
C RENGERT+COMPANY
CHARTERED ACCOUNTANTS

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THE OPEN LEARNING FOUNDATION

Financial statements

Year ended 30th June 2009

Company number: 02522833

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THE OPEN LEARNING FOUNDATION
Annual Report and financial statements
Year ended 30th June 2009

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Bankers:

HSBC plc
4 Old Town Street
Plymouth
Devon
PL1 1DD

Independent examiner:

Christopher Rengert
Chequers
Watling Lane
Thaxted
Essex CM6 2QY

Registered and principal office:

Chequers
Watling Lane
Thaxted
Essex CM6 2QY

100 Pall Mall
London
SW1Y 5NQ

Registered charity number:

1000055

Registered company number:

(registered in England)
02522833

The directors submit their report and the financial statements for the year ended 30th June 2009.

Legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice: Accounting and Reporting by Charities.

CONSTITUTION

The Open Learning Foundation is a charitable company limited by guarantee and a registered charity, governed by its memorandum and articles of association. The subsidiary Three Devonshire Street Limited managed the leasehold property of which The Open Learning Foundation is the lessee until the lease expired on 6th July 2009.

OBJECTS OF THE CHARITY

The main purpose of the Foundation is to work with its members in the creation, testing and implementation of all aspects of flexible education. In particular the Foundation provides:

- Quality open learning materials at degree level for use by member universities and colleges
- Support for flexible learning development
- Research, staff development and training
- European links and memberships
- Representation of members' interests in flexible education to government and commerce
- A range of educational opportunities

ORGANISATION

The Foundation is governed by the board of directors, who are also trustees. The board meets regularly. Day to day management and financial control is delegated to a managing director. Links with members are made through contact groups and other special interest working parties.

REVIEW OF THE YEAR

The Board has undertaken several important lines of work during the year under review.

Material development progresses energetically, work has been completed on new or revised modules for HealthCare and SocialCare.

The planning process is now well developed with revisions of key modules produced on an annual basis. An example is the Using the Law in Social Work where the present governmental changes in both law and procedures have resulted in major re-writes of the range of modules.

The list below shows the range and scale of the current development process:

Major additions to the Business Degree are being developed with a new first and second year "ebusiness" route being added to the range. This material is currently being revised to meet the latest standards.

The Dementia module has been delivered and is mounted on the web ready for members to download it.

Social Work and the Law modules 2,3 and 5 have been completely re-written and are mounted on the web for members use. The new modules contain assessment materials.

Talks are under way with UWS for the revision of the Diabetes modules. More information will follow when talks are more advanced.

REVIEW OF THE YEAR (continued)

Domestic Violence is expected by the year-end.

Overseas Student Needs module – authors were still being sought within ARU.

Evidence Based Practice following helpful comments on the outline contents they were being re-written and would be re-circulated in their new form in due course.

The Life Course module contents had been generally agreed and an author was being sought.

Practising Social Work was on track for January 2010 delivery.

Contemporary Social Policy was also on track for June 2010.

Pandemic Influenza part had been circulated to members and further work was progressing well.

Leadership and Management of Health and Social Care was still under consideration but due to staff illness at ARU progress was very slow.

The Board has continued its policy of seeking authors from within the membership and seeking to license materials from members, as a first resort. This has been a very successful year in this regard.

Information Newsletters have been sent to members to keep them fully up-to-date with changes in material availability.

The Board has kept a close watch on the finances of the Foundation to ensure that best value is achieved. These accounts show how successful this work has been.

The lease on the building has now ended and the Board have had detailed discussions about costs related to the lease end costs. The lease was of a “full repairing” nature and while every effort was made to operate the building effectively the landlords, Howard de Walden, needed to conduct an end of lease review.

They came up with a total cost of just over £300,000, a figure well beyond our expectations or ability to pay. After legal advice the Board has made an offer to Howard de Walden of £30,000 in full and final settlement. At the time of writing this report no answer had been received.

REVIEW OF FINANCIAL POSITION

The financial statements for the year to 30th June 2009 are set out on pages 7-14. The activity of managing the building through the medium of Three Devonshire Street Limited is fully incorporated into the financial statements.

The mainstream activity of the Foundation showed an operating surplus of £18,483 despite increased expenditure on materials and development.

The building showed an operating surplus of £5,633 before amortisation.

The directors are satisfied with the result and with the financial state of the Foundation at the year-end. The Foundation’s funds are adequate to fulfil its obligations.

DIRECTORS

The directors, who are also trustees, of The Open Learning Foundation who served during the year were:

Ms Sarah Frame (Chairman)
Ms Karen Staniland
Mr Wade Tovey
Professor Tony Tait
Ms Jaki Lilley

None of the directors has any interest in the shares of the company.

Directors are proposed and elected by members at the annual general meeting, and serve for three years.

TRUSTEE INDEMNITY INSURANCE

The Foundation has purchased indemnity insurance cover for the trustees at a cost of £1,732.

RESERVES POLICY AND RISK MANAGEMENT

In 2000, when the affairs of the Foundation were significantly reorganised, the directors carried out a review of the future activities of the Foundation and set out a medium-term budget with the objective of establishing a satisfactory level of reserves and a protection against those risks which might threaten the security of the Foundation. An ongoing risk assessment is carried out by the directors.

At the date of issue of this report, the Foundation's progress continues broadly in line with this strategic plan; while continuing to grow, the level of reserves is not yet, in the opinion of the directors, sufficient. Consideration of the appropriate level of reserves continues.

TRUSTEES' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

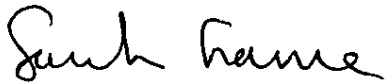
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing the report of the directors and the financial statements the directors have taken advantage of certain exemptions available to small companies.

INDEPENDENT EXAMINER

The retiring independent examiner, Christopher Rengert, has expressed his willingness to continue in office, and a resolution proposing his reappointment will be considered at the next annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'Sarah Frame', written in a cursive style.

Ms Sarah Frame Chair

14th October 2009

I report on the accounts for the year ended 30th June 2009 set out on pages 7-14.

Respective responsibilities of trustees and examiner

The charity's trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year (under Section 43(2) of the Charities Act 1993 (the 1993 Act)) and that an independent examination is required.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under Section 43 of the 1993 Act
- to follow the procedures laid down in the General Directions given by the Charity Commission (under Section 43(7)(b) of the 1993 Act); and
- to state whether particular matters have come to my attention.

Basis of the independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a true and fair view and the report is limited to those matters set out in the statements below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements

- to keep accounting records in accordance with Section 221 of the Companies Act 1985; and
- to prepare accounts which accord with the accounting records, comply with the accounting requirements of Section 226 of the Companies Act 1985 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



CHRISTOPHER RENGERT FCA
Chartered accountant
C Rengert & Company Limited
Chequers
Watling Lane
Thaxted
Essex
CM6 2QY

Date

16th November 2009

**THE OPEN LEARNING FOUNDATION
and its subsidiary company
Consolidated statement of financial activities
For the year ended 30th June 2009**

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	Note	2009 £ Group	2008 £ Group
INCOMING RESOURCES:			
Subscriptions		115,650	118,442
Other income from charitable activity	1	59	238
Property income		176,407	189,929
Interest receivable		1,486	6,136
		<hr/>	<hr/>
Total incoming resources		293,602	314,745
		<hr/>	<hr/>
less: RESOURCES EXPENDED			
Direct charitable expenditure	2	85,788	76,937
Management and administration	2	12,924	12,283
Property expenditure	3	168,684	166,691
Interest	4	1,971	10,176
Taxation		119	31
		<hr/>	<hr/>
Total outgoing resources		269,486	266,118
		<hr/>	<hr/>
Net incoming/(outgoing) resources		24,116	48,627
UNREALISED INCOME/(COST):			
Amortisation of establishment cost	7	(43,608)	(40,467)
Provision for liabilities no longer required		19,046	-
		<hr/>	<hr/>
Net movement of funds		£(446)	£8,160
		<hr/>	<hr/>
Net income/(deficit) for the year:			
Attributable to continuing activities		18,483	48,627
Attributable to discontinued activities		5,633	-
Unrealised income/(cost):			
Attributable to continuing activities		19,046	-
Attributable to discontinued activities		(43,608)	(40,467)
		<hr/>	<hr/>
		£(446)	£8,160
		<hr/>	<hr/>

All funds are considered to be unrestricted.

THE OPEN LEARNING FOUNDATION
and its subsidiary company
Balance sheets
As at 30th June 2009

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	Note	2009 £ Group	2008 £ Group	2009 £ Company	2008 £ Company
Fixed assets:					
Tangible assets	6	1,170	1,486	1,170	335
Intangible assets	7	-	43,608	-	-
Investment in subsidiary	8	-	-	200	200
		<hr/>	<hr/>	<hr/>	<hr/>
		1,170	45,094	1,370	535
		<hr/>	<hr/>	<hr/>	<hr/>
Current assets:					
Debtors	9	35,210	57,336	25,580	76,939
Cash at bank and in hand		119,058	144,095	119,058	138,902
		<hr/>	<hr/>	<hr/>	<hr/>
		154,268	201,431	144,638	215,841
		<hr/>	<hr/>	<hr/>	<hr/>
Current liabilities:					
Creditors: amounts falling due within one year	10	63,410	121,195	50,317	60,540
Deferred income	11	19,606	49,006	19,606	16,473
		<hr/>	<hr/>	<hr/>	<hr/>
		83,016	170,201	69,923	77,013
		<hr/>	<hr/>	<hr/>	<hr/>
Net current assets		<hr/>	<hr/>	<hr/>	<hr/>
		71,252	31,230	74,715	138,828
		<hr/>	<hr/>	<hr/>	<hr/>
Total assets less current liabilities		<hr/>	<hr/>	<hr/>	<hr/>
		72,422	76,324	76,085	139,363
Creditors: amounts falling due after one year	12	-	3,456	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Total net assets		<hr/>	<hr/>	<hr/>	<hr/>
		£72,422	£72,868	£76,085	£139,363
		<hr/>	<hr/>	<hr/>	<hr/>
Funds:					
Share capital	13	-	-	-	-
Profit and loss account	14	72,422	72,868	76,085	139,363
		<hr/>	<hr/>	<hr/>	<hr/>
Total funds		<hr/>	<hr/>	<hr/>	<hr/>
		£72,422	£72,868	£76,085	£139,363
		<hr/>	<hr/>	<hr/>	<hr/>

The accounts were approved by the board on 14th October 2009.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

MS SARAH FRAME
Chair



14th October 2009

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and with the Statement of Recommended Accounting Practice for Charities (revised 2005).

(b) Income

The financial statements include subscription and property income to the extent that it is attributable to the period of the financial statements. The proportion of subscriptions and rent attributable to periods after the accounting year-end is shown in the balance sheet as deferred income. Other income is recognised in the accounts as invoiced or received, inclusive of value added tax.

(c) Resources expended

Because of the nature of the Foundation's activity it is not realistic to allocate expenditure between direct charitable expenditure and management and administration. It is, in the opinion of the directors, appropriate to allocate 25% of the total indirect costs to management and administration.

(d) Operating leases

Operating lease rentals are charged to revenue as incurred.

(e) Depreciation

Tangible fixed assets are depreciated on a straight line basis over their estimated future lives.

The rates applicable are:

Office furniture and equipment	25% on cost
Property equipment and furnishings	15% on cost

(f) Deferred establishment cost

When Three Devonshire Street Limited was established in July 2004, it took responsibility for an existing bank loan to another company. The company also incurred some costs relating to property activity prior to itself commencing trading. The total cost is being amortised over the unexpired period of the lease, at a rate which recognises the rate of interest payable on the bank loan. The cost was finally written off in the year under review.

(g) Foreign currencies

Transactions in currencies other than sterling are translated into sterling at the rate ruling at the date of the transaction. Assets and liabilities in other currencies at the balance sheet date are translated into sterling at the rate ruling at that date.

(h) Charitable funds

None of the funds of the company are restricted to any purpose or designated for any purpose. All funds are treated in the financial statements as available for the general purposes of the charity.

1 Other income	2009	2008
	£	£
	Group	Group
Income from study tour	-	-
Sales of materials	59	238
	—	—
	£59	£238
	—	—

2 Resources expended	2009	2008
	£	£
	Group	Group
Preparation and dissemination of learning materials	21,333	29,150
Co-ordinator's fees	15,833	2,917
Subscriptions	6,635	5,724
Management and staff costs	21,273	18,259
Accommodation	20,000	20,000
Insurance	3,293	3,238
Professional costs	4,935	4,835
Office costs	1,360	2,050
Depreciation	335	112
Other costs	3,715	2,935
	—	—
	£98,712	£89,220
	—	—

Disclosed at page 6 as:	£	£
Direct charitable expenditure	85,788	76,937
Management and administration	12,924	12,283
	—	—
	£98,712	£89,220
	—	—

3 Property expenditure	2009	2008
	£	£
	Group	Group
Rent	107,781	105,000
Rates and water	12,030	11,123
Insurance	6,900	5,927
Cleaning	14,928	13,207
Electricity	10,602	11,624
Repairs and maintenance	1,708	2,934
Supplies and consumables	975	794
Staff costs	8,658	9,676
Professional fees	2,820	2,468
Other costs	2,282	3,938
	—	—
	£168,684	£166,691
	—	—

4	Interest	2009	2008
		£	£
		Group	Group
	Bank loan	1,903	10,038
	Bank overdraft	68	138
		<hr/>	<hr/>
		£1,971	£10,176
		<hr/>	<hr/>
 5	 Other disclosures	 2009	 2008
		£	£
		Group	Group
	Auditors' remuneration: for audit	-	3,600
	Auditors' remuneration: for other services	-	3,703
	Operating lease rentals: premises	127,781	125,000
	Depreciation of fixed assets	1,486	465
	Amortisation of establishment cost	43,608	40,467
 6	 Tangible fixed assets	 2009	 2009
		£	£
		Group	Company
	Office and property equipment and furnishings:		
	Cost at 1 st July 2008	11,741	9,408
	Additions	1,170	1,170
		<hr/>	<hr/>
	Cost at 30 th June 2009	12,911	10,578
		<hr/>	<hr/>
	Depreciation at 1 st July 2008	10,255	9,073
	Charge for the year	1,486	335
		<hr/>	<hr/>
	Depreciation at 30 th June 2009	11,741	9,408
		<hr/>	<hr/>
	Net book value at 30 th June 2009	£1,170	£1,170
		<hr/>	<hr/>

7	Intangible fixed assets	2009 £ Group	2009 £ Company
	Deferred establishment cost:		
	Cost at 1 st July 2008, unchanged during the year:	189,324	-
		—	—
	Amortisation at 1 st July 2008	145,716	-
	Amortisation for the year	43,608	-
		—	—
	Amortisation at 30 th June 2009	189,324	-
		—	—
	Net book value at 30 th June 2009	£-	£-
		—	—
8	Investment in subsidiaries	2009 £ Group	2009 £ Company
	At cost unchanged during the year	£-	£200
		—	—

The company holds the whole of the issued share capital of Three Devonshire Street Limited, incorporated in the United Kingdom.

Three Devonshire Street Limited managed the Foundation's leasehold property until the lease expired on 6th July 2009; it then effectively ceased to trade.

9	Debtors	2009 £ Group	2008 £ Group	2009 £ Company	2008 £ Company
	Trade debtors: subscriptions	14,748	7,865	14,748	7,865
	Trade debtors: rent	3,017	7,796	-	-
	Due from Three Devonshire Street Limited	-	-	-	62,071
	Prepayments and accrued income	16,446	41,607	9,833	7,003
	Other debtors	999	68	999	-
		—	—	—	—
		£35,210	£57,336	£25,580	£76,939
		—	—	—	—

10 Creditors: amounts falling due within one year	2009	2008	2009	2008
	£	£	£	£
	Group	Group	Company	Company
Bank loan (secured)	2,950	57,376	-	-
Bank overdraft (secured)	108	-	-	-
Current corporation tax	114	31	-	-
Other tax and social security	13,573	13,573	13,573	13,573
Due to Three Devonshire Street Limited	-	-	-	-
Other creditors	-	18,047	-	18,047
Accruals	46,665	32,168	36,744	28,920
	<hr/>	<hr/>	<hr/>	<hr/>
	£63,410	£121,195	£50,317	£60,540
	<hr/>	<hr/>	<hr/>	<hr/>
 11 Deferred income	 2009	 2008	 2009	 2008
	£	£	£	£
	Group	Group	Company	Company
Subscriptions in advance	19,606	16,473	19,606	16,473
Rent in advance	-	32,533	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£19,606	£49,006	£19,606	£16,473
	<hr/>	<hr/>	<hr/>	<hr/>
 12 Creditors: amounts falling due after one year	 2009	 2008	 2009	 2008
	£	£	£	£
	Group	Group	Company	Company
Bank loan (secured)	£-	£3,456	£-	£-
	<hr/>	<hr/>	<hr/>	<hr/>

The bank loan referred to in notes 10 and 12 was repaid in full on 13th July 2009.

13 Share capital

The company is limited by guarantee. Each member has undertaken to subscribe £1 in the event of liquidation.

At 30th June 2009 there were 18 members (2008 – 19 members).

14 Movement of funds

	Profit & loss account The group £	Profit & loss account The company £
Funds at 1 st July 2008	72,868	139,363
Net outgoing resources (page 6)	(446)	(63,278)
	<hr/>	<hr/>
Group funds at 30 th June 2009	£72,422	£76,085
	<hr/>	<hr/>

15 Taxation

As a registered charity the company is not liable to corporation tax on its mainstream charitable activity. Provision is made for corporation tax on the taxable income of the subsidiary company at the rate of 21%.

16 Remuneration of directors and employees

The only employee received salary of £13,241. The corresponding social security cost was £922. No remuneration was paid to any director; neither were any reimbursements of expenses made to directors.

17 Leasehold Property

The company has given a legal mortgage on its leasehold interest in 3 Devonshire Street, London, in support of the bank loan referred to in notes 10 and 12. The company was committed to rent under this lease at the rate of £125,000 per annum until the lease expired on 6th July 2009.

As indicated in the report of the directors and trustees the landlord has indicated his intention to claim for dilapidations. The liability, if any, cannot yet be determined. The directors do not expect a claim, if it arises, to have a significant impact on the Foundation's finances.