

Charity Registration No. 1105070

Company Registration No. 5133651 (England and Wales)

**RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK
WALES**

TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2008

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

M Dacey
I Gruffydd
G Jenson
S Kelshaw
J M Larsen
J O'Shea
T F Owen
B Piette
A P Sheehan
K Thomas
C Toms
C C Collins
R Payne
L D El-Khatib
R M Spear
A J O'Sullivan
M H Dawson
H Henschell

Chief Executive Officer

J Barlow

Secretary

R A Cuthbertson

Charity number

1105070

Company number

5133651

Registered office

3-4 Llys Onnen
Parc Menai
Bangor
Gwynedd
LL57 4BL

Auditors

Fraser Wood
Victoria House, Plas Llwyd Terrace,
Bangor,
Gwynedd,
LL57 1UB.

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

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RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 JULY 2008

The trustees present their report and accounts for the year ended 31 July 2008.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 1985 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

Trustees

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

P Bassett	(Resigned 26 February 2008)
K Burns	(Resigned 21 December 2007)
M Dacey	
I Gruffydd	
G Jenson	
S Kelshaw	
J M Larsen	
J L Morgan	(Resigned 26 February 2008)
J O'Shea	
T F Owen	
B Piette	
G D Price	(Resigned 26 February 2008)
A P Sheehan	
K Thomas	
C Toms	
C C Collins	
R Payne	
L D El-Khatib	(Appointed 24 June 2008)
R M Spear	(Appointed 15 April 2008)
A J O'Sullivan	(Appointed 15 April 2008)
M H Dawson	(Appointed 31 March 2008)
H Henschell	(Appointed 2 April 2008)

During the year R J Tovey served as Secretary until his death on 5th November 2007.

Thereafter, I N H Roberts was appointed and resigned on 11th July 2008, on which date R A Cuthbertson was appointed.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2008

Background

1. Rhwydwaith Coleg Agored Cymru Open College Network Wales (OCN Wales) provides credit based qualifications that support employability skills and progression to other learning. It also offers a bespoke accreditation service to education and training providers which enables them to develop credit based learning to enhance opportunity and provide progression routes for learners. It does so through providing advice and support to meet OCN minimum quality standards, curriculum support, programme approval, training for tutors, assessors and internal verifiers and external scrutiny through verification. Conferences, provider meetings and steering groups for particular curriculum areas provide opportunities to network and share good practice.

2. OCN Wales is a company limited by guarantee and a charity.

3. The objects of OCN Wales are the advancement of the education of the public of Wales and beyond in one or more of the following ways:

- by promoting and widening participation in education and training, particularly amongst those adults who have previously been excluded from educational opportunities;
- by improving the quality and flexibility of education provision for the public benefit primarily for those adults who have previously been excluded from educational opportunities;
- by extending access to learning opportunities and facilitating progression to further learning, employment and higher education particularly through the award of credits and credit based qualifications.

4. In furtherance of these objectives, OCN Wales has the following aims to:

- develop, monitor and evaluate strategy and policy relating to the Objects
- develop and maintain effective systems for assessing the quality and standards of all awards issued
- promote the credibility and currency of awards
- satisfy regulatory requirements in the advancement of education available to the public
- ensure quality enhancement and continuous improvement in quality and flexibility of educational opportunities
- act openly and mutually with members
- support members in sustaining responsiveness and accountability in their own locality

5. To achieve these aims the priorities were;

- Positioning OCN Wales as a leading awarding body of high quality credit based provision within CQFW by continuing to develop its product portfolio to respond to government priorities in Wales and maximise opportunities to enhance progression opportunities for learners
- Ensuring future sustainability and in particular investigating the most appropriate relationship with the National Open College Network to secure and enhance its position in Wales.
- Working within Wales to ensure the confidence of all key stakeholders by continuing to build on the improvements in the quality of its provision.
- Ensuring the confidence of all key stakeholders in Wales in the Access Diploma and its role in widening participation into Higher Education.
- Promoting core values outlined in the mission through all its activities.

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2008

Overview of performance

6. Despite a healthy performance shown in the accounts, 2007/08 saw a decline in the level of activity from courses running in the year when measured by credit award and learner registrations. Figures at the beginning of October showed an 8% decline in credit award on the same period last year with the top two largest provider types, responsible for 81% of provision, both in decline; Further Education Colleges (FE) by 15.2% and Adult and Community Learning providers (ACL) by 8%. The next two categories in size showed a growth, Higher Education delivering mainly Welsh for Adults and Access to HE provision (+28%) and local government/NHS (+7.6%) passing voluntary and community sector as the fourth largest provider category. The decline in activity in FE and ACL is mainly the result of increasing budgetary pressures on the sector although increasing competition from other awarding bodies is likely to be also a factor.

7. Numbers of learners taking Access to HE courses continued to decline in line with the trend in other parts of the UK with a further 10% reduction in 2007-2008 to 2516 from 2804 the previous year. Most of the losses (85%) were from the nursing sector where HE numbers have been capped and career progression after graduation cannot be guaranteed. Despite this reduction, the combined health and nursing sectors account for 52% of Access provision in Wales. Providers are still being encouraged to seek alternative pathways to counteract any further reductions in these sectors. Pre-Access provision is working well in that it allows learners to consolidate their study skills before embarking on an Access programme or to recognise their limitations and to delay their progression until more fully prepared. Numbers progressing from pre-Access are lower than anticipated but some providers have introduced a pre-FE course for those with entry and level 1 numeracy and literacy requirements in order to prepare learners for the level 2 work required by pre-Access provision.

8. 33 organisations became members from a wide range of learning providers in Wales including 13 organisations (schools and voluntary organisations) providing wider curriculum options for 14-19 year olds, 7 organisations delivering employability skills, 3 NHS Trusts and the Expert Patient Programme.

9. There has been significant development of the product portfolio to respond to government priorities in Wales and to maximise opportunities to enhance progression opportunities for learners as detailed in 10-13 below.

Positioning OCN Wales as a leading awarding body for high quality credit based provision within CQFW

10. Work was completed on the original contract from the Credit and Qualifications Framework Wales (CQFW) "Recognising Wider Learning 14-19". This was extended for a further year to further develop quality systems. The project developed and tested practical solutions for recognising and recording achievement in collaboration with 7 partner organisations including three 14 - 19 regional networks, DCELLS 14-19 and network area representatives, Careers Wales, Skills Active, Association of Voluntary Organisations in Wrexham (AVOW), Duke of Edinburgh Award Organisation, Engineering Excellence Scheme Wales and Formula 1 Challenge. 573 learners have claimed credit for their achievement to date receiving a total of 1058 credits. Work experience units developed in the project have been included on the Skills Active Work Based Learning Pathway for September 2008. Units developed as part of this project will be accepted as evidence of achievement for elements of the Welsh Baccalaureate Core from September 2008 onwards. Further development work will take place to produce units to map to the entire Welsh Baccalaureate Core. As a result of enthusiasm and understanding generated by the project, units are being developed to respond to the Young People's Participation agenda.

11. OCN Wales welcomed the opportunity to work closely with Basic Skills Cymru to develop units to target literacy and numeracy skills through the context of financial literacy and to accredit family programmes. This formed part of the work undertaken in the year to review and enhance the OCN Basic Skills and ESOL offer.

12. OCN Wales increased its activity in the health sector working with Local Health Boards (LHB's), the

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2008

Teaching LHB's, the National Public Health Service (NPHS), voluntary and private health care sector provision. Despite reconfiguration in the NHS in Wales, all but one NHS Trust is now an approved centre. The growth of credit based learning in the health sector has focussed on the development of curriculum for Healthcare Support Workers in Nursing and Allied Health Professions, the development of patient education programmes and applying credit to continuing professional development.

13. Through NOCN, OCN Wales participated in the test and trials of the Qualifications and Credit Framework (QCF) by developing new qualifications in Welsh for Adults and contributing to the evaluation of the specifications of the framework.

Ensuring future sustainability

14. In line with one of the key recommendations of the feasibility study into alternative business opportunities, a new appointment was made - a Professional Development Manager to develop and diversify training activity. Extensive research was carried out with staff training and development managers in provider organisations, using EV reports and from regional network meetings. An enhanced programme has been developed for 2008/09 to support providers to improve the quality of their OCN provision and more widely to support continuing professional development.

15. The Board appointed consultants to advise on the most effective way to position the organisation and decided that in the best interest of members and learners would be served by seeking to become an awarding organisation in its own right within the Qualifications and Credit Framework. OCN Wales will continue to work in partnership with NOCN in areas of mutual interest. This will allow it to continue to offer NOCN qualifications in Wales and to undertake joint developments and share services as appropriate. The Board believes that this change will enable it more effectively to develop qualifications within the QCF that respond to the Welsh agenda, channel all its resources to work within Wales and develop other partnerships to enhance the services it can offer

Working within Wales to ensure NOCN and OCN Wales has the confidence of all key stakeholders

16. OCN Wales has placed emphasis this year on raising standards and although there are still areas that need further work there is good evidence of higher standards. This has been achieved through the comprehensive training programme and support provided to providers to improve standards and consistency. The procedures for standardisation have been reviewed and revised. The priority for the coming year is to ensure that these robust processes are embedded, monitored and reviewed to allow for dissemination of information and the extension of good practice across the network.

17. The self assessment processes involved a wide range of staff, many of whom have little or no experience of self assessment. An external consultant was appointed to facilitate meetings, deliver staff training and support staff in the development of the Self Assessment report. The streamlined appraisal process assisted the participants to focus on the quality of the process and the interaction between staff rather than on the paperwork. In preparation for Investors in People a Workforce Development Plan was developed to more effectively link staff training to business objectives.

18. OCN Wales as a membership organisation is committed to working in partnership with member organisations and other key stakeholders. Representatives from NIACE Dysgu Cymru, Fforwm, Community Learning Wales and the University Association of Lifelong Learning serve on the Board to contribute to the development of strategy. Staff made regular contributions to the Fforwm Outreach Managers meetings during the year to support the development of adult and community education across Wales. Steering groups have been continued to support product and service development in Basic Skills, Independent Living Skills and 14-19 Learning Pathways. Regional networks for community/ voluntary sector providers have supported smaller

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2008

providers in meeting required standards.

19. The Chief Executive Officer chairs the Common Credit Accord Forum of CQFW which brings representatives of Awarding Bodies, Sector Skills Councils, HE and other stakeholders to take the credit agenda forward in Wales. Senior staff sit on WAG steering groups for youth offending, youth work and learning coaches.

Ensure the confidence of all key stakeholders in Wales in the Access Diploma

20. The introduction of the new Access to HE Diploma went well with no HE admissions tutors raising any issues about the difference between the Diploma and the Certificate. Four OCN Wales providers took part in the QAA grading trials to develop a grading model for introduction in 2009/10. A new pathway in psychology and counselling developed in close liaison with Swansea Institute of Higher Education, recruited well and provided good progression to their degree programme. Three other new pathways have been introduced and work is in hand with other providers to refocus their curriculums. The unit library review has produced sets of units that are fit for purpose on which providers can base their grading descriptors. The health focus group was developed in South Wales and has met successfully for two years. This is now to be replicated in North Wales with HE representatives of the three receiving HEIs attending, i.e. Bangor University, Glyndwr University (previously NEWI) and the University of Chester, and the FE health and nursing course leaders.

21. Greater clarity has been achieved with regard to the outcomes of external verifier reports and provider annual reviews in informing strategic planning and staff development events, and even more work has been carried out to address any perceived shortcomings with provider internal verification processes.

Governance

22. 11 trustees were nominated by member organisations and elected by members at the AGM in accordance with the following categories:

4 from Higher education institutions

3 from further education colleges (1 vacancy but an additional FE co-option made from Fforwm)

4 from other organisations in membership (e.g local education authorities, voluntary sector, private training organisations, employers.)

23. In addition there are 9 other places available for co-option to enable representation from those organisations not necessarily in membership but with stakeholder interests in the activities of OCN Wales.

24. New Board members are inducted by the CEO. The induction meeting covers the Board member's responsibilities as a Trustee of the charity and Director of the company and outlines the terms of the licences held from the National Open College Network and the Quality Assurance Agency for Higher Education. A skills and knowledge audit is carried out to identify areas for development and future recruitment.

25. The Board of OCN Wales is the locus of authority for the governance of the organisation. It is responsible for formulating strategic aims, ensuring policies and practice are in keeping with the objects of OCN Wales (as legally constituted) and aiming for best practice in exercising its responsibilities and functions. The Board met 4 times during the year to take forward the strategic planning of the organisation and monitor achievement against the plan for the year. In response to its risk assessment related to strategic planning the Board considered the significant risks of remaining in its current relationship with the National Open College Network (NOCN) and opportunities for seeking Awarding Organisation status in the Qualifications and Credit Framework. To this end it appointed consultants to advise on the future direction of the organisation and accepted their recommendations that seeking awarding organisation status offered the best opportunity to maximise opportunities in an increasingly competitive market. The Board will use its reserves in accordance

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2008

with its policy to invest in this new strategic development.

26. The Board has 4 committees each of which have met 3 times:

27. Finance and General Purposes Committee oversees the conduct of business and monitors the resources and financial affairs of OCN Wales. The committee has continued to review financial planning, infrastructure and charges.

28. Personnel Sub Committee reports and makes recommendations via the Finance and General Purposes Committee to the Board on matters related to personnel, staffing and employment issues, in accord with the Board's defined strategies. PSC has overseen the use the enhancement of HR policies and procedures.

29. The Quality Assurance Committee acts on behalf of the Board in assuring the quality and standards of OCN awards and qualifications recognised by and made through OCN Wales. It oversees the systems of centre approval, verification and certification and supports and monitors the quality assurance of all activities. It has overseen the introduction of the NOCN business process model and the self assessment process.

30. The Access to Higher Education Committee reports to the Board of Directors and acts on behalf of the Board in matters relating to Access to Higher Education. It has overseen the implementation of the Access Diploma and the participation of the organisation in the grading trials. It reviewed the outcomes of the commissioned research into the success of Access students in HE. It has continued to review and revise the strategy for Access to HE and considered and supported curriculum development and the dissemination of good practice.

31. The CEO and members of the senior management team are responsible for day to day management decisions including the committing of resources within the budget agreed by the Board. The Quality Assurance Committee and the Access to HE committee delegates certain functions to the Deputy Chief Executive Officer including overseeing the arrangements for validation panels and ratifying the award of credit and Access qualifications.

32. OCN Wales is a member of the National Open College Network (NOCN) which licenses it to award credit and qualifications. Adrian Sheehan, a member of the OCN Wales Board, continued to serve on the Board of NOCN. The Chief Executive Officer continued to be a member of the national management team and other senior members of staff worked as part of the business development, quality assurance and operations groups.

33. OCN Wales is licensed by the Quality Assurance Agency for Higher Education to award Access to Higher Education Certificates. Both licences impact on the operating policies of OCN Wales.

34. Priorities for 2008/09 are:

- To review the organisation's mission and values
- To review organisational structures and make changes to meet new regulatory and business requirements
- To develop a portfolio of qualifications to deliver on Welsh Assembly government priorities and sector qualification strategies where appropriate
- To continue to develop products and services in line with mission and values.

Related Parties

The charity is a member of the National Open College Network which licenses it to award credits and

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2008

qualifications. The charity is also licensed by the Quality Assurance Agency for Higher Education to award Access to Higher Education Certificates. Both licenses impact on the operating policies of the charity.

Investment Policy

The governing document places no specific restrictions on the Board in respect of investment policy. The Board has considered the most appropriate policy for investing funds in the light of its Reserves Policy and considers that the return on investments is satisfactory.

Reserves Policy

The Board has set a reserves policy that requires:

- funds are to be maintained at a level that ensures core activity can continue for at least three months in the event of disruption of income streams
- funds are to be maintained in a readily realisable form
- the policy allows review on an annual basis

During the year the reserves policy objectives were achieved.

Financial review

During the year the charity was funded primarily by incoming resources from membership fees and accreditation. The net movement in funds for the year amounted to £277,610 (2007 - £590,218) and reserves at the end of the year amounted to £2,262,370 (2007 - £1,984,760). Any surplus operating cash held from time to time during the year was invested as short term cash deposits. The principal risk from normal operations is the susceptibility of the charity to late payment of accreditation costs by some participating colleges. The trustees have policies in place to address this issue and outcomes are reviewed on a regular basis.

In view of turbulence in the financial markets prior to the date these financial statements were signed, a review has been made of the charity's exposure to investment risk. Independent advice has been obtained and the trustees are satisfied that robust systems are in place to assess investment options and make appropriate investment decisions.

Disclosure of information to auditors

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Fraser Wood be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the board of trustees

Trustee

Dated: 26 November 2008

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources, including its net income and expenditure for the year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

We have audited the accounts of Rhwydwaith Coleg Agored Cymru Open College Network Wales for the year ended 31 July 2008 set out on pages 11 to 21. These accounts have been prepared in accordance with the accounting policies set out on page 13.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described on page 8, the trustees, who are also the directors of Rhwydwaith Coleg Agored Cymru Open College Network Wales for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the accounts.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 July 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information provided in the Trustees' Report is consistent with the accounts.

Fraser Wood

Chartered Certified Accountants

Registered Auditor

Victoria House, Plas Llwyd Terrace,

Bangor,

Gwynedd,

LL57 1UB.

Dated: 26 November 2008

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2008

	Notes	2008 £	2007 £
<u>Incoming resources from generated funds</u>			
Investment income	2	40,142	18,800
Incoming resources from charitable activities	3	2,048,611	2,201,740
Other incoming resources	4	16,902	38,932
Total incoming resources		2,105,655	2,259,472
<u>Resources expended</u>			
Charitable activities			
Provision of accreditation services	5	1,821,820	1,647,296
Governance costs		14,249	21,958
Total resources expended		1,836,069	1,669,254
Net income for the year/ Net movement in funds		269,586	590,218
Fund balances at 1 August 2007		1,984,760	1,394,542
Fund balances at 31 July 2008		2,254,346	1,984,760

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 1985.

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

BALANCE SHEET

AS AT 31 JULY 2008

	Notes	2008		2007	
		£	£	£	£
Fixed assets					
Tangible assets	9		26,199		36,757
Current assets					
Debtors	10	967,092		1,455,160	
Cash at bank and in hand		1,394,690		625,262	
		<u>2,361,782</u>		<u>2,080,422</u>	
Creditors: amounts falling due within one year	11	<u>(133,635)</u>		<u>(132,419)</u>	
Net current assets			<u>2,228,147</u>		<u>1,948,003</u>
Total assets less current liabilities			<u>2,254,346</u>		<u>1,984,760</u>
Income funds					
Unrestricted funds			<u>2,254,346</u>		<u>1,984,760</u>
			<u>2,254,346</u>		<u>1,984,760</u>

The accounts were approved by the Board on 26 November 2008

Trustee

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2008

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

The charity has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small charity.

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 1985.

The accounts have been prepared for the year ended 31 July 2008, previous accounts having been prepared for the year ended 31 July 2007.

1.2 Incoming resources

The income of the charity arises primarily from Centre Approval (membership) fees and student accreditation.

Accreditation income is recognised in each period to the extent that credits are formally claimed by the provider and the relevant certificates have been received.

1.3 Resources expended

Liabilities are recognised on an accruals basis.

All of the charity's expenditure relates to its single charitable activity.

Staff costs relating to governance are allocated on a time apportionment basis. Other governance costs comprise legal fees, audit fees and other payments to auditors.

The charity is not registered for VAT. Accordingly, VAT attributable to expenses is irrecoverable and resources expended are stated in the accounts inclusive of any VAT.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings, equipment and software straight line over three years

The charity's policy on the capitalisation of fixed assets is that individual assets generally have a value on acquisition of more than £500 and a useful economic life of at least one year.

1.5 Pensions

The charity contributes to a number of pension schemes. All except one of these schemes are defined contribution schemes. Contributions are charged in the accounts as they become payable in accordance with the rules of the schemes. Under the definition set out in Financial Reporting Standard (FRS) 17 - Retirement Benefits, the defined benefit scheme is a multi-employer scheme. The charity has taken advantage of the exemption in FRS 17 to account for contributions to the scheme as if it were a defined contribution scheme.

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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2008

2 Investment income

	2008 £	2007 £
Interest receivable	<u>40,142</u>	<u>18,800</u>

3 Incoming resources from charitable activities

	2008 £	2007 £
Centre Approval/Membership	138,066	81,625
Student registrations and accreditation	1,666,467	1,897,220
Access Learners Charge	166,400	186,800
Project Income	<u>77,678</u>	<u>36,095</u>
	<u>2,048,611</u>	<u>2,201,740</u>

4 Other incoming resources

	2008 £	2007 £
Other income	14,672	7,676
Unrestricted funds from merged OCNs	<u>2,230</u>	<u>31,256</u>
	<u>16,902</u>	<u>38,932</u>

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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2008

5 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2008 £	Total 2007 £
Charitable activities					
<u>Provision of accreditation services</u>					
Activities undertaken directly	913,401	23,771	884,648	1,821,820	1,647,296
Governance costs	2,200	-	12,049	14,249	21,958
	<u>915,601</u>	<u>23,771</u>	<u>896,697</u>	<u>1,836,069</u>	<u>1,669,254</u>

Other costs comprise

	2008	2007
Legal fees	5,555	13,630
Audit fees	6,300	5,288
Other payments to auditors	194	940
	<u>12,049</u>	<u>19,858</u>

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2008

6 Governance - allocation of other costs

	2008	2007
	£	£
Other costs comprise:		
Project expenditure	67,440	13,682
P.R. (Literature and Brochures)	43,276	32,643
Redundancy costs	-	3,154
Contract staff	24,063	14,676
Staff training (OCNC)	23,504	23,065
Moderation	83,465	79,975
Moderation (Access to H.E.)	12,142	6,866
Quality - additional expenses	-	12,270
Internal projects	39,931	84,335
Committees and conferences	15,735	27,113
External staff development	9,330	11,956
Rent	112,346	65,607
Storage - documents	3,608	2,250
Water rates	1,652	828
General rates	5,188	2,249
Electricity	9,292	7,885
Gas	1,025	1,289
Refreshments	2,614	2,470
Cleaning	7,288	5,237
Security	3,067	1,888
Estate agents fees	-	134
Travel	41,798	31,931
Car hire	11,278	10,684
Hotels	27,966	23,985
UK Entertainment	260	200
Subsistence	3,319	3,077
Photocopying	15,221	14,175
Postage and carriage	15,516	15,386
Telephone	17,358	20,095
Office stationery	14,028	25,950
Certificates	1,925	8,367
Translation	17,753	14,672
Legal fees	5,555	13,630
Audit and accountancy	6,494	6,228
Office machine maintenance	2,431	2,317
ICT consultancy	53,686	1,750
ICT Costs	43,680	38,675
Bank interest paid	70	89
Bank charges	1,475	1,578
Subscriptions	1,011	1,318
Membership fees	1,762	1,028
NOCN Fees	90,608	97,521
Insurance	7,901	3,243

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2008

6 Governance costs	(continued)	
Sundries	5,336	21,542
New office setup costs	-	60,712
Events	11,363	-
Office furniture	12,551	-
NOCN - Opus Development	15,000	-
Bad and doubtful debts	6,386	-
Reallocated to Direct Charitable Expenditure	(884,648)	(797,867)
	<u>12,049</u>	<u>19,858</u>

7 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, but three of them were reimbursed a total of £312 travelling expenses (2007: two were reimbursed £298).

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2008

8 Employees

Number of employees

The average monthly number of full time equivalent employees during the year was:

	2008	2007
	Number	Number
Provision of accreditation services	52	50

Employment costs

	2008	2007
	£	£
Wages and salaries	766,942	696,125
Social security costs	74,375	66,024
Other pension costs	74,284	64,996
	915,601	827,145

There were no employees whose annual emoluments were £60,000 or more.

The charity's main pension schemes are defined contribution schemes. Contributions are charged to the Statement of Financial Activities as they arise.

During the year, contributions were made for 2 employees (2007 - 3) to the Teachers Pension Scheme.

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations, 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by parliament. Under the unfunded TPS teachers' contributions on a 'pay-as-you-go' basis and employers' contributions are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2008

8 Employees

(continued)

investments that produce that real rate of return.

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5% The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR has been assessed at 19.75% and the supplementary contribution rate has been assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

A copy of the GA's 2004 valuation report can be found on the TeacherNet website at:
www.teachernet.gov.uk/pensions

Under the definition set out in Financial Reporting Standard 17 - Retirement Benefits, the TPS is a multi-employer pension scheme. The charity is unable to identify its share of the underlying assets and liabilities of the scheme. The charity has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2008

9 Tangible fixed assets

	Software £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 August 2007	1,414	71,420	72,834
Additions	4,748	8,465	13,213
At 31 July 2008	6,162	79,885	86,047
Depreciation			
At 1 August 2007	1,414	34,663	36,077
Charge for the year	1,582	22,189	23,771
At 31 July 2008	2,996	56,852	59,848
Net book value At 31 July 2008	3,166	23,033	26,199
At 31 July 2007	-	36,757	36,757

10 Debtors

	2008 £	2007 £
Operating debtors	940,130	1,427,849
Other debtors	-	1,750
Prepayments and accrued income	26,962	25,561
	967,092	1,455,160

RHWYDWAITH COLEG AGORED CYMRU OPEN COLLEGE NETWORK WALES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2008

11 Creditors: amounts falling due within one year	2008	2007
	£	£
Operating creditors	70,722	42,086
Taxes and social security costs	27,454	22,697
Other creditors	9,732	8,776
Accruals	25,727	58,860
	<u>133,635</u>	<u>132,419</u>

12 Commitments under operating leases

At 31 July 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2008	2007	2008	2007
	£	£	£	£
Expiry date:				
Within one year	96,370	96,370	8,364	8,364
Between two and five years	117,958	214,328	13,397	13,397
In over five years	-	-	-	5,529
	<u>214,328</u>	<u>310,698</u>	<u>21,761</u>	<u>27,290</u>

13 Related parties

The charity is a member of the National Open College Network, which licenses it to award credits and qualifications.

During the year the following payments were made to National Open College Network:

	2008	2007
Registration and support	90,608	97,521