

**NORTH WEST REGIONAL COLLEGE
ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31 JULY 2012**

The Accounting Officer authorised these

Financial statements for issue

**on
21 November 2012**

**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

**NORTH WEST REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2012**

NORTH WEST REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2012

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**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2012**

The members present their report and the audited financial statements for the year ended 31 July 2012.

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.

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 2011/2012 the College estimated a total of 5,447 FE Funding Learning Units (FLUs) exclusive of Essential Skills against an actual of 5,829, 7% over target.

In the key areas of DEL Priority Skills the College exceeded its target by 6.8% and in terms of Essential Skills the College met its target.

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

Retention for the College in FLU funded courses is 84% FE Full Time, 87% FE Part Time and 86% 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.

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Financial Results

The College incurred an operating surplus on continuing operations after depreciation of assets at valuation of £1,999k (Surplus in 2011 of £383k). Calculated on a re-valued assets basis, the historic surplus in the year was £2,154k (Surplus in 2011 of £489k). Land and Property Services re-valued Land and Buildings in 2012 and this has resulted in a re-valued gain of £1,795k on the PFI Building. The College's position before the PFI revaluation was a surplus of £359k.

The movement from the 2011/12 College Development Plan and the final outturn is explained by movements to a number of key account headings. The material favourable variances included - £148k increase in DEL grants, £697k increase in education contracts, £141k increase in other income, savings of £94k in lecturer costs and non-teaching staff costs savings of £158k. Most cost accounts came in under budget the main exception being Steps To Work sub-contractor payments. This has been matched by a corresponding increase in income.

This is a strong financial performance in a year when the College has continued to invest heavily in teaching resources and has delivered 937 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 2011/12 DEL provided 64% (2011 - 68%) of the College's total income through allocated recurrent grant. This represented 16% of the total recurrent grant available to the sector.

Reserves

The College has accumulated reserves of £22,196k and cash balances of £7,858k.

The College has an historic cost surplus of £2,154k resulting in an Income and Expenditure reserve balance of £5,955k which is £2,372k over the recommended 10% limit as directed by DEL.

The College is currently investing in additional accommodation at the Strabane campus.

The College is also in consultation with DEL regarding the upgrade of the existing listed building at the Strabane campus.

The College is currently updating the Estates strategy which includes the acquisition and development of the Clondermot site and significant refurbishment of the Springtown campus.

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.

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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 £1,041k operating cash inflow for the year. (2011 - £1,282k outflow)

Liquidity

As per the balance sheet the College's liquidity is very strong. Although the College has planned capital investment in the next few years the liquidity situation should remain strong unless the level of future funding is reduced significantly.

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 full time FE student enrolments by 4% during the year. Full time HE enrolments were reduced in line with the reduction in MASN allocation.

- Full-time FE enrolments were 3,641 (3,516 in 2010/11)
- Full-time HE enrolments were 651 (715 in 2010/11)
- Full-time Training For Success enrolments were 498 (536 in 2010/11)
- Part-time enrolments were 20,288 (20,877 in 2010/11)

In terms of FLUs, the College delivered an actual total of 7,578 against its targeted FLUs of 7,105. These were made up of:

- FE 5,829 against a target of 5,458
- HE 1,254 against a target of 1,216
- ESK 495 against a target of 431

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 82.6% in 2011/12.

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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 25,078 (25,644 - 2011) students enrolled on its programmes. In a recent inspection it was found that the range of curriculum provision of full and part time courses is good or better. The inspection identified very few gaps in the curriculum offer and found that good progression pathways are provided for learners.

The higher education provision accounts for 18% of the total College Funded Learning Unit (FLU) count excluding essential skills. The total Further Education FLU count for the College was 5,829 which was 7% over target. Over 1100 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 47% of students were male and 53% were female. 7% of students had a learning disability and were supported in their learning within mainstream provision.

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

(Above statistics taken from FLU count June 2012)

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 2011 to 31 July 2012, the College paid 92% of its invoices within 30 days (2010/11 - 62%). The College incurred no interest charges in respect of late payment for this period.

Post-Balance Sheet Events

There have been no significant post balance sheet events.

Future Developments

The College has proposals with the Department in relation to developments on the Clondermot site, the Strabane campus and Springtown 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.

RESOURCES:

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

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Estate:

LPS has re-valued land and buildings at 31 July 2012. The value of the main College sites are as follows:

Building	Value £'000
Foyle Building	12,897
Strand Road	17,264
Limavady	8,279
Northland	8,489
Centre for Technology	5,903
Strabane	1,858
Springtown	1,159

Financial:

The College has £51million of net assets (including a £3.7million pension liability).

People:

The College employs 598 people (expressed as full time equivalents), of whom 391 are teaching staff.

Sickness/Absence Data	2011-12	2010-11
No of days absent	5474	4273
Time Lost	3.7%	3.0%

Reputation:

The College has a good reputation both locally and regionally for its further and higher education provision. In a recent inspection the Education and Training Inspectorate said that 'in the professional and technical areas inspected, the quality of education and training provided by the college is good. The college has strengths in most of its education, training and pastoral provision'. Some areas for improvement were identified and the college is addressing these.

The College also received a positive report from the Quality Assurance Agency in relation to its higher education provision. The Steps to Work provision was unfortunately unable to meet its targets for getting people into employment, due to the current economic climate in the area. The college's catchment area covers the most economically deprived parts of NI – the Derry City Council area currently has the highest rate of unemployment in NI.

The College has a good reputation with its students and the student voice is integral to the ethos at the college. The results of student surveys show high levels of satisfaction by them on their experiences in the college.

During the year Internal Auditors graded their reports either satisfactory or substantial and the overall end of year report was graded as substantial.

Principal risks and uncertainties:

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

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Government Funding

Given the state of the wider public finances cuts to the recurrent grant cannot be ruled out. Such cuts may 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.

FE Reclassification

In October 2010, the Office of National Statistics reclassified Further Education Colleges from Non-Profit Institutions Serving Households to Central Government, that is from the private to the public sector. From 1 April 2012 it was confirmed that for Northern Ireland, the further education colleges would be brought within the budgetary responsibility of the Department for Employment and Learning (and required to accord with the same budgeting and reporting disciplines as other Non Departmental Public Bodies.) To date the Department of Finance and Personnel have confirmed that this position is in place at least until 31 March 2015. The college is currently working with the Department for Employment and Learning to determine the future impacts and implications of the change.

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.

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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 various means such as membership of the Governing Body.

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

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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.

Personal Data Related Incidents

There were no personal data related incidents during the year.

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

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Members

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

NAME	DATE OF APPOINTMENT	TERM OF OFFICE	DATE OF RESIGNATION	STATUS OF APPOINTMENT	COMMITTEES SERVED
Mr H Faulkner (Chairman)	01/09/2010	4 yrs	n/a	current member	SC
Mr M Agnew	05/03/2009	4yrs	n/a	current member	FC, SC
Miss E Cavanagh	01/08/2011	4 yrs	n/a	current member	EC, AC
Mr S Deehan (Student Rep.)	26/10/2011	1 yr	n/a	current member	
Mrs J Doherty	01/08/2011	4 yrs	n/a	current member	FC, SC
Mr G Finnegan	01/08/2011	4 yrs	n/a	current member	AC
Mr L Gallagher (Non-teaching staff rep.)	10/12/2007	4 yrs	09/12/2011	ex-member	AC
Cllr S Gallagher	21/05/2012	4 yrs	n/a	current member	
Miss G Keegan	01/08/2011	4 yrs	n/a	current member	EC, SC
Mr G Killeen	01/08/2011	4 yrs	n/a	current member	EC
Mr D Limb (Teaching Staff Rep.)	11/10/2010	4 yrs	n/a	current member	FC
Mr W McBride	16/02/2009	4 yrs	n/a	current member	AC
Mrs C McFarland	01/05/2012	4 yrs	n/a	current member	AC, SC
Mr S McGregor	01/08/2011	4 yrs	n/a	current member	EC, FC
Mr D McMahon	01/08/2011	4 yrs	31/12/2011	ex-member	AC, SC
Prof F Monds (Vice-Chairman)	01/08/2011	4 yrs	n/a	current member	AC,EC,SC
Mr S Murphy (Principal & Chief Executive)	09/08/2007	n/a	n/a	current member	EC,FC,SC
Mr M O'Kane	01/05/2012	4 yrs	n/a	current member	
Mr A Smyth	03/04/2008	4 yrs	02/04/2012	ex-member	AC
Ms B Smyth (Non-teaching staff rep.)	14/12/2011	4 yrs	n/a	current member	AC
Mr G White	17/10/2011	4yrs	n/a	current member	EC
Ms A Williamson (Student Representative)	25/10/2010	1 yr	30/09/2011	ex-member	n/a

- AC - *Audit and Risk Committee*
- EC - *Education Committee*
- FC - *Finance and General Purposes Committee*
- SC - *Staffing and Appointments Committee*

For and on behalf of the members of the Governing Body


 Prof F Monds
 Vice-Chairman of Governing Body

21.11.2012
 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 & Chief Executive received performance pay.

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FURTHER EDUCATION COLLEGE REMUNERATION REPORT CONT'D**

Total reward package

Senior staff within colleges have access to either the Northern Ireland Teachers' Pension Scheme (NITPS) 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 and pension entitlements

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

Remuneration

Senior Management	2011 -12		2010 -11	
	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	75 - 80	Nil
Mr D Kinnaid, Director	75 - 80	Nil	75 - 80	Nil
Mr P McKeown, Director	75 - 80	Nil	75 - 80	Nil
Mr C Morrison, Director	75 - 80	Nil	75 - 80	Nil

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.

	2011-12	2010-11
	£	£
	£'000	£'000
Band of highest paid directors total remuneration	105-110	105-110
Median total remuneration	24,873	24,555
Ratio	4.4	4.3

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 Entitlements

Senior Management	Accrued pension at age 60 as at 31/7/12 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/7/12	CETV at 31/7/11	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mr S Murphy, Principal & Chief Executive	55-60	0-2.5	1,270	1,218	(19)
	Plus lump sum of	Plus lump sum of			
	165-160	2.5-5			
Mrs K Duffy, Director	30-35	0-2.5	499	423	143
	Plus lump sum of	Plus lump sum of			
	75-80	(2.5-0)			
Mr D Kinnaird, Director	30-35	0-2.5	608	537	38
	Plus lump sum of	Plus lump sum of			
	95-100	0-2.5			
Mr P McKeown, Director	15-20	0-2.5	226	177	78
	Plus lump sum of	Plus lump sum of			
	35-40	(2.5-0)			
Mr C Morrison, Director	30-35	0-2.5	685	618	29
	Plus lump sum of	Plus lump sum of			
	90-95	2.5-5			

Pension arrangements

Retirement benefits to employees of the College are provided by the Northern Ireland Teachers' Pension Scheme (NITPS) 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 NITPS 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 NITPS 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

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

consistent and reasonable basis. The NITPS 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

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 accounts 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.

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 incorporated 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 of members appointed by the Minister for Employment and Learning, members nominated by the Education and Library Board for the area, staff and students of the College, the Principal & Chief Executive and people co-opted by the Governing Body. 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 and its subsidiary companies. The Governing Body met 8 times during the 2011/12 year and has several committees including a Finance and General Purposes Committee, an Audit and Risk Committee, a Staffing and Appointments Committee and an Education Committee. All of these committees are formally constituted with terms of reference and comprise mainly members of the Governing Body.

Full minutes of Governing Body meetings are available from the secretary of the Governing Body or on the College website. The secretary to the Governing Body maintains a register of financial and personal interests of the Governing Body members and this is also available for inspection. Formal agendas, papers and reports are supplied to the governing Body members in a timely manner.

Audit and Risk Committee

The Audit and Risk Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control. It provides a channel of communication from the college's auditors, which is not controlled by college management. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The Committee met 4 times during the 2011/12 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

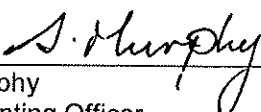
The Finance and General Purposes Committee inter alia supervises all matters relating to the finance and accounts of the College and the receipt of its income and the expenditure. It is the duty of this Committee to present a report to each meeting of the Governing Body.

Staffing and Appointments Committee

The Staffing and Appointments Committee is responsible for dealing with issues in relation to the recruitment, appointment, promotion and grading of all staff, other than senior staff.

Education Committee

The Education Committee is responsible for overseeing the curricular provision of the College, especially the nature, quality and performance of the provision and the extent to which it meets the needs of the community the College seeks to serve.



S Murphy
Accounting Officer

21/11/12

Date

**NORTH WEST REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2012**

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 results 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.

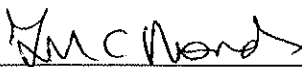
The Governing Body is also required to prepare an Annual Report which describes its strategic direction and the legal and administrative status of the College.

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 21/11/2012 and signed on its behalf by:



Prof F Monds
Vice-Chairman of Governing Body

**NORTH WEST REGIONAL COLLEGE
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2012**

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.

To ensure that accountability arrangements are embedded in the organisation. I receive Statements of Internal Control from all second tier and third tier managers in the organisation.

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 2012 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 2012**

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 2012. 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 Substantial 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 nine assurance reviews in 2011/2012 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 2012**

Review Ref.	AREA REVIEWED	ASSURANCE REPORTED
1112/01	Review of procurement and contract management	Substantial
1112/02	Review of marketing activities	Satisfactory
1112/03	Review of estate management	Satisfactory
1112/04	Review of time-recording and part-time lecturers	Substantial
1112/05	Review of corporate governance arrangements	Substantial
1112/06	Review of security of assets and delivery arrangements	Substantial
1112/07	Review of human resource operations	Substantial
1112/08	Review of student support services	Substantial
1112/10	Review of collection of student personal details	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 two instances of fraud during the year. The first was identified as a result of existing controls. The second was as a result of a weakness in controls. Subsequent to a full review the system of internal controls has been updated and improved. Both issues have been reported to DEL.


Seamus Murphy
Accounting Officer

21/11/12
Date

NORTH WEST REGIONAL COLLEGE

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 31 July 2012 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, the 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 examine, certify and report on 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 North West Regional College's affairs as at 31 July 2012 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 issued thereunder.

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Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department for Employment and Learning directions made 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; 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.

S.M.

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

28 November 2012

**NORTH WEST REGIONAL COLLEGE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2012**

	Notes	2012 £'000	Restated 2011 £'000
Income			
Department for Employment and Learning grants	2	26,219	27,078
Education contracts	3	6,264	3,659
Tuition fees and charges	4	2,193	2,286
Other grant income	5	450	816
Other operating income	6	425	434
Investment income	7	283	214
Total income		<u>35,834</u>	<u>34,487</u>
Expenditure			
Staff costs	8	20,300	20,683
Other operating expenses	10	12,169	10,602
Revaluation Gain	14	(1,527)	(265)
Depreciation	14	1,606	1,340
Interest payable	11	1,274	1,412
Total expenditure before exceptional items		<u>33,822</u>	<u>33,772</u>
Surplus on continuing operations after depreciation of assets at valuation and before tax and before exceptional items		2,012	715
Exceptional Items			
Exceptional Costs - Staff	8	-	332
Surplus on continuing operations after depreciation of assets at valuation and before tax		2,012	383
Loss on Disposal of Assets		13	-
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets but before tax		1,999	383
Taxation	12	-	-
Surplus on continuing operations after depreciation of assets at valuation and tax	13	<u>1,999</u>	<u>383</u>

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 2012**

	Notes	2012 £'000	2011 £'000
Surplus on continuing operations after depreciation of assets at valuation and after tax		1,999	383
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	21	<u>155</u>	<u>106</u>
Historical cost surplus for the year		<u>2,154</u>	<u>489</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 2012**


	Notes	2012 £'000	Restated 2011 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		1,999	383
Unrealised surplus/(deficit) on revaluation of fixed assets	21	9,726	(155)
Actuarial Gain/(Loss) in respect of pension scheme	23	<u>(2,332)</u>	<u>3,368</u>
Total recognised gains relating to the year		9,393	3,596
Prior period adjustment		<u>-</u>	<u>(2,028)</u>
Total recognised gains since last annual report		<u>9,393</u>	<u>1,568</u>
 Reconciliation of movement in reserves			
Opening Reserves		13,146	9,550
Christ Church Disposal		(343)	-
Total recognised gains for the year		<u>9,393</u>	<u>3,596</u>
Closing reserves		<u>22,196</u>	<u>13,146</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 2012**

	Notes	2012 £'000	Restated 2011 £'000
Fixed Assets			
Tangible assets	14	<u>58,256</u>	<u>48,704</u>
Debtors: amounts falling due after more than one year	15	390	420
Current Assets			
Debtors	15	1,433	1,561
Cash at bank and in hand		<u>7,858</u>	<u>6,817</u>
Total current assets		<u>9,291</u>	<u>8,378</u>
Less: Creditors: amounts falling due within one year	16	<u>3,447</u>	<u>2,883</u>
Net current assets		<u>5,844</u>	<u>5,495</u>
Total assets less current liabilities		64,490	54,619
Creditors: amounts falling due after more than one year	17	(9,622)	(9,954)
Less: Provision for liabilities	19	-	-
Net Assets (excluding pension liability)		54,868	44,665
Net Pension Liability	23	<u>(3,755)</u>	<u>(1,405)</u>
NET ASSETS (including pension liability)		<u>51,113</u>	<u>43,260</u>
Deferred capital grants	20	28,917	30,114
Reserves			
Income and expenditure account excluding pension reserve	22	5,955	3,783
Pension Reserve	23	<u>(3,755)</u>	<u>(1,405)</u>
Income and expenditure account including pension reserve	22	2,200	2,378
Revaluation Reserve	21	<u>19,996</u>	<u>10,768</u>
Total reserves		<u>22,196</u>	<u>13,146</u>
TOTAL		<u>51,113</u>	<u>43,260</u>

The financial statements on pages 24 to 53 were approved by the Governing Body of the North West Regional College on 21/11/12 and were signed on its behalf by:


 Prof F Monds
 Vice-Chairman of Governing Body
 North West Regional College


 Seamus Murphy
 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 2012**

	Notes	2012 £'000	Restated 2011 £'000
Cash outflow from operating activities	24(i)	2,408	899
Returns on investment and servicing of finance	24(ii)	(1,130)	(1,068)
Taxation		-	-
Capital expenditure and financial investment	24(iii)	34	(897)
		<u>1,312</u>	<u>(1,066)</u>
Financing	24(iv)	(271)	(216)
Increase/(Decrease) in cash in the period	24(v)	<u>1,041</u>	<u>(1,282)</u>
		2012 £'000	Restated 2011 £'000
Reconciliation of net cash flow to movement in net funds			
Cash outflow from repayment of finance leases		271	-
Increase/(Decrease) in cash in the period		1,041	(1,282)
Cash outflow from decrease in debt		-	-
Changes in net funds resulting from cashflows		<u>1,041</u>	<u>(1,282)</u>
Movement in net funds in the period		1,312	(1,282)
Net funds at 1 August 2011		<u>(3,408)</u>	<u>(2,126)</u>
Net funds at 31 July 2012	24(v)	<u>(2,096)</u>	<u>(3,408)</u>

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 2012**

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 and in accordance with applicable United Kingdom accounting standards.

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.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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 grants, controls and other services rendered is included to the extent that the conditions of the funding have been met, or 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.

Pension Scheme

The two principal pension schemes for the College's staff are the Northern Ireland Teachers' Pension Scheme (NITPS) 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 NITPS 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 NITPS 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 NITPS 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 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.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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 (inclusive of VAT) 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 charge 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 11 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.

- **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 2012. 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.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Private Finance Initiative

When the College has an asset of the property

Where it is concluded that the College has an asset of the property and therefore a liability to pay for it, these are recorded on the balance sheet. The initial amount recorded for each is the fair value of the property. Subsequently, the asset is depreciated over its useful economic life and the associated liability is reduced as payments for the property are made. An imputed finance charge on the liability is recorded in subsequent years using a property-specific rate. The remainder of the PFI payments (i.e. the full payments, less the capital repayment and the imputed financing charge) are recorded as an operating cost. Other college obligations in relation to the PFI contract are accounted for in accordance with FRS 12 Provisions, Contingent Liabilities and Contingent Assets.

The College recognises the property when it comes into use, unless it bears significant construction risk, in this case the property is recognised as it is constructed.

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. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

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.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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.

Agency Arrangements

The College acts as an agent in the collection and payment of Hardship 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.

2. THE DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS	2012	Restated
	£'000	2011
		£'000
Recurrent grant	22,842	23,530
Release of deferred capital grant	1,178	864
Educational Maintenance Allowance administration	36	31
Major Works	40	334
Care To Learn	70	53
Private Finance Initiative	1,591	1,539
Additional Support Funds	219	302
Learner Access Engagement Programme	243	421
Other	-	4
Total	26,219	27,078

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

3. EDUCATION CONTRACTS	2012	2011
	£'000	£'000
Entitlement Framework	972	1,023
Training for Success	2,553	2,538
Steps To Work	2,717	-
Training-other	22	98
Total	6,264	3,659
4. TUITION FEES AND CHARGES	2012	2011
	£'000	£'000
Higher Education (HE) Income	989	1,051
Home and other European Union	1,185	1,235
Non- European Union	19	-
Total	2,193	2,286
5. OTHER GRANT INCOME	2012	2011
	£'000	£'000
European Funds	42	88
Other Funds	408	728
Total	450	816
6. OTHER OPERATING INCOME	2012	2011
	£'000	£'000
Catering and residence operations	182	160
Other income generating activities	192	174
Other income	51	100
Total	425	434
7. INVESTMENT INCOME	2012	2011
	£'000	£'000
Other interest receivable	211	214
Pension finance income (note 23)	72	-
Total	283	214

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

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:

	2012 Number	2011 Number
Teaching	391	403
Support	62	67
Administration	121	110
Premises	24	25
Total	598	605
Staff costs for the above persons:	2012 £'000	2011 £'000
Teaching	14,632	15,578
Support	1,578	1,618
Administration	3,527	3,286
Premises	473	517
FRS 17 Adjustment	90	16
Total	20,300	21,015
	2012 £'000	2011 £'000
Wages and salaries	16,853	17,286
Social security costs	1,274	1,296
Other pension costs	2,083	2,085
FRS 17 Adjustment (NILGOSC Pension)	90	16
	20,300	20,683
Exceptional Staff Costs	-	332
Total	20,300	21,015

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

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	
	2012	2011	2012	2011
	No.	No.	No.	No.
£60,001 to £70,000	-	-	2	2
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	2	2	-	-
£90,001 to £100,000	2	2	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	1	-	-
	5	5	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.

	2012	2011
	Number	Number
The number of senior post-holders including the Principal & Chief Executive was:	5	5
Senior post-holders' emoluments are made up as follows:	2012	2011
	£,000	£'000
Salaries	425	422
Benefits in kind	-	-
Pension contributions	65	63
Total Emoluments	490	485

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

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:

	2012	2011
	£'000	£'000
Salaries	110	110
Benefits in kind	-	-
	<u>110</u>	<u>110</u>
Pension contributions	15	15
	<u>15</u>	<u>15</u>
Total	<u>125</u>	<u>125</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' Pension 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.

	2012	Restated 2011
	£'000	£'000
10. OTHER OPERATING EXPENSES		
Direct Teaching	641	647
Direct Support	5,231	3,077
Administration	1,824	1,712
Consultancy Fees	-	30
Premises	3,017	3,739
Unitary payments under PFI contract	1,456	1,397
	<u>12,169</u>	<u>10,602</u>
Interest Payable	-	111
Interest element of Finance Lease	1,274	1,301
	<u>1,274</u>	<u>1,301</u>
Total	<u>13,443</u>	<u>12,014</u>
Other operating expenses include:		
Auditors' remuneration		
- external audit	22	21
- internal audit	26	24
- hire of other assets-operating leases	163	350
	<u>211</u>	<u>395</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

	2012 £'000	2011 £'000
11. INTEREST PAYABLE		
On finance leases	1,274	1,301
Pension finance costs (note 23)	-	111
Total	<u>1,274</u>	<u>1,412</u>

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 ON CONTINUING OPERATIONS FOR THE YEAR

	2012 £'000	2011 £'000
College's surplus for the year	<u>1,999</u>	<u>383</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

14. TANGIBLE FIXED ASSETS		Freehold	PFI	Plant &	Computers	Fixtures &	Motor	Total
		Buildings	Assets	Equipment	£'000	Fittings	Vehicles	£'000
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 August 2011		48,936	10,018	2,558	1,694	306	152	63,664
Impairment Adjustment previous years		(2,722)	(2,238)	-	-	-	-	(4,960)
Additions		9	-	208	60	-	34	311
Surplus/(Deficit) on revaluation		4,110	1,965	-	-	-	-	6,075
Disposals		(1,338)	-	(864)	(905)	(1)	(42)	(3,150)
At 31 July 2012		48,995	9,745	1,902	849	305	144	61,940
Depreciation								
At 1 August 2011		7,175	3,740	2,117	1,532	286	110	14,960
Impairment Adjustment previous years		(2,722)	(2,238)	-	-	-	-	(4,960)
Charge for the year		1,079	248	170	83	4	22	1,606
Revaluation		(4,585)	(593)	(864)	(905)	(1)	(42)	(5,178)
Disposals		(932)	-	(864)	(905)	(1)	(42)	(2,744)
At 31 July 2012		15	1,157	1,423	710	289	90	3,684
Net Book Value								
At 31 July 2012		48,980	8,588	479	139	16	54	58,256
Net Book Value								
At 31 July 2011		41,761	6,278	441	162	20	42	48,704

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

14. TANGIBLE FIXED ASSETS (Continued)

Land and buildings were last subject to a full revaluation in July 2012 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service in accordance with Department specifications. These revaluations have been incorporated into the financial statements.

If inherited land and buildings had not been re-valued they would have been included at the following amounts:	2012 £'000	2011 £'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	1,358	1,104
PFI assets	248	236
	<u>1,606</u>	<u>1,340</u>

15. DEBTORS	2012 £'000	2011 £'000
Amounts falling due within one year:		
Trade debtors	87	134
Surplus land debtor arising on PFI contract	30	30
Prepayments and accrued income	1,316	1,397
Total	<u>1,433</u>	<u>1,561</u>
Amounts falling due after one year:		
Surplus land debtor arising on PFI contract	390	420
	<u>390</u>	<u>420</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

16. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR

	2012 £'000	2011 £'000
Obligations under finance leases - PFI contracts	332	271
Trade creditors	435	300
Other taxation and social security	530	521
Accruals and other creditors	2,150	1,791
	<u>3,447</u>	<u>2,883</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2012 £'000	2011 £'000
Obligations under finance leases - PFI contracts	9,622	9,954
	<u>9,622</u>	<u>9,954</u>

18. ANALYSIS OF BORROWINGS OF THE COLLEGE

Finance Leases - PFI Contracts

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

	2012 £'000	2011 £'000
In one year or less	332	271
Between two and five years	2,067	1,755
In five years or more	7,555	8,199
Total	<u>9,954</u>	<u>10,225</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 2012**

20. DEFERRED CAPITAL GRANTS

	DEL Grants £'000	Other Grants £'000	Total £'000
At 1 August 2011 as previously stated			
Land and buildings	30,180	-	30,180
Prior year adjustment	(107)	-	(107)
	<u>30,073</u>	<u>-</u>	<u>30,073</u>
Other assets	25	16	41
At 1 August 2011 as stated	<u>30,098</u>	<u>16</u>	<u>30,114</u>
Cash received			
Land and buildings	-	-	-
Other assets	30	-	30
Released to income and expenditure account			
Land and buildings	(1,206)	-	(1,206)
Other assets	(9)	(12)	(21)
Total	<u>28,913</u>	<u>4</u>	<u>28,917</u>
At 31 July 2012			
Land and buildings	28,867	-	28,867
Other assets	46	4	50
Total	<u>28,913</u>	<u>4</u>	<u>28,917</u>

21. REVALUATION RESERVE

	2012 £'000	2011 £'000
At 1 August 2011	10,768	11,029
Prior year adjustment	-	107
As at 1 August as stated	<u>10,768</u>	<u>11,136</u>
Revaluations in the period (Note 14)	9,726	(262)
Transfer from revaluation reserve to income and expenditure account in respect of:		
Disposals	(343)	-
Depreciation on revalued assets	<u>(155)</u>	<u>(106)</u>
At 31 July 2012	<u>19,996</u>	<u>10,768</u>

An adjustment of £107k has been included in the 2011/12 financial statements. This is in relation to the downward revaluation of the Centre for Technology land in Limavady of £127k, all of which was removed from the Revaluation Reserve - only £20k should have been removed and the remaining £107k should have been deducted from the Capital Grants Reserve. The adjustment corrected for this.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

22. MOVEMENT ON GENERAL RESERVE	2012	2011
	£'000	£'000
Income and expenditure account reserve		
At 1 August	2,378	(1,479)
Surplus retained for the year	1,999	383
Transfer from revaluation reserve	155	106
Actuarial gain/(loss) in respect of pension scheme	(2,332)	3,368
	<hr/>	<hr/>
At 31 July 2012	2,200	2,378
	<hr/>	<hr/>
Balance represented by:		
Pension reserve	(3,755)	(1,405)
Income and expenditure account reserve excluding pension reserve	5,955	3,783
	<hr/>	<hr/>
At 31 July 2012	2,200	2,378
	<hr/>	<hr/>

23. PENSION AND SIMILAR OBLIGATIONS

The College's employees belong to two principal pension schemes; the Northern Ireland Teachers' Pension Scheme (NITPS) 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	2012	2011
	£'000	£'000
NITPS: contributions paid	1,540	1,572
NILGOSC: Contributions paid	543	513
NILGOSC: FRS17 Charge	90	16
NILGOSC: Change to the Income & Expenditure Account (staff costs)	633	529
	<hr/>	<hr/>
Total Pension Cost for Year	2,173	2,101
	<hr/>	<hr/>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the NITPS was 31 March 2008 and NILGOSC was 31 March 2010.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

23. PENSION AND SIMILAR OBLIGATIONS (Continued)

NITPS

The NITPS 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.

From 1 April 2012 the employers' contribution rate is 13.6% of the full-time salary or if part-time, the full-time equivalent salary, and the employees' contribution rate is banded in line with the full-time salary or if part-time, the full-time equivalent salary as follows:-

Below £15,000	6.4%
£15,000 to £25,999	7.0%
£26,000 to £31,999	7.3%
£32,000 to £39,999	7.6%
£40,000 to £74,999	8.0%
£75,000 to £111,999	8.4%
£112,000 and above	8.8%

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the NITPS 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 2012**

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 2012 by a qualified actuary.

Principal actuarial assumptions	At 31 July 2012	At 31 July 2011
Principal actuarial assumptions at Balance Sheet date are as follows:		
	%	%
Rate of increase in salaries	4.5	5.0
Rate of increase for pensions in payment/inflation	2.2	2.7
Discount rates for scheme liabilities	4.1	5.3
Expected return on assets	4.9	6.4

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 2012	At 31 July 2011
Retiring today		
Males	22.9 years	22.9 years
Females	25.7 years	25.7 years
Retiring in 20 years		
Males	24.9 years	24.9 years
Females	27.7 years	27.7 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 2012	Value at 31 July 2012	Long-term rate of return expected at 31 July 2011	Value at 31 July 2011
	%	£'000	%	£'000
Equities	5.5	10,334	7.0	9,881
Bonds	3.5	1,840	4.6	2,003
Property	3.7	1,274	5.1	935
Cash	2.8	708	4.0	534
		<u>14,156</u>		<u>13,353</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2012	2011
	£'000	£'000
Amounts recognised in the balance sheet		
Present value of funded obligations	(17,911)	(14,758)
Fair value of plan assets	14,156	13,353
Net (Underfunding) in funded plans	<u>(3,755)</u>	<u>(1,405)</u>
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Net Liability	<u>(3,755)</u>	<u>(1,405)</u>

Analysis of the amount charged to income and expenditure account

	2012	2011
	£'000	£'000
Employer service cost (net of employee contributions)	90	16
Past service (Gains)	-	-
Total operating change	<u>90</u>	<u>16</u>

Analysis of pension finance income / (costs)

	2012	2011
	£'000	£'000
Expected return on pension scheme assets	(868)	(719)
Interest on pension liabilities	796	830
Pension finance costs	<u>(72)</u>	<u>111</u>

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

	2012	2011
	£'000	£'000
Actuarial gains/losses on pension scheme assets	(487)	1,684
Actuarial losses/gains on scheme liabilities	1,845	(1,684)
Actuarial (loss)/gain recognised in STRGL	<u>(2,332)</u>	<u>3,368</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Movement in deficit in scheme at 1 August 2011

	2012	2011
	£'000	£'000
Deficit in scheme at 1 August 2011	(1,405)	(4,646)
Movement in the year:		
Employer service cost (net of employee contributions)	(633)	(529)
Employer contributions	543	513
Past service cost/gain	-	-
Net interest / return on assets	72	(111)
Actuarial (loss) or gain	(2,332)	3,368
	<u>(3,755)</u>	<u>(1,405)</u>
Deficit in scheme at 31 July 2012	(3,755)	(1,405)

Asset and Liability Reconciliation

	2012	2011
	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of period	14,758	15,175
Service cost	633	529
Interest cost	796	830
Employee contributions	190	188
Actuarial loss/(gain)	1,845	(1,684)
Benefits paid	(311)	(280)
Past service gains	-	-
	<u>17,911</u>	<u>14,758</u>
Liabilities at end of period	17,911	14,758

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2012	2011
	£'000	£'000
Reconciliation of Assets		
Assets at start of period	13,353	10,529
Expected return on assets	868	719
Actuarial (loss)/gain	(487)	1,684
Employer contributions	543	513
Employee contributions	190	188
Benefits paid	(311)	(280)
	<u>14,156</u>	<u>13,353</u>

The estimated amount of contribution to be paid to the scheme in 2012/13 financial period is £579,000.

History of experience gains and losses

	2012	2011	2010	2009	2008
Difference between the expected and actual return on assets	(3,755)	(1,405)	(4,646)	(5,315)	(1,938)
Experience gains and losses on scheme liabilities	(83)	1,731	-	-	183
Total amount recognised in STRGL	(2,332)	3,368	(37)	(3,194)	(231)

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

24. NOTES TO THE CASH FLOW STATEMENT

(i) Reconciliation of operating surplus/(deficit) to net cash flow from operating activities	2012 £'000	Restated 2011 £,000
Surplus on continuing operations after depreciation of assets at valuation	1,999	383
Depreciation (note 14)	1,606	1,340
Revaluation gain	(1,527)	(265)
Deferred capital grants released to income (note 20)	(1,178)	(864)
Loss on disposal of tangible fixed assets	13	-
Interest payable (note 11)	1,274	1,412
Pension cost less contributions payable (8 and 23)	90	16
Decrease/(Increase) in trade debtors	47	(14)
(Increase) in prepayments and accrued income and other debtors	(143)	(281)
Increase/(Decrease) in trade creditors	112	(1,052)
Increase/(Decrease) in other taxation and social security	9	(16)
Increase in accruals	359	424
Interest receivable	(283)	(214)
Decrease PFI Surplus Land Debtor	30	30
	<hr/>	<hr/>
Net cash outflow from operating activities	2,408	899
	<hr/>	<hr/>
(ii) Returns on investments and servicing of finance	2012 £'000	2011 £'000
Other interest received	144	233
Interest paid on finance leases	(1,274)	(1,301)
	<hr/>	<hr/>
Net cash inflow from returns on investment and servicing of finance	(1,130)	(1,068)
	<hr/>	<hr/>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

24. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

	2012	Restated 2011
	£'000	£'000
(iii) Capital expenditure and financial investment		
Purchase of tangible fixed assets	(288)	(3,931)
Deferred capital grants received	322	3,034
	<hr/>	<hr/>
Net cash (outflow)/inflow from capital expenditure and financial investment	34	(897)
	<hr/>	<hr/>

	2012	Restated 2011
	£'000	£'000
(iv) Financing		
Loan repaid	-	-
Finance Lease: PFI	(271)	(216)
	<hr/>	<hr/>
Net cash outflow from financing	(271)	(216)
	<hr/>	<hr/>

	Restated At 1 August 2011	Cash flows	Other non-cash	Restated At 31 July 2012
	£'000	£'000	£'000	£'000
(v) Analysis of net funds				
Cash in hand and at bank	6,817	1,041	-	7,858
Debt	-	-	-	-
Finance Leases	(10,225)	271	-	(9,954)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(3,408)	1,312	-	(2,096)
	<hr/>	<hr/>	<hr/>	<hr/>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

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

	2012 £'000	2011 £'000
Commitments contracted for at 31 July 2012	<u>1,004</u>	<u>237</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 2012 the College had annual commitments under non-cancellable operating leases as follows:

	2012 £'000	2011 £'000
Land and Buildings:		
Expiring within one year	23	23
Expiring within two and five years inclusive	139	109
Expiring in over five years	0	30
	<u>162</u>	<u>162</u>

28. CONTINGENT LIABILITY

There was no contingent liabilities.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

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>		2012	2011
Governor/Senior Manager	Company	£'000	£'000
S Murphy	Noribic	-	10
		-	10
	Amounts Outstanding	2012	2011
		£'000	£'000
S Murphy	Noribic	-	-
		-	-
<u>Received / Receivable</u>		2012	2011
Governor/Senior Manager	Company	£'000	£'000
S Murphy	Noribic	1	3
		1	3
	Amounts Outstanding	2012	2011
		£'000	£'000
S Murphy/G McGuckin	Noribic	1	1
		1	1

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

30. HARDSHIP FUNDS

	2012	2011
	£'000	£'000
DEL grants	360	319
Interest earned	-	-
	<u>360</u>	<u>319</u>
Disbursed to students	(316)	(317)
Audit fees	(1)	(1)
	<u>(317)</u>	<u>(318)</u>
Balance unspent at 31 July 2012	<u>43</u>	<u>1</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 £14,248 in January 2012 in relation to bad debts.

Authorisation to write off these debts was sought from the Department in November 2011. Approval was duly given in January 2012.

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

The total number of cases written off was 54.