June 2022

	Goodwill	Course Development	Total
	£	£	£
Balance at 1st July 2021	301,166	699,366	1,000,532
Additions	-	25,787	25,787
Balance at 30th June 2022	<u>301,166</u>	<u>725,153</u>	<u>1,026,319</u>
AMORTISATION			
Balance at 1st July 2021	198,768	637,705	836,473
Charge for the year	25,599	45,107	70,706
Balance at 30th June 2022	<u>224,367</u>	<u>682,812</u>	<u>907,179</u>
NET BOOK VALUE as at 30th June 2022	<u>76,799</u>	<u>42,341</u>	<u>119,140</u>

8a.

INTANGIBLE FIXED ASSETS

FOR THE YEAR ENDED 30TH JUNE 2021

COST OR VALUATION

Balance at 1st July 2020

Additions

Balance at 30th June 2021

AMORTISATION

Balance at 1st July 2020

Charge for the year

Balance at 30th June 2021

NET BOOK VALUE as at 30th June 2021

	Goodwill	Course Development	Total
	£	£	£
Balance at 1st July 2020	301,166	671,586	972,752
Additions	-	27,780	27,780
Balance at 30th June 2021	<u>301,166</u>	<u>699,366</u>	<u>1,000,532</u>
AMORTISATION			
Balance at 1st July 2020	173,169	541,181	714,350
Charge for the year	25,599	96,524	122,123
Balance at 30th June 2021	<u>198,768</u>	<u>637,705</u>	<u>836,473</u>
NET BOOK VALUE as at 30th June 2021	<u>102,398</u>	<u>61,661</u>	<u>164,059</u>

9.

TANGIBLE FIXED ASSETS

YEAR ENDED 30TH JUNE 2022

COST OR VALUATION

Balance at 1st July 2021

Additions

Disposals

Balance at 30th June 2022

DEPRECIATION

Balance at 1st July 2021

Charge for the year

Eliminated on disposal

Balance at 30th June 2022

NET BOOK VALUE as at 30th June 2022

	Leasehold Improvement	Equipment & Software	Total
	£	£	£
Balance at 1st July 2021	30,073	319,254	349,327
Additions	-	7,752	7,752
Disposals	(30,073)	(13,459)	(43,532)
Balance at 30th June 2022	<u>-</u>	<u>313,547</u>	<u>313,547</u>
DEPRECIATION			
Balance at 1st July 2021	30,073	255,200	285,273
Charge for the year	-	37,626	37,626
Eliminated on disposal	(30,073)	(13,459)	(43,532)
Balance at 30th June 2022	<u>-</u>	<u>279,367</u>	<u>279,367</u>
NET BOOK VALUE as at 30th June 2022	<u>-</u>	<u>34,180</u>	<u>34,180</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS

9a.	TANGIBLE FIXED ASSETS	Leasehold	Equipment	
	YEAR ENDED 30TH JUNE 2021	Improvement	& Software	Total
	COST OR VALUATION	£	£	£
	Balance at 1st July 2020	30,073	301,695	331,768
	Additions	-	18,665	18,665
	Disposals	-	(1,106)	(1,106)
	Balance at 30th June 2021	30,073	319,254	349,327
	DEPRECIATION			
	Balance at 1st July 2020	30,073	205,825	235,898
	Charge for the year	-	50,481	50,481
	Eliminated on disposal	-	(1,106)	(1,106)
	Balance at 30th June 2021	30,073	255,200	285,273
	NET BOOK VALUE as at 30th June 2021	-	64,054	64,054
10.	STOCKS		2022	2021
			£	£
	Finished goods and goods for resale		10,436	16,682
11.	DEBTORS		2022	2021
			£	£
	Trade debtors		46,445	29,579
	Prepayments and accrued income		20,192	18,338
	Other debtors		65	-
			66,702	47,917
12.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		2022	2021
			£	£
	Trade creditors		32,930	119,504
	Other creditors		17,231	16,865
	Accruals and deferred income		49,864	85,564
			100,025	221,933
13.	PROVISIONS FOR LIABILITIES		2022	2021
			£	£
	Balance brought forward		123,268	128,269
	Movement in provision		(13,238)	(5,001)
	Balance carried forward		110,030	123,268

The provision relates to deferred course fee income. As the Trust accepts students on a regular basis, it is expected that the provision will be in line with student numbers. The provision is calculated on the income received from course sales, discounted to remove all non-tutor cost elements that are considered expended on the purchase of the course, and deferred over the expected life of a course up to a 24 month period from commencement of the course.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS

14.	ANALYSIS OF CHARITABLE FUNDS YEAR ENDED 30TH JUNE 2022	Brought Forward £	Income £	Expenditure £	Transfers £	Carried Forward £
	UNRESTRICTED FUNDS					
	General funds	757,840	1,331,599	1,216,301	-	873,138
	RESTRICTED FUNDS					
	Open University	2,690	-	2,690	-	-
	TOTAL FUNDS	760,530	1,331,599	1,218,991	-	873,138

14a.	ANALYSIS OF CHARITABLE FUNDS YEAR ENDED 30TH JUNE 2021	Brought Forward £	Income £	Expenditure £	Transfers £	Carried Forward £
	UNRESTRICTED FUNDS					
	General funds	535,092	1,520,109	1,297,361	-	757,840
	RESTRICTED FUNDS					
	Open University	-	6,250	3,560	-	2,690
	TOTAL FUNDS	535,092	1,526,359	1,300,921	-	760,530

Restricted fund purpose:

Open University - funding received towards a joint project with Open University for geography to produce a new geography A-Level.

15.	ANALYSIS OF NET ASSETS BETWEEN FUNDS YEAR ENDED 30TH JUNE 2022	2022 Unrestricted Funds £	2022 Restricted Funds £	2022 Total Funds £
	Intangible fixed assets	119,140	-	119,140
	Tangible fixed assets	34,180	-	34,180
	Current assets	929,873	-	929,873
	Creditors due within one year	(100,025)	-	(100,025)
	Provision for liabilities	(110,030)	-	(110,030)
		873,138	-	873,138
15a.	ANALYSIS OF NET ASSETS BETWEEN FUNDS YEAR ENDED 30TH JUNE 2021	2021 Unrestricted Funds £	2021 Restricted Funds £	2021 Total Funds £
	Intangible fixed assets	164,059	-	164,059
	Tangible fixed assets	64,054	-	64,054
	Current assets	874,928	2,690	877,618
	Creditors due within one year	(221,933)	-	(221,933)
	Provision for liabilities	(123,268)	-	(123,268)
		757,840	2,690	760,530

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS

16. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022 £	2021 £
Net movement in funds	112,608	225,438
Add: Depreciation	37,626	50,481
Add: Amortisation	70,706	122,123
Decrease/(increase) in stocks	6,246	(1,702)
(Increase)/decrease in debtors	(18,785)	6,097
(Decrease)/increase in creditors	(135,146)	6,149
	<u>73,255</u>	<u>408,586</u>

18. PENSIONS

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees.

The assets of the scheme are administered by an independent pensions provider.

Pension payments recognised as an expense during the year amount to £33,733 (2021: £32,772).

19. OTHER COMMITMENTS

On 30th June 2022, the charity had total commitments under non cancellable operating leases as follows:-

	Land & Buildings	
	2022 £	2021 £
In less than one year	30,000	-
More than one year	120,000	-
	<u>150,000</u>	<u>-</u>

The Open School Trust entered into a new 10 year lease with a 5 year break clause. The total commitment until the break clause is £120,000.