

**The book
with
Accounts,
Auditors &
Affiliations
in...**

Association Accounts

Introduction

This report provides a summary of the consolidated financial statements of the Open University Students Association, the “Charity”, for the years ended 31 July 2020 and 31 July 2021.

As a Company Limited by Guarantee (CLG) as well as a registered Charity, the Open University Students Association prepares its accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) and we follow the guidance provided in the Charities Statement of Recommended Practice (SORP).

Full accounts are available [on the Association website](#)

In both years, the auditor reported that, in their opinion, the financial statements represent a true and fair view of the Association’s financial activities and position. No recommendations for improvement were put forward in their letters to management and Trustees.

Conference delegates are requested to note the Board of Trustee approved financial statements and are invited to raise any questions in relation to these in the forum opening on the 5th January.

Summary of the Financial Statements

The financial statements comprise a consolidated Statement of Financial Activities (SOFA), Consolidated and Group Balance sheets, and Statement of Cashflows. The SOFA and Balance sheet are summarised below. For more details, refer to pages 21 – 24 (2020: pages 19 – 24) of the full accounts.

The statements are supported by explanatory notes on pages 25 – 41 (2020: pages 25 – 45) of the full accounts.

Summary Consolidated SOFA	Note	20-21 £'000	19-20 £'000
Income			
OU Subvention and Other Grant Funding		1,963	1,918
Trading Income	1	69	78
Other Income		78	113
Total Income		2,110	2,109
Expenditure			
Raising Funds (Trading)		62	81
Charitable Activities (Gross)	2	1,561	1,744
Less: USS Pension Deficit Recovery Provision Movement	3	(12)	(317)
Total Expenditure		1,611	1,508
Net Movement of Funds	4	499	601
Total Funds:			
Funds Brought Forward		577	(24)
Net Movement of funds		499	601
Total Funds Carried Forward	4	1,077	577

Summary Consolidated Balance Sheet	Note	20-21 £'000	19-20 £'000
Fixed Assets		5	7
Current Assets	4	1,555	1,192
Current Liabilities		(64)	(195)
Long Term Liability - USS deficit recovery provision	2	(419)	(427)
Total Assets less Current Liabilities		1,077	577
Charity Funds			
- Unrestricted		1,077	577

Notes

1. Trading

OUSA (Services) Ltd (The Shop) ceased trading as a subsidiary of the Charity on 31 July 2020 and the operation was transferred into the Charity. The subsidiary company was dormant throughout the accounting year 2020-21 until the [strike off](#) process from the register at Companies House completed in September 2021. The activities and financial position of both entities are therefore consolidated into one set of statutory accounts for the group as a whole.

The subsidiary had been loss making, since the decision to make available past exam papers free of charge, from August 2016. Despite progress made to increase revenue from merchandise sales as well as some successful renegotiation of costs, its financial viability was further threatened by closure of the online shop and cessation of graduation ceremonies due to Covid 19. With uncertainty over the duration of the pandemic and the recovery process from it, Trustees acted on professional advice and resolved to cease trading as a separate entity at 31 July 2020. On closure, the gross amount owed to the Association by the trading subsidiary was £78,171. After receiving the subsidiary's other net assets including stock, the net loss absorbed by the Association, on closure of the subsidiary, was £48,737 (see Accounting policies note 2.1, page 25 of the 2020 accounts).

During 2020-21, the operation has been streamlined so that it is now raising funds to support the achievement of the Association's charitable objectives. Article 5.29 permits the Association to trade to raise funds as long as this would not give rise to a taxable profit. To ensure a taxable profit does not arise, we aim to restrict turnover to no more than £80,000 per annum, this being the charities [small trading tax exemption limit](#), below which any profits derived from non-primary purpose trading are exempt from tax.

For more information about the decision to transfer the trading operating into the Charity, please see page 4 of both the 2020 and 2021 accounts.

2. Expenditure on Charitable Activities

A review of the activities undertaken over the last 2 years can be found in the **Trustees report** on pages 3 to 16 of the 2021 statements (2020: pages 3 to 15).

Overall, expenditure in both years was significantly below budgeted expenditure due to the pandemic necessitating the transfer of all activities online. We are immensely proud of our amazing team of representatives, Trustees, volunteers and staff who worked together to minimise disruption to services and projects and for rising to the challenge to develop new ways to represent, reach and engage with our members. In 2020-2021, students had access to a wider variety and a greater number of opportunities to connect with each other online.

3. USS Pension Deficit Recovery Provision

The Universities Superannuation Scheme (USS), like other defined benefit pension schemes is in deficit. Employers participating in the scheme are required to disclose on their balance sheets, a provision for their own contribution towards the paying down

of that deficit over the deficit recovery period. The provision is calculated using a modeller provided by USS.

The provision brought forward at 1 August 2019, based on the March 2017 scheme valuation, provided for deficit recovery contributions between 1 April 2020 and 30 June 2034 at 5% of salary, resulting in a deficit provision of £732,313. This was revised, following the March 2018 valuation to £427,184 because the outlook had improved so that the rate of contribution was reduced to 2%, increasing to 6% from October 2021, with the recovery due to be completed 6 years earlier by March 2028. It is this valuation that was in force at 31 July 2021 too. The small movement in the provision to £418,514 as at 31 July 2021 therefore recognises the deficit recovery contributions made during the year.

However, since the accounts were finalised, the March 2020 valuation has been concluded. The employer contribution rate has increased to 21.4% from 1 October 2021 (from 21.1%). Of this, 6.3% will contribute to the deficit recovery from April 2022 and the period over which the deficit will be recoverable has been extended by 10 years to 31 March 2038. The revised modeller issued by USS now suggests a total deficit recovery provision for the Association of £1.3m. This assumes that the proposed benefit reforms, subject to consultation with employees, will be agreed by the end of February 2022. If agreement is not reached, an alternative modeller based on the USS fallback position of higher contribution rates and a shorter recovery period, calculates a provision of £2m.

Looking ahead to July 2022, the Association may well see its total liabilities exceeding its total assets so that the balance sheet would be in deficit. Many participants in this scheme, as in other defined benefit pension schemes, are already reporting deficit balance sheets. We are in the fortunate position that the University funds the largest part of our core operating costs, including an annual inflationary increase. For us, therefore, the provision will only materialise, in cash terms, to the extent that the increase in the total employer contribution rate is not funded by our annual subvention grant and/or other funding sources. This means it is not currently expected to pose any significant threat to our core operations.

4. Reserves

The Association has added significantly to its reserves and cash balance over the last 2 years mainly due to reduced expenditure (see 2. Above). It is our policy to hold a minimum reserve of 3 months and to target 6 months core operating costs. Our current reserve exceeds the target reserve level. Funds earmarked in the 2021/22 budget for Conference, for Association 50th anniversary activities, to further the reform of our governance structures and to further other areas of our strategic plan are expected to reduce this closer to the target level. For more information about our current reserves policy and the risks considered in determining the policy, please refer to page 8 of the 2021 financial statements.

Appointment of Auditors

Conference 2020 delegates voted in favour of extending the current contract with our auditors, James Cowper Kreston to 31 July 2022. This is therefore the final year of their current contract. On completion of 2021/22 accounts, Audit Partner, Mike Farwell, supported by Audit Manager, Jess Curley, will have prepared and audited 5 years of annual accounts for the OU Students Association.

An invitation to tender for accounts preparation and audit services was issued to a long list of 11 firms, all experienced in charity accounting. We received 7 proposals from which 3 were shortlisted to present their proposals to a panel comprising the Chair of the Finance Resources and Risk Committee, VP Administration, the Chief Executive and Head of Finance and Resources.

At their meeting on 7 December 2021, The Association's Board of Trustees considered and approved the recommendation from the Finance Resources and Risk Committee that Haysmacintyre be appointed as the Association's audit firm to act from 1 August 2022 for a 5-year term. This will be subject to annual confirmation of re-appointment by the Board and a formal mid-term review, during 2024/25, by the Finance Resources and Risk Committee of the firm's performance, independence and objectivity, in accordance with the Committee's Terms of Reference.

Conference delegates are asked to vote to approve the appointment of Haysmacintyre to act as the Association's auditors, effective from 1 August 2022.

Affiliations

In accordance with Article 15.5.6, Conference is presented with the list of OU Students Association affiliations for approval.

The Association is currently affiliated to:

National Council of Voluntary Organisations (NCVO)

www.ncvo.org.uk

NCVO champions volunteering organisations, helping over 15,000 membership bodies to thrive by providing them with expert support and advice, keeping them up to date with news and developments in the sector and providing affordable and relevant training events and best practice guidelines that they can have access to.

The current agreement ends 31 July 2024 (3 year subscription £1,473).

Date of Affiliation: August 2015

The Charity Finance Group (CFG) www.cfg.org.uk

CFG is a charity that champions best practice in finance management in the voluntary sector. They work to ensure issues facing the charity sector are understood and accounted for by government. Being a member provides the Students Association with access to events, training, networking, a monthly magazine and specialist helplines.

The current agreement ends 31 March 2022 (1 year subscription £373).

Date of affiliation: April 2016

Conference delegates are asked to vote to approve continuation of these affiliations.

The Association has decided to place on hold the renewal of the following:

Nightline www.nightline.org.uk

Nightline is a peer support service offering a confidential and anonymous listening and information service to all OU students through phone, Skype, chat, text and email. The service operates through the night during extended term times and is accessed for the most part by students in emotional difficulty.

The Association first affiliated with Nightline in August 2014. Nightline has been unable to provide any key performance data in relation to OU Students' use of the service, so we are unable to assess whether this represents value for money. The cost for 2020-21 was £13,300.

As well as our own, volunteer run Peer Support Service, students also have access to the online support service, [Togetherall](#) and text message support service, [Shout 85258](#). The OU holds the contract for these externally provided services so there is no cost to the Association or to students.

Conference delegates are asked to vote to approve the discontinuation of the affiliation with Nightline.