

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

Financial Statements

for the year ended 31 July 2023

Charity No. 327446
Company No. 02125674

Open College of the Arts

Financial Statements for the year ended 31 July 2023

<u>Contents</u>	<u>Page</u>
Strategic Report	2-7
Details of Board of Trustees	8
Responsibilities and Corporate Governance Statement	9-12
Independent Auditor's Report	13-16
Statement of Comprehensive Income	17
Statement of Changes in Reserves	18
Statement of Financial Position	19
Statement of Cash Flow	20
Statement of Principal Accounting Policies and Estimation Techniques	21-22
Notes to the Accounts	23-28

Open College of the Arts

Financial Statements for the year ended 31 July 2023

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 2023 which are also prepared to meet the requirements for a Directors' Report and accounts for Companies Act 2006 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 providing part time distance learning and students are the College's primary beneficiaries. The College provides tuition fee and support bursaries to assist students on low incomes who would otherwise be unable to access learning.

The College Trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission for England and Wales in exercising their duties and trust that this report, together with the information on the [College's website](#) and the work the College does in delivering its objectives, is self-evident of its compliance. The mechanisms for the governance and management of 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 the College agreed to operate within the Charity Governance Code, established by the Charity Commission. We do not believe that the College carries out any activities that could harm its beneficiaries and we are not aware of views amongst others that such harm might arise. No serious incidents of material significance were reported in 2022/23.

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

The College adds Creative arts to the OU's course portfolio and opens up access to creative arts education at university level to everyone, providing choice and flexibility for students, wherever they are in the UK and beyond. The OU will validate all of the College's undergraduate and postgraduate qualifications from 1 August 2023.

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

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

The outlook will remain negative in 2023/24 with the budget expected to return a deficit. Approved student fees and expected grant income do not cover increased ongoing costs as a result of both inflation and the transfer to OU, or additional staffing requirements due to improved student progression and the new curriculum. Surpluses are expected from 2024/25 onwards with the College forecast to return to a surplus reserve position in 2025/26.

Despite the challenges of managing the transition to the OU, the College continues to perform well in the National Student Survey (NSS), the outcomes from the 2022/23 survey reported 88% overall satisfaction with

Open College of the Arts

Financial Statements for the year ended 31 July 2023

the teaching on their course. The college will respond in the coming academic year to feedback received through both the NSS and through an external partner programme review.

The College has successfully completed a review of all its programmes of study and will complete the implementation of a new curriculum model this year. New managed payroll and HR services have been established in 2022/23. The College has also managed the regulatory and quality requirement to transfer to the OU, including outsourcing services to support the management of the College. The establishment of new and revision of existing College policies and procedures has continued.

Future Plans

The College is in the process of establishing the next Strategic Plan following the transfer to the OU. The key objectives for 2023/24 are as follows:

Make iterative improvement to embed new processes and improve efficiency and efficacy of services.

- Manage the scale and plan for growth (15% growth year-on-year).
- Through the establishment of new offers in short courses and Higher Technical Qualification (HTQ), build opportunities for adult reskilling and upskilling in creative industries.
- Reverse the decline in part-time adult education through apprenticeships and vocationally focussed offers, created and managed in partnership with creative businesses (preparing the College to meet student demand for the Lifelong Loan Entitlement which will be introduced in 2025).
- Have a diverse and global curriculum that is culturally relevant and incorporates social justice pedagogy, which involves critically reviewing the undergraduate curriculum.
- Critically review the College's offer for learners in secure environments and build new pathways suited particularly for these students.
- Improve accessibility and richness of content and services.
- Provide richer forms of feedback and methods to support learners to ensure that we widen participation in higher level creative education, ensuring equality regardless of financial status, age, disability, race, religion or belief, sex, or sexual orientation.
- Offer technology enhanced creative education through establishing digital studios, digital portfolios and forms of digital assessment that enhance the student learning experience.
- Establish a truly co-constructed learning design process to ensure that the curriculum remains fresh and attractive to new learners.

According to financial and sector forecasts the forthcoming period is expected to remain uncertain until at least 2025, in the UK this is exacerbated by the cost-of-living crisis. The College continues to manage the risks around both the recruitment and retention of students. The College's assessment cycles continue to increase in size, so management are looking to build capacity to scale operations. The College's plan and budget sets out a strategy to return to surplus and build reserves, scale and diversify its portfolio through short courses and other non-accredited offers mitigating any loss in grant funding. The College will continue to invest during 2023/4 in staffing and services to enhance its provision for its students and support its long-term stability and security.

Key performance indicators

The College is pleased to report that the completion rates continue to improve year on year. Course enrolments and course unit completions are key indicators of the health of the organisation and act as useful performance measures.

The College has exceeded the targets for Widening Participation and improved BAME representation by 3% which is a fantastic achievement given the circumstances of transfer. The College's conversion through all channels remains above.

Financial and Enrolment results in 2022/23 were lower than targeted as a result of forced pauses required to facilitate the transfer of students to the OU, a hiatus in postgraduate cohorts and downturn across the distance learning sector post pandemic.

Open College of the Arts

Financial Statements for the year ended 31 July 2023

KPI	2022/23	2022/23 KPI	2021/22
Financial - Annual (Deficit)/Surplus	(£843k)	£219k	£150k
Enrolments	1,506	1,977	1,786
Conversion General Campaigns	(Facebook) 9.82%	>5%	(Facebook) 5.37%
Targeted Campaigns	(direct enquirer conversion) 75%	>10%	(direct enquirer conversion) 75%
Retention Rate (foundations & undergraduate only)			
First unit completion rate	42%	40%	37%
Total completion rate	59%	53%	55%
Foundation units	35%	30%	30%
HE4 units	56%	55%	51%
HE5 units	82%	70%	82%
HE6 units	81%	84%	95%
Awards (unclassified degrees)	10.9%	<10%	12.8%
Widening Participation			
Disabled students	36.3%	Minimum 25%	30.2%
Students from BAME background	8.7%	Increase by 1.5%	5.4%

Future Indicators

The primary indicators for 2023/24 will focus on enrolments, student retention and widening participation. Further indicators will be developed once the new board of Trustees is established and the partnership with OU progresses. These indicators will allow the College to judge the health of the organisation; indicators such as enrolments and retention are all measures the College uses to track performance and demonstrate year on year improvement. The indicators on retention and widening participation enable the College to ensure that it is improving the outcomes for the widest demographic, including those who are most disadvantaged. The enrolments KPI is ambitious and has the potential to be achieved, it will be closely monitored as external factors such as the ongoing cost of living crisis are likely to affect results.

Primary indicators:

- Financial - to stay within the approved budget and return to surplus reserve position in 2025/26
- Enrolments - 2,035 across all provisions
- Retention Rate (foundations & undergraduate only) - first unit completion rate of 42%; total completion rate of 60%; 35% for foundation units, 57% for HE4 units, 82% HE5 units and 90% for HE6 units.
- Widening Participation - maintaining the level of disabled students at 30% (minimum)
- Widening Participation - increase students from BAME background by 1.5%

Financial review

The College returned a deficit of (£842,863) for the year ended 31 July 2023.

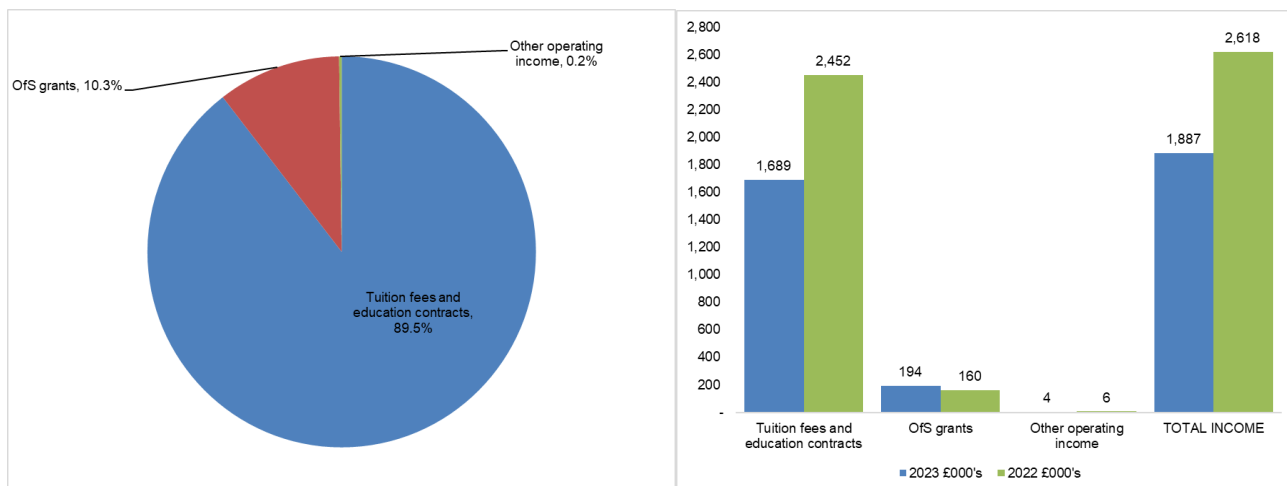
Income

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 of study as they commence; a portion of income is deferred for courses which are still in progress, the method for calculating the deferment of foundation and undergraduate income was updated, resulting in £572k of income being recognised in future periods.

The cost-of-living crisis and forced pauses in student recruitment to facilitate the transfer of students to the OU reduced enrolment numbers significantly, this combination of factors has decreased tuition fee income by 31% year on year. The College received 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.

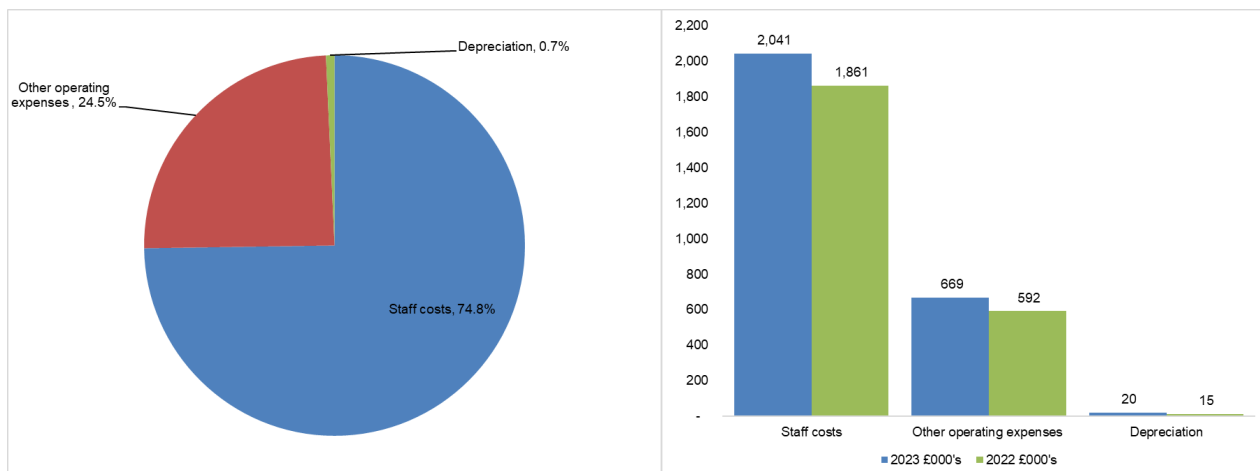
Open College of the Arts

Financial Statements for the year ended 31 July 2023



Expenditure

Staff costs amount to 74.8% of the College's expenditure, an annual cost of living increase of 3% (up to 7% for lower earners) was awarded. New posts and added capacity were created in the academic and support teams to facilitate increasing workloads and student progression. Pay to flexible tutors is variable and is dependent upon the number and type of enrolled courses.

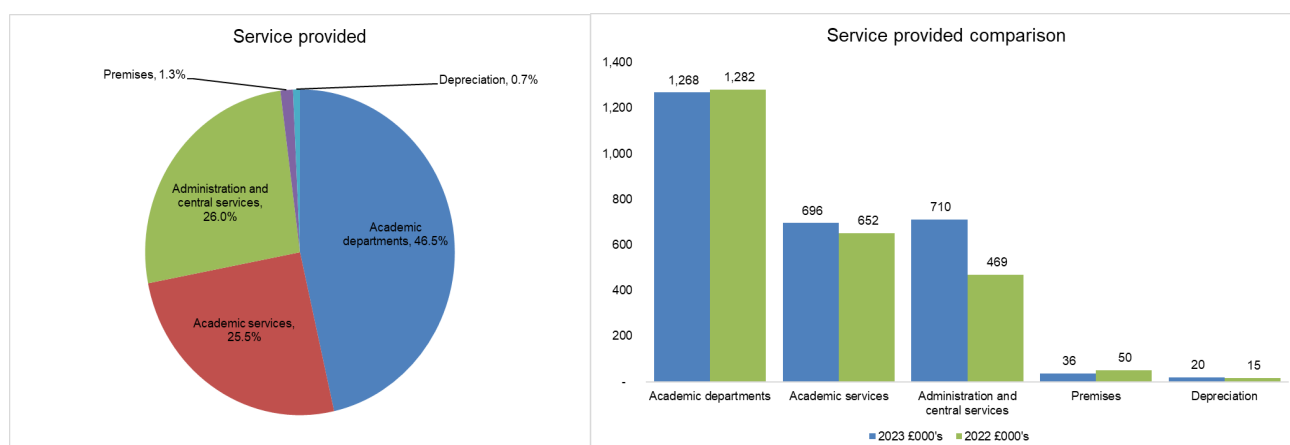


Operating costs have been closely monitored throughout the year with savings made wherever possible, lead generation marketing and the implementation of a new HR/Payroll system led to increased costs. 14% of the operating costs in year relate to the OU transfer including legal fees and expenditure directly attributable to the project. The completion of negotiations with the landlord of the Colleges previous premises has resulted in a 28% reduction in premises costs year on year.

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

Open College of the Arts

Financial Statements for the year ended 31 July 2023



Financial Strategy

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

Investment powers and policy

The Trustees have the power to invest (to the extent that there are surpluses available for this purpose). During 2022/23 there were no investments.

Going concern

The College returned a deficit in the year of £842,863 (2022: £150,205 surplus), the Trustees have an agreed budget and Corporate Annual Plan for the forthcoming financial year and 5-year plan that will see it return to a surplus position in 2025/26. As at 31 July 2023, the College reported an accumulated deficit of £194,573 the College's largest liability is the deferred income balance of £1,172,056 (2022: £691,771). The College is cash positive and is forecast to remain so in the first half of the 2023/24 financial year.

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

The College has restricted reserves of £3,715.

Managing Risks and Uncertainty

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

The College manages the risk of a reduction in enrolment figures by monitoring enrolments monthly, preparing statistics on student completion rates, reacting to changes by increasing marketing activity and reducing costs if necessary and where possible. The College invests in marketing activities by advertising courses to prospective students who may not be aware of the potential to study in the non-traditional manner. The OU has taken over responsibility for lead generation marketing which is expected to build over time. This is not

Open College of the Arts

Financial Statements for the year ended 31 July 2023

anticipated to have a detrimental impact as more students seek distance learning and are routed to the College via the OU as appropriate. More of the new enrolments are from younger learners wanting to study at a faster pace, which puts additional pressure on the academic and support services, work is underway to automate processes which will alleviate pressure points.

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

There are a set of risks directly related to the business change process from one partner organisation to another which impacted the College during the 2022/23 implementation stage and will impact the teach-out and embedding stage during 2023/24. These risks include:

- The implementation of new services or replacement of service, including tendering and outsourcing to new providers to ensure like-for-like provision.
- The management of service delivery as services change, the operations and structural changes within the organisation and the disruption to business continuity caused by the management of changed processes prior to full automation and/or integration.
- The management of teach-out, which effectively means operating under both 'old and new' policy environments during the one-year transition period in 2023/24.

The impact of these is both reputational and financial. The mitigation is through more active scrutiny and dynamic risk assessment, with clear escalation processes to ensure that the changes embed and operate effectively and efficiently within the required timeframes and budget.

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

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

Approval

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

Prof Ian Fribbance
Chair of the Board of Trustees
26th October 2023

Open College of the Arts

Financial Statements for the year ended 31 July 2023

Board of Trustees

Catherine Baxandall	Resigned 31 st July 2023	
Marie-Claire Isaaman	Resigned 31 st July 2023	
Alan Newton	Resigned 31 st July 2023	
John Oliver	Resigned 31 st July 2023	
Terry Perks	Appointed 4 th November 2022	Resigned 31 st July 2023
Ian Fribbance	Appointed 1 st August 2023	
William Atkinson	Appointed 1 st August 2023	
Ceri Rose	Appointed 1 st August 2023	

Company Secretary

Sarah Martin	Resigned 13 th December 2022	
Sam Weir	Appointed 15 th December 2022	Resigned 31 st July 2023
John Boyle	Appointed 1 st August 2023	

Principal & Chief Executive

Will Woods

Bankers

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

Auditors

External Auditors: PKF Littlejohn LLP, 15 Westferry Circus, London E14 4HD

Solicitors

Anderson Law LLP, Manor House, Howbery Park, Benson Lane, Wallingford, Oxfordshire, OX10 8BA
Eversheds LLP, 1 Callaghan Square, Cardiff, CF10 5BT
Pinsent Masons LLP, 1 Park Row, Leeds, LS1 5AB

Country of Incorporation

England

Registered Office

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

Open College of the Arts

Financial Statements for the year ended 31 July 2023

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 (OCA) are responsible for the administration and management of the affairs of the College.

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

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

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

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

When preparing the financial statements, the Trustees ensure that:

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

The Trustees have taken reasonable steps to:

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

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

Open College of the Arts

Financial Statements for the year ended 31 July 2023

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

During the 2022/23 financial year the College was a wholly owned subsidiary of The University for the Creative Arts (UCA). From 1 August 2023 the College became a wholly owned subsidiary of The Open University (OU). The College is a charitable company limited by guarantee; as such it is regulated by the Charity Commission for England and Wales. The nature of the relationship between UCA, OU and the College and the terms on which they provide services to each other are set out in Service Level Agreements. The College has its own management and governance arrangements.

The College's Board of Trustees comprises up to nine members appointed under the Articles of Association of the College, all of whom are non-executive. On 31 July 2023 the UCA appointed Board resigned and the Board was officially dissolved. On 1 August 2023 a new set of members were appointed, the first meeting of the OU appointed Board will take place on 26 October 2023. Members have a variety of backgrounds and experience from outside traditional HE but share the mission and values of the College. The Board of Trustees normally meets three times a year, attendance at 2022/23 meetings is shown in the table below:

Trustee	Trustee Meetings Attended
Catherine Baxandall	November, February, June
Marie-Claire Isaaman	February
Alan Newton	November, February, June
John Oliver	November, February, June
Terry Perks	November, February

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

The Audit & Risk Committee of UCA oversaw 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 (E&FC) 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. E&FC 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. E&FC's responsibilities will be shared between the OU and the Finance, Employment, Audit and Risk (FEAR) committee for the new financial year.

The Remuneration and Development Group (RDG) advised the College's Board on the remuneration of the holders of senior posts and monitors their performance. In carrying out their responsibilities, each member of RDG acts in a way which he or she considers, in good faith, to be most likely to promote the success of the College 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 group's responsibilities will be passed to the FEAR committee for the new financial year.

The Trustees and the Board of the parent organisation are responsible for approving the College's strategic direction, and their Finance Committee receives financial reports in respect of the College. Reports on the College's risks are received by its Board of Trustees, which provides an annual statement of assurance to its parent organisation. There were no internal audits performed in year however, as part of the due diligence process for the divestment from UCA and acquisition by the OU, the College has undergone rigorous

Open College of the Arts

Financial Statements for the year ended 31 July 2023

compliance auditing and checks including Competitions and Market Authority (CMA) compliance, website accessibility compliance, quality assurance to the Quality Assurance Agency for Higher Education (QAA) quality code and HR compliance. These have led to multiple policy changes, a revised website (including accessibility statements) and the establishment of a Quality Assurance handbook and procedures. These have been completed to the standard required by the Higher Education (HE) regulatory bodies and CMA.

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

Internal control

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

This system is based on an on-going process designed to identify the principal risks to the achievement of the College's aims and objectives; to evaluate the likelihood and impact of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2023 and up to the date of approval of the financial statements and accords with OfS guidance.

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

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

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

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

- the Board of Trustees meets at regular intervals to consider the plans and strategic direction of the College;
- the Board of Trustees, through its consideration of the Risk Register at each meeting, provides oversight of the risk management process and requires regular reports from the College's management on the steps being taken to manage risks, including progress reports on key risks, systems for identifying significant risks facing the College, identifying actions required to minimise risk and regularly evaluating risks, using key risk and performance indicators;
- a professional Internal Audit team, whose annual programme is risk-based and approved by the parent organisation, reports regularly to Board of Trustees on specific areas of internal control relating to the College, which include an independent opinion on the adequacy of the effectiveness of the College's systems of internal control together with recommendations for improvement;

Open College of the Arts

Financial Statements for the year ended 31 July 2023

- 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 Due Diligence and Institutional Audit process conducted by the OU, including institutional audit and programme level reviews with internal experts and external expert panels appointed to check and make recommendations against all aspects of the College's operations and services. The OU internal expert reviews and external panel reviews provided reports to the OU Steering Group and 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, PKF Littlejohn LLP, in their Management Letter and other reports. In the opinion of Trustees there were no significant internal control weaknesses or failures arising during the year ended 31 July 2023 and up to the date of approval of the financial statements.

Signed _____

Will Woods
Principal & Chief Executive

26th October 2023

Signed _____

Prof Ian Fribbance
Chair of the Board of Trustees

26th October 2023

Open College of the Arts

Financial Statements for the year ended 31 July 2023

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

Opinion

We have audited the financial statements of the Open College of the Arts (the 'College') for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including the statement of principal accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the College's affairs as at 31 July 2023 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;
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, relevant legislation and the Office for Students requirements; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board of Trustees is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Open College of the Arts

Financial Statements for the year ended 31 July 2023

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

(continued)

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 Board of Trustees report, which includes the strategic report and the directors' report for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Board of Trustees report have been prepared in accordance with applicable legal requirements.

Opinions on other matters prescribed by the Office for Students

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

- funds from whatever source administered by the College have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students have been applied in accordance with the applicable terms and conditions; and
- the requirements of the Office for Students accounts direction for the relevant year's financial statements have been met.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Board of Trustees report, which includes the strategic report or the directors' report.

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

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

We have nothing to report in respect of the following matters in relation to which the Office for Students require us to report to you if, in our opinion:

- the College's grant and fee income, as disclosed in Note 1 to the financial statements, has been materially misstated.

Responsibilities of the Board of Trustees

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

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

Open College of the Arts

Financial Statements for the year ended 31 July 2023

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

(continued)

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 obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and accumulation of cumulative audit knowledge and experience.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from the Companies Act 2006, Financial Reporting Standard 102, Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and Charities Act 2011.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to, enquiries of management, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in the judgements made around recoverability of debtors. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Open College of the Arts

Financial Statements for the year ended 31 July 2023

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

(continued)

Use of our report

This report is made solely to the Board of Trustees, 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 Board of Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the College and the Board of Trustees, for our audit work, for this report, or for the opinions we have formed.

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

15 Westferry Circus
Canary Wharf
London E14 4HD

26th October 2023

Open College of the Arts

Financial Statements for the year ended 31 July 2023

Statement of Comprehensive Income

For the year ended 31 July 2023

	Note	2023 £	2022 £
Income			
Tuition fees and education contracts	1	1,689,026	2,451,994
OfS grants		193,761	160,321
Other operating income	2	3,964	6,036
TOTAL INCOME		1,886,751	2,618,351
Expenditure			
Staff costs	3	2,041,003	1,860,976
Other operating expenses	4	668,843	592,283
Depreciation	7	19,768	14,887
TOTAL EXPENDITURE	5	2,729,614	2,468,146
(Deficit)/Surplus for the year		(842,863)	150,205
Total comprehensive income for the year		(842,863)	150,205
Represented by:			
Restricted comprehensive (deficit) for the year	6	(1,400)	(2,050)
Unrestricted comprehensive income for the year		(841,463)	152,255
		(842,863)	150,205

The income and expenditure of the Company relates wholly to continuing operations.
The notes on pages 21 to 28 form an integral part of these Financial Statements.

Open College of the Arts

Financial Statements for the year ended 31 July 2023

Statement of Changes in Reserves

For the year ended 31 July 2023

	Note	Income and expenditure reserve		Total
		Restricted	Unrestricted	
		£	£	£
Balance at 1 August 2021 as previously stated surplus		7,165	490,920	498,085
(Deficit)/surplus from the income and expenditure statement		(2,050)	152,255	150,205
Balance at 31 July 2022 surplus		5,115	643,175	648,290
(Deficit) from the income and expenditure statement		(1,400)	(841,463)	(842,863)
Balance at 31 July 2023 surplus/(deficit)	6	3,715	(198,288)	(194,573)

The notes on pages 21 to 28 form an integral part of these Financial Statements.

Open College of the Arts

Financial Statements for the year ended 31 July 2023

Statement of Financial Position

Company No. 02125674

As at 31 July 2023

	Note	2023 £	2022 £
Non-current assets			
Fixed assets	7	31,124	27,687
Current assets			
Stock		1,002	846
Trade and other receivables	8	473,229	488,932
Cash and cash equivalents	12	806,290	1,183,270
		<u>1,280,521</u>	<u>1,673,048</u>
Creditors: amounts falling due within one year	9	(1,506,218)	(1,012,445)
Net current (liabilities)/assets		<u>(225,697)</u>	<u>660,603</u>
Provisions: Other provisions	11	-	(40,000)
Total net (liabilities)/assets		<u><u>(194,573)</u></u>	<u><u>648,290</u></u>
Restricted reserves			
Income and expenditure reserve - restricted	6	3,715	5,115
Unrestricted reserves			
Income and expenditure reserve - unrestricted		(198,288)	643,175
Total reserves		<u><u>(194,573)</u></u>	<u><u>648,290</u></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 and authorised for issue on 26th October 2023 and were signed on its behalf by:

Prof Ian Fribbance
Chair of the Board of Trustees

The notes on pages 21 to 28 form an integral part of these Financial Statements.

Open College of the Arts

Financial Statements for the year ended 31 July 2023

Statement of Cash Flow

For the year ended 31 July 2023

	Note	2023 £	2022 £
Cash Flow from operating activities			
(Deficit)/surplus for the year		(842,863)	150,205
Adjustments for non-cash items			
Depreciation		19,768	14,887
Loss on sale of fixed assets		-	-
(Increase)/decrease in stock		(156)	900
Decrease/(increase) in debtors		15,703	(19,023)
Increase in creditors		493,773	73,149
Decrease in provisions		(40,000)	-
Net cash flow from operating activities		<u>(353,775)</u>	<u>220,118</u>
Cash flows from investing activities			
Purchase of fixed assets		(23,205)	(31,344)
(Decrease)/increase in cash and cash equivalents		<u>(376,980)</u>	<u>188,774</u>
Cash and cash equivalents at the beginning of the year	12	1,183,270	994,496
Cash and cash equivalents at the end of the year	12	806,290	1,183,270

The notes on pages 21 to 28 form an integral part of these Financial Statements.

Open College of the Arts

Financial Statements for the year ended 31 July 2023

Statement of Principal Accounting Policies and Estimation Techniques

1 General Information

Country of registration - England

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

2 Basis of Preparation

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

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

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

3 Basis of Accounting

The financial statements are prepared under the historical cost convention.

4 Going Concern

The College returned a deficit in the year of £842,863 (2022: £150,205 surplus), the Trustees have an agreed budget and Corporate Annual Plan for the forthcoming financial year and 5-year plan that will see it return to a surplus position in 2025/26. As at 31 July 2023, the College reported an accumulated deficit of £194,573 the College's largest liability is the deferred income balance of £1,172,056 (2022: £691,771). The College is cash positive and is forecast to remain so in the first half of the 2023/24 financial year.

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

The College has restricted reserves of £3,715.

5 Income Recognition

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

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

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

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

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

6 Accounting for Retirement Benefits

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

Open College of the Arts

Financial Statements for the year ended 31 July 2023

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 Provision

Provisions are recognised when:

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

13 Reserves

Reserves are classified as restricted or unrestricted. The College currently has £3,715 in restricted reserves for a small enterprise enhancement scheme which funds progressing students and provides sponsorship of projects.

14 Financial Instruments

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

Open College of the Arts

Financial Statements for the year ended 31 July 2023

Notes to the accounts

1. Tuition fees and education contracts

	2023 £	2022 £
UK & EU Higher Education	1,442,903	2,028,483
Non-EU Higher Education	143,262	254,969
UK & EU Further Education	80,764	131,931
Non-EU Further Education	5,880	9,938
Short Courses	16,217	26,673
	<u>1,689,026</u>	<u>2,451,994</u>

2. Other operating income

	2023 £	2022 £
Educational Visits and Events	163	398
Sundry	3,801	5,638
	<u>3,964</u>	<u>6,036</u>

3. Staff costs

	2023 £	2022 £
Staff Costs:		
Wages and salaries	1,807,502	1,651,320
Social security costs	146,189	138,239
Apprenticeship levy	9,157	7,818
Other pension costs	78,155	63,599
	<u>2,041,003</u>	<u>1,860,976</u>

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

	2023 Number	2023 Number
Average staff numbers:		
Academic	109	112
Academic Support	20	19
Central services	7	5
	<u>136</u>	<u>136</u>

Average staff numbers are comprised of a significant number of part time and sessional employees.

The number of staff with full-time equivalent basic salary of over £100,000 per annum including the Principal was nil in the year (2022: nil).

Open College of the Arts

Financial Statements for the year ended 31 July 2023

Notes to the accounts (Continued)

3. Staff costs (continued)

Emoluments of the Principal & Chief Executive	2023	2022
	£	£
W Woods from 29 September 2017		
Salary	95,718	89,321
Social Security	12,224	11,429
Pension	4,786	4,444
	112,728	105,194

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%. No cost-of-living award was agreed for August 2020 in line with the cost-of-living freeze for all staff, a 1.5% cost of living increase was approved from August 2021. A performance related increase was approved from August 2022 in addition to a 3% cost of living increase in line with that for all staff.

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

The Principal's basic salary is 2.43 (2022: 2.32) times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the College to its staff.

The Principal's total remuneration is 2.86 (2022: 2.33) times median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the College of its staff. It is not possible to reliably calculate the full-time equivalent value of course commissioning fees, these have instead been included within total remuneration at actual values paid for the purposes of calculating median pay levels.

Key management personnel – total remuneration

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.

Key Management Personnel	2023	2022
	£	£
Salary	170,071	160,714
Social Security	20,157	19,042
Pension	8,504	7,972
	198,732	187,728

Trustees

No Trustee has received/waived remuneration from the College during the year (2022: – none).

No expenses were paid to or on behalf of Trustees for travelling and subsistence (2022: – none). No other expenses were paid (2022: nil).

Open College of the Arts

Financial Statements for the year ended 31 July 2023

Notes to the accounts (Continued)

4. Other operating expenses

	2023 £	2022 £
Equipment, furniture and computing costs	46,412	28,374
Audit fees (including VAT): Remuneration for external audit services	15,600	16,439
Other expenses	606,831	547,470
Total	<u>668,843</u>	<u>592,283</u>

5. Analysis of expenditure by activity

	Staff costs		Other operating Costs		Total	
	2023 £	2022 £	2023 £	2022 £	2023 £	2022 £
Academic departments	1,178,236	1,139,806	90,016	142,325	1,268,252	1,282,131
Academic services	556,535	487,482	139,086	164,718	695,621	652,200
Administration and central services	306,232	233,688	404,099	234,994	710,331	468,682
Premises	-	-	35,642	50,246	35,642	50,246
	<u>2,041,003</u>	<u>1,860,976</u>	<u>668,843</u>	<u>592,283</u>	<u>2,709,846</u>	<u>2,453,259</u>
Depreciation	-	-	19,768	14,887	19,768	14,887
	<u>2,041,003</u>	<u>1,860,976</u>	<u>688,611</u>	<u>607,170</u>	<u>2,729,614</u>	<u>2,468,146</u>

6. Restricted reserves

	2023 £	2022 £
At 01 August 2022	5,115	7,165
Expenditure	(1,400)	(2,050)
At 31 July 2023	<u>3,715</u>	<u>5,115</u>

Open College of the Arts

Financial Statements for the year ended 31 July 2023

Notes to the accounts (Continued)

7. Fixed assets

	Fixtures & Fittings £	Computer Equipment £	Total £
Cost			
At 1 August 2022	17,700	40,271	57,971
Additions at cost	12,713	10,492	23,205
At 31 July 2023	30,413	50,763	81,176
Depreciation			
At 1 August 2022	11,199	19,085	30,284
Charge for year	5,284	14,484	19,768
At 31 July 2023	16,483	33,569	50,052
Net book value at 31 July 2023	13,930	17,194	31,124
Net book value at 31 July 2022	6,501	21,186	27,687

8. Trade and other receivables

	2023 £	2022 £
Amounts falling due within one year:		
Trade receivables	431,770	447,244
Prepayments and accrued income	37,244	37,196
Other debtors	4,215	4,492
	473,229	488,932

9. Creditors

	2023 £	2022 £
Amounts falling due within one year:		
Trade creditors	110,655	42,018
Amount owed to group undertakings	-	43,400
Other tax payable & social security	38,882	47,594
Accruals	135,760	175,494
Other creditors	48,865	12,168
Deferred income	1,172,056	691,771
	1,506,218	1,012,445

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

Open College of the Arts

Financial Statements for the year ended 31 July 2023

Notes to the accounts (Continued)

10. Lease Obligations

At 31 July 2023, the Charity had total future minimum lease payments in respect of property under non-cancellable operating leases payable as follows:

	2023 £	2022 £
Within one year	20,966	3,495
	<u>20,966</u>	<u>3,495</u>

11. Provisions for liabilities and charges

	2023 £	2022 £
Dilapidations	-	40,000
	<u>-</u>	<u>40,000</u>

12. Cash and cash equivalents

	2023 £	2022 £
Cash at bank	806,257	1,183,263
Cash in hand	33	7
	<u>806,290</u>	<u>1,183,270</u>

13. Analysis of changes in net debt

	At 31 July 2022 £	Net cash flows £	At 31 July 2023 £
Cash at bank and in hand	<u>1,183,270</u>	<u>(376,980)</u>	<u>806,290</u>

14. Related Party Transactions

Due to the nature of the College's operations and the composition of its Board of Trustees and senior staff, transactions may take place with organisations in which a Trustee or the senior staff may have an interest. All such transactions are conducted at arm's length and in accordance with the Institution's financial regulations and normal procurement procedures.

During the year the College was a wholly owned subsidiary of the University for the Creative Arts, transactions with the university are shown below. Ownership of the College transferred to the Open University at the end of the financial year, there were no financial transactions with the Open University in the year.

Open College of the Arts

Financial Statements for the year ended 31 July 2023

Notes to the accounts (Continued)

	Income from related party £	Expenditure to related party £	Balance due to /(from) related party £
University for the Creative Arts	-	94,283	11,588
	-	94,283	11,588

The Expenditure relates to supplier invoices processed through the accounts payable system for administrative support and library services provided that are payable in the normal course of business.

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 3.