

Open College of the Arts
(A company limited by guarantee)

Financial Statements
for the year ended 31 July 2020

Charity No. 327446
Company No. 02125674

Open College of the Arts

Financial Statements for the year ended 31 July 2020

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Open College of the Arts

Strategic Report

The Board of Trustees, who are also the Directors present the report and accounts on behalf of the Trustees for year ended 31 July 2020 which are also prepared to meet the requirements for a Directors' Report and accounts for Companies Act purposes.

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). 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.

Purposes and activities for public benefit

The College is a public benefit entity and our students are the College's primary beneficiaries.

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 (www.oca.ac.uk) and the work the College does in delivering its objectives, is self-evident of its compliance. The mechanisms for the governance and management of Open College of the Arts (OCA) have been provided to the Office for Students as part of the requirements for registration of the University for the Creative Arts (UCA) Group. Additionally, in June 2017 the Board of Trustees for OCA 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 2019/20.

OCA is a subsidiary of the University for the Creative Arts (UCA).

The objective of the College is to promote and provide education and training in the field of arts and crafts and related skills and disciplines in all countries of the world. The College's mission is aligned to the UCA mission:

OCA Mission - We want to be:

- **At the forefront of student-led creative arts education through open, enhanced, & supported distance learning, for an evolving society.**

The principal work of the College is through the provision of high quality, tutor supported, distance learning courses. This is undertaken using specially written course manuals and associated learning materials which guide students through a programme of work.

Objectives and Strategy

We will:

Advance OCA's charitable purpose and mission through being:

- Open - considering global contexts, increase student mobility, improve progression opportunities and support personal learning through a distinct personal learning programme.

- Engaging – creating engaging student-centred online study environments through learning design and media production.
- Social – Building learning communities, partnership opportunities and advocate networks, including establishing a network of OCA champions and brand ambassadors.
- Ambitious – Establish UCA Online to pioneer digital business practices across UCA, establish and enterprise hub and support apprenticeship, internship and placement opportunities.
- Sustainable – Diversify income and increase postgraduate and non-accredited offers. Develop the enterprise hub to establish pipelines for funding.
- Evolving – Establish an international strategy for distance and blended learning, embed assessment for learning to provide flexible and sustainable assessment.
- Professional - Agile and responsive to change, use evidence-based approaches to decision making, increase opportunity for knowledge transfer and provide a motivating environment to work and study.

Our key priorities are to:

- Apply digital and pedagogical innovation to benefit learners and the University
- Be in a robust and sustainable position financially through international development
- Create a motivating place to work and study
- Enhance our educational offer, through:
 - Distinctiveness of our curriculum
 - Improving policy in part time and distance education
 - Open and accessible routes into creative arts education
 - Internationalisation
 - Flexible and interdisciplinary learning
 - Inclusive approaches that closes UCA's equality gaps and widens participation
 - A practice-based approach with embedded employability skills.

These priorities will be achieved by increasing student enrolments following targeted marketing activities and continuing the progress made in the improvement in the student offering described below.

Achievements and performance

OCA has been extremely resilient in planning and adapting quickly to the current Coronavirus (Covid-19) situation, in particular managing the uncertainty and associated risks around the global pandemic. Student enrolment numbers were 15% lower than expected across the 2019/20 academic year and OCA has cut costs and managed budgets carefully in order to maintain a surplus.

Notable achievements include:

- Completion of the majority of objectives within the 2018-2021 Academic Strategy and complimentary Digital Transformation Strategy which set the agenda for the organisation and form an element within the UCA's ten-year Strategic Plan
- Achieved a fully digital assessment process by July 2020 (fifteen months ahead of schedule)
- Completed a strategic partnership with Artslink (China).
- Completed rollout for a VLE supported 'assessment for learning' process which will be in place by November 2020 (a year ahead of schedule)
- Developed and launched a short course programme by June 2020.
- Completed the development of the Garden Design Programme for recruitment of students by September 2020.
- Completed a review and withdrawal of the Moving Image Programme, following student consultation.
- Reviewed and consequently revised the OCA Student Association, including the appointment of new 'value led' representatives.
- Successfully completed Periodic Review of seven OCA programmes, a process which included the validation of a new postgraduate programme, MA in Graphic Design.
- Revalidated the MA in Fine Art Programme as a new two-year MA.
- Completed a review and realignment of the Vis Comms programme.
- Managed OCA onto the UCA managed desktop systems and cybersecurity protocols.
- Completed actions against GDPR, CMA and Prevent audits to ensure regulatory compliance.
- Established a Student Experience Enhancement fund to support student entrepreneurship.

- Established online degree shows (MA No Show) and virtual study events to replace cancelled events due to COVID-19.
- Commissioned and HR audit and Market Research tender process to improve OCA's effectiveness in HR and market research.

Key performance indicators

New students, course enrolments and course unit completions are all key indicators of the health of the organisation and act as useful performance measures. 2019/20 was an unprecedented year with an initial drop in enrolments in the opening months followed by the coronavirus pandemic, enrolments decreased 3% on prior year. The completion rate increased from prior year, as did the confirmed completion rate, this rate is derived from students who actively engaged with their course unit and subsequently completed.

	2019/20	2018/19
Enrolments	1,408	1,451
New Students	767	790
Completion Rate	47.8%	43.5%
Confirmed Completion Rate	60.7%	54.3%

Future Indicators

The indicators for 2020/21 allow OCA to judge the health of the organisation; as explained earlier the indicators such as new students, course unit enrolments and unit completions are all measures the College uses to track performance and demonstrate year on year improvement. The academic 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. For example this year OCA will be monitoring BAME attainment and putting in place measures to reduce the BAME attainment gap and OCA is putting in place an action plan to address shortfall in areas of student satisfaction as represented in the National Student Survey results for 2020. The social impact measure is still in development however when it is refined it will allow the College to see how its work is making a difference to society and the impact that is having on the wider community. The KPI's are ambitious but realistic given the current economic climate.

Commercial indicators for 2020/21

- Financial - to achieve an annual surplus of £109k
- Enrolments - 1,531 across all provisions (excluding short courses)
- New Enrolments – 882 across all provisions (excluding short courses)
- Conversion - minimum conversion rate of >5% for general campaigns and website enrolment through organic search routes and a conversion rate of >10% for targeted campaigns for specific offers and subjects in specialist media channels.

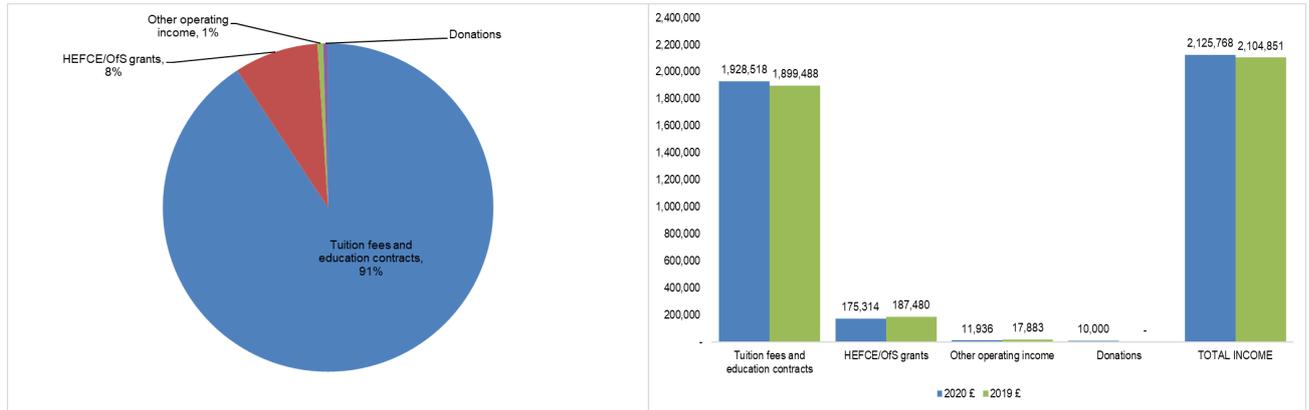
Academic indicators for 2020/21

- Retention Rate - first unit completion rate of 35%; total completion rate of 51%; 40% for foundation units, 50% for HE4 units, 65% HE5 units and 80% for HE6 units.
- Awards - a reduction in the percentage of unclassified degrees to 10%.
- Widening Participation - maintaining the level of disabled students at 25% (minimum), increase students from BAME background by 1.5% and to improve opportunities for learners in secure environments and from disadvantaged backgrounds (POLAR 1-3 quintiles) through the learner support fund for 2020/21, ensuring that the numbers of those students are maintained.
- Social Impact measurement – social impact factor of an additional 1% of learners with protected characteristics and reduction in attainment gap to below 2% across all groups.
- Improve outcomes from National Student Survey 2021, In particular overall satisfaction target of 85%.

Financial review

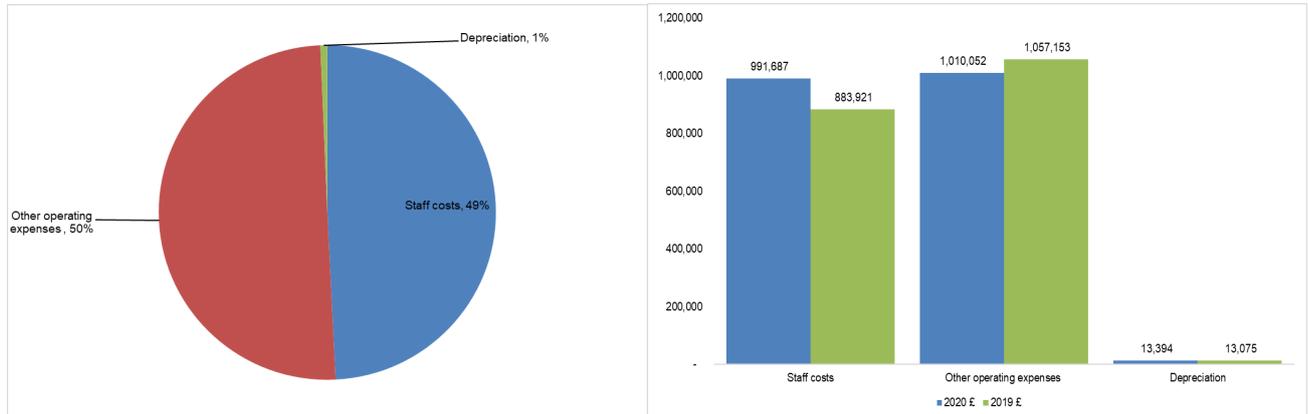
The College achieved a surplus of £110,635 for the year ended 31 July 2020.

Income



The main source of the College's income is tuition fees; students have the flexibility to complete their degree course over a number of years and are invoiced for each unit as they commence; an element of income is deferred for units which have not been completed, the method of deferring this income is described within the accounting policy note for Income Recognition. Tuition fee income has increased by 2% year on year. The College receives 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. A restricted grant of £10,000 was received in year to fund a student enhancement scheme.

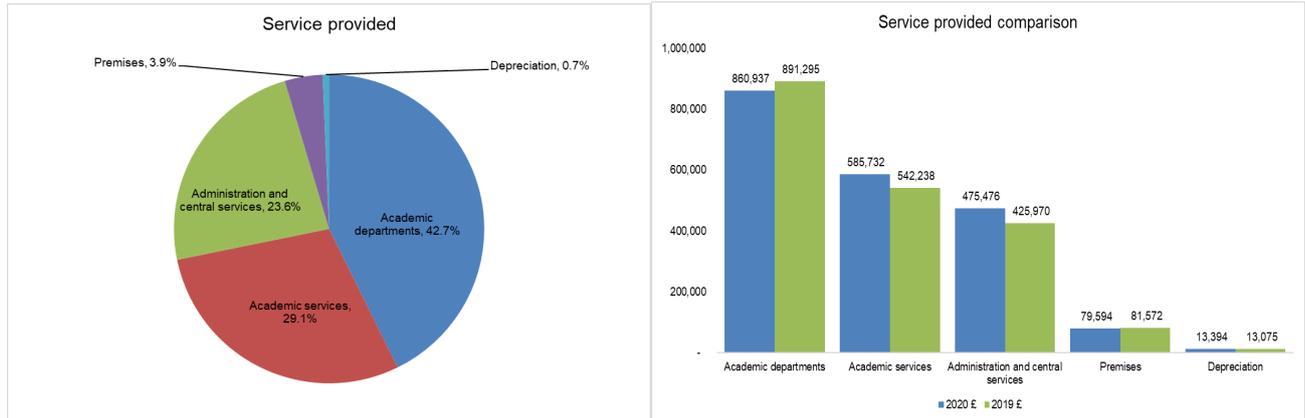
Expenditure



In the year, the College created new posts in the student services and technology enhanced learning teams to improve enrolment conversion, processing, segregation of duties and digital support. Staff costs amount to 49% of the College's expenditure; pay to tutors is variable and is dependent upon the number and type of enrolled courses.

Ongoing investment in the digital transformation of the College's virtual learning environment and assessment processes have enabled the first fully digital assessment event to successfully take place in July 2020, 15 months ahead of schedule. The process will be refined to allow further efficiency savings to be made and practices to be more sustainable.

Operating costs have been closely monitored throughout the year with savings made wherever possible, significant savings have been made in portfolio development where commissioning of work has been more creative.



The College has made use of the OfS grant funding and student enhancement scheme grant to enable it to provide extra learning support, student opportunities, course and tutor development in year.

Financial Strategy

The College's Financial Strategy is to eliminate the accumulated deficit, by increasing student enrolments whilst actively managing costs to achieve annual surpluses.

Investment powers and policy

The Trustees have the power to invest (to the extent that there are surpluses available for this purpose). During 2019/20 there were no such investment surpluses.

Going concern

The College achieved a surplus in the year of £110,635 (2019: £150,702) and the Trustees have an agreed budget and Corporate Annual Plan for the forthcoming financial year and a five-year plan to return the College to an accumulated surplus position. As at 31 July 2020, the College reported an accumulated deficit of £41,201 the College's largest creditor being a deferred income balance of £631,338 (2019: £684,043). The College is cash positive and is forecast to remain so. The Covid-19 pandemic is not anticipated to have a detrimental impact as more students seek distance learning. Business functions are successfully being carried out offsite, staff have adapted well to home working and digital assessment has been successfully implemented. Having reviewed the College's recent performance and the five-year plan, Trustee's assessment is that the College is a going concern. Additionally, UCA has confirmed that it will provide financial support 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 £8,230.

Future Plans

The College remains committed to widening access and improving the quality of its course provision and will:

- Develop and deliver an ambitious Academic plan (2020-2023) aligned to UCA's Academic Plan, that establishes "UCA Online", improving online provision across UCA and OCA whilst maintaining OCA charitable purpose for social impact and widening access to arts education.
- Conduct market research and reviews of OCA UG provision, and audits of OCA functions (specifically HR), to understand and improve organisational alignment within the UCA group.
- Improve employment contracts and terms and conditions for OCA tutors
- Establish the remaining elements of the digital transformation strategy that provides a new student experience, more peer learning support, increased opportunity for community and collaboration, online portfolios and enhanced practice around feedback and digital assessment.
- Improve financial, HR and operating processes, with appropriate auditing and control.

- Embed new marketing, market research and sales approach to improve enquirer conversion and increase enrolments.
- Increase international student promotion and recruitment through partnerships and outreach.
- Implement Postgraduate expansion plans, and development of research and knowledge exchange.
- Establish a pipeline for external funding and Enterprise to mitigate reduction in grant funding and to diversify income.
- Embed 'assessment for learning' approach through VLE supported digital assessment processes.

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, this means that the College has less time to predict and react to changing enrolment numbers. The College manages this risk by monitoring enrolments on a daily basis and preparing statistics on student completion rates and reacting to changes by increasing marketing activity and reducing costs if necessary. 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 Covid-19 pandemic is not anticipated to have a detrimental impact as more students seek distance learning.

As a long-distance learning College, the quality of the on-line provision is an important factor in the success of students and 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 the College is supported by its parent UCA who host services in addition to employing its own IT and security resource.

Approval

This report was approved by the Trustees and signed on their behalf by:

Catherine Harper

Catherine Harper
Chair of the Board of Trustees
10th December 2020

Board of Trustees

Catherine Baxandall
Professor Roni Brown Resigned 07 October 2019
Professor Alan Cooke
Professor Patricia Cullen
Marie-Claire Isaaman
Alan Newton Appointed 15 February 2020
John Oliver
Harry Rich
Carlos Manuel Cortes Pereira Sa
Caroline Woolfe Resigned 15 February 2020

Company Secretary

Sarah Martin Appointed 21 January 2020
Marion Wilks Resigned 20 January 2020

Principal & Chief Executive

Will Woods

Bankers

Barclays Bank plc, 10 Market Street, Bradford, BD1 1EG

Auditors

Internal Auditors: BDO LLP, 55 Baker Street, London, W1U 7EU
External Auditors: Grant Thornton UK LLP, 2nd Floor, St John's House, Haslett Avenue West, Crawley, RH10 1HS

Solicitors

Eversheds LLP, 1 Callaghan Square, Cardiff, CF10 5BT

Country of Incorporation

England

Registered Office

Unit 1B
Redbrook Business Park
Wilthorpe Road
Barnsley
South Yorkshire
S75 1JN

Responsibilities and Corporate Governance Statement

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 OCA's governing documents:

- Memorandum and Articles of Association;
- Board of Trustees Terms of Reference;
- The Role of Trustee at the Open College of the Arts;
- Code of Practice for Protecting Academic Freedom.

OCA's objects, powers and framework of governance are set out in its Articles of Association. Its Board of Trustees comprises nine members, all of whom are non-executive.

The Trustees are required to present audited financial statements for each financial year and is 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, 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 UCA 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 the 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.

Corporate Governance

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 December 2014 and revised in June 2018. A Register of Interests of Trustees and senior managers is regularly maintained.

Constitution and structural organisation

The Open College of the Arts (OCA) is a wholly owned subsidiary of the UCA as a result of a transfer deed entered into on 1 November 2016. OCA 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 UCA and OCA and the terms on which they provide services to each other are set out in a Service Level Agreement. OCA has its own management and governance arrangements.

The College's Board of Trustees comprises nine members appointed under the Articles of Association of the College, all of whom are non-executive. The Board conducts regular reviews of its effectiveness including a trustee skills audit which took place in November 2017. The audit determined that there was a need to increase the diversity of board members and a process of trustee recruitment was undertaken which increased the Board of Trustees from six to eight members from February 2018 and increasing to nine members in November 2018, to include new members with a variety of backgrounds and experience from outside traditional HE but who share the mission and values of OCA. The Board of Trustees normally meets three times a year, attendance at 2019/20 meetings is shown in the table below:

Trustee	Trustee Meetings Attended
Catherine Baxandall	October, February & June
Professor Alan Cooke	October, February & June
Professor Patricia Cullen	October & June
Marie-Claire Isaaman	June
Alan Newton	February & June
John Oliver	February & June
Harry Rich	October, February & June
Carlos Manuel Cortes Pereira Sa	October, February & June
Caroline Woolfe	October

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, the OfS and other bodies.

The Audit & Risk Committee of UCA oversees the College's programme of internal audit. The Audit & Risk Committee meets at least four times a year and comprises of lay members of the UCA Board of Governors and a co-opted member, none of whom serves on the Employment & Finance Committee of UCA. The College's internal and external auditors are in attendance and the members meet the auditors without the officers of the UCA present immediately before each committee meeting. The Committee and the College's Board of Trustees considers detailed reports from the auditors, which include recommendations for the improvement of the College's systems of internal control, together with management responses and implementation plans. It also receives and considers guidance from the OfS through the Audit Code of Practice as it affects the College's business and monitors adherence to the regulatory framework.

Committee considers the annual report for the Prevent Duty and the annual Modern Slavery and Human Trafficking Statement.

The Remuneration and Development Group advises the OCA Board on the remuneration of the holders of senior posts and monitors their performance. In carrying out their responsibilities, each member of the

remuneration and development group acts in a way which he or she considers, in good faith, to be most likely to promote the success of the OCA for the benefit of its members as a whole. No individual may participate in deliberations in which their remuneration is being directly discussed or in decisions which directly affect their personal remuneration.

The Trustees and UCA's Board of Governors are responsible for approving OCA's strategic direction, and UCA's Employment & Finance Committee receives financial reports in respect of the College. Reports on OCA risks are received by its Board of Trustees, which provides an annual statement of assurance to the Audit & Risk Committee; in the period of report the College was encompassed by the UCA's internal audit programme.

UCA approves appointments to the OCA Board of Trustees on the recommendation of UCA Nominations Committee.

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 Higher Education 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 2020 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 UCA Board of Governors;
- 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;

- a professional Internal Audit team, whose annual programme is risk-based and approved by the UCA Audit & Risk Committee, 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 Trustees' review of the effectiveness of the system of internal control was informed during the year by the Internal Auditors, BDO LLP, who operate to standards defined in the OfS Audit Code of Practice. The Internal Auditors provide reports to the Board of Trustees following their audits, which provides an independent opinion on the adequacy and effectiveness of the College's system of internal control with recommendations for improvement. 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, Grant Thornton, 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 2020 and up to the date of approval of the financial statements.

Signed Will Woods

Will Woods
Principal & Chief Executive

10th December 2020

Signed Catherine Harper

Catherine Harper
Chair of the Board of Trustees

10th December 2020

Independent auditor's report to the Trustees of Open College of the Arts

Opinion

We have audited the financial statements of Open College of the Arts (the 'charitable company') for the year ended 31 July 2020, which comprise the statement of comprehensive income, the statement of changes in reserves, the statement of financial position, the statement of cash flow, the statement of principal accounting policies and notes to the financial statements. 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 31 July 2020 and of its income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in October 2018; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under those Acts. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the trustees and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the charitable company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of

accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the trustees' conclusions, we considered the risks associated with the charitable company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, set out up to page 12 other than the financial statements and our auditor's report thereon. 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 strategic report and the trustees' report, prepared for the purposes of company law, included in the annual report for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the strategic report and the trustees' report included therein have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 strategic report or the trustees' report included therein.

Matters on which we are required to report by exception

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

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

Responsibilities of Trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, the Trustees (who are also the trustees of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Adam Terry BSc ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley
10th December 2020

Statement of Comprehensive Income

For the year ended 31 July 2020

	Note	2020 £	2019 £
Income			
Tuition fees and education contracts	1	1,928,518	1,899,488
OfS grants		175,314	187,480
Other operating income	2	11,936	17,883
Donations		10,000	-
TOTAL INCOME		2,125,768	2,104,851
Expenditure			
Staff costs	3	991,687	883,921
Other operating expenses	4	1,010,052	1,057,153
Depreciation	7	13,394	13,075
TOTAL EXPENDITURE	5	2,015,133	1,954,149
Surplus for the year		110,635	150,702
Total comprehensive income for the year		110,635	150,702
Represented by:			
Restricted comprehensive income for the year	6	8,230	-
Unrestricted comprehensive income for the year		102,405	150,702
		110,635	150,702

The income and expenditure of the Company relates wholly to continuing operations. The notes on pages 20 to 27 form an integral part of these Financial Statements.

Statement of Changes in Reserves

For the year ended 31 July 2020

	Note	Income and expenditure reserve		Total
		Restricted	Unrestricted	
		£	£	£
Balance at 1 August 2018 as previously stated (deficit)		-	(302,538)	(302,538)
Surplus from the income and expenditure statement		-	150,702	150,702
Balance at 31 July 2019 (deficit)		-	(151,836)	(151,836)
Surplus from the income and expenditure statement		8,230	102,405	110,635
Balance at 31 July 2020	6	8,230	(49,431)	(41,201)

The notes on pages 20 to 27 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 July 2020

	Note	2020 £	2019 £
Non-current assets			
Fixed assets	7	14,417	20,076
Current assets			
Stock		5,079	5,606
Trade and other receivables	8	417,876	444,295
Cash and cash equivalents		375,570	312,802
		<u>798,525</u>	<u>762,703</u>
Creditors: amounts falling due within one year	9	(854,143)	(934,615)
Net current liabilities		<u>(55,618)</u>	<u>(171,912)</u>
Total net liabilities		<u>(41,201)</u>	<u>(151,836)</u>
Restricted reserves			
Income and expenditure reserve - restricted	6	8,230	-
Unrestricted reserves			
Income and expenditure reserve - unrestricted		(49,431)	(151,836)
Total surplus/(deficit)		<u>(41,201)</u>	<u>(151,836)</u>

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 on 28th October 2020 and signed on its behalf on 10th December 2020 by:

Will Woods

Will Woods
Principal & Chief Executive

Catherine Harper

Catherine Harper
Chair of the Board of Trustees

The notes on pages 20 to 27 form an integral part of these Financial Statements.

Statement of Cash Flow

For the year ended 31 July 2020

	Note	2020 £	2019 £
Cash Flow from operating activities			
Surplus for the year		110,635	150,702
Adjustments for non-cash items			
Depreciation		13,394	13,075
Decrease/(increase) in stock		527	(1,013)
Decrease/(increase) in debtors		26,419	(101,018)
Increase/(decrease) in creditors		(80,472)	(30,457)
Net cash flow from operating activities		70,503	31,289
Cash flows from investing activities			
Purchase of fixed assets		(7,735)	(14,099)
Increase in cash and cash equivalents		62,768	17,190
Cash and cash equivalents at the beginning of the year		312,802	295,612
Cash and cash equivalents at the end of the year		375,570	312,802

The notes on pages 20 to 27 form an integral part of these Financial Statements.

Statement of Principal Accounting Policies and Estimation Techniques

1 General Information

Country of registration - England

Registered Office - Unit 1B, Redbrook Business Park, Wilthorpe Road, Barnsley, South Yorkshire, S75 1JN

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). They conform to guidance published by the Office for Students.

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 achieved a surplus in the year of £110,635 (2019: £150,702) and the Trustees have an agreed budget and Corporate Annual Plan for the forthcoming financial year and a five-year plan to return the College to an accumulated surplus position. As at 31 July 2020, the College reported an accumulated deficit of £41,201 the College's largest creditor being a deferred income balance of £631,338 (2019: £684,043). The College is cash positive and is forecast to remain so. The Covid-19 pandemic is not anticipated to have a detrimental impact as more students seek distance learning. Business functions are successfully being carried out offsite, staff have adapted well to home working and digital assessment has been successfully implemented. Having reviewed the College's recent performance and the five-year plan, Trustee's assessment is that the College is a going concern. Additionally, UCA has confirmed that it will provide financial support 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 £8,230.

5 Income Recognition

Tuition fee income for foundation and undergraduate students, who benefit from flexible start and end course dates, is credited to the Statement of Comprehensive Income in proportion to the percentage of completion of service provided by the College to the student. In assessing the percentage of completion of the service the College has evaluated the value of the service provided and the expected costs of completing the service. The College is eligible to the income when a student:

- enrolls and as each course assignment is completed, or
- withdraws or is withdrawn from the course, or
- is unable to complete the course as the maximum time allowed has passed.

Tuition fee income from short courses and post graduate 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 recognised as income when the College is entitled to the income and performance related conditions have been met. 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

Operating 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 Reserves

Reserves are classified as restricted or unrestricted. The College currently has £8,230 in restricted reserves.

13 Significant estimates and Judgements

Tuition fee income for foundation and undergraduate students is credited to the Statement of Comprehensive Income once performance conditions have been met. In the College's judgement performance conditions are met for those students entitled to continue a course based on the course's terms and conditions to be when a student enrolls and as each course assignment is completed. The college cannot reliably estimate the timing of the release of deferred income as it is dependent upon student progression which is time flexible. The college has an active study policy to encourage students to engage with and complete course units, for this reason deferred income is shown within 'Creditors: amounts falling due within one year'.

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.

Notes to the accounts

1. Tuition fees and education contracts

	2020 £	2019 £
UK & EU Higher Education	1,599,509	1,580,219
Non-EU Higher Education	168,018	188,265
UK & EU Further Education	147,579	127,893
Non-EU Further Education	13,217	3,111
Short Courses	195	-
	<u>1,928,518</u>	<u>1,899,488</u>

2. Other operating income

	2020 £	2019 £
Educational Visits and Events	2,116	5,358
Sundry	9,820	12,525
	<u>11,936</u>	<u>17,883</u>

3. Staff costs

	2020 £	2019 £
Wages and salaries	872,741	776,395
Social security costs	79,578	70,292
Other pension costs	39,368	37,234
	<u>991,687</u>	<u>883,921</u>

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

Average staff numbers:	2020 Number	2019 Number
Number of employees	33	31
Full time equivalent	25	21

There were no higher paid staff in the year (2019: nil).

Emoluments of the Principal & Chief Executive	2020 £	2019 £
W Woods		
Salary	88,001	86,445
Pension	4,400	4,322
	<u>92,401</u>	<u>90,767</u>

Notes to the accounts (Continued)

3. Staff costs (continued)

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.

The Principal and Chief Executive Officer took up office on 29 September 2017, the initial remuneration of £85,000 was increased in August 2018 by the nationally agreed cost of living pay award of 1.7% to the higher education sector and again in August 2019 by 1.8%. 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 University for the Creative Arts (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. OCA 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.

The Principal's basic salary is 3.01 (2019: 2.33) times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by OCA to its staff.

The Principal's total remuneration is 3.00 (2019: 2.36) times median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by OCA of its staff. It is not possible to reliably calculate the full-time equivalent value of tutor fees which are paid on a per student allocation basis or course commissioning fees, these have instead been included within total remuneration at actual values paid for the purposes of calculating median pay levels.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. The Principal & Chief Executive, Director of Learning & Teaching and Director of Curriculum & Quality all have this responsibility.

	2020	2019
	£	£
Key management personnel	153,380	149,816

Trustees

No Trustee has received/waived remuneration from the College during the year (2019: – none).

The total expenses paid to or on behalf of 3 Trustees for travelling and subsistence was £369 (2019: £578 to 4 Trustees). No other expenses were paid (2019: nil).

4. Other operating expenses

	2020	2019
	£	£
Equipment, furniture and computing costs	13,558	11,579
Audit fees (including VAT): Remuneration for external audit services	15,326	16,530
Other expenses	981,168	1,029,044
Total	<u>1,010,052</u>	<u>1,057,153</u>

Notes to the accounts (Continued)

5. Analysis of expenditure by activity

	Staff costs		Other operating Costs		Total	
	2020 £	2019 £	2020 £	2019 £	2020 £	2019 £
Academic departments	367,233	309,149	493,704	582,146	860,937	891,295
Academic services	426,522	388,749	159,210	153,489	585,732	542,238
Administration and central services	197,932	186,023	277,544	239,947	475,476	425,970
Premises	-	-	79,594	81,572	79,594	81,572
	991,687	883,921	1,010,052	1,057,153	2,001,739	1,941,074
Depreciation	-	-	13,394	13,075	13,394	13,075
	991,687	883,921	1,023,446	1,070,228	2,015,133	1,954,149

6. Restricted reserves

	2020 £	2019 £
At 1 August 2019	-	-
New donations	10,000	-
Expenditure	(1,770)	-
Total restricted comprehensive (expenditure)/income	8,230	-
At 31 July 2020	8,230	-
Analysis of other restricted funds/donations by type of purpose:		
Small enterprise enhancement scheme	10,000	-
	10,000	-

Notes to the accounts (Continued)

7. Fixed assets

	Fixtures & Fittings £	Computer Equipment £	Total £
Cost			
At 1 August 2019	13,683	27,175	40,858
Additions at cost	6,201	1,534	7,735
Disposals	(1,400)	(1,373)	(2,773)
At 31 July 2020	18,484	27,336	45,820
Depreciation			
At 1 August 2019	5,453	15,329	20,782
Charge for year	3,837	9,557	13,394
Disposals	(1,400)	(1,373)	(2,773)
At 31 July 2020	7,890	23,513	31,403
Net book value at 31 July 2020	10,594	3,823	14,417
Net book value at 31 July 2019	8,230	11,846	20,076

8. Trade and other receivables

	2020 £	2019 £
Trade receivables	385,457	403,114
Prepayments and accrued income	32,419	41,181
	417,876	444,295

9. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	16,800	16,070
Amount owed to group undertakings	22,348	27,744
Other tax payable & social security	23,998	22,097
Accruals	154,535	180,084
Other creditors	5,124	4,577
Deferred income	631,338	684,043
	854,143	934,615

Notes to the accounts (Continued)

10. Lease Obligations

At 31 July 2020, the Charity had total future minimum lease payments in respect of property under non-cancellable operating leases payable as follows:

	2020	2019
	£	£
Within one year	13,250	31,800
Between two and five years	-	13,250
	<u>13,250</u>	<u>45,050</u>

11. Analysis of changes in net debt

	At 31 July	Net cash	At 31 July
	2019	flows	2020
	£	£	£
Cash at bank and in hand	<u>312,802</u>	<u>62,768</u>	<u>375,570</u>

12. Related Party Transactions

The College has made enquires with the Trustees and senior staff and there are no Related Party Transactions to report, Trustee expenses are disclosed in note 4.

The College has taken advantage of the exemption offered by FRS 102 (section 33) in respect of transactions and balances between it and the University for the Creative Arts, as it is a wholly-owned subsidiary of the University for the Creative Arts, UCA Farnham, Falkner Road, Farnham, Surrey, GU9 7DS.