

**NORTH WEST REGIONAL COLLEGE
ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31 JULY 2011**

**The Accounting Officer authorised these
financial statements for issue**

on

24 November 2011

**Laid before the Northern Ireland Assembly
under the Institutions of Further Education (Public Sector Audit) Order
(Northern Ireland) 2008
by the Department for Employment and Learning**

on

November 2011

NORTH WEST REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2011

NORTH WEST REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2011

INDEX

	Page No.
Operating and Financial Review	4 – 15
Further Education College Remuneration Report	16 – 19
Corporate Governance and Accountability	20
Statement of the Responsibilities of the Governing Body	21
Accounting Officer's Report to the Governing Body	22 – 24
Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly	25 – 27
Income and Expenditure Account	28
Statement of Historic Cost Surpluses and Deficits	29
Statement of Total Recognised Gains and Losses	30
Balance Sheet	31
Cash Flow Statement	32
Notes to the Financial Statements	33 – 57

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2011**

The members present their report and the audited financial statements for the year ended 31 July 2011.

Legal Status

The current arrangements for further education in Northern Ireland were established by The Further Education (Northern Ireland) Order 1997 with colleges being self-governing incorporated bodies with effect from 1 April 1998.

Colleges have been granted charitable status by the UK HM Revenue and Customs.

Vision Statement

The North West Regional College will be a centre of excellence for post-sixteen education and training, providing a comprehensive range of high quality provision, supported by excellent resources, within an attractive and accessible learning environment.

Mission Statement

The College promotes quality teaching and learning in a supportive and safe environment. NWRC aims to respond flexibly to the educational and training needs of its communities - anticipating, identifying and satisfying their needs in an efficient and effective manner.

Implementation of Strategic Plan

In 2010/2011 the College estimated a total of 5,458 FE Funding Learning Units (FLUs) exclusive of Essential Skills against an actual of 5,873, 7.6% over target.

In the key areas of DEL Priority Skills and Essential Skills the College was within 95% of target FLUs.

In the externally regulated enrolment ratio the College was within 1% of its target of 95% of total FLUs being in this category.

Training for Success income was up 12.4% on last year.

Retention for the College in FLU funded courses is 78% FE Full Time, 91% FE Part Time and 85% HE.

Financial Objectives

The College's financial objectives are:

- to achieve an annual operating surplus;
- to pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances;
- to generate sufficient levels of income to support the asset base of the College;
- to further improve/maintain the College's shorter term liquidity;
- to fund continued capital investment.

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2011**

Financial Results

The College incurred an operating surplus on continuing operations after depreciation of assets at valuation of £383k (Deficit in 2010 of £1,407k). Calculated on a re-valued assets basis, the historic surplus in the year was £489k (Deficit in 2010 of £1,204k). Land and Property Services re-valued Land and Buildings in 2011 and this has resulted in a re-valued gain of £372k on the PFI Building. The College's position before the PFI revaluation was a surplus of £197k.

The movement from the 2010/11 College Development Plan and the final outturn is explained by movements to a number of key account headings. The material favourable variances included - £253k increase in DEL grants, £300k increase in education contracts, £70k increase in other income, efficiency savings of £250k in lecturer costs and non-teaching staff costs savings of £70k. The material adverse variances included - reduction in VEP Income of £95k, redundancy costs of £332k and additional investment of £339k in IT.

This is a strong financial performance in a year when the College has continued to invest heavily in teaching resources and has delivered 730 FLUs over and above funding levels.

The College has significant reliance on the Department for Employment and Learning (DEL) for its principal funding source, largely from recurrent grants. In 2010/11 DEL provided 68% (2010 - 70%) of the College's total income through allocated recurrent grant. This represented 15.8% of the total recurrent grant available to the sector.

Reserves

The College has accumulated reserves of £13,039k and cash balances of £6,817k.

The College has an historic cost surplus of £489k resulting in an Income and Expenditure reserve balance of £3,783k which is £345k over the recommended 10% limit as directed by DEL.

If DEL is unable to approve the Economic Appraisal for the New Build at Strabane there will be a requirement to add to the temporary accommodation.

The College is still awaiting DEL approval to purchase the Clondermot site.

The College is currently developing a proposal for the refurbishment of part of the Springtown Campus. It is hoped that approval will be given by DEL in early 2012.

The College is currently reviewing the possibility of investing in green energy such as the installation of wind turbines.

The Estates Planned Preventative Maintenance programme has identified the two storey front section of the Tower Building to be reroofed at an estimated cost of £500k. This expenditure may be incurred in the next planning cycle.

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2011**

Treasury Policies and Objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate Investment policy in place that complies with DEL's Financial Memorandum.

Cash Flows

The College has a £1,282k operating cash outflow for the year. (2010 - £260k inflow)

Liquidity

As per the balance sheet the College's liquidity is very strong. However, the pending public cuts will reduce the College's cash position.

Interest Rate Risk

Investment income will be affected by movement in bank deposit interest rates especially in the current volatile climate. The College has an investment policy agreed by the Governing Body. Given the recent uncertainties in the banking system the College has spread its deposits across a number of financial institutions.

Student Activities and Achievements

The College increased its student enrolments by 3% during the year, giving a total enrolment of 25,642 in 2010/11 compared to 24,973 in 2009/10.

- Full-time FE enrolments were 4,010 (3,321 in 2009/10)
- Full-time HE enrolments were 715 (831 – reduction in MASN in 2009/10)
- Full-time Training For Success enrolments were 494 (484 in 2009/10)
- Part-time enrolments were 20,875 (20,224 in 2009/10)

In terms of FLUs, the College delivered an actual total of 7,597 against its targeted FLUs of 7,105. These were made up of:

- FE 5,873 against a target of 5,425
- HE 1,279 against a target of 1,230
- ESK 445 against a target of 450

The College had a good student retention rate (a measure of the proportion of learners who complete their learning programme) for all its programmes of 84% in 2010/11. Achievement rates (the proportion who successfully complete their learning programme and achieve their qualification), were also good at 73%.

The College's further education performance data shows consistent year on year improvements, for example achievement rates have increased from 65% in 2009/10 to 73% in 2010/11.

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2011**

Student Activities and Achievements (continued)

Individual achievement rates for the College's various programmes are summarised below:

- Higher Education 90%
- Further Education 70%
- Essential Skills 71%

Recent successes for the College and its students include:

- North West Regional College student Ian McMahon was announced as the sole UK competitor in Wall & Floor Tiling for WorldSkills 2011. From over 1500 potential candidates, the 22-year-old made it to Team UK in June 2011. Ian's lecturer David McCay, whose students have won 13 NI and UK gold and silver medals in the past decade, was chosen as UK Technical Manager for the trade for WorldSkills 2011.
- North West Regional College is working with People 1st, the Sector Skills Council for Hospitality, Leisure, Travel & Tourism offering support to assist local businesses in preparing for UK City of Culture 2013. Between January and March 2011, 220 staff from local Hospitality, Leisure, Travel, Tourism and Transport businesses completed the Level 2 Customer Service programmes, delivered by the College with funding from the Department for Employment and Learning.
- A HND Textile student from the Strand Road campus made the top 5 in a competition to design a dress for internationally renowned singer/songwriter Florence and the Machine. Oliver Doherty's structured dress design was one of Florence's top 5, among the 1500 entries to the international competition and his work was showcased in magazines across the USA.
- Mark Peregrine, Head Tutor at the world famous Raymond Blanc Cookery School, shared his expert culinary skills in a Masterchef demonstration in the College's Strand Road Campus. Following this, Hospitality & Catering lecturer John Crowe spent a week on work placement at Le Manoir in Oxfordshire - the two Michelin star restaurant and country resort owned by celebrity chef Raymond Blanc. John is the third lecturer from the College to experience working with Raymond Blanc's exemplary staff.
- Two North West Regional College students were named in the top three candidates in Health and Social Care 2010. Kirsten Forrest and Ruth Archibald completed the GCE A Levels in Health & Social Care at the College's Limavady Campus, and gained the 2nd and 3rd highest grades in the summer 2010 exam for the subject across the province. Both students excelled on the course, which includes Applied Science, gaining an A* and 2 A grades each, and have both progressed to University to further their studies.
- North West Regional College was identified as the top performing centre in the IAB International Association of Bookkeepers (IAB) Level 3 Diploma in Payroll. In addition, Carol Grieve, a student on the IAB Level 1 Manual Bookkeeping course, achieved 100% in the June 2010 exam, and was named top IAB student in the UK. Staff on the IAB programmes travelled to the House of Commons in Westminster to receive an award for IAB Level 3 programmes in December 2010 as the College was recognised as the leading centre in the UK for this course.
- A student on the HNC in Business, Iain Lee, was named overall winner at the 2010 Future Student of Business awards. The awards are presented by the Federation of Small Businesses to students who show promise as future entrepreneurs.

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2011**

Student Activities and Achievements (continued)

- North West Regional College began a contract in autumn 2010 to deliver expert training for FÁS, Ireland's National Training and Employment Authority. The course provided specialist training for the unemployed in Client Server Applications, and helped 70% of previous participants gain employment.
- In January 2011 The College launched a unique Gaelic Games Academy to develop the GAA stars of the future, and received full support and endorsement from the Derry GAA County Board and Ulster Council. The GAA Academy combines full-time education with a practical skills training package, allowing College students to play the sport they love to a high standard, whilst gaining academic or vocational qualifications.
- In March 2011, Hospitality & Catering Lecturers John Crowe and Gerard Harkin won the Innovative Learning Materials award at the Professional Association for Catering Education (PACE) Awards, for their project making Essential Skills more relevant to Hospitality & Catering students. This was the 3rd year in a row that John Crowe collected a PACE award. Attendance at essential skills classes has improved since the project began involving students in interactive activities that improve their Communication, Numeracy and IT skills.
- North West Regional College Journalism student, Dean McLaughlin won the BBC Paul Robinson Bursary competition, comprising of a £1000 bursary and an intense BBC News work experience. The competition was open to all NVQ Level 4 students in journalism and journalism degree students in Northern Ireland.
- Hairdressing students at North West Regional College had a very successful year, winning top accolades in the Northern Ireland, UK and World Championships. Level 3 student Tara Henderson scooped 1st place Senior and Junior prizes locally and at the prestigious Blackpool event, but her biggest success was winning 3rd place at the OMC Championships held in Dublin in May 2011, against professionals from all across the world.
- The Public Health Agency (PHA) Western Investing for Health (WIFH) Partnership held its sixth annual Student Media Awards ceremony, at the Strand Road Campus in March 2011, with special guest Mark Simpson, BBC Ireland Correspondent, as the keynote speaker. The College again dominated the awards with students from Limavady and Strand Road winning 1st and 2nd Place in the three categories, Best Written Piece, Best Moving Image, and Best Photographic Piece.
- Dr Stephen Farry, Minister for Employment and Learning, attended a construction training showcase held in the Greystone Centre, Limavady. Twenty-four of the best young construction apprentices from across the UK, including five from Northern Ireland, travelled to Limavady to undergo four days of intensive training ahead of selection competitions for the Team which will represent the UK at WorldSkills in London in October. This was the first time that a WorldSkills Squad UK training camp had been held in Northern Ireland.
- Students from North West Regional College's training centres brought back gold, silver and bronze in three trade areas at the NI Skillbuild competition. Matthew Thompson (Greystone) scooped Bronze in Carpentry.
- Darren Maguire (Springtown) picked up Silver in Industrial Heating; and Adrian Canning (Greystone) won his second consecutive Gold medal in Electrical Installation.

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2011**

Student Activities and Achievements (continued)

- Thanks to his success at NI Skillbuild Adrian Canning was selected in June 2011 to compete for Northern Ireland in the UK SkillElectric competition, held in September at Leeds College of Building.
- Trainee chefs from across the UK are learning to cook a locally designed dish, following the inclusion of a recipe by North West Regional College lecturer Emmett McCourt in a new textbook, The Professional Chef Level 2 Diploma, 2nd edition. The textbook is used for those training to become professional chefs in colleges and cookery schools across the UK and Ireland.
- North West Regional College took two of the top prizes in the first ever province wide BEST (Business & Education through Training & Skills) Awards. Stephen Wilson, Foundation Degree Science in Computing and Software Development, won the overall BEST Award winner in the 19+ category with an Essential Skills Management System. Fellow Foundation Degree student Chris Brown collected the runner-up award in the same category with a Community Sports Facility Software. In addition three students won sponsored special awards.
- In May 2011 North West Regional College played host to five-time Olympic Gold Medallist Sir Steve Redgrave, Dr Lisa Bradley, two-time World Judo Masters Champion, John Scott Chief Executive of the Commonwealth Games (Glasgow 2014), and Frank McParland of the Liverpool FC Football Academy for the 2011 Raise Your Game Conference.
- North West Regional College was nominated as a finalist in the Childcare Works Awards, a province-wide competition which demonstrates the steps that organisations have taken to prove that they take an innovative approach to family friendly employment initiatives. As a client of the Employers for Childcare vouchers scheme, the College was invited to enter the competition.
- Employment and Learning Minister, Dr. Stephen Farry, officially opened North West Regional College's new build accommodation at its Strand Road campus in June 2011. The £18 million buildings provide the people of the North West with an educational establishment which is widely considered to be amongst the best equipped in Northern Ireland.
- Level 3 Performing Arts student Damian McGinty won a competition on US TV show, The Glee Project and with it a seven episode role in Glee – the worldwide hit TV show. Damian was the only contender from outside the USA vying for the part, and will appear on season 3 of the show, airing on Sky1 in the UK.

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2011**

Curriculum

The College offers a range of education and training programmes at Levels 1-7 across a wide range of vocational areas and in the last academic year 25,642 (24,973 - 2010) students enrolled on its programmes.

The higher education provision accounts for 18% of the total College Funded Learning Unit (FLU) count. The total Further Education FLU count for the College was 5,873 which was 8% over target. Over 1300 students were involved in partnership courses with approximately 26 schools within the area.

Some 19% of students were attending on a full time basis. Within the full time cohort of students 46% of students were male and 54% were female. Approximately 1% of the student population were known to be migrants and 7% had a learning disability. Of the 7% of students with a learning disability over 46% of these were supported in their learning within mainstream provision.

In relation to the Department for Employment and Learning's (DEL) PSA Targets, the College met the targets for provision at level 2, level 3, externally regulated and vocation but continued to find the target for priority skills very challenging to meet. The College exceeded the PSA targets for externally regulated and vocational provision.

(Above statistics taken from FLU count June 2011)

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%.

During the accounting period 1 August 2010 to 31 July 2011, the College paid 62% of its invoices within 30 days (2009/10 - 49%). The College incurred no interest charges in respect of late payment for this period.

Post-Balance Sheet Events

The business case for Strand Road development highlighted that Christ Church should be disposed and the proceeds would part fund the new development. As a result, the site was put on the market in August 2010. The disposal took place on 3 August 2011 at a sale price of £400,000.

Future Developments

The College has proposals with the Department in relation to developments on the Clondermot site and the Strabane campus and would hope to further those developments over the next three years.

The College may review the above in light of pending financial challenges.

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2011**

RESOURCES:

The College has various resources that it can deploy in pursuit of its strategic objectives.

Estate:

During the year the College vacated the City Factory and Christ Church and moved into its new development on the Strand Road. As a result, the College's estate has increased to 56,530 sq metres.

Building	Value £'000
Foyle Building	16,859
Strand Road	9,051
Limavady	7,063
Northland	5,229
Centre for Technology	4,278
Strabane	1,990
Springtown	1,291
Maydown	437
Christchurch	406
Academy Boys	385

Financial:

The College has £43 million of net assets (including a £1.4 million pension liability).

People:

The College employs 605 people (expressed as full time equivalents), of whom 403 are teaching staff.

Reputation:

The College has a good reputation both locally and regionally. The quality of classroom delivery and support services is central to a well-managed College, and there is now clear evidence across the College that teaching and non-teaching teams are now more accountable for the performance of students. In the last year all ETI inspection reports on curriculum areas were either good or very good. Furthermore, in support areas such as blended learning, student guidance and the embedding of cultural diversity, whilst ungraded, were excellent reports.

Internal auditors have also recorded an overall quality improvement in the College which has resulted in an overall grading of "substantial" in the last year.

Principal risks and uncertainties:

Outlined below is a description of the principal risk factors that may affect the College.

NORTH WEST REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2011

Government Funding

The College Recurrent Budget has been reduced by over £880k for the year 2011/12. Given the state of the wider public finances further cuts cannot be ruled out. Such cuts will significantly reduce the ability of the College to achieve an in-year surplus. Management will attempt to mitigate this risk in a number of ways such as further efficiencies and review of curriculum delivery.

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent appraisals will review their effectiveness and progress against risk mitigation actions. In addition to such reviews, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed by the Audit and Risk Committee. This is reviewed twice per year and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The financial statements report the share of the NILGOSC pension scheme deficit on the College's balance sheet in line with the requirements of FRS 17.

Stakeholder Relationships

In line with other colleges and with universities, North West Regional College has many stakeholders. These include:

- Students;
- Staff;
- Department for Employment & Learning;
- Other Government departments;
- North West Workforce Development Forum;
- local employers;
- local Councils;
- local Strategy Partnerships;
- ILEX;
- local Enterprise Agencies;
- other FE Colleges;
- local Universities;
- Post-Primary Schools;
- Trade Unions;
- the local community;
- Professional Bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

The College considers good communication with its staff to be very important and regular meetings are held. The College encourages staff and student involvement through membership of the Governing Body.

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2011**

Equality of Opportunity and Employment of Disabled Persons

By virtue of Section 75 of the Northern Ireland Act 1998 the North West Regional College in carrying out all its functions, powers and duties is required to have due regard to the need to promote equality of opportunity:

- a) between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- b) between men and women generally;
- c) between persons with a disability and persons without; and
- d) between persons with dependants and persons without.

Without prejudice to its obligations above, the College has, in carrying out its functions, had regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group. The College has included the promotion of good relations as part of the corporate planning process.

The College is committed to the fulfilment of its Section 75 obligations in all parts of its organisation. The College is committed to allocating necessary resources to ensure that the statutory duties are complied with and that the measures within the Equality Scheme to promote equality of opportunity are implemented effectively and on time.

Disability Statement

The College is committed to the provision of high quality education and training for the community it serves. The College welcomes applications from students with disabilities. All reasonable efforts to meet individual students' needs will be made through teaching support, student services and the learning support service.

In carrying out the principal roles and functions the College will endeavour to promote equality of opportunity among those with disabilities in accordance with Section 75 of the NI Act 1998. In addition, the College will ensure the obligation in accordance with the Disability Discrimination Act 1995 will be adhered to and reasonable adjustment considered where necessary.

The College also takes account of the Special Educational Needs and Disability Order 2005 (SENDO).

The College has a detailed Disability Action Plan which covers the following areas:

- Provision of Disability Awareness Training/Legislation
- Survey of Staff and Students to establish attitudes
- Update recruitment and selection training
- Prepare information literature for panels
- Consultation with disabled persons
- Monitor the implementation of the Disability Action Plan
- Encourage work placements for persons with a disability
- Improve complaint feedback mechanisms
- Student Equality Group set up
- Awareness Raising Campaign

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2011**

Finances and Going Concern

The Governing Body is satisfied that the College is a going concern on the basis that it has a reasonable expectation that the College will continue in operation for the foreseeable future. The financial statements are therefore prepared on the going concern basis.

Disclosure of Information to Auditors

These accounts are subject to audit under legislation by the Comptroller and Auditor General for Northern Ireland.

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Charitable and Taxation Status

The College has charitable status with the HM Revenue and Customs and is not liable to corporation tax.

Charitable/Political Donations

The College made no charitable or political donations during the year.

Professional Advisers

External Auditors: Comptroller and Auditor General for Northern Ireland
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Internal Auditors: PricewaterhouseCoopers
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Bankers: Bank of Ireland
15 Strand Road
Derry
BT48 7BT

Solicitors: Cleaver Fulton Rankin
50 Bedford Street
Belfast
BT2 7FW

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2011**

Members

The members who served the Governing Body during the period were as follows:

Mr H Faulkner (Chairman)
Mr M Agnew
Miss E Cavanagh
Mrs J Doherty
Mr L Gallagher (Non-teaching staff representative)
Miss G Keegan
Mrs M Lestas (Term of Office expired 31 July 2011)
Mr W McBride
Mrs G McCafferty (resigned May 2011)
Mr D McMahan
Prof F Monds (Vice-Chairman)
Mr S Murphy (Principal & Chief Executive)
Mr A O'Connor (Term of Office expired 31 July 2011)
Mr A Rainey (Term of Office expired 31 July 2011)
Mr A Smyth
Ms A Williamson (Student Representative) - joined October 2010
Mr D Limb (Teaching Staff Representative) - joined September 2010
Mr G Finnegan – appointed 1 August 2011
Mr G Killeen – appointed 1 August 2011
Mr S McGregor – appointed 1 August 2011

For and on behalf of the members of the Governing Body


Chairman


Date

NORTH WEST REGIONAL COLLEGE FURTHER EDUCATION COLLEGE REMUNERATION REPORT

Members of the Governing Body

Members of the Governing Body and the Chairman are appointed in accordance with the code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland.

The Members of the Governing Body and the Chairman are appointed for a fixed period of up to four years. Thereafter they may be re-appointed in accordance with the Code of Practice.

The posts of Members of the Governing Body and the Chairman carry no remuneration or payment of bonus.

No member of the Governing Body including the Chairperson receives pension contribution from the College or the Department. The College reimburses the Chairperson and Members of the Governing Body for any incidental expenses incurred for carrying out their duties relevant to the organisation.

The Principal & Chief Executive and Senior Management Team

The Principal & Chief Executive and the Senior Management Team appointments are made in accordance with College's recruitment policy. The policy requires appointments to be made on merit on the basis of fair and open competition.

The Principal & Chief Executive and Senior Management Team hold permanent appointments. Policy relating to notice periods is contained in the contract of employment.

Minimum pay levels

Minimum pay levels are dependent on college size and vary across the sector.

Progression

There is no incremental progression for Principals as they are paid on a one-point scale according to college size. However, if the college size changes they will automatically move to that new salary point.

At initial appointment, Directors are normally placed on the bottom point of the four-point scale relevant to the size of their college. Thereafter, there is annual incremental progression up the scale until the maximum of the scale is reached. A common incremental date of September is used for all Directors. If the college increases in size a Director will automatically move to the new relevant salary scale.

Performance Pay

There is no performance pay or related scheme for any Director. Only the Principal and Chief Executive received performance pay.

**NORTH WEST REGIONAL COLLEGE
FURTHER EDUCATION COLLEGE REMUNERATION REPORT CONT'D**

Total reward package

Senior staff within colleges have access to either the Northern Ireland Teachers' Superannuation Scheme (NITSS) or Northern Ireland Local Government Officers' Superannuation Scheme (NILGOSC).

Senior staff posts are based on 36 hours per week and post holders have access to the colleges' Maternity Leave Scheme, Paternity Leave Scheme and Adoption Leave Scheme.

All Senior Staff have 35 days holiday entitlement and a further twelve statutory and public holidays as recognised by the sector.

Salary

The following sections provide details of the remuneration and pension interests of the most senior management of the College.

Remuneration

Senior Management	2010 -11		2009 -10	
	Salary	Benefits in kind	Salary	Benefits in kind
		£		£
	£'000		£'000	
Mr S Murphy, Principal & Chief Executive	105 - 110	Nil	105 - 110	Nil
Mrs K Duffy, Director	75 - 80	Nil	70 - 75	Nil
Mr D Kinnaird, Director	75 - 80	Nil	75 - 80	Nil
Mr G McGuckin, Director*	Nil	Nil	70 - 75	Nil
Mr P McKeown, Director	75 - 80	Nil	70 - 75	Nil
Mr C Morrison, Director	75 - 80	Nil	75 - 80	Nil

*Employment ended in June 2010

Other than the Principal & Chief Executive, no member of the Senior Management Team received performance pay. No member of the Senior Management Team received bonuses, overtime, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No senior staff received any benefits in kind.

NORTH WEST REGIONAL COLLEGE FURTHER EDUCATION COLLEGE REMUNERATION REPORT CONT'D

Pension arrangements

Retirement benefits to employees of the College are provided by the Northern Ireland Teachers' Superannuation Scheme (NITSS) and the Local Government Pension Scheme for Northern Ireland administered by the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

Contributions to the NITSS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. The NITSS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITSS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the NILGOSC scheme are measured using closing market values. NILGOSC liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

There have been no enhanced pension benefits paid to any senior post holders in the College.

Cash Equivalent Transfer Values (Audited)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the Fund has received a transfer payment commensurate with the additional pension liabilities being assumed. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The actuarial factors used in the CETV calculations were changed as of 6 July 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate pensions. *(Northern Ireland Teachers' Superannuation Scheme were not able to provide the figures to 31 July 2010 for the Principal & Chief Executive before the date of signing of the prior year accounts, but these figures are included in this report for the current year.)*

**NORTH WEST REGIONAL COLLEGE
FURTHER EDUCATION COLLEGE REMUNERATION REPORT CONT'D**

Cash Equivalent Transfer Values (Audited)

Officials	Accrued pension at age 60 as at 31/7/11 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/7/11	CETV at 31/7/10	Real increase in CETV
Mr S Murphy, Principal & Chief Executive	52,127	971	1,218,129	1,158,770	16,419
	Plus lump sum of	Plus lump sum of			
	156,380	2,913			
Mrs K Duffy, Director	29,163	1,485	423,038	445,355	(40,567)
	Plus lump sum of	Plus lump sum of			
	78,473	555			
Mr D Kinnaird, Director	30,758	1,664	536,821	466,891	50,417
	Plus lump sum of	Plus lump sum of			
	92,275	4,993			
Mr P McKeown, Director	14,833	1,384	176,835	186,627	(17,244)
	Plus lump sum of	Plus lump sum of			
	35,482	251			
Mr C Morrison, Director	28,554	689	618,256	560,708	35,126
	Plus lump sum of	Plus lump sum of			
	85,661	2,007			

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Service contracts

College appointments are made on merit on the basis of fair and open competition. Unless otherwise stated, the officials covered by this report hold appointments, which are open ended. Early termination, other than for misconduct, would result in the individual being entitled to receive compensation.

NORTH WEST REGIONAL COLLEGE CORPORATE GOVERNANCE AND ACCOUNTABILITY

The following statement is given to assist readers of the Financial Statements to obtain an understanding of the Governance procedures applied by the Governing Body of the College.

The College is an autonomous body established under the Further Education (Northern Ireland) Order 1997. Like most public bodies it operates within a strong framework of regulation. Not only does the College comply with all mandatory requirements but it also strives to operate that guidance which represents best practice.

Summary of the College's Structure of Corporate Governance

Governing Body

The College's Governing Body comprises lay and academic persons appointed under the articles of the College, the majority of whom are non-executive. The role of the Chairman of the Governing Body is separate from the role of the College Principal & Chief Executive. The Governing Body is responsible for the on-going strategic direction of the College whilst the Executive Officers are responsible for the operational management of the College. The Governing Body approves all major developments and receives regular reports on the activities of the College. The Governing Body met 9 times during the 2010/11 year and has several committees- Finance and General Purposes Committee, a Staffing and Appointments Committee, an Audit and Risk Committee and an Education Committee. All of these committees are formally constituted with terms of reference and comprise mainly lay members of the Governing Body.

Audit and Risk Committee

The Audit and Risk Committee operates as an advisory body to the College's Governing Body and the Accounting Officer. The Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The Committee met 5 times during the 2010/11 year to discuss reports from the External and Internal Auditors and the relevant responses. It also receives and considers reports from the Department for Employment and Learning. It reviews the College's annual financial statements to ensure compliance with legislation and accounting standards. Whilst Executive Officers and other officials attend meetings of the Audit and Risk Committee as necessary, they are not members of the Committee. The Committee can meet with auditors on their own for independent discussions.

Finance and General Purposes Committee

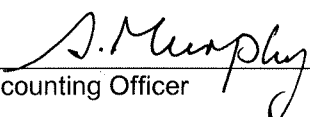
The Finance and General Purposes Committee supervises all matters relating to the finance and accounts of the College, the investment of its funds, the receipt of its income and the expenditure thereof, and the management of trust funds. The Committee also advises the Governing Body on the raising and guaranteeing of loans. It is the duty of the Finance and General Purposes Committee to present a report to each meeting of the Governing Body.

Staffing and Appointments Committee

The Staffing and Appointments Committee approves and oversees the procedures for the recruitment, appointment, promotion and grading of all staff, other than the Senior Staff. The Governing Body approves and oversees the procedures for the recruitment, appointment, promotion and grading of senior staff.

Education Committee

The Education Committee oversee the curricular provision of the College, to examine the nature, quality and performance of the provision and to assess the extent to which it meets the needs of the community the College sees to serve.


Accounting Officer

24/11/11
Date

**NORTH WEST REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2011**

The Governing Body of the College is required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the Department for Employment and Learning (the Department) and the Governing Body of the College, the Governing Body through its chairman, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Governing Body is required to:

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

The Governing Body is also required to prepare an Annual Report which describes its strategic direction and the legal and administrative status of the College.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the relevant legislation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Governing Body of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Governing Body is responsible for ensuring that funds from the Department are used only in accordance with the Financial Memorandum agreed with the Department and other conditions which the Department may from time to time prescribe. The Governing Body must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, the Governing Body is responsible for securing the economic, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Department are not put at risk.

Approved by order of the Governing Body members on 23/11/11 and signed on its behalf by:



Mr H Faulkner
Chair

**NORTH WEST REGIONAL COLLEGE
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2011**

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the College's aims and objectives set by the Governing Body, whilst safeguarding the public funds and College assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify the risks to the achievement of College policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The system of internal control has been in place in the North West Regional College for the year ended 31 July 2011 and up to the date of approval of the annual report and accords with DFP guidance. I have fully embedded the processes which the Department for Employment and Learning has agreed should be established and confirmed their robustness.

Capacity to Handle Risk

We have carried out appropriate procedures to ensure that we have identified the College's objectives and risks and determined a control strategy for each of the significant risks. As a result, risk ownership is allocated to the appropriate staff and the College has set out its attitude to risk to the achievement of the College objectives. Staff are trained and equipped to manage risk in a way appropriate to their authorities and duties.

The College receives periodic reports concerning internal control and steps are taken to manage risks in significant areas of responsibility and monitor progress on key projects. The Audit & Risk Committee has lead responsibility for the periodic review of the risk framework and other records of risk. Management of risk categories has been allocated appropriately within the College. Any revision to the framework is discussed within the Audit & Risk Committee and recommended to the Governing Body. In accordance with these functions, the Chair of the Audit & Risk Committee has received appropriate training in accordance with Best Practice guidelines and Corporate Governance principles. The Audit & Risk Committee also agrees the internal audit work schedule and all internal audit reports are reviewed by the Committee. Finally, the Audit & Risk Committee reviews the final reports and accounts and the ensuing report to those charged with governance.

The College maintains a register for related party transactions in order to ensure opportunities for conflicts of interest are avoided. This register is maintained centrally and updated regularly and includes all members of the Governing Body, the Senior Management Team and middle management.

**NORTH WEST REGIONAL COLLEGE
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2011**

The Risk and Control Framework

The Governing Body has instructed that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. There has been a full risk and control assessment before reporting on the year ending 31 July 2011. Risk management has been incorporated fully into the corporate planning and decision making processes of the College.

The Governing Body has received periodic reports concerning internal control. The appropriate steps have been taken to manage risks in significant areas of responsibility and progress on key projects has been monitored.

Following the identification of the College's key objectives and risks, further work has been done to bring about more consistency in the way in which the College treats risks.

In addition to the actions mentioned above, in the coming year the College plans to:

- regularly review and update the record of risks facing the organisation;
- maintain the system of key performance and risk indicators;
- maintain the organisation-wide risk register; and
- arrange for regular reports from the Heads of Schools on internal control activities.

The College has an internal audit service, the work of which concentrates on areas of key activities determined by an analysis of the areas of greatest risk and in accordance with the annual internal audit plan approved by the Governing Body. The Internal Auditors report to the Accounting Officer and to the Audit and Risk Committee on a regular basis and have direct access to the Governing Body and to the Chairman of the Audit and Risk Committee. The Head of Internal Audit has issued an Assurance Statement to me which provides his/her opinion on the adequacy and effectiveness of the internal control system and the extent to which it can be relied upon.

Our Internal Auditors have reported that "On the basis of the audit work performed during the year, we are able to provide Satisfactory Assurance in relation to the adequacy of the systems of control in place within the organisation and their operation throughout the period under review. We have received positive responses from management on all issues raised and we are aware that improvements and enhancements in controls have already and are being made."

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the executive managers within the College who have responsibility for the development and maintenance of the internal control framework, and comments made by the External Auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Internal audit carried out seven assurance reviews in 2010/2011 in line with the approved audit plan. The assurance rating by area reviewed is set out in the table below.

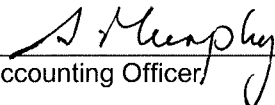
**NORTH WEST REGIONAL COLLEGE
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2011**

Review Ref.	AREA REVIEWED	ASSURANCE REPORTED
1011/01	Internal audit review of cash-handling arrangements and income receipt.	Substantial
1011/02	Review of procurement (PAC requirement)	Satisfactory
1011/03	Review of arrangements for the management of reputational risk across the College	Substantial
1011/04	Review of College Development Planning (PAC requirement)	Substantial
1011/05	Review of Business Continuity Planning arrangements	Satisfactory
1011/06	Review of the HR Function – information and record keeping systems and processes	Substantial
1011/07	Review of compliance with Health & Safety and Disability Discrimination and Equality Legislation	Substantial

On the basis of the audit work performed during the year, PricewaterhouseCoopers provides an overall assurance rating of **SUBSTANTIAL** in relation to the adequacy of the systems of control in place within the organisation and their operation throughout the period under review.

Significant Internal Control Problems

There were no significant internal control problems reported during the year


Accounting Officer

24/11/11
Date

NORTH WEST REGIONAL COLLEGE 2010-11

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the North West Regional College for the year ended 31st July 2011 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Historical Surpluses and Deficits, Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Governing Body and auditor

As explained more fully in the Statement of Responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

My responsibility is to audit the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the North West Regional College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the North West Regional College; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, of the state of the North West Regional College's affairs as at 31st July 2011 and of its surplus, cash flows and total recognised gains and losses for the year then ended; and
- the financial statements have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for Employment and Learning directions made thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Employment and Learning directions issued under by the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008; and
- the information given in the Operating and Financial Review and the unaudited part of the Remuneration Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or

5/11/11

- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.

KJ Donnelly
KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

25 November 2011

**NORTH WEST REGIONAL COLLEGE
INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2011**

TO BE INSERTED BY THE NORTHERN IRELAND AUDIT OFFICE

**NORTH WEST REGIONAL COLLEGE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2011**

	Notes	2011 £'000	2010 £'000 re-stated
Income			
Department for Employment and Learning grants	2	26,971	25,908
Education contracts	3	3,659	3,410
Tuition fees and charges	4	2,286	2,460
Other grant income	5	816	770
Other operating income	6	434	426
Investment income	7	214	217
		<hr/>	<hr/>
Total income		33,380	33,191
		<hr/>	<hr/>
Expenditure			
Staff costs	8	20,683	19,516
Other operating expenses	10	10,602	10,675
(Revaluation Gain)/Impairment	14	(372)	1,441
Depreciation	14	1,340	1,391
Interest payable	11	1,412	1,554
		<hr/>	<hr/>
Total expenditure before exceptional items		33,665	34,577
		<hr/>	<hr/>
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and before tax and before exceptional items		715	(1,386)
Exceptional Items			
Exceptional Costs - Staff	8	332	21
		<hr/>	<hr/>
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and before tax		383	(1,407)
		<hr/>	<hr/>
Taxation	12	-	-
		<hr/>	<hr/>
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and tax		383	(1,407)
		<hr/>	<hr/>

All amounts above relate to the continuing operations of the College.

The accompanying accounting policies and notes form an integral part of these financial statements.

**NORTH WEST REGIONAL COLLEGE
STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 JULY 2011**

	Notes	2011 £'000	2010 £'000 re-stated
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and after tax		383	(1,407)
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	21	<u>106</u>	<u>203</u>
Historical cost surplus/(deficit) for the year		<u><u>489</u></u>	<u><u>(1,204)</u></u>

The accompanying accounting policies and notes form an integral part of these financial statements.

**NORTH WEST REGIONAL COLLEGE
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2011**

	Notes	2011 £'000	2010 £'000 re-stated
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and tax		383	(1,407)
Unrealised deficit on revaluation of fixed assets	21	(262)	(3,702)
Actuarial Gain/(Loss) in respect of pension scheme	23	3,368	(37)
Total recognised gains/(losses) relating to the year		<u>3,489</u>	<u>(5,146)</u>
Prior period adjustment		(2,028)	-
Total recognised gains/(losses) since last annual report		<u><u>1,461</u></u>	<u><u>(5,146)</u></u>
 Reconciliation of movement in reserves			
Opening Reserves		9,550	14,696
Total recognised gains/(losses) for the year		<u>3,489</u>	<u>(5,146)</u>
Closing reserves		<u><u>13,039</u></u>	<u><u>9,550</u></u>

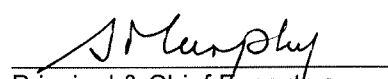
The accompanying accounting policies and notes form an integral part of these financial statements.

**NORTH WEST REGIONAL COLLEGE
BALANCE SHEET AS AT 31 JULY 2011**

	Notes	2011 £'000	2010 £'000 re-stated
Fixed Assets			
Tangible assets	14	48,704	45,768
Debtors: amounts falling due after more than one year	15	420	450
Current Assets			
Debtors	15	1,561	993
Cash at bank and in hand		6,817	8,099
Total current assets		8,378	9,092
Less: Creditors: amounts falling due within one year	16	2,883	3,452
Net current assets		5,495	5,640
Total assets less current liabilities		54,619	51,858
Creditors: amounts falling due after more than one year	17	(9,954)	(10,009)
Less: Provision for liabilities	19	-	-
Net Assets (excluding pension liability)		44,665	41,849
Net Pension Liability	23	(1,405)	(4,646)
NET ASSETS (including pension liability)		43,260	37,203
Deferred capital grants	20	30,221	27,653
Reserves			
Income and expenditure account excluding pension reserve	22	3,783	3,167
Pension Reserve	23	(1,405)	(4,646)
Income and expenditure account including pension reserve	22	2,378	(1,479)
Revaluation Reserve	21	10,661	11,029
Total reserves		13,039	9,550
TOTAL		43,260	37,203

The financial statements on pages 28 to 57 were approved by the Governing Body of the North West Regional College on 23/11/11 and were signed on it's behalf by:


Chairman
North West Regional College


Principal & Chief Executive
North West Regional College

The accompanying accounting policies and notes form an integral part of these financial statements.

**NORTH WEST REGIONAL COLLEGE
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2011**

	Notes	2011 £'000	2010 £'000 re-stated
Cash outflow from operating activities	24(i)	899	1,406
Returns on investment and servicing of finance	24(ii)	(1,068)	(1,070)
Taxation		-	-
Capital expenditure and financial investment	24(iii)	(1,113)	111
		(1,282)	447
Financing	24(iv)	-	(187)
(Decrease)/Increase in cash in the period	24(v)	(1,282)	260
		2011 £'000	2010 £'000
Reconciliation of net cash flow to movement in net funds			
Cash outflow from repayment of finance leases		-	91
(Decrease)/Increase in cash in the period		(1,282)	260
Cash outflow from decrease in debt		-	200
Changes in net funds resulting from cashflows		(1,282)	460
Movement in net funds in the period		(1,282)	551
Net funds at 1 August 2010		8,099	7,548
Net funds at 31 July 2011	24(v)	6,817	8,099

In this statement, figures in brackets refer to cash outflows and all other figures are cash inflows to the College.

The accompanying accounting policies and notes form an integral part of these financial statements.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

1. STATEMENT OF ACCOUNTING POLICIES

Statement of Accounting Policies

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

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable Accounting Standards under the historical cost convention except that certain freehold properties are shown at their re-valued amounts. They also conform to the Accounts Direction issued by the Department for Employment and Learning (the 'Department').

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Going Concern

The activities of the College, together with factors likely to affect its future development and performance are set out in the Operating and Financial review. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College's forecasts and financial projections indicate that it will be able to operate for the foreseeable future.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis for the preparation of its Financial Statements.

Recognition of Income

The recurrent grant from DEL represents the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account.

Non recurrent grants from DEL and other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the asset.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned

All income from short-term deposits is credited to the income and expenditure account in the year in which it is earned.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Pension Scheme

The two principal pension schemes for the College's staff are the Northern Ireland Teachers' Superannuation Scheme (NITSS) and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme.

The NITSS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the Teachers' Superannuation Regulations (NI) 1998 (as amended). The NITSS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITSS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

NILGOSC is a defined benefit scheme which is externally funded and contracted out of the second state Pension Scheme. The Funds are valued every three years by actuaries using the projected unit method, the rates of contributions payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the basis of the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals. The College has fully adopted FRS17 'Retirement Benefits' during the year. The impact of this standard has been reflected throughout the financial statements. Prior year comparatives have been restated where appropriate.

The difference between the fair value of the assets held in the College's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the College's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the College is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the College are charged to the income and expenditure account or the statement of total recognised gains and losses, in accordance with FRS 17.

Tangible Fixed Assets

- **Land and buildings**

Land and buildings (including those inherited from the Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual change for the year calculated on the re-valued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since the last valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The depreciation charge on buildings is based on the opening net book value. Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Tangible Fixed Assets (continued)

- **Assets in the course of construction**
Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2011. They are not depreciated until they are brought into use.
- **Assets other than land and buildings**
Assets other than land and buildings costing less than £3,000 per individual item are written off to the income and expenditure account in the period of acquisition. Assets other than land and buildings inherited from the Education and Library Board are included in the balance sheet at valuation. All other assets are capitalised at cost.

These assets are depreciated over their useful economic lives as follows:

Computers	- three years
Motor vehicles	- four years
Plant and Equipment	- five years
Fixture and Fittings	- six years
Other PFI assets	- various

Where these assets are acquired with the aid of specific grants the asset is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related asset.

Private Finance Initiative

The College has one building subject to PFI contract. Under Department for Employment and Learning guidelines, all PFI contracts are treated as "On Balance Sheet".

For PFI contracts treated as "On Balance Sheet" the fair value of the building, and accompanying fixtures and fittings, is recognised as an asset in the financial statements, together with a corresponding finance lease obligation. The unitary payments made under the PFI contracts are allocated between the service and property elements. The elements of the unitary payment relating to services are charged to the Income Statement as incurred. The element of the unitary payment relating to property is credited against the finance lease obligation. Finance charges arising on the finance lease obligation are calculated so that the finance charge is a constant percentage of the outstanding lease obligation.

Under an agreement with the Department for Employment and Learning the College receives an annual contribution to cover the property element of the unitary payment. Accordingly this contribution is adjusted to match the property charges, depreciation and finance charges, included in the Income Statement. The corresponding adjustment to the Balance Sheet is shown as amounts due to/from the Department for Employment and Learning.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and are depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

Investments

Fixed asset investments are carried at historical cost less any provision for a permanent diminution in their value.

Foreign Currency Translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Taxation

As an exempt charity the College benefits by being broadly exempt from corporation tax on income it receives from tuition fees, interest and rents.

The College is exempted from levying VAT on most of the services it provides to students. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased.

Liquid Resources

Liquid resources include sums on short-term deposits with recognised banks and building societies.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Agency Arrangements

The College acts as an agent in the collection and payment of Support Funds. Related payments received from DEL and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 30, except for £1k received which is available to the College to cover administration costs relating to the grant. The College employs 1.75 members of staff dedicated to the administration of Learner Support fund applications and payments.

Prior Period Adjustment (PPA)

An adjustment has been made to last year's accounts in order to recognise the grant income from DEL in the Income & Expenditure Account and to remove the amount due from DEL in respect of the PFI contract.

Income and Expenditure Account	2010 £'000
Other operating expenses	(1,487)
Del Contribution to Depreciation on PFI Lease	286
Interest Payable	<u>1,298</u>
Increase in deficit for the financial year	<u>97</u>
 Balance Sheet	
Debtors	<u>(2,028)</u>
Decrease in Net Assets	<u>(2,028)</u>

2. THE DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS	2011 £'000	2010 £'000
Recurrent grant	23,530	23,330
Release of deferred capital grant	757	667
Educational Maintenance Allowance administration	31	38
Major Works	334	127
Information & Communication Technology – recurrent	-	3
Care To Learn	53	25
Private Finance Initiative	1,539	1,452
Additional Support Funds	302	181
Learner Access Engagement Programme	421	109
Other *	<u>4</u>	<u>(24)</u>
Total	<u>26,971</u>	<u>25,908</u>

* Ear marked funds unspent refundable to DEL

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

3. EDUCATION CONTRACTS	2011	2010
	£'000	£'000
VEP School Link Course	1,023	1,068
Jobskills/Training for Success	2,538	2,258
New Deal	98	69
Training-Other	-	15
Total	3,659	3,410
4. TUITION FEES AND CHARGES	2011	2010
	£'000	£'000
Higher Education (HE) Income	1,051	1,160
Home and other European Union	1,235	1,300
Total	2,286	2,460
5. OTHER GRANT INCOME	2011	2010
	£'000	£'000
European Funds	88	187
Other Funds	728	583
Total	816	770
6. OTHER OPERATING INCOME	2011	2010
	£'000	£'000
Catering and residence operations	160	158
Other income generating activities	174	170
Other income	100	98
Total	434	426
7. INVESTMENT INCOME	2011	2010
	£'000	£'000
Other interest receivable	214	217

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

8. STAFF COSTS

The average number of persons (including senior post-holders) employed by the College during the year, expressed as full-time equivalents was:

	2011	2010
	Number	Number
Teaching	403	412
Support	67	68
Administration	110	116
Premises	25	26
	<hr/>	<hr/>
Total	605	622
	<hr/>	<hr/>
Staff costs for the above persons:	2011	2010
	£'000	£'000
Teaching	15,578	15,058
Support	1,618	1,570
Administration	3,286	3,346
FRS 17 adjustment	16	(956)
Premises	517	519
	<hr/>	<hr/>
Total	21,015	19,537
	<hr/>	<hr/>
	£'000	£'000
Wages and salaries	17,286	17,171
Social security costs	1,296	1,278
Other pension costs	2,085	2,023
FRS 17 Adjustment (NILGOSC Pension)	16	(956)
	<hr/>	<hr/>
	20,683	19,516
Exceptional Staff Costs	332	21
	<hr/>	<hr/>
Total	21,015	19,537
	<hr/>	<hr/>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

8. STAFF COSTS (continued)

The number of senior post-holders and other staff who received emoluments, including pension contributions and benefits in kind, in the following ranges was:

	Senior post-holders		Other Staff	
	2011	2010	2011	2010
	No.	No.	No.	No.
£60,001 to £70,000	-	-	2	2
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	2	5	-	-
£90,001 to £100,000	2	-	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	1	-	-
	5	6	2	2

9. SENIOR POST-HOLDERS' EMOLUMENTS

Senior post holders are defined as the Principal & Chief Executive and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to appointment and promotion of staff who are appointed by the Governing Body.

	2011 Number	2010 Number
The number of senior post-holders including the Principal & Chief Executive was:	5	6
Senior post-holders' emoluments are made up as follows:	2011 £,000	2010 £'000
Salaries	422	484
Benefits in kind	-	-
Pension contributions	63	69
Total Emoluments	485	553

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

9. SENIOR POST-HOLDERS' EMOLUMENTS (continued)

The above emoluments include amounts payable to the Principal & Chief Executive (who is also the highest paid senior post-holder) of:

	Year Ended 31-Jul-11 £'000	Year Ended 31-Jul-10 £'000
Salaries	110	108
Benefits in kind	-	-
	<u>110</u>	<u>108</u>
Pension contributions	15	15
	<u>15</u>	<u>15</u>
Total	<u>125</u>	<u>123</u>

The pension contributions in respect of the Principal & Chief Executive and senior post-holders are in respect of employer's contributions to the Northern Ireland Teachers' Superannuation Scheme and the Northern Ireland Local Government Officers' Superannuation Scheme and are paid at the same rate as for other employees.

The members of the College other than the Principal & Chief Executive and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Senior post-holders received a pay award of 2% effective from 1 September 2010.

10. OTHER OPERATING EXPENSES

	2011 £'000	2010 £'000 re-stated
Direct Teaching	647	680
Direct Support	3,077	2,733
Administration	1,606	1,855
Consultancy Fees	212	271
Premises	3,663	3,913
Unitary payments under PFI contract	1,397	1,223
	<u>1,397</u>	<u>1,223</u>
Total	<u>10,602</u>	<u>10,675</u>

Other operating expenses include:

Auditors' remuneration		
- financial statements audit	21	21
- internal audit	24	24
- hire of other assets-operating leases	350	378
	<u>395</u>	<u>423</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

	2011	2010
	£'000	£'000
		re-stated
11. INTEREST PAYABLE		
On finance leases	1,301	1,304
Pension finance costs (note 23)	111	250
Total	1,412	1,554

12. TAXATION

The members do not believe the College was liable for any corporation tax arising out of its activities during this period.

13. SURPLUS/(DEFICIT) ON CONTINUING OPERATIONS FOR THE YEAR

	2011	2010
	£'000	£'000
		re-stated
College's surplus/(deficit) for the year	383	(1,407)

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

14. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £'000	Asset in Course of Construction £'000	PFI Assets £'000	Plant & Equipment £'000	Computers £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation								
At 1 August 2010	32,480	13,126	9,430	2,320	1,594	286	152	59,388
Transfer	13,126	(13,126)	-	-	-	-	-	-
Additions	3,592	-	216	238	100	20	-	4,166
Revaluation	(262)	-	372	-	-	-	-	110
At 31 July 2011	48,936	-	10,018	2,558	1,694	306	152	63,664
Depreciation								
At 1 August 2010	6,331	-	3,504	1,975	1,435	285	90	13,620
Charge for the year	844	-	236	142	97	1	20	1,340
Revaluation	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 31 July 2011	7,175	-	3,740	2,117	1,532	286	110	14,960
Net Book Value								
At 31 July 2011	41,761	-	6,278	441	162	20	42	48,704
Net Book Value								
At 31 July 2010	26,149	13,126	5,926	345	159	1	62	45,768

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

14. TANGIBLE FIXED ASSETS (Continued)

Land and buildings were last subject to a full revaluation in August 2007 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service in accordance with Department specifications. Subsequently that revaluation was updated using indices supplied by the Land and Property Service to provide valuations as at 31 July 2008 and 31 July 2009 and an interim revaluation has been carried out by Land and Property Service in August 2010 providing the Valuation as at 31 July 2010. That interim revaluation was updated during indices supplied by Land and Property Service to provide the valuations as at 31 July 2011.

If inherited land and buildings had not been re-valued they would have been included at the following amounts:	2011 £'000	2010 £'000
Cost	-	-
Aggregate depreciation based on cost	-	-
Net book value based on cost	<u>-</u>	<u>-</u>

The depreciation charge for the year is analysed as follows:	£'000	£'000
Owned assets	1,104	1,123
PFI assets	236	265
Assets held under finance leases and hire purchase arrangements	-	3
	<u>1,340</u>	<u>1,391</u>

15. DEBTORS	2011 £'000	2010 £'000 re-stated
Amounts falling due within one year:		
Trade debtors	134	120
Surplus land debtor arising on PFI contract	30	30
Prepayments and accrued income	1,397	843
Total	<u>1,561</u>	<u>993</u>
Amounts falling due after one year:		
Surplus land debtor arising on PFI contract	420	450
	<u>420</u>	<u>450</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£'000	£'000
Obligations under finance leases - PFI contracts	271	215
Trade creditors	300	1,333
Other taxation and social security	521	537
Accruals and other creditors	1,791	1,367
	<u>2,883</u>	<u>3,452</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011	2010
	£'000	£'000
Obligations under finance leases - PFI contracts	9,954	10,009
	<u>9,954</u>	<u>10,009</u>

18. ANALYSIS OF BORROWINGS OF THE COLLEGE

Finance Leases - PFI Contracts

The net finance lease obligations to which the College is committed are:

	2011	2010
	£'000	£'000
In one year or less	271	215
Between two and five years	1,755	1,479
In five years or more	8,199	8,530
	<u>10,225</u>	<u>10,224</u>
Total	<u>10,225</u>	<u>10,224</u>

19. PROVISIONS FOR LIABILITIES AND CHARGES

There were no provisions in the year.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

20. DEFERRED CAPITAL GRANTS

	DEL Grants £'000	Other Grants £'000	Total £'000
At 1 August 2010			
Land and buildings	27,580	-	27,580
Other assets	38	35	73
	<u>27,618</u>	<u>35</u>	<u>27,653</u>
Cash received			
Land and buildings	3,302	-	3,302
Other assets	23	-	23
Released to income and expenditure account			
Land and buildings	702	-	702
Other assets	36	19	55
	<u>30,205</u>	<u>16</u>	<u>30,221</u>
Total	30,205	16	30,221
At 31 July 2011			
Land and buildings	30,180	-	30,180
Other assets	25	16	41
	<u>30,205</u>	<u>16</u>	<u>30,221</u>
Total	30,205	16	30,221

21. REVALUATION RESERVE

	2011 £'000	2010 £'000
At 1 August 2010	11,029	14,934
Revaluations in the period (Note 14)	(262)	(3,702)
Transfer from revaluation reserve to income and expenditure account in respect of depreciation on re-valued assets	(106)	(203)
	<u>10,661</u>	<u>11,029</u>
At 31 July 2011	10,661	11,029

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

22. MOVEMENT ON GENERAL RESERVE	2011 £'000	2010 £'000 re-stated
Income and expenditure account reserve		
At 1 August as previously stated	(1,479)	1,693
Prior year adjustment re PFI contracts	-	(1,931)
As at 1 August as stated	<u>(1,479)</u>	<u>(238)</u>
Surplus/(Deficit) retained for the year	383	(1,407)
Transfer from revaluation reserve	106	203
Actuarial gain/(loss) in respect of pension scheme	<u>3,368</u>	<u>(37)</u>
At 31 July 2011	<u>2,378</u>	<u>(1,479)</u>
Balance represented by:		
Pension reserve	(1,405)	(4,646)
Income and expenditure account reserve excluding pension reserve	<u>3,783</u>	<u>3,167</u>
At 31 July 2011	<u>2,378</u>	<u>(1,479)</u>

23. PENSION AND SIMILAR OBLIGATIONS

The College's employees belong to two principal pension schemes; the Northern Ireland Teachers' Superannuation Scheme (NITSS) for academic and related staff and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) for non-teaching staff. Both are defined benefit schemes.

Total pension cost for the year	2010/11 £'000	2009/10 £'000
NITSS: contributions paid	1,572	1,505
NILGOSC: Contributions paid	513	517
NILGOSC: FRS17 Charge	16	(956)
NILGOSC: Change to the Income & Expenditure Account	<u>529</u>	<u>(439)</u>
Total Pension Cost for Year	<u>2,101</u>	<u>1,066</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the NITSS was 31 March 2004 and NILGOSC was 31 March 2010.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

23. PENSION AND SIMILAR OBLIGATIONS (Continued)

NITSS

The NITSS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the *Teachers' Superannuation Regulations (NI) 1998 (as amended)*.

Further information about the scheme is given in the explanatory booklet dated November 2007, and on the Department of Education's website at www.deni.gov.uk.

The Government Actuary's Department values the scheme every 4 years with an interim valuation in the intervening 2-year period using the projected accrued benefit method. A full actuarial review of the Scheme as at 31 March 2008 is currently in progress and is substantially complete.

From 1 April 2007 the employers' contribution rate is 13.6% and the employees' contribution rate is 6.4% of pensionable pay. This is to account for changes introduced to the NITSS from this date. These rates still apply in this financial year.

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the NITSS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

NILGOSC

NILGOSC is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations (Northern Ireland) 2002, as amended. It is contracted out of the state pension scheme.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

FRS 17

The following information is based upon a full actuarial valuation of the NILGOSC fund at 31 March 2010 updated to 31 July 2011 by a qualified actuary.

Principal actuarial assumptions	At 31 July 2011	At 31 July 2010
Principal actuarial assumptions at Balance Sheet date are as follows:	2011	2010
	%	%
Rate of increase in salaries	5.0	4.9
Rate of increase for pensions in payment/inflation	2.7	2.9
Discount rates for scheme liabilities	5.3	5.4
Expected return on assets	6.4	6.7

The current mortality assumptions include sufficient allowance for the future improvements of mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2011	At 31 July 2010
Retiring today		
Males	22.9 years	20.8 years
Females	25.7 years	24.1 years
Retiring in 20 years		
Males	24.9 years	22.3 years
Females	27.7 years	25.7 years

The College's share of the assets and liabilities in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 July 2011	Value at 31 July 2011	Long-term rate of return expected at 31 July 2010	Value at 31 July 2010
	%	£'000	%	£'000
Equities	7.0	9,881	7.3	7,792
Bonds	4.6	2,003	4.8	1,579
Property	5.1	935	5.3	737
Cash	4.0	534	4.4	421
		<u>13,353</u>		<u>10,529</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2011	2010
	£'000	£'000
Amounts recognised in the balance sheet		
Present value of funded obligations	(14,758)	(15,175)
Fair value of plan assets	13,353	10,529
Net (Underfunding) in funded plans	<u>(1,405)</u>	<u>(4,646)</u>
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Net Liability	<u>(1,405)</u>	<u>(4,646)</u>

Analysis of the amount charged to income and expenditure account

	2011	2010
	£'000	£'000
Employer service cost (net of employee contributions)	16	21
Past service (Gains)	-	(977)
Total operating change/(gain)	<u>16</u>	<u>(956)</u>

Analysis of pension finance income / (costs)

	2011	2010
	£'000	£'000
Expected return on pension scheme assets	(719)	(587)
Interest on pension liabilities	830	837
Pension finance costs	<u>111</u>	<u>250</u>

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2011	2010
	£'000	£'000
Actuarial gains/losses on pension scheme assets	1,684	1,065
Actuarial losses/gains on scheme liabilities include CPI credit of £nil (2010 £977,000)	<u>(1,684)</u>	<u>1,102</u>
Actuarial gain/(loss) recognised in STRGL	<u>3,368</u>	<u>(37)</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Movement in deficit in scheme at 1 August 2010

	2011	2010
	£'000	£'000
Deficit in scheme at 1 August 2010	(4,646)	(5,315)
Movement in the year:		
Employer service cost (net of employee contributions)	(529)	(538)
Employer contributions	513	517
Past service cost/gain	-	977
Net interest / return on assets	(111)	(250)
Actuarial gain or (loss)	3,368	(37)
	<u>(1,405)</u>	<u>(4,646)</u>

Asset and Liability Reconciliation

	2011	2010
	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of period	15,175	13,704
Service cost	529	538
Interest cost	830	837
Employee contributions	188	200
Actuarial (gain)/loss	(1,684)	1,102
Benefits paid	(280)	(229)
Past service gains	-	(977)
	<u>14,758</u>	<u>15,175</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2011	2010
Reconciliation of Assets	£'000	£'000
Assets at start of period	10,529	8,389
Expected return on assets	719	587
Actuarial gain	1,684	1,065
Employer contributions	513	517
Employee contributions	188	200
Benefits paid	(280)	(229)
	<hr/>	<hr/>
Assets at end of period	13,353	10,529
	<hr/> <hr/>	<hr/> <hr/>

The estimated amount of contribution to be paid to the scheme in 2011/12 financial period is £550,000.

History of experience gains and losses

	2011	2010	2009	2008	2007
Difference between the expected and actual return on assets	(1,405)	(4,646)	(5,315)	(1,938)	(1,702)
Experience gains and losses on scheme liabilities	1,731	-	-	183	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total amount recognised in STRGL	3,368	(37)	(3,194)	(231)	1,607
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

24. NOTES TO THE CASH FLOW STATEMENT

(i) Reconciliation of operating surplus/(deficit) to net cash flow from operating activities	2011 £'000	2010 £,000 re-stated
Surplus/(deficit) on continuing operations after depreciation of assets at valuation	383	(1,407)
Depreciation (note 14)	1,340	1,391
Revaluation impairment	(372)	1,441
Deferred capital grants released to income (note 20)	(757)	(667)
Interest payable (note 11)	1,412	1,554
Pension cost less contributions payable (8 and 23)	16	(956)
(Increase)/Decrease in trade debtors	(14)	69
(Increase)/Decrease in prepayments and accrued income and other debtors	(281)	4
(Decrease)/Increase in trade creditors	(1,052)	140
(Decrease)/Increase in other taxation and social security	(16)	19
Increase in accruals	424	4
Interest receivable	(214)	(217)
Decrease PFI Surplus Land Debtor	30	30
	<hr/>	<hr/>
Net cash outflow from operating activities	899	1,406
	<hr/>	<hr/>
(ii) Returns on investments and servicing of finance	2011 £'000	2010 £'000
Other interest received	233	234
Interest paid on finance leases	(1,301)	(1,304)
	<hr/>	<hr/>
Net cash inflow from returns on investment and servicing of finance	(1,068)	(1,070)
	<hr/>	<hr/>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

24. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(iii) Capital expenditure and financial investment	2011	2010
	£'000	£'000
		re-stated
Purchase of tangible fixed assets	(4,147)	(11,612)
Deferred capital grants received	3,034	11,723
	<hr/>	<hr/>
Net cash (outflow)/inflow from capital expenditure and financial investment	(1,113)	111
	<hr/>	<hr/>

(iv) Financing	2011	2010
	£'000	£'000
Capital element of finance lease payments	-	(91)
Loan repaid	-	(200)
Finance Lease: PFI	-	104
	<hr/>	<hr/>
Net cash outflow from financing	-	(187)
	<hr/>	<hr/>

(v) Analysis of net funds	At	Cash	Other	At
	1 August 2010	flows	non-cash	31 July 2011
	£	£	£	£
Cash in hand and at bank	8,099	(1,282)	-	6,817
Debt	-	-	-	-
Finance Leases	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	8,099	(1,282)	-	6,817
	<hr/>	<hr/>	<hr/>	<hr/>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

25. POST BALANCE SHEET EVENTS

Details of any post balance sheet events are given in the report of the Members of the Governing Body.

26. CAPITAL COMMITMENTS	2011	2010
	£'000	£'000
Commitments contracted for at 31 July 2011	<u>237</u>	<u>3,489</u>

PFI Contract

Capital repayments will be made over a 25 year period and will be funded by DEL.

27. FINANCIAL COMMITMENTS

At 31 July 2011 the College had annual commitments under non-cancellable operating leases as follows:

	2011	2010
	£'000	£'000
Land and Buildings:		
Expiring within one year	23	280
Expiring within two and five years inclusive	109	115
Expiring in over five years	<u>30</u>	<u>30</u>
	<u>162</u>	<u>425</u>

28. CONTINGENT LIABILITY

Water Ingress Issue at Main Campus Limavady

In May 2010 the Court found in favour of the College. The plaintiff was found liable for the window defect. However, subsequently the court allowed the plaintiff to amend its claim in so far as it extends to claiming that the architect was the agent of the College.

Cleaver Fulton Rankin have informed the College that the plaintiff has already suggested that we treat this case as a latent defect situation and therefore allow them on site to complete the required remedial works.

A report from a qualified quantity surveyor has estimated that the remedial works will cost in the region of £500k.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

29. RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of the Board of Governors being drawn from public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

<u>Paid / Payable</u>		2011	2010
Governor/Senior Manager	Company	£'000	£'000
S Murphy/G McGuckin*	Noribic	10	36
		<u>10</u>	<u>36</u>
	Amounts Outstanding	2011	2010
		£'000	£'000
S Murphy/G McGuckin	Noribic	-	-
		<u>-</u>	<u>-</u>
<u>Received / Receivable</u>		2011	2010
Governor/Senior Manager	Company	£'000	£'000
S Murphy/G McGuckin	Noribic	3	1
		<u>3</u>	<u>1</u>
	Amounts Outstanding	2011	2010
		£'000	£'000
S Murphy/G McGuckin	Noribic	1	1
		<u>1</u>	<u>1</u>

* Mr G McGuckin left College employment in June 2010.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011**

30. SUPPORT FUNDS

	2011	2010
	£'000	£'000
DEL grants	319	412
Interest earned	-	1
	<u>319</u>	<u>413</u>
Disbursed to students	(317)	(410)
Audit fees	(1)	(1)
	<u>(318)</u>	<u>(411)</u>
Balance unspent at 31 July 2011	<u><u>1</u></u>	<u><u>2</u></u>

Support funds are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

31. LOSSES & SPECIAL PAYMENTS

The College wrote off £22,468 in February 2011 in relation to bad debts.

Authorisation to write off these debts was sought from the Department in November 2010. Approval was duly given in February 2011.

The write off was also approved by the Board of Governors.

The total number of cases written off was 51.

