

Registered number: 12031028
Charity numbers: 1183837 & SC049546

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 JULY 2020

Trustees

A Blake, Chair (from 7 February 2020) External Trustee (appointed 25 January 2020)
C Brown, Acting Chair (to 7 February 2020) Officer Trustee (resigned 31 July 2020)
A Cameron, Student Trustee (appointed 1 August 2020)
I Cheyne, Officer Trustee (appointed 1 August 2020)
C Cowan, Officer Trustee (resigned 31 July 2020)
J James, Student Trustee (appointed 1 August 2020)
S Jones, Officer Trustee (appointed 1 August 2020)
A Kingan, Student Trustee (resigned 31 July 2020)
K Lamb, Student Trustee (resigned 31 July 2020)
A Lane, External Trustee
C McGuigan, Student Trustee (resigned 31 July 2020)
J Paisley, Student Trustee
M Porterfield, Officer Trustee (appointed 1 August 2020)
M Price, External Trustee (appointed 22 May 2020)
A Ribaud, Student Trustee (resigned 31 July 2020)
S Stubbins, Officer Trustee (resigned 8 March 2020)
B Tarling, Student Trustee (appointed 1 August 2020)
C Wallace, Student Trustee

Company registered number

12031028

Charity registered numbers

1183837 and SC049546

Registered office

PO BOX 397
Walton Hall
Milton Keynes
Buckinghamshire
MK7 6BE

Company secretary

Alison Lunn

Chief executive officer

Rob Avann

Independent auditor

James Cowper Kreston
Chartered Accountants and Statutory Auditor
2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
(CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020

Bankers

National Westminster Bank PLC
501 Silbury Boulevard
Milton Keynes

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2020

The Trustees present their annual report together with the audited financial statements of the Company for the year 1 August 2019 to 31 July 2020. The annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective January 2015).

Since the group and the Company qualify as small under section 383 of the Companies Act 2006, the group strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

Policies and objectives

The Association's purpose is the advancement of education of students at The Open University for the public benefit. Our charitable objects are:

- Defending the principles of equal opportunity and of open access to the University regardless of academic qualifications or financial circumstances
- Promoting the interests and welfare of students and representing and supporting them during their studies
- Acting as the recognised, representative channel between OU students, the University and external bodies
- Asserting the right of all students to be heard and acknowledged by the University
- Providing social, cultural and recreational activities for the personal development of OU students.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Aims

Our primary aims, in line with our charitable objects, are to defend the principles of equal opportunity and open access to OU study and to improve the quality of the student experience for all those who study with The Open University. We believe that Open University students have a unique and distinct contribution to make toward the development of the University and its ability to fully meet the aspirations of its students. We work to represent the student voice through both the University's formal governance structures and through partnership working with University staff across the breadth of University services that impact on the quality of the student experience. We also believe that students can provide excellent peer support both in direct relation to the study goals of individual students and in the sense of facilitating the development of a vibrant student community.

The Trustees have had full regard to the Charity Commission's guidance on public benefit. Central to our aims, objectives and activities is our work to help the University further its mission to be open to people, and in particular to offer the prospect of higher education to those members of the public who may otherwise be among the least likely to have that opportunity. We have our own commitment to work to ensure access to OU study for the widest possible spectrum of the public and further to work to ensure that all those who register as students have the necessary support to enable them to succeed.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020

Objectives and activities (continued)

Main objectives for the year

Our new strategy to 2022/23 was agreed by Trustees and launched across the University community in Autumn 2019. This focuses on a newly expressed mission statement to make a positive difference for all OU students. We have set three strategic aims:

- **Inform and Support:** Ensure that every OU student knows that they are a member of the Association and can easily access the services, support and resources that they want and need during every stage of their student journey.
- **Engage and Involve:** Increase student engagement levels by creating a greater range of opportunities for involvement in the wider student community.
- **Influence and Transform:** Empower students to take a leading role in influencing the decisions that impact their study journeys and their student experience.

Each strategic aim is supported by a short, medium and long term objective and backed by a series of strategic projects.

During the year, we also worked to develop and introduce our performance management approach for this new strategy and timelines for all strategic projects to enable these to move through to implementation. We also introduced a new approach to annual business planning for our business-as-usual activities which links to the strategy to ensure horizontal and vertical alignment.

We piloted our new Annual Membership Survey, with a small initial sample. Unfortunately this went out just weeks before the pandemic situation escalated and the UK went into lockdown which did compromise the response level. However, it still provided interesting data from students we do not normally hear from and enabled us to test and learn from this first foray. We are now looking to roll this out to all members as of Autumn 2020.

The pandemic situation dominated the second half of this financial year. Our staff team and all student representatives and volunteers have worked from home since March 2020 and we have agreed to continue doing so with all events to be held online until at least January 2021. Despite the situation around us, we have continued to deliver our services and projects with minimal disruption. This is thanks in no small part to the colossal efforts and teamwork of everyone throughout every level of the Association. It is not without its challenges and we are fortunate and grateful to be able to rely on the IT infrastructure of the University which has made this so much easier than it might otherwise have been. Wellbeing and communication have been a major focus throughout the period, particularly amongst the staff cohort where we have taken a very strong focus on mental health and wellbeing which has kept morale and commitment at a constant. We are incredibly proud to work for and with an amazing team of representatives, Trustees, volunteers and staff.

A major highlight of the year was our Conference held in June 2020. Originally this would have been held at the University's campus in Milton Keynes with an online element but due to the pandemic this was moved totally online and the team of staff and students involved in creating the event had just 10 weeks to develop and implement an approach that could work and would deliver the full Conference experience as best as we could. The result blew out our expectations and delivered on all the hard work from everyone involved, in possibly our most successful conference to date. We secured high profile speakers including Professor Brian Cox, Emma Hardy MP and Dr Sabrina Cohen-Hatton among others. We were also incredibly proud to be able to deliver question and answer sessions with leading politicians in the field of higher education from Wales, Northern Ireland and Scotland to make a truly 4 nation event. Students attending the event were able, for one weekend, to feel like regular students and we gave them an unforgettable experience in the midst of a deeply challenging period.

During the year, we reviewed the sustainability of our trading subsidiary OUSA (Services) Ltd and this was further compounded by the difficult trading period from February onwards until our warehouse was able to re-open in June. At the end of the year, the Board of Directors of OUSA (Services) Ltd made the decision to wind up the entity and the Board of Trustees for the Association agreed to a transfer of the assets and liabilities back into the Association, with all appropriate advice from our legal advisors and auditors.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020

Objectives and activities (continued)

We completed our review of representation and worked to support the University's review of academic governance. We also reviewed our staff structure in light of the review and brought the responsibility for supporting Representation within the University's academic governance into our successful Volunteering team which will now look after both aspects, Volunteering and Representation.

We recruited and inducted a new Policy and Public Affairs Manager, who has been busy developing our approach in this area and building relationships internally and externally. We submitted a number of policy consultation responses on issues affecting OU students and our President spoke at a number of events included the All Party Parliamentary Group (APPG) on Students session on student finance reform where a number of comments she made were included in their final report from the session.

We have developed our relationship with the new Vice Chancellor of the Open University and look forward to a fruitful dialogue over the coming years.

We completed the remaining aspects of finalising our incorporation process, including winding up the shell entity and changing our legal name to drop the 'Limited'.

We carried out a major review of our culture as an organisation and the recommendations of the report were endorsed and approved by our Central Executive Committee and Board of Trustees.

In light of the murder of George Floyd in the USA, we held emotional and powerful discussions with our staff group and with our Central Executive Committee which led to the production of our statement on Black Lives Matter, with a number of actions listed in our statement to ensure that it is not empty words but a call for action for change. We will be delivering a number of these in the new financial year.

Finally, we carried out a feasibility survey on possible models for introducing individual representation of our students, specifically representing them through University disciplinary processes. This was one of our initial strategy projects and at the time of writing, we are pleased to have been able to secure funding for a pilot of this new service which will be commencing during the new financial year.

There are many more achievements from the year included in our Annual Report to the Open University's Council which can be accessed on our website at www.oustudents.com.

Strategy for Achieving Main Objectives

As detailed above, during the year we launched a new strategy to 2022/23 and this is available in full on our website. We also publish the performance management information and updates on implementation as part of our papers to our Central Executive Committee, alongside the minutes of the Board of Trustees where performance and implementation is kept under review.

Significant Activities

A comprehensive summary of our major activities and achievements during the year can be found in our Annual Report to the Open University's Council, which can be viewed on our website www.oustudents.com under the heading 'OU Students Association report to OU Council'.

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TRUSTEES' REPORT (CONTINUED)
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Objectives and activities (continued)

Volunteers

We are proud to be an organisation for students, led by students. Our 370+ student volunteers range in their roles, responsibilities, time commitment and duration but they are all a fundamental part of our achievements and make a major contribution to all that we do. We pay reasonable expenses to volunteers to enable them to fulfil their roles. We are continuing to develop and enhance our approach to the recruitment, induction, training, support and recognition of our volunteers.

The President and Deputy President were employees of the Association during the year. However, they are not paid for their duties as Trustees and continue to perform Trustee duties on a voluntary basis.

We were incredibly proud to achieve the Investing in Volunteers quality standard on 31 July 2019 which is a sign of the high quality of our work in this area and our investment in volunteering as a key part of our work.

Achievements and performance

Charitable Activities

We are proud to be a key part of the Open University community and we focus most of our endeavours on activities that can best be summarised as building a vibrant student community and representing the student voice, which forms the basis of our mission statement.

This benefits our student members during their journeys as students of the University and in turn our volunteers positively improve the experiences of their peers and those that will follow them through the University in subsequent years.

There is also a considerable amount of personal and professional development that all of our student volunteers gain from their involvement in our work, which will benefit them in their future lives and their own communities as a significant public benefit.

We are proud defenders of the original mission of the Open University to be open to people, places, methods and ideas.

Factors relevant to the achievement of our objectives

The OU Students Association is heavily reliant on the willingness of student volunteers to give their time and commitment to the organisation and in turn, we have to focus our efforts to attract, train and retain students willing and able to make a significant contribution to our work. We expect that this requirement may become significantly more challenging as the higher education sector and our student population continues to evolve.

We endeavour to maintain a healthy and constructive working relationship with the University and with other external organisations that share similar priorities and objectives. We are proud members of both the National Council of Voluntary Organisations (NCVO) and the Charity Finance Group (CFG). We are not members of the National Union of Students (NUS), but we do try to maintain a relationship and dialogue with their leadership on matters of mutual interest.

Financial review

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

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TRUSTEES' REPORT (CONTINUED)
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Financial review (continued)

Reserves policy

Trustees review their reserves policy annually and monitor, throughout the year as part of the financial reporting processes, the level of unrestricted funds that are freely available to spend on any of the Association's charitable purposes.

The aim of the policy is to ensure that charitable funds are spent on charitable purposes within a reasonable period of receipt, whilst ensuring the level of reserves is sufficient to safeguard financial stability in the event of a significant adverse effect on income or a large item of unexpected expenditure.

Unrestricted funds are defined as the surplus remaining of the Association's income, comprising donations without restrictions (including the University block grant) or self-generated (including trading income, NUS commission, charges for services), after accounting for all associated expenditure. They exclude funds that could only be realised by disposing of fixed assets.

Designated funds are part of unrestricted funds which trustees have earmarked for a particular project or purpose, without restricting or committing the funds legally. The designation may be cancelled by the trustees if they later decide that the Association should not proceed or continue with the purpose or project for which funds were designated.

Trustees have agreed that the minimum level of unrestricted funds should be three months of core operating costs, and that the target level be set at six months of operating costs. For 2020/21, the minimum level for the unrestricted reserve is £462,500.

As at 31 July 2020, the group's total unrestricted fund is £569,740, after setting off the provision for pension deficit recovery (see note 18 and 25), as well as the net book value of fixed assets recorded at 31 July 2020, being £7,709 (see note 13).

Funds freely available are £408,740, after setting off the net book value of fixed assets and the designation of a total of £161,000 earmarked to support strategic projects, to fund further work to implement some of the recommendations arising from the Culture Review project and other fixed term costs associated with growth that are not currently covered by the subvention allocation.

In determining an appropriate level of reserve, the Association has considered the following factors:

- The Association's critical core services for students.
- The level of risk in depending on the University for a continued core grant level of around £1.8m, increased annually to at least cover inflationary pressures.
- Flexibility to allow the Association to take advantage of strategic development opportunities and plan for future growth.
- Uncertainty over potential liabilities in respect of our participation in the Universities Superannuation Scheme and future increases in the rate of employer contributions.
- The level of risk from our other income sources. In particular a reduction in the commission earned on the sale of the NUS TOTUM card is anticipated following a further reduction in the commission rate as well as sales volumes.
- The risk of income from trading not covering attributable costs.
- The level of risk of unforeseen operating costs.
- Provision for the costs of closure in the event of institutional failure.

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TRUSTEES' REPORT (CONTINUED)
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Financial review (continued)

Adjustment for USS Pension Scheme Provision

The charity has recognised its commitment to make payments in respect of the USS deficit recovery plan in these financial statements, and a prior year adjustment has been included in the financial statements to restate the opening position as at 1 August 2019. The net impact on the financial statements is a £732,313 decrease within funds carried forward as at 31 July 2019.

A revised provision of £427,184, based on the USS updated deficit recovery plan arising from the March 2018 valuation, is recorded in the balance sheet as at 31 July 2020. Payments due in respect of this provision will take place, as part of the total employer pension contributions, over an 8 year period to 31 March 2028.

Principal Funding Source

The Open University is the main source of funding for the charity, by way of a subvention which is negotiated on an annual basis but generally within the bounds of a three-year agreement. The process of agreeing the subvention is set out in the OU-OU Students Association Relationship Agreement. The financial statements are provided to the University and are considered by the University's Finance Committee and governing Council. In addition, a review of our annual operating budget and forecasted expenditure forms part of the annual negotiations for the following year's subvention.

Review of Expenditure during the year

The charity planned to end the year with expenditure in excess on income of £25,000, 50% of the cost of Conference 2020 being funded from reserves, in line with the Association's policy to spread the cost of Conference over two budget years.

However, in response to the pandemic, the Association began to move activity online from February 2020. Following lockdown, although all face to face activity ceased, most services to students continued with minimal interruption and new ways of supporting students implemented. Our main focus was to rapidly re-visit plans for Conference 2020, designing an ambitious programme we could successfully deliver online. This resulted in a significant saving compared with a face to face event with no catering, accommodation or travel expenditure incurred. All governance meetings and induction of the newly elected representatives moved online too, again resulting in savings of travel and accommodation costs. Staff transferred to home-working and this led to decisions to delay recruitment to some vacancies whilst everyone adjusted to new ways of working. We did incur some unplanned costs, for example additional speakers at Conference, equipping staff to work from home but these costs were more than covered by the significant savings elsewhere. These factors combined are the reasons for the favourable movement between budget and outturn so that we have ended the year with a surplus of income over expenditure of £296,000 before movements on the defined benefit pension scheme liability.

We had designated, at the end of last year, £65,000 of reserves to support costs not covered by the subvention allocation including an additional part time role, appointed on a fixed term basis, to support the Head of Executive Support and Staff Welfare. This support has now been extended until July 2021.

As in previous years, Trustees allocated funding to time-limited, one-off projects (Trustees' discretionary projects). Of the £46,000 allocated, £32,000 was spent in total; £5,000 on an event in September 2019 to promote our Societies and £27,000 on an external review of the Association's culture.

The Societies event provided an opportunity for students to visit the campus in Milton Keynes to find out about and talk to members of the various societies, to explore the community of OU students more broadly and to have an opportunity to meet other students. Following the event, 91% of attendees reported feeling more included in the student community than they had before the event, with 73% of respondents saying they would definitely join a society or club as a result of attending the event or that they had already signed up prior to attending the event.

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TRUSTEES' REPORT (CONTINUED)
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Financial review (continued)

The culture review examined the impact our current culture has on our ability to deliver Association strategy and identified some key priorities for change. These included establishing a One Team approach to our work and undertaking a governance review. Funding has therefore been allocated in the 2020/21 budget to explore further the recommendations and to implement measures to develop wider engagement and representation, to ensure that all staff and student representatives work together effectively and are living the values of the Students Association.

Material Investments Policy

The Association's funding needs are largely met by subvention funding negotiated with the University on an annual basis. Therefore, we do not rely on a return on reserves to fund our operations.

Surplus funds are currently deposited between an instant access deposit account and a 95- day notice deposit account with NatWest.

However, with interest rates now significantly below the level of inflation, the real value of our reserves is declining. We therefore plan to review our investment policy during 2020-21.

Structure, governance and management

Constitution

The Open University Students Association is registered as a charitable company limited by guarantee, registered with Companies House (12031028), with the Charity Commission (England & Wales), (1183837) and with the Office of the Scottish Charity Regulator (OSCR), (SC049546).

Nature of Governing Document

We are a student union within the meaning of the 1994 Education Act and are therefore subject to the provisions of that legislation as well as to the requirements of company law and our charitable registration. We are a charitable company limited by guarantee and are therefore governed by our Articles of Association, below which a set of Bye Laws detail much of the day to day operation of the charity. Our governing documents are publicly available on our website www.oustudents.com.

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020**

Structure, governance and management (continued)

Method of Appointment or Election of Trustees

During the year there were 12 places on the OU Students Association Board of Trustees.

The majority of the places (9 of the 12) are reserved for current OU students who are elected to the Board. The full composition is as follows:

Three are ex officio student members by virtue of their election to the Association Officer roles of President, Deputy President and Vice President Administration. These are known as Officer Trustees.

There are 6 additional Student Trustees, who stand for election directly to the Board of Trustees.

The final 3 places are for External Trustees who are directly recruited via external advertisement to add certain skills or experience to the Board from their professional backgrounds. The Board audits the skills required and these are sought through the open recruitment process. Applicants are interviewed by existing Trustees and the Chief Executive before preferred candidates are recommended to the Central Executive Committee for appointment via a 75% majority vote. External Trustees must not be members of the Association, nor hold any elected or paid position within it; neither shall such external trustees hold any position, paid or unpaid, within the Open University.

The President served as the Acting Chair of the Board until February 2020 when she stepped down from this role but continued to serve as the Deputy Chair. One of our External Trustees was elected by the Board to act as Chair from February 2020.

This was in keeping with our aim stated in last year's report that we would be able to externally recruit someone with the skills and interest to serve as External Chair of the Board and we are pleased that this has been successfully achieved.

During the year we also recruited one further External Trustee with financial management expertise, to replace the Trustee who had retired at the end of the previous reporting period as noted in last year's report.

The OU Students Association operates terms of two years for elected posts. The year to 31 July 2020 was the second and final year of the term. Elections for the Officer Trustee and Student Trustee positions took place in February and March 2020 with the newly elected representatives taking office on 1 August 2020 for their two-year term.

All Trustees are limited to serving a maximum of 8 years in total, in line with the guidance in the Charity Governance Code.

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TRUSTEES' REPORT (CONTINUED)
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Structure, governance and management (continued)

Policies adopted for the induction and training of Trustees

Following election or appointment all Trustees participate in a comprehensive induction process which includes a 1-2-1 with the Chair of the Board; a meeting with our Chief Executive to cover the wider organisation, charitable objects, requirements of the Articles and sector good practice; a session with our strategy lead covering the organisational strategy, KPIs and strategic projects; and finally a session with our Deputy Chief Executive (Finance and Resources) covering the organisation's finances and reserves. In addition to this initial induction, we also arrange for briefing sessions to be delivered for Trustees from our external auditors and legal advisors.

We normally arrange for new Trustees to observe a meeting before joining the Board, where possible. All Trustees are provided with copies of the Articles, the Bye-laws, Charity Commission guidance and the Charity Governance Code.

In addition, Trustees are able and encouraged to make use of the National Council of Voluntary Organisations (NCVO)'s online training packages and events in addition to further resources from the Charity Finance Group. We are members of both organisations.

Pay policy for senior staff

The OU Students Association has adopted the Open University's salary grades and annual pay review policies. All roles within the staff team are graded using the benchmarks provided by the Higher Education Roles Analysis (HERA) scheme. There are significant advantages in using a nationally negotiated scheme, which provides benchmarking across the sector and provides staff of both the University and the Students Association with a straightforward comparison of roles and responsibilities.

In setting the salary grades of the senior management roles the Trustees consider the objects and values of the OU Students Association, the local employment market, the appropriate salaries required to attract and retain suitably skilled staff, average pay levels of equivalent staff in other Student Unions and similar charities, the proportionate level of the salaries relative to other grades within the staff team, affordability and sustainability of the charity and whether the pay level is appropriate.

The Students Association also took these factors into account when setting the salary level to be paid to the President and Deputy President roles.

The Trustees established a Remuneration Committee in 2017 which has an advisory role in carrying out research, consultation and benchmarking to arrive at recommendations for the main Board of Trustees to consider on remuneration of both the senior management team and the elected student President and Deputy President roles. We are fortunate to have recruited an experienced external Chairperson who volunteers his time to greatly aid our work in this area and we commissioned external advice and benchmarking against other Student Unions which was carried out by our HR Consultants. An updated review was undertaken by the Remuneration Committee during the year and their recommendations were adopted by the Board in advance of the 2020 elections.

During the year, there were six roles deemed to be the key management personnel of the OU Students Association: The Chair of the Board of Trustees (unpaid), the President and Deputy President from the elected student leadership team, and the Chief Executive and two Deputy Chief Executives as senior management of the staff team.

The sum of these five salaries (inclusive of employer national insurance and pension contributions) in the period was £249,598.

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TRUSTEES' REPORT (CONTINUED)
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Structure, governance and management (continued)

Organisational Structure and Decision Making

The Board of Trustees are ultimately responsible for the governance of the Students Association including all matters relating to staffing, finance, governance and strategy.

However, in keeping with our peer organisations in the wider student movement we have not abandoned the principle of having a wider representation of student views in all key policy decisions and ensuring that we are under the democratic control of our membership.

Therefore, the Central Executive Committee is the key body for considering, debating and approving our policy and it features representation from across our regions and nations, across the University's Faculties, our post holders with specific responsibilities for a set portfolio (the Association's Officers) and our student member of the Open University's governing Council.

All decision making in the Students Association is subject to record and scrutiny. Our Central Executive Committee and the Board of Trustees are required to publish their minutes to the membership. The Central Executive Committee also publishes in advance all papers being considered at each of their meetings so that members can access these and feed into the discussions. Exceptions are made for genuinely confidential or sensitive matters, in both the minutes and the publishing of papers.

The Board of Trustees delegates responsibility for the day to day management of the organisation to the staff team under the direction of the Chief Executive. Such delegation includes the management of staffing and financial matters within the parameters agreed by the Trustees.

We invite observers from the Central Executive Committee to observe Trustee meetings and observers from the Board of Trustees to observe Central Executive Committee meetings. This has been well received and useful for all involved.

In addition, the Chair of the Board also meets with both the Central Executive Committee and the staff team on a regular basis to keep in touch with their work and provide the opportunity for questions.

Relationship to Wider Network of Students Unions

At present we are not formally affiliated to the National Union of Students (NUS), but we do enjoy a relationship which enables our organisations to collaborate where it is of mutual benefit. This allows our students to access the TOTUM card for discounted purchases. In addition, we maintain relationships with other Student Unions where appropriate and relevant, including for good practice visits and exchanging information.

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TRUSTEES' REPORT (CONTINUED)
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Structure, governance and management (continued)

Related Party Transactions

During the year, the Open University Students Association wholly owned and controlled a subsidiary organisation called OUSA (Services) Ltd (company number 03074570) which traded as the OU Students Shop. The composition of the Board of Directors included elected student representatives by virtue of their role in the Students Association which includes two members of the Board of Trustees. In addition, the Chief Executive also acted as a Company Director. The OU Students Shop assisted us to meet our objectives by selling branded goods and study aids and by providing access to past exam papers for download, free of charge. During the year, following a full consideration of the longer-term prospects of the trading subsidiary and further compounded by the impact of the Covid-19 pandemic, the Board of Directors of OUSA (Services) Ltd decided to wind up the entity and the Association's Trustees agreed to accept a transfer of the subsidiary's assets and liabilities back into the Association. A review of the future operations and merchandise line is underway at the time of writing.

The Open University Students Educational Trust, also known as OUSET, is a separately registered charity (285189/SC038300) with management and administration provided by the Association. It was set up by the Students Association in 1982 to advance the education of the public by providing financial support to Open University students who are disabled or in a condition of need, hardship or distress. Some of the trustees are appointed by virtue of the positions they hold, or used to hold, in the Open University Students Association. This includes two current Trustees and our Chief Executive who acts as a Trustee of OUSET. We work to raise funds for OUSET and also provide the necessary administrative support for it to operate in return for payment of a management charge. As a separate charity, OUSET has filed its own report and financial statements for the period.

We receive our operating funds in the form of a subvention from the Open University (OU) which is an exempt charity in England & Wales and a registered charity in Scotland SC038302. Under its Royal Charter the OU has a duty to make provision for an independent students organisation and under the 1994 Education Act the OU has a statutory duty to ensure that the Students Association operates in a fair and democratic manner and is held to account for its finances. The Students Association therefore works alongside the University in ensuring that the affairs of the Students Association are properly conducted and that the educational and welfare needs of members are met. We provide an annual report to the University Council and our financial statements are scrutinised by the University's Finance Committee. A relationship agreement between the Students Association and the University is in place and reviewed on an annual basis.

Due to our agreement with the National Union of Students (NUS) which make their discount card available to our members, we receive commission from the sale of the card during the year.

For further information on transactions with these related parties during the year, please refer to Note 25.

Risk Management

The Trustees are aware that they have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. Risks are assessed in accordance with our policy and regularly reviewed.

Our risk register identifies the following principal risks:

- The ongoing impact of the Covid-19 pandemic
- Reliance on The Open University for our core funding presents a threat to our continued existence
- Implications arising from Brexit and other political-legal changes
- Decline in subvention and other income sources challenges our sustainability

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020

Plans for future periods

In the 2020-21 year, we will continue the implementation and delivery of our new strategy and the projects agreed.

We will conduct an evaluation of Conference 2020 and consider the future.

We will develop and implement a new service for individual representation, evaluating its merits and impact.

We will embed our new Volunteering and Representation team, recruiting to vacant roles.

We will deliver on the recommendations of our culture review, including developing better one-team working across our representatives, Trustees and staff; taking forward a review of our governance to develop streamlined decision making and embedding our values and expectations with all volunteers. We will also implement a new working group dedicated to equality, diversity and inclusion which will develop an action plan for new initiatives in this area including delivering on the actions and promises made in our Black Lives Matter statement.

We will continue to enhance our financial management, including developing new approaches to income generation and a review of our options around investment (and a new policy); implementing a new Audit and Risk sub-committee of the Board of Trustees and ensuring the smooth transition of the trading elements from OUSA (Services) Ltd back into the Association.

We will continue to work on our recovery planning and the construction of our 'new normal' in emergence from the pandemic, supporting our staff and volunteers to be safe above all else.

We will roll out our Annual Membership Survey in Autumn 2020, subject to the impact of the pandemic and any second lockdown.

We will continue to develop and enhance our work on policy and public affairs, including seeking to develop an international network of distance learning student associations following positive early discussions with some peers in Canada.

We will take part in the University's institutional review by the Quality Assurance Agency including the development of a student-led submission as part of the process.

These are just a small selection of some of the projects we're seeking to progress. There are many more plans for the forthcoming year included at the rear of the Annual Report to the Open University's Council which can be accessed on our website at www.oustudents.com.

Environmental Impact

The Open University Students Association is committed to working towards environmental sustainability. We are proud to support The Open University's approach to environmental sustainability and we are currently considering ways in which we can make a better contribution and engage with the wider climate crisis.

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2020

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102)
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

Auditor

The auditor, James Cowper Kreston, has indicated his willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:



Sarah Jones 02 Nov 2020 08:53:11 GMT (UTC +0)

.....
S Jones, Officer Trustee

Date: 02 November 2020

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OPEN UNIVERSITY STUDENTS ASSOCIATION

Opinion

We have audited the financial statements of The Open University Students Association (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 July 2020 which comprise the Consolidated statement of financial activities, the consolidated balance sheet, the company balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 July 2020 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OPEN UNIVERSITY STUDENTS ASSOCIATION (CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion 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 Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic report.

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OPEN UNIVERSITY STUDENTS ASSOCIATION (CONTINUED)

Responsibilities of trustees

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

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

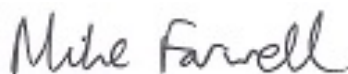
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, Part 4 of the Charities (Accounts and Reports) Regulations 2008 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Farwell MA FCA DChA (senior statutory auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

2 Chawley Park

Cumnor Hill

Oxford

Oxfordshire

OX2 9GG

Date: 06/11/2020

James Cowper Kreston are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JULY 2020**

	Note	Unrestricted funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
Income from:				
Donations and legacies	4	1,918,000	1,918,000	1,781,000
Charitable activities	5	110,546	110,546	182,474
Other trading activities		78,329	78,329	113,941
Investments	6	2,253	2,253	918
Total income		2,109,128	2,109,128	2,078,333
Expenditure on:				
Raising funds		81,002	81,002	114,378
Charitable activities	7	1,426,929	1,426,929	2,254,502
Total expenditure		1,507,931	1,507,931	2,368,880
Net income before taxation		601,197	601,197	(290,547)
Taxation		-	-	(2,751)
Net movement in funds		601,197	601,197	(293,298)
Reconciliation of funds:				
Total funds brought forward		(23,748)	(23,748)	269,550
Net movement in funds		601,197	601,197	(293,298)
Total funds carried forward		577,449	577,449	(23,748)

The Consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 25 to 45 form part of these financial statements.

THE OPEN UNIVERSITY STUDENTS ASSOCIATION

(A company limited by guarantee)

REGISTERED NUMBER: 12031028

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2020

	Note	2020 £	As restated 2019 £
Fixed assets			
Intangible assets	12	-	5,920
Tangible assets	13	7,709	8,779
		<u>7,709</u>	<u>14,699</u>
Current assets			
Stocks	15	25,240	42,412
Debtors	16	137,287	146,431
Cash at bank and in hand		1,029,564	718,218
		<u>1,192,091</u>	<u>907,061</u>
Creditors: amounts falling due within one year	17	(195,167)	(213,195)
		<u>996,924</u>	<u>693,866</u>
Total assets less current liabilities		<u>1,004,633</u>	<u>708,565</u>
USS pension scheme deficit recovery provision	25	(427,184)	(732,313)
Total net assets		<u>577,449</u>	<u>(23,748)</u>
Charity funds			
Unrestricted funds			
Designated funds	20	161,000	206,500
General funds	20	416,449	(230,248)
		<u>577,449</u>	<u>(23,748)</u>
Total unrestricted funds	20	577,449	(23,748)
Total funds		<u>577,449</u>	<u>(23,748)</u>

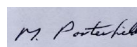
The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



Sarah Jones 02 Nov 2020 08:53:11 GMT (UTC +0)

S Jones, Officer Trustee



Matt Porterfield 28 Oct 2020 09:59:12 GMT (UTC +0)

M Porterfield, Officer Trustee

Date: 02 November 2020

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)
REGISTERED NUMBER: 12031028

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2020

The notes on pages 25 to 45 form part of these financial statements.

THE OPEN UNIVERSITY STUDENTS ASSOCIATION

(A company limited by guarantee)

REGISTERED NUMBER: 12031028

COMPANY BALANCE SHEET
AS AT 31 JULY 2020

	Note	2020 £	As restated 2019 £
Fixed assets			
Tangible assets	13	7,709	8,779
Investments	14	-	2
		<u>7,709</u>	<u>8,781</u>
Current assets			
Stocks	15	25,240	-
Debtors	16	137,287	199,963
Cash at bank and in hand		1,029,564	679,407
		<u>1,192,091</u>	<u>879,370</u>
Creditors: amounts falling due within one year	17	(195,167)	(198,099)
		<u>996,924</u>	<u>681,271</u>
Net current assets		<u>996,924</u>	<u>681,271</u>
Total assets less current liabilities		<u>1,004,633</u>	<u>690,052</u>
USS pension scheme deficit recovery provision	25	(427,184)	(732,313)
Total net assets		<u><u>577,449</u></u>	<u><u>(42,261)</u></u>
Charity funds			
Unrestricted funds			
Designated funds	20	161,000	206,500
General funds	20	416,449	(248,761)
		<u>577,449</u>	<u>(42,261)</u>
Total unrestricted funds	20	577,449	(42,261)
Total funds		<u><u>577,449</u></u>	<u><u>(42,261)</u></u>

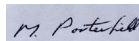
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S Jones, Officer Trustee



Matt Porterfield 28 Oct 2020 09:59:12 GMT (UTC +0)

M Porterfield, Officer Trustee

Date: 02 November 2020

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)
REGISTERED NUMBER: 12031028

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2020

The notes on pages 25 to 45 form part of these financial statements.

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2020

	2020 £	2019 £
Cash flows from operating activities		
Net cash used in operating activities	314,737	515,313
	<hr/>	<hr/>
Cash flows from investing activities		
Interest	-	51
Purchase of tangible fixed assets	(3,391)	(4,582)
	<hr/>	<hr/>
Net cash used in investing activities	(3,391)	(4,531)
	<hr/>	<hr/>
Cash flows from financing activities		
Change in cash and cash equivalents in the year	311,346	510,782
Cash and cash equivalents at the beginning of the year	718,218	207,436
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	1,029,564	718,218
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 25 to 45 form part of these financial statements

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

1. General information

The Open University Students Association Limited is a charitable company limited by guarantee. It is registered in England and Wales with charity registered number 1183837 and in Scotland with charity registered number SC049546 and company registered number 12031028.

The principal activity of the charity is running a students' association for students within the Open University.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Open University Students Association meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The consolidated statement of financial activities (SOFA) and consolidated balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been prepared for the charity alone as permitted by section 408 of the Companies Act 2006.

On 1 August 2019 the net assets and undertaking of Open University Students Association (charity) were transferred to The Open University Students Association (incorporated company). This is the first set of consolidated financial statements of The Open University Students Association following the transfer.

The principles of merger accounting have been applied in combining the entities and the result of the application is to present the financial statements as if The Open University Students Association had always had the charitable activities of Open University Students Association and comparatives information has been prepared on this basis accordingly.

On 31 July 2020 the net assets and undertaking of OUSA (Services) Limited were transferred to The Open University Students Association under a closure agreement dated 31 July 2020. The total net assets acquired were £29,435 after an intercompany loan write off of £78,171.

2.2 Company status

The charity is a company limited by guarantee. The company law members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per company law member of the charity. Student Members of the Association are not included in this liability.

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.3 Going concern

The Trustees have considered the impact of the global COVID-19 pandemic on the ability of the charity to continue trading for the foreseeable future. This review has included considering the impact of the pandemic to the date of signing the financial statements and updating financial projections in respect of income. Based on this review and taken together with existing financing facilities the Trustees believe that the financial statements have been prepared appropriately on the going concern basis.

2.4 Income

Subvention income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from charitable activities comprises of management charges and NUS commission and is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income can be measured reliably.

Income from other trading activities represents income generated by OUSA (Services) Ltd.

Donated facilities are included at the value to the charitable company where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

2.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the Charity's educational operations, including support costs and costs relating to the governance of the Charity apportioned to charitable activities.

2.6 Basis of consolidation

The financial statements consolidate the accounts of The Open University Students Association and its subsidiary undertaking OUSA (Services) Ltd.

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.7 Intangible assets and amortisation

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

Amortisation is provided on the following basis:

Computer software	- 20 % straight line
-------------------	----------------------

2.8 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Fixtures and fittings	- 20% straight line
Computer equipment	- 20% and 33% straight line
Display boards	- 20% straight line

2.9 Investments

Investments in subsidiaries are valued at cost less provision for impairment

2.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.11 Debtors

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

2.12 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.13 Liabilities

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

2.14 Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.15 Operating leases

Rentals paid under operating leases are charged to the consolidated statement of financial activities on a straight line basis over the lease term.

2.16 Pensions

The institution participates in the Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a provision for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the statement of financial activities.

2.17 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgment:

Pension Commitments

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The trustees are satisfied that the scheme provided by Universities Superannuation Scheme meets the definition of a multi-employer scheme. The amounts due in respect of the deficit recovery plan relating to this scheme, as recommended by actuaries and subject to actuarial assumptions, are included within the balance sheet as a provision.

4. Income from donations and legacies

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Subvention income	1,762,000	1,762,000	1,612,905
Exam paper replacement income	89,000	89,000	99,095
Other income	-	-	2,000
Donated services	67,000	67,000	67,000
Total 2020	<u>1,918,000</u>	<u>1,918,000</u>	<u>1,781,000</u>
Total 2019	<u>1,781,000</u>	<u>1,781,000</u>	

THE OPEN UNIVERSITY STUDENTS ASSOCIATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

5. Income from charitable activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Management charges to The Open University Students' Educational Trust	44,741	44,741	48,131
NUS Commission	65,805	65,805	134,343
Total 2020	<u>110,546</u>	<u>110,546</u>	<u>182,474</u>
Total 2019	<u>182,474</u>	<u>182,474</u>	

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank deposit	2,253	2,253	918
Total 2019	<u>918</u>	<u>918</u>	

7. Analysis of expenditure by activities

	Direct costs 2020 £	Support costs 2020 £	Total funds 2020 £	As restated Total funds 2019 £
Charitable activities	<u>1,395,846</u>	<u>31,083</u>	<u>1,426,929</u>	<u>2,254,502</u>
Total 2019 as restated	<u>2,227,886</u>	<u>26,616</u>	<u>2,254,502</u>	

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7. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Unrestricted funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
Conference	20,941	20,941	-
Student community	3,151	3,151	9,800
Affiliated societies	4,231	4,231	4,446
Officers	13,447	13,447	21,616
Central services	109,404	109,404	126,222
Central office costs	126,629	126,629	153,998
Trustees discretionary project spend	31,875	31,875	26,030
Executive committee meetings	25,573	25,573	63,388
Incorporation costs	37,074	37,074	84,231
Donation to The Open University Students' Educational Trust	-	-	100,000
Staff costs	1,007,489	1,007,489	1,627,909
USS pension scheme deficit recovery provision interest	11,571	11,571	5,306
Depreciation	4,461	4,461	4,940
Total 2020	1,395,846	1,395,846	2,227,886
Total 2019 as restated		2,227,886	2,227,886

Analysis of support costs

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Governance costs	31,083	31,083	26,616
Total 2019	26,616	26,616	

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8. Governance costs

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Auditor's audit and accounts costs	19,800	19,800	19,050
Auditor's non audit costs	3,790	3,790	1,236
Taxation compliance services	860	860	820
Trustees' meetings	6,633	6,633	5,510
Total 2020	<u>31,083</u>	<u>31,083</u>	<u>26,616</u>
Total 2019	<u>26,616</u>	<u>26,616</u>	

9. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Group's auditor for the audit of the Group's annual accounts	19,800	19,050
Fees payable to the Company's auditor in respect of:		
All taxation advisory services not included above	860	820
All non-audit services not included above	<u>3,790</u>	<u>1,236</u>

10. Staff costs

	Group 2020 £	Group As restated 2019 £	Company 2020 £	Company As restated 2019 £
Wages and salaries	1,045,184	919,784	1,045,184	919,784
Social security costs	97,865	86,053	97,865	86,053
Contribution to defined contribution pension schemes	181,140	140,699	181,140	140,699
USS pension scheme deficit recovery provision costs	(316,700)	481,373	(316,700)	481,373
	<u>1,007,489</u>	<u>1,627,909</u>	<u>1,007,489</u>	<u>1,627,909</u>

For more details on the defined benefit pension scheme provision costs see Notes 18 and 25.

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10. Staff costs (continued)

The average number of persons employed by the Company during the year was as follows:

	Group 2020 No.	Group 2019 No.
Average employees	34	32

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2020 No.	Group 2019 No.
In the band £70,001 - £80,000	1	1

Key management personnel for the year ended 31 July 2020 consist of the Chair of Trustees, other Trustees, the President, the Deputy President, the Chief Executive and the two Deputy Chief Executives. Total remuneration in respect of key management personnel for the year ended 31 July 2020 is £249,598 (2019: £202,993).

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2019: £nil) in relation to their role as a Trustee.

During the year, 2 Trustees received remuneration in respect of their role as President and Deputy President (2019: 2 Trustees). The value of Trustees' remuneration and other benefits was as follows:

	2020 £	2019 £
C Brown	23,629	22,643
S Stubbins	8,309	13,118

During the year ended 31 July 2020, expenses totalling £17,612 were reimbursed or paid directly to 10 Trustees (2019 - £28,167 to 10 Trustees).

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12. Intangible assets

Group

	Computer software £
At 1 August 2019	29,601
Disposals	(29,601)
At 31 July 2020	-
At 1 August 2019	23,681
Charge for the year	(23,681)
At 31 July 2020	-
Net book value	
At 31 July 2020	-
At 31 July 2019	5,920

13. Tangible fixed assets

Group

	Office equipment £	Computer equipment £	Other fixed assets £	Total £
Cost or valuation				
At 1 August 2019	13,456	30,853	62,694	107,003
Additions	-	3,391	-	3,391
Disposals	(180)	(8,395)	(31,291)	(39,866)
At 31 July 2020	13,276	25,849	31,403	70,528
Depreciation				
At 1 August 2019	8,911	26,619	62,694	98,224
Charge for the year	1,285	3,716	-	5,001
On disposals	(180)	(8,935)	(31,291)	(40,406)
At 31 July 2020	10,016	21,400	31,403	62,819

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13. Tangible fixed assets (continued)

Group (continued)

	Office equipment £	Computer equipment £	Other fixed assets £	Total £
Net book value				
At 31 July 2020	3,260	4,449	-	7,709
At 31 July 2019	4,545	4,234	-	8,779

Company

	Office equipment £	Computer equipment £	Other fixed assets £	Total £
Cost or valuation				
At 1 August 2019	13,276	30,853	31,403	75,532
Additions	-	3,391	-	3,391
Disposals	-	(8,395)	-	(8,395)
At 31 July 2020	13,276	25,849	31,403	70,528
Depreciation				
At 1 August 2019	8,731	26,619	31,403	66,753
Charge for the year	1,285	3,716	-	5,001
On disposals	-	(8,935)	-	(8,935)
At 31 July 2020	10,016	21,400	31,403	62,819
Net book value				
At 31 July 2020	3,260	4,449	-	7,709
At 31 July 2019	4,545	4,234	-	8,779

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14. Fixed asset investments

	Investments in subsidiary companies £
At 1 August 2019	2
Disposals	(2)
Net book value	
<i>At 31 July 2019</i>	2

15. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Finished goods and goods for resale	25,240	42,412	25,240	-

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16. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due within one year				
Trade debtors	7,620	2,180	7,620	848
Amounts owed by OUSA (Services) Limited	-	-	-	59,394
Amounts owed by the Open University	120,245	121,343	120,245	121,343
Other debtors	-	301	-	50
Prepayments and accrued income	9,422	22,607	9,422	18,328
	137,287	146,431	137,287	199,963

17. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	13,324	37,898	13,324	37,025
Other taxation and social security	2,585	6,614	2,585	3,678
Other creditors	10,105	10,590	10,105	9,810
Accruals and deferred income	169,153	158,093	169,153	147,586
	195,167	213,195	195,167	198,099

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18. Provisions

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with USS to make deficit payments in accordance with the deficit recovery plan. The provision has been calculated by estimating future employer pension payments and applying the deficit recovery contributions. These were outlined in the USS deficit recovery plan arising from the March 2017 actuarial valuation, published in February 2019 and then amended by the March 2018 actuarial valuation, published in September 2019. The weighted average discount factor that has been applied over the remainder of the deficit recovery plan is 0.73% (2019: 1.58%).

The recovery plan, based on the March 2017 actuarial valuation, provided for deficit recovery contributions between 1 April 2020 and 30 June 2034 at 5.0% of salary, resulting in a deficit provision of £732,313. The adoption of the new deficit recovery plan following the 2018 actuarial valuation has given rise to a significant decrease in the deficit provision which has decreased from £732,313 to £427,184.

More details on the 2018 actuarial valuation are set out in Note 25.

At 1 August 2019:	£732,313
Decrease in provision:	£302,211
Unwind of the finance charge:	£11,571
Utilised in year:	£14,489
At 31 July 2020:	£427,184

19. Prior year adjustment

The charity has recognised its commitment to make payments in respect of the USS deficit recovery plan in these financial statements, and a prior year adjustment has been included in the financial statement to restate the opening position as at 1 August 2019. The net impact on the financial statements is a £732,313 decrease within funds carried forward as at 31 July 2019. The prior year adjustment has been calculated in accordance with the deficit recovery plan arising from the March 2017 actuarial valuation.

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NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

Statement of funds - current year

	Balance at 1 August 2019 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 July 2020 £
Unrestricted funds					
Designated funds					
Strategic projects	-	-	-	50,000	50,000
Conference	106,500	-	(20,941)	(85,559)	-
Growth	65,000	-	(50,600)	71,600	86,000
Culture review	35,000	-	(26,947)	16,947	25,000
	<u>206,500</u>	<u>-</u>	<u>(98,488)</u>	<u>52,988</u>	<u>161,000</u>
General funds					
General funds	502,065	2,109,128	(1,714,572)	(52,988)	843,633
USS pension scheme deficit recovery provision	(732,313)	-	305,129	-	(427,184)
	<u>(230,248)</u>	<u>2,109,128</u>	<u>(1,409,443)</u>	<u>(52,988)</u>	<u>416,449</u>
Total Unrestricted funds	<u><u>(23,748)</u></u>	<u><u>2,109,128</u></u>	<u><u>(1,507,931)</u></u>	<u><u>-</u></u>	<u><u>577,449</u></u>

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20. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 August 2018 £	Income £	Expenditure £	Taxation £	Transfers in/out £	Balance at 31 July 2019 £
Unrestricted funds						
Designated funds						
Strategic projects	90,000	-	(84,231)	-	(5,769)	-
Emergency fund	200,000	-	-	-	(200,000)	-
Conference	-	-	-	-	106,500	106,500
Growth	-	-	-	-	65,000	65,000
Culture review	-	-	-	-	35,000	35,000
	<u>290,000</u>	<u>-</u>	<u>(84,231)</u>	<u>-</u>	<u>731</u>	<u>206,500</u>
General funds						
General funds	(20,450)	2,078,333	(2,284,649)	(2,751)	(731)	(230,248)
Total Unrestricted funds	<u>269,550</u>	<u>2,078,333</u>	<u>(2,368,880)</u>	<u>(2,751)</u>	<u>-</u>	<u>(23,748)</u>

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21. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	7,709	7,709
Current assets	1,192,091	1,192,091
Creditors due within one year	(195,167)	(195,167)
Provisions for liabilities and charges	(427,184)	(427,184)
Total	577,449	577,449

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	8,779	8,779
Intangible fixed assets	5,920	5,920
Current assets	907,061	907,061
Creditors due within one year	(213,195)	(213,195)
Provisions for liabilities and charges	(732,313)	(732,313)
Total	(23,748)	(23,748)

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22. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2020 £	Group As restated 2019 £
Net income/expenditure for the period (as per Statement of Financial Activities)	601,197	(293,298)
Adjustments for:		
Depreciation charges	10,921	11,011
Loss/(profit) on the sale of fixed assets	(539)	386
Decrease in stocks	17,172	4,981
Decrease in debtors	9,143	274,199
Increase/(decrease) in creditors	(18,028)	31,355
Increase/(decrease) in defined benefit pension scheme	(305,129)	486,679
Net cash provided by operating activities	314,737	515,313

23. Analysis of cash and cash equivalents

	Group 2020 £	Group 2019 £
Cash in hand	1,029,564	718,218
Total cash and cash equivalents	1,029,564	718,218

24. Analysis of changes in net debt

	At 1 August 2019 £	Cash flows £	At 31 July 2020 £
Cash at bank and in hand	718,218	311,346	1,029,564
	718,218	311,346	1,029,564

25. Pension commitments

The charity participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which was contracted out of the State Second Pension (S2P) up to 5 April 2016. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

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25. Pension commitments (continued)

The charity is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the statement of financial activities represents the contributions payable to the scheme in respect of the accounting period together with the adjustment reflecting its commitment to make payments under the deficit recovery plan as outlined later in this note.

The fund is invested in a wide range of asset classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timberland). A diversified portfolio helps to spread investment risk across different asset classes and boost the level of confidence in maintaining sufficient investment returns from the funds as a whole.

USS actuarial valuation

The latest available complete actuarial valuation that is included in the Statement of Financial Position is as at 31 March 2018, which was carried out using the projected unit method. This is the fifth valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The value of the assets of the scheme as at 31 March 2018 (the valuation date) was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a deficit of £3.6 billion and a funding level of 95%.

The level of the scheme deficit has led to changes in the deficit recovery plan agreed after the 2017 valuation, and this in turn effects the provision shown in the Financial Statements.

	2017 Valuation	2018 Valuation
Entire USS Scheme		
Total Assets	£60.0 billion	£63.7 billion
Total Liabilities	£67.5 billion	£67.3 billion
Scheme Deficit	£7.5 billion	£3.6 billion
Funding level	89%	95%

The Open University Students Association's commitment to make payments under the deficit recovery plan has been modelled based on additional contribution rates along with an estimate of future staff costs, and a discount factor based on high-quality corporate bonds. The discount factor used to calculate the provision at 31 July 2020 was 0.73% (31 July 2019: 1.58%).

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The key financial assumptions used in the 2018 valuation are described below:

Valuation rate of interest (discount rate)

Years 1-10: CPI + 0.14% reducing linearly to CPI – 0.73%
 Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21
 Years 21 +: CPI + 1.55%

Pension increases

Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

Years 21 +: CPI + 1.55%

Male: 24.6 years

Female: 26.1 years

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25. Pension commitments (continued)

Life expectancy at age 65 (currently aged 65)
Male: 24.4 years (2017 valuation 24.6 years)
Female: 25.9 years (2017 valuation 26.1 years)

Life expectancy at age 65 (currently aged 45)
Male: 26.3 years (2017 valuation 26.6 years)
Female: 27.7 years (2017 valuation 27.9 years)

Employer and Employee contributions

As part of the 2018 valuation, the trustees determined, after consultation with employers, a revision to the existing recovery plan to pay off the revised shortfall by 31 March 2028, the previous (2017 valuation) recovery plan was for recovery by 30 June 2034. The changes required to fund both the deficit and ongoing future costs are collected through increased employer and employee contributions.

The contributions following the 2018 valuation are as follows:

Period	Employers	Employees
To 30 September 2019	19.5%	8.8%
1 October 2019 to 30 September 2021	21.1%	9.6%
1 October 2021 onwards	23.7%	11.0%

Deficit recovery contributions, as part of the total employer pension contributions, due within one year for the charity are £14,867.

26. Operating lease commitments

At 31 July 2020 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020	Group 2019	Company 2020	Company 2019
	£	£	£	£
Not later than 1 year	-	818	-	818

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27. Related party transactions

The Company provided administrative services for The Open University Students' Educational Trust throughout the current and previous year. During the year ended 31 July 2020 the Company recharged managements fees to The Open University Students' Educational Trust of £44,440 (2019: £48,131). At the year end no balance was receivable (2019: £nil).

During the year ended 31 July 2020 the subsidiary company OUSA (Services) Limited collected donations on behalf of The Open University Students' Educational Trust of £5,628 (2019: £7,537). At the year end a balance of £574 was owed (2019: £nil).

During the year ended 31 July 2020 the Company received £1,762,000 (2019: £1,612,905) in the form of a subvention and £89,000 (2019: £99,095) in respect of exam paper replacement income and £nil (2019: £2,000) as a grant from The Open University. The Open University recharged costs totalling £1,332,377 (2019: £1,155,131). At the year end the Company was owed £120,345 (2019: £121,343).

Due to our agreement with the National Union of Students (NUS) which makes their discount card available to our members, we received £65,805 (2019: £134,343) in commission from sales of the card over the course of the year.

During the year ended 31 July 2020, 10 Trustees (2019: 10) were reimbursed expenses totalling £17,612 (2019: £28,167). At the year end the Company owed a balance of £nil (2019: £1,884)

The Company is exempt from disclosing related party transactions with OUSA (Services) Limited as it is a 100% owned subsidiary of the Company.

28. Controlling party

The Trustees believe that there is no ultimate controlling party.