

NORTH WEST REGIONAL COLLEGE
ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31 JULY 2013

**NORTH WEST REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2013**

The Accounting Officer authorised these

Financial statements for issue

on

26 November 2013

**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

13 December 2013

**NORTH WEST REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2013**

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**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2013**

Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2013.

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. Based on this legislation, the office for National Statistics in 2010, reclassified colleges as part of Central Government. This has resulted in Colleges being determined as Non-Departmental Public Bodies.

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 2012/2013 the College had a target of 6,000 FE FLUs (Funding Learning Unit) and a funded target of 5,135 FE FLU exclusive of Essential Skills against an actual of 5,581. Although the college didn't meet the FLU target, it exceeded the funded target by 8%.

In the key areas of Department of Employment & Learning (DEL) Priority Skills the College exceeded its FLU target of 1,074 FLU by 6.3%.

In the Externally Regulated category the College met its target of 95% and also met the 90% target for Vocational Provision.

Retention for the College in FLU funded courses is 84% FE Full Time, 92% FE Part Time and 89% HE.

With regards to CDP 12/13 the combined Level 2 and Level 3 provision met was within 1% of target.

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 £399k (Surplus in 2012 of £1,999k). Calculated on a re-valued assets basis, the historic surplus in the year was £950k (Surplus in 2012 of £2,154k).

The movement from the 2012/13 College Development Plan and the final outturn is explained by movements to a number of key account headings. The material favourable variances included - £145k increase in DEL grants, £192k increase in education contracts, £54k increase in fee income, £90k increase in other income and savings of £213k in lecturer costs. 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 404 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 2012/13 DEL provided 68% (2012 - 64%) 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 £26,831k and cash balances of £8,248k.

The College has an historic cost surplus of £950k resulting in an Income and Expenditure reserve balance of £7,073k which is £3,582k over the recommended 10% limit as directed by DEL.

The College is in consultation with DEL regarding the further development of the Strabane campus.

The College has completed the update to the Estates Strategy and submitted this to DEL. The updated strategy proposes further development on the Strand Road site to address the shortfall in Library and Sports facilities. It also includes proposals for the 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 £390k operating cash inflow for the year. (2012 - £1,041k inflow)

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. Interest rates have dropped significantly in the last year and this will have a material impact on investment income.

Student Activities and Achievements

The College full time FE student enrolments decreased by 4% during the year.

- Full-time gross FE enrolments were 3,458 (3,601 in 11/12)
- Full-time MASN HE enrolments were 635 (651 in 11/12)
- Full-time Training For Success gross enrolments increased by 5% to 499 in 12/13 (473 in 11/12)
- Part-time gross enrolments decreased by under 2% to 19,877 in 12/13 (20,234 in 11/12)

In terms of FLUs, the College delivered an actual total of 7,302 against its targeted FLUs of 7,763 and Funded FLU of 6,898. These were made up of:

- FE 5,581 7% less than FLU Target 6,000 but 8.7% more than Funded Target 5,135
- HE 1,272 against a target of 1,293 (shortfall of 1.6%)
- ESK 449 against a target of 470 (shortfall of 4.6%)

The College had a good student retention rate (a measure of the proportion of learners who complete their learning programme) for its completing vocational programmes of 87% in 2012/13.

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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 24,569 students enrolled on its programmes. In all ETI inspections carried out during the year it was found that the range of curriculum provision of full and part time courses inspected was satisfactory. The Quality Assurance Agency (QAA) carried out a review and gave the college a 'Confidence' rating.

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 5,581. Over 1,200 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. A total of 8% 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) FLU Targets, the College was slightly below target, however the DEL Funded Targets were exceeded, but the college continued to find the target for Priority Skills very challenging to meet.

(Above statistics taken from FLU count Aug 2013)

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 2012 to 31 July 2013, the College paid 94% of its invoices within 30 days (2011/12 - 92%). 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 Strand Road 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:

The value of the main College sites are as follows:

Building	Value £'000
Foyle Building	13,254
Strand Road	17,409
Limavady	8,295
Northland	9,000
Centre for Technology	5,989
Strabane	2,879
Springtown	1,111

Financial:

The College has £55million of net assets (including a £2.2million pension liability).

People:

The College employs 594 people (expressed as full time equivalents), of whom 390 are teaching staff.

Sickness/Absence Data	2012-13	2011-12
No of days absent	4660	5474
Time Lost	3.5%	3.7%

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 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 satisfactory.

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 by agreement 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

During the production of the College Data Repository (CDR) dataset, specified personnel from within other NI colleges were unintentionally sent an automated email by Colleges NI (CNI) containing a link to a data file containing the enrolment data from North West Regional College. CNI have updated their controls in this area

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: KPMG
Stokes House
17-25 College Square East
Belfast
BT1 6DH

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

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

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OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2013**

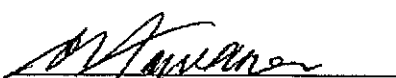
Members

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	05/03/2013	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.)	04/10/2012	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
Cllr S Gallagher	21/05/2012	4 yrs	n/a	current member	EC, SC
Dame Geraldine 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	16/02/2013	4 yrs	n/a	current member	AC
Mrs C McFarland	01/05/2012	4 yrs	n/a	current member	SC
Mr S McGregor	01/08/2011	4 yrs	n/a	current member	EC, FC
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	EC
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

- 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


 Mr H Faulkner
 Chairman of Governing Body

26/11/2013

 Date

NORTH WEST REGIONAL 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. The Policy relating to notice periods is contained in the College's Staff Handbook.

The normal retiring age is 65 although staff may retire at any time after age 60 with no diminution of earned pension benefits.

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.

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, Adoption Leave Scheme and Flexible Working arrangements

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

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REMUNERATION REPORT CONT'D**

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.

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	2012-13		2011-12	
	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.

	2012-13	2011-12
	£	£
	£'000	£'000
Band of highest paid directors total remuneration	105-110	105-110
Median total remuneration	23,989	24,555
Ratio	4.5	4.4

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
REMUNERATION REPORT CONT'D

Pension Entitlements

Senior Management	Accrued pension at age 60 as at 31/7/13 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/7/13 £'000	CETV at 31/7/12 £'000	Real increase in CETV £'000
Mr S Murphy, Principal & Chief Executive	55-60 Plus lump sum of 175-180	0-2.5 Plus lump sum of 5-7.5	1,317	1,270	(9)
Mrs K Duffy, Director	30-35 Plus lump sum of 80-85	0-2.5 Plus lump sum of (2.5-0)	529	499	19
Mr D Kinnaid, Director	30-35 Plus lump sum of 100-105	0-2.5 Plus lump sum of 2.5-5.0	659	608	30
Mr P McKeown, Director	15-20 Plus lump sum of 35-40	0-2.5 Plus lump sum of (2.5-0)	247	226	16
Mr C Morrison, Director	30-35 Plus lump sum of 95-100	0-2.5 Plus lump sum of 2.5-5	753	685	45

NORTH WEST REGIONAL COLLEGE REMUNERATION REPORT CONT'D

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 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 account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

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.

**NORTH WEST REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2013**

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 26/11/2013 and signed on its behalf by:


Mr H Faulkner
Chairman of Governing Body

NORTH WEST REGIONAL COLLEGE GOVERNANCE STATEMENT

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 10 times during the 2012/13 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.

Attendance at Governing Body Meetings

	Meetings Attended
Martin Agnew	10
Ellen Cavanagh	6
Sean Deehan	2
Joan Doherty	9
Bertie Faulkner	9
Gerard Finnegan	5
Shaun Gallagher	6
Geraldine Keegan	9
Gavin Killeen	9
David Limb	5
Bill McBride	9
Catherine McFarland	5
Sam McGregor	8
Fabian Monds	6
Seamus Murphy	7
Martin O'Kane	4
Berni Smyth	4
Gordon White	5

NORTH WEST REGIONAL COLLEGE GOVERNANCE STATEMENT CONT'D

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 2012/13 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.

Senior Management Team

The Senior Management Team meets weekly. The Principal & Chief Executive attends all Governing Body meetings and sub-committee meetings. The Director of Finance & Estates attends all Audit & Risk Committee and Finance & General Purposes Committee meetings. The Director of HR & Administration attends all Staffing & Appointments Committee meetings. The Director of Curriculum and the Director of Learner Services both attend all Education Committee meetings.

The Governing Body are satisfied with the quality and content of the information provided by management.

Internal Control Processes

As the Governing Body of the North West Regional College, we have responsibility for maintaining a sound system of internal control that supports the College's aims and objectives, while safeguarding the public funds and College assets for which we are personally responsible, in accordance with the responsibilities assigned to us in Managing Public Money Northern Ireland.

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 for the year ended 31 July 2013 and up to the date of approval of the annual report and accords with DFP guidance. We have fully embedded the processes which the Department for Employment and Learning has agreed should be established and confirmed their robustness.

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.

NORTH WEST REGIONAL COLLEGE GOVERNANCE STATEMENT CONT'D

Internal Control Processes (continued)

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.

The College has appropriate Whistle Blowing and Fraud Policies in place which are reviewed and updated periodically. As mentioned on page 21, actual and suspected frauds are reported to DEL.

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 2013. 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 including presentations from Heads of School at Audit and Risk Committee meetings. The appropriate steps have been taken to manage risks in significant areas of responsibility and progress on key projects has been monitored.

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

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.

Our Internal Auditors have reported that based on the Internal Audit work which they have performed during the year, they can provide Satisfactory Assurance over the internal control environment of the College.

It is the view of Governing Body that the College has an effective risk management process in place and that the Corporate Risk Register is being managed on an active basis with specific action plans in place to address all risks. This view is informed by the work of the College's Internal Auditors who operate to standards defined in the Government Internal Audit Standards. The review of the effectiveness of the system of internal control is also informed by the work of the senior officers within the College, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the External Auditors in their management letter and other reports. As a result of our overall review of the effectiveness of the system of internal control, including risk management, the Governing Body is content that no significant weaknesses have been identified. This has been confirmed by the assurance given to the College's Accounting Officer by the Internal Auditors in their Annual Statement of Assurance.

**NORTH WEST REGIONAL COLLEGE
GOVERNANCE STATEMENT CONT'D**

Internal Control Processes (continued)

The College was subject to an ETI Inspection in 2012 resulting in an overall grading of 'Good'. Recommendations have been acted upon during 2012 and 2013. Two FAST Inspections (Financial Audit & Support Team) of training programmes were conducted during the year. Both obtained an assurance rating of 'Satisfactory'.

DEL conducted a FLU audit during the year. Of the five areas reviewed, three obtained a 'Substantial' rating and two obtained a 'Satisfactory' rating.

An agreed Action Plan was developed following the publication of the McConnell Report. The implementation of the plan is being progressed in conjunction with key stakeholders.

Data Security

During the production of the College Data Repository (CDR) dataset, specified personnel from within other NI colleges were unintentionally sent an automated email by Colleges NI (CNI) containing a link to a data file containing the enrolment data from North West Regional College. CNI have updated their controls in this area.

Internal Control Problems

There were three minor instances of fraud during the year. Two were identified as a result of existing controls and all monies were recovered. The third was due to a lack of controls within a sub-contractor who was part of the Steps to Work programme. The fraud was investigated fully by the College and the money recovered. All issues have been reported to DEL.

The college is contractually bound to pay staff pay progression increments. During the audit of this year's accounts it became apparent that none of the six FE colleges had complied with DFP guidance in relation to the formal approval of pay remits. This administrative oversight between the colleges, the Department and DFP has resulted in pay progression increment payments made during the year being deemed to be irregular, the irregularity being that the formal approval of these payments had not been sought from or granted by DFP, prior to the payments having been made.

The amounts paid during the year have been correctly calculated and paid in accordance with our contractual obligations. There is no suggestion that any amount has been under or over paid. Nor is there any suggestion that the money has been used for any purpose other than for the one for which it was designated.

The value of the contractual increments paid in the current year that did not receive approval is £332k. This amount represents the cumulative total of increments that were not approved in 2009/10 (non-teaching only), 2010/11 (non-teaching only), 2011/12 (teaching and non-teaching) and in 2012/13 (teaching and non-teaching). The value of the contractual increments paid in 2009/10, 2010-11 and 2011-12 were £17K, £49k and £149k respectively.

An issue has also been identified in relation to compliance with the pay remit guidance going forward. It is not clear how the approvals process should be followed in circumstances where the contractual obligation for payment of progression increments to staff falls due prior to the issuing of the annual pay remit guidance by DFP. This matter is being discussed with DEL and DFP to establish a workable process going forward.



Mr S Murphy
Accounting Officer

26/11/13

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 2013 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 Financial Reporting Council'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 North West Regional College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by 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 recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Qualified opinion on regularity arising from a failure to obtain Department of Finance and Personnel (DFP) approval in advance of contractual salary payments made to staff

During the year it was identified that pay progression increments had been made to staff without receiving the required approval from DFP. Despite the payments being made in line with contractual obligations, the absence of DFP approval represents a breach of controls and has resulted in the payments being deemed irregular by DFP. The value of payments in the current year, and included within these financial statements, that did not receive approval was £332,488. Approval was also not received for payments made in 2009-10, 2010-11 and 2011-12. The value of payments deemed irregular in each of these years was £17,517, £49,059, and £149,092 respectively. This issue affects all six colleges in the Further Education sector in Northern Ireland. The irregularity is as a result of a failure to submit business cases to DFP for approval in advance of the payment.

In my opinion, except for the irregular expenditure of £332,488 incurred where proper approval was not obtained, in all material aspects 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 2013 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.

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.

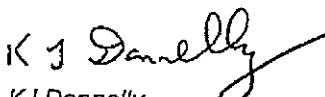
Matters on which I report by exception

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 Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

Other than the matter referred to above and on which basis I have qualified my audit opinion, 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

29 November 2013

**NORTH WEST REGIONAL COLLEGE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2013**

	Notes	2013 £'000	Restated 2012 £'000
Income			
Department for Employment and Learning grants	2	26,662	26,219
Education contracts	3	4,538	6,264
Tuition fees and charges	4	2,154	2,193
Other grant income	5	749	450
Other operating income	6	627	425
Investment income	7	182	283
Total income		<u>34,912</u>	<u>35,834</u>
Expenditure			
Staff costs	8	20,480	20,300
Other operating expenses	10	10,579	12,169
Revaluation Impairment	14	40	(1,527)
Depreciation	14	2,128	1,606
Interest payable	11	1,286	1,274
Total expenditure before exceptional items		<u>34,513</u>	<u>33,822</u>
Surplus on continuing operations after depreciation of assets at valuation and before tax and before exceptional items		399	2,012
Exceptional Items			
Exceptional Costs - Staff	8	-	-
Surplus on continuing operations after depreciation of assets at valuation and before tax		399	2,012
Loss on Disposal of Assets		-	13
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets but before tax		399	1,999
Taxation	12	-	-
Surplus on continuing operations after depreciation of assets at valuation and tax	13	<u>399</u>	<u>1,999</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 2013**

	Notes	2013 £'000	2012 £'000
Surplus on continuing operations after depreciation of assets at valuation and after tax		399	1,999
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	21	<u>551</u>	<u>155</u>
Historical cost surplus for the year		<u>950</u>	<u>2,154</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 2013**


	Notes	2013 £'000	Restated 2012 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		399	1,999
Unrealised surplus/(deficit) on revaluation of fixed assets	21	2,097	10,205
Actuarial Gain/(Loss) in respect of pension scheme	23	<u>1,660</u>	<u>(2,332)</u>
Total recognised gains relating to the year		4,156	9,872
Prior period adjustment		<u>-</u>	<u>-</u>
Total recognised gains since last annual report		<u>4,156</u>	<u>9,872</u>
 Reconciliation of movement in reserves			
Opening Reserves		22,675	13,146
Christ Church Disposal		-	(343)
Total recognised gains for the year		<u>4,156</u>	<u>9,872</u>
Closing reserves		<u>26,831</u>	<u>22,675</u>

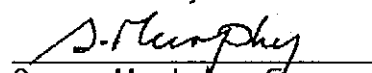
The accompanying accounting policies and notes form an integral part of these financial statements.

**NORTH WEST REGIONAL COLLEGE
BALANCE SHEET AS AT 31 JULY 2013**

	Notes	2013 £'000	Restated 2012 £'000
Fixed Assets			
Tangible assets	14	60,062	58,735
Debtors: amounts falling due after more than one year	15	360	390
Current Assets			
Debtors	15	1,113	1,433
Cash at bank and in hand		8,248	7,858
Total current assets		9,361	9,291
Less: Creditors: amounts falling due within one year	16	(2,778)	(3,447)
Net current assets		6,583	5,844
Total assets less current liabilities		67,005	64,969
Creditors: amounts falling due after more than one year	17	(9,241)	(9,622)
Less: Provision for liabilities	19	-	-
Net Assets (excluding pension liability)		57,764	55,347
Net Pension Liability	23	(2,263)	(3,755)
NET ASSETS (including pension liability)		55,501	51,592
Deferred capital grants	20	28,670	28,917
Reserves			
Income and expenditure account excluding pension reserve	22	7,073	5,955
Pension Reserve	23	(2,263)	(3,755)
Income and expenditure account including pension reserve	22	4,810	2,200
Revaluation Reserve	21	22,021	20,475
Total reserves		26,831	22,675
TOTAL		55,501	51,592

The financial statements on pages 24 to 53 were approved by the Governing Body of the North West Regional College on 26/11/13 and were signed on its behalf by:


Mr H Faulkner
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 2013**

	Notes	2013 £'000	Restated 2012 £'000
Cash outflow from operating activities	24(i)	2,525	2,408
Returns on investment and servicing of finance	24(ii)	(1,031)	(1,130)
Taxation		-	-
Capital expenditure and financial investment	24(iii)	<u>(772)</u>	<u>34</u>
		722	1,312
Financing	24(iv)	<u>(332)</u>	<u>(271)</u>
Increase in cash in the period	24(v)	<u>390</u>	<u>1,041</u>
			Restated
		2013	2012
		£'000	£'000
Reconciliation of net cash flow to movement in net funds			
Cash outflow from repayment of finance leases		308	271
Increase/(Decrease) in cash in the period		390	1,041
Cash outflow from decrease in debt		<u>-</u>	<u>-</u>
Changes in net funds resulting from cashflows		390	1,041
Movement in net funds in the period		698	1,312
Net funds at 1 August 2012		<u>(2,096)</u>	<u>(3,408)</u>
Net funds at 31 July 2013	24(v)	<u>(1,398)</u>	<u>(2,096)</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 2013**

1. 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 ('DEL').

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 2013**

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 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.

NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013

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 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 2013. 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 2013**

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 2013**

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 Hardship fund applications and payments.

		Restated
2. THE DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS	2013	2012
	£'000	£'000
Recurrent grant	23,703	22,842
Release of deferred capital grant	910	1,178
Educational Maintenance Allowance administration	36	36
Major Works	-	40
Care To Learn	50	70
Private Finance Initiative	1,611	1,591
Additional Support Funds	348	219
Learner Access Engagement Programme	(1)	243
Other	5	-
Total	26,662	26,219

NORTH WEST REGIONAL COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 JULY 2013

3. EDUCATION CONTRACTS	2013	2012
	£'000	£'000
Entitlement Framework	972	972
Training for Success	2,825	2,553
Steps To Work	741	2,717
Training-other	-	22
Total	4,538	6,264
4. TUITION FEES AND CHARGES	2013	2012
	£'000	£'000
Higher Education (HE) Income	1,030	989
Home and other European Union	1,124	1,185
Non- European Union	-	19
Total	2,154	2,193
5. OTHER GRANT INCOME	2013	2012
	£'000	£'000
European Funds	25	42
Other Funds	724	408
Total	749	450
6. OTHER OPERATING INCOME	2013	2012
	£'000	£'000
Catering and residence operations	201	182
Other income generating activities	169	192
Other income	257	51
Total	627	425
7. INVESTMENT INCOME	2013	2012
	£'000	£'000
Other interest receivable	182	211
Pension finance income (note 23)	-	72
Total	182	283

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

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:

	2013 Number	2012 Number
Teaching	390	391
Support	59	62
Administration	122	121
Premises	23	24
Total	594	598
Staff costs for the above persons:	2013	2012
	£'000	£'000
Teaching	14,717	14,632
Support	1,603	1,578
Administration	3,560	3,527
Premises	474	473
FRS 17 Adjustment	126	90
Total	20,480	20,300
	2013	2012
	£'000	£'000
Wages and salaries	16,983	16,853
Social security costs	1,286	1,274
Other pension costs	2,085	2,083
FRS 17 Adjustment (NILGOSC Pension)	126	90
Total	20,480	20,300

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

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	
	2013	2012	2013	2012
	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.

	2013	2012
	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:	2013	2012
	£,000	£'000
Salaries	425	425
Benefits in kind	-	-
Pension contributions	67	65
Total Emoluments	492	490

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

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:

	2013	2012
	£'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.

10. OTHER OPERATING EXPENSES

	2013	Restated
	£'000	2012
		£'000
Direct Teaching	696	641
Direct Support	3,228	5,231
Administration	1,905	1,824
Premises	3,250	3,017
Unitary payments under PFI contract	1,500	1,456
	<u>10,579</u>	<u>12,169</u>
Interest Payable	42	-
Interest element of Finance Lease	1,244	1,274
	<u>1,244</u>	<u>1,274</u>
Total	<u>11,865</u>	<u>13,443</u>

Other operating expenses include:

Auditors' remuneration

- external audit

- internal audit

Other services provided by internal auditors

- hire of other assets-operating leases

	19	22
	20	26
	13	-
	<u>165</u>	<u>163</u>
	<u>217</u>	<u>211</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

	2013 £'000	2012 £'000
11. INTEREST PAYABLE		
On finance leases	1,244	1,274
Pension finance costs (note 23)	42	-
Total	<u>1,286</u>	<u>1,274</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

	2013 £'000	2012 £'000
College's surplus for the year	<u>399</u>	<u>1,999</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

14. TANGIBLE FIXED ASSETS	Freehold Land & Buildings £'000	PFI Assets £'000	Plant & Equipment £'000	Computers £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation							
At 1 August 2012	48,995	9,745	1,902	849	305	144	61,940
Prior Year Adjustment ref Revaluations July 12	35	444					479
Additions	765	24	220	389	0	0	1,398
Surplus on revaluation	1,701	396					2,097
Deficit on revaluation	(40)						(40)
Disposals						(6)	(6)
At 31 July 2013	51,456	10,609	2,122	1,238	305	138	65,868
Depreciation							
At 1 August 2012	15	1,157	1,423	710	289	90	3,684
Charge for the year	1,409	362	206	122	3	26	2,128
Revaluation							
Disposals						(6)	(6)
At 31 July 2013	1,424	1,519	1,629	832	292	110	5,806
Net Book Value At 31 July 2013	50,032	9,090	493	406	13	28	60,062
Net Book Value At 31 July 2012	48,980	8,588	479	139	16	54	58,256

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

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. Subsequently that revaluation was updated using indices supplied by the Land & Property service to provide a valuation as at 31 July 2013.

If inherited land and buildings had not been re-valued they would have been included at the following amounts:	2013 £'000	2012 £'000
Cost	-	-
Aggregate depreciation based on cost	-	-
Net book value based on cost	-	-

The depreciation charge for the year is analysed as follows:	£'000	£'000
Owned assets	1,766	1,358
PFI assets	362	248
	2,128	1,606

15. DEBTORS	2013 £'000	2012 £'000
Amounts falling due within one year:		
Trade debtors	69	56
Surplus land debtor arising on PFI contract	30	30
Prepayments and accrued income	999	1,316
Amounts due from the Department	4	18
Amounts due from Other Central Government bodies	11	6
Amounts due from local authorities	-	7
Total	1,113	1,433
Amounts falling due after one year:		
Surplus land debtor arising on PFI contract	360	390
	360	390

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

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

	2013 £'000	2012 £'000
Obligations under finance leases - PFI contracts	405	332
Trade creditors	20	435
Other taxation and social security	533	530
Accruals and other creditors	1,819	2,150
Amounts owed to other central government bodies	1	-
	<u>2,778</u>	<u>3,447</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2013 £'000	2012 £'000
Obligations under finance leases - PFI contracts	<u>9,241</u>	<u>9,622</u>
	<u>9,241</u>	<u>9,622</u>

18. ANALYSIS OF BORROWINGS OF THE COLLEGE

Finance Leases - PFI Contracts

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

	2013 £'000	2012 £'000
In one year or less	405	332
Between two and five years	2,420	2,067
In five years or more	6,821	7,555
Total	<u>9,646</u>	<u>9,954</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 2013**

20. DEFERRED CAPITAL GRANTS

	DEL Grants £'000	Other Grants £'000	Total £'000
At 1 August 2012 as restated			
Land and buildings	28,876	-	28,876
Other assets	37	4	41
At 1 August 2012 as stated	<u>28,913</u>	<u>4</u>	<u>28,917</u>
Cash received			
Land and buildings	663	-	663
Other assets	-	-	-
Released to income and expenditure account			
Land and buildings	898	-	898
Other assets	9	3	12
Total	<u>907</u>	<u>3</u>	<u>910</u>
At 31 July 2013			
Land and buildings	28,641	-	28,641
Other assets	28	1	29
Total	<u>28,669</u>	<u>1</u>	<u>28,670</u>

21. REVALUATION RESERVE

	2013 £'000	Restated 2012 £'000
At 1 August 2012	20,475	10,768
Revaluations in the period (Note 14)	2,097	9,726
Prior Year Adjustment Ref Revaluations	-	479
Transfer from revaluation reserve to income and expenditure account in respect of:		
Disposals	-	(343)
Depreciation on revalued assets	(551)	(155)
At 31 July 2013	<u>22,021</u>	<u>20,475</u>

In May 2013, Land & Property Service revised the July 2012 valuations of the Northland Building and Foyle Building resulting in an increase in their value.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

22. MOVEMENT ON GENERAL RESERVE	2013	2012
	£'000	£'000
Income and expenditure account reserve At 1 August	2,200	2,378
Surplus retained for the year	399	1,999
Transfer from revaluation reserve	551	155
Actuarial gain/(loss) in respect of pension scheme	1,660	(2,332)
At 31 July 2013	4,810	2,200
Balance represented by:		
Pension reserve	(2,263)	(3,755)
Income and expenditure account reserve excluding pension reserve	7,073	5,955
At 31 July 2013	4,810	2,200

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	2013	2012
	£'000	£'000
NITPS: contributions paid	1,495	1,540
NILGOSC: Contributions paid	589	543
NILGOSC: FRS17 Charge	126	90
NILGOSC: Charge to the Income & Expenditure Account (staff costs)	715	633
Total Pension Cost for Year	2,210	2,173

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 2013**

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 2013 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	7.9%
£32,000 to £39,999	8.8%
£40,000 to £44,999	9.2%
£45,000 to £74,999	10.1%
£75,000 to £99,999	10.6%
£100,000 to £111,999	11.2%
£112,000 and above	11.2%

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 2013**

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 2013 by a qualified actuary. Work on a new valuation as at 31 March 2013 is currently ongoing.

Principal actuarial assumptions	At 31 July 2013	At 31 July 2012
Principal actuarial assumptions at Balance Sheet date are as follows:	%	%
Rate of increase in salaries	5.1	4.5
Rate of increase for pensions in payment/inflation	2.8	2.2
Discount rates for scheme liabilities	4.6	4.1
Expected return on assets	5.8	4.9

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 2013	At 31 July 2012
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 2013	Value at 31 July 2013	Long-term rate of return expected at 31 July 2012	Value at 31 July 2012
	%	£'000	%	£'000
Equities	6.4	13,312	5.5	10,334
Bonds	4.0	2,102	3.5	1,840
Property	4.6	1,401	3.7	1,274
Cash	3.4	700	2.8	708
Total Market Value of Assets		<u>17,515</u>		<u>14,156</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2013	2012
	£'000	£'000
Amounts recognised in the balance sheet		
Present value of funded obligations	(19,778)	(17,911)
Fair value of plan assets	17,515	14,156
Net (Underfunding) in funded plans	<u>(2,263)</u>	<u>(3,755)</u>
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Net Liability	<u><u>(2,263)</u></u>	<u><u>(3,755)</u></u>

Analysis of the amount charged to income and expenditure account

	2013	2012
	£'000	£'000
Employer service cost (net of employee contributions)	126	90
Past service (Gains)	-	-
Total operating charge	<u>126</u>	<u>90</u>

Analysis of pension finance income / (costs)

	2013	2012
	£'000	£'000
Expected return on pension scheme assets	(705)	(868)
Interest on pension liabilities	747	796
Pension finance (costs) / income	<u>42</u>	<u>(72)</u>

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

	2013	2012
	£'000	£'000
Actuarial gains/(losses) on pension scheme assets	2,168	(487)
Actuarial losses on scheme liabilities	<u>508</u>	<u>1,845</u>
Actuarial gain/(loss) recognised in STRGL	<u>1,660</u>	<u>(2,332)</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Movement in deficit during the year

	2013	2012
	£'000	£'000
Deficit in scheme at 1 August 2012	(3,755)	(1,405)
Movement in the year:		
Employer service cost (net of employee contributions)	(715)	(633)
Employer contributions	589	543
Past service cost/gain	-	-
Net interest / return on assets	(42)	72
Actuarial (loss) or gain	1,660	(2,332)
	<u>(2,263)</u>	<u>(3,755)</u>
Deficit in scheme at 31 July 2013	(2,263)	(3,755)

Asset and Liability Reconciliation

	2013	2012
	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of period	17,911	14,758
Service cost	715	633
Interest cost	747	796
Employee contributions	189	190
Actuarial loss/(gain)	508	1,845
Benefits paid	(292)	(311)
Past service gains	-	-
	<u>19,778</u>	<u>17,911</u>
Liabilities at end of period	19,778	17,911

NORTH WEST REGIONAL COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 JULY 2013

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2013	2012
	£'000	£'000
Reconciliation of Assets		
Assets at start of period	14,156	13,353
Expected return on assets	705	868
Actuarial (loss)/gain	2,168	(487)
Employer contributions	589	543
Employee contributions	189	190
Benefits paid	(292)	(311)
	<u>17,515</u>	<u>14,156</u>
Assets at end of period	17,515	14,156

The estimated value of employer contributions for the year ended 31 July 2014 is £616,000

History of experience gains and losses

	2013	2012	2011	2010	2009
Difference between the expected and actual return on assets	(2,263)	(3,755)	(1,405)	(4,646)	(5,315)
Experience gains and losses on scheme liabilities	-	(83)	1,731	-	-
Total amount recognised in STRGL	1,660	(2,332)	3,368	(37)	(3,194)

NORTH WEST REGIONAL COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 JULY 2013

24. NOTES TO THE CASH FLOW STATEMENT

(i) Reconciliation of operating surplus/(deficit) to net cash flow from operating activities	2013 £'000	2012 £,000
Surplus on continuing operations after depreciation of assets at valuation	399	1,999
Depreciation (note 14)	2,128	1,606
Revaluation loss/(gain)	40	(1,527)
Deferred capital grants released to income (note 20)	(910)	(1,178)
Loss on disposal of tangible fixed assets	-	13
Interest payable (note 11)	1,286	1,274
Pension cost less contributions payable (8 and 23)	126	90
Decrease in trade debtors	3	47
Decrease/(Increase) in prepayments and accrued income and other debtors	286	(143)
(Decrease)/Increase in trade creditors	(353)	112
Increase in other taxation and social security	3	9
(Decrease)/Increase in accruals	(331)	359
Interest receivable	(182)	(283)
Decrease PFI Surplus Land Debtor	30	30
	<hr/>	<hr/>
Net cash outflow from operating activities	2,525	2,408
	<hr/>	<hr/>
(ii) Returns on investments and servicing of finance	2013 £'000	2012 £'000
Other interest received	213	144
Interest paid on finance leases	(1,244)	(1,274)
	<hr/>	<hr/>
Net cash inflow from returns on investment and servicing of finance	(1,031)	(1,130)
	<hr/>	<hr/>

NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013

24. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(iii) Capital expenditure and financial investment		2013	2012	
		£'000	£'000	
Purchase of tangible fixed assets		(1,435)	(288)	
Deferred capital grants received		663	322	
Net cash (outflow)/inflow from capital expenditure and financial investment		<u>(772)</u>	<u>34</u>	
(iv) Financing		2013	2012	
		£'000	£'000	
Finance Lease: PFI		(332)	(271)	
Net cash outflow from financing		<u>(332)</u>	<u>(271)</u>	
(v) Analysis of net funds				
	At	Cash	Other	At
	1 August 2012	flows	non-cash	31 July 2013
	£'000	£'000	£'000	£'000
Cash in hand and at bank	7,858	390	-	8,248
Debt	-	-	-	-
Finance Leases	(9,954)	332	(24)	(9,646)
Total	<u>(2,096)</u>	<u>722</u>	<u>(24)</u>	<u>(1,398)</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

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	2013	2012
	£'000	£'000
Commitments contracted for at 31 July 2013	<u>58</u>	<u>1,004</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 2013 the College had annual commitments under non-cancellable operating leases as follows:

	2013	2012
	£'000	£'000
Land and Buildings:		
Expiring within one year	23	23
Expiring within two and five years inclusive	<u>139</u>	<u>139</u>
	<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 2013**

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>		2013	2012
Governor/Senior Manager	Company	£'000	£'000
S Murphy	Noribic	30	-
		<u>30</u>	<u>-</u>
	Amounts Outstanding	2013	2012
		£'000	£'000
S Murphy	Noribic	-	-
		<u>-</u>	<u>-</u>
<u>Received / Receivable</u>		2013	2012
Governor/Senior Manager	Company	£'000	£'000
S Murphy	Noribic	3	1
		<u>3</u>	<u>1</u>
	Amounts Outstanding	2013	2012
		£'000	£'000
S Murphy	Noribic	1	1
		<u>1</u>	<u>1</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

30. HARDSHIP FUNDS

	2013 £'000	2012 £'000
DEL grants	418	360
Interest earned	-	-
	<u>418</u>	<u>360</u>
Disbursed to students	(416)	(316)
Audit fees	(1)	(1)
	<u>(1)</u>	<u>(1)</u>
Balance unspent at 31 July 2013	<u>1</u>	<u>43</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 £15,070 in January 2013 in relation to bad debts.

In accordance with Financial Memorandum the relevant authorisation to write off these debts was sought from the Department in December 2012. Approval was duly given in January 2013.

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

The total number of cases written off was 39.

