

**NORTH WEST REGIONAL COLLEGE
REPORT OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2008**

College Merger

This is the first annual report of the North West Regional College. On 1 August 2007, Limavady College and the North West Institute were merged to form the North West Regional College. Under the requirements of FRS 6, Acquisitions and Mergers, the accounts have been prepared on the basis of merger accounting (DEL Circular FE 03/07 also refers). Merger/ restructuring expenses have been shown on the face of the income and expenditure account. The statutory accounts for the 12-month period from 1 August 2007 to 31 July 2008 reflect the position of the new regional college and the comparative figures for 2006/07 are the consolidated figures of the two former colleges.

Mission

To support economic development and lead community and personal development by providing high quality, innovative and accessible education and skills development opportunities.

Implementation of Strategic Plan

In 2007/2008 the College estimated a total of 5,453 Funding Learning Units (FLUs) against an actual of 5,271^[1], 3% under target. While the target was not achieved this was a positive performance by the College in its first planning cycle. In the key area of the DEL priority skills the College exceeded its target FLUs by 4%.

In the externally regulated enrolment ratio the College also achieved its target of 96% of total FLUs being in this category, exceeding the DEL target by 1%.

The College had a challenging year in the implementation of the new Training for Success provision but enrolment targets in this area were met and overall income was up 7% on the estimate.

Retention figures for the College remained very high (>95%) although this statistic was inevitably impacted by the lecturers' industrial action.

The College contribution to local area partnership learning strategies continued to be a significant strength with the College represented on 4 local partnerships. Enrolments in this important area exceeded targets and income was increased by 20% on the previous year.

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 fund continued capital investment.

[1] Note that FLU figures may change slightly due to ongoing validations.

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Financial Results

The College generated a surplus on continuing operations after depreciation of assets at valuation of £346,000. Calculated on a revalued assets basis, the historic cost surplus in the year was £646,000 (2007: £511,000 as restated). Exceptional redundancy costs due to restructuring (£1,726,000) and PFI being accounted for as 'on balance sheet' (£198,000) have had an adverse effect on the year end surplus.

The College has accumulated reserves of £23,241,000 and cash balances of £8,540,000.

The College intends to continue its significant investment in teaching and learning resources over the next two to three years. In excess of £1.6 million has already been invested in such resources in the year to 31 July 2008. Management also intend to develop a five year estates maintenance plan and it is expected that significant cash reserves will be expended in this area in order to maintain and develop on the investment since incorporation.

The College has significant reliance on the Department for Employment and Learning (DEL) for its principal funding source, largely from recurrent grants. In 2007/08 DEL provided 83% of the College's total income.

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 £2,070 million operating cash inflow for the year and significant cash reserves.

Liquidity

As per the balance sheet the College's liquidity is very strong and projected to be so for the foreseeable future unless the level of 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 attempted to spread its deposits across a number of financial institutions.

**NORTH WEST REGIONAL COLLEGE
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Curriculum

The College continues to provide a wide range of opportunities in education and training.

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 over 21,000 students enrolled on ITS programmes. The higher education provision accounts for 17% of the total College Funded Learning Unit (FLU) count^[1]. The total Further Education FLU count for the College was 5,272 which was within 3% of the target figure. In 2007/08 there were 21,284 students enrolled. Of these 5,292 were aged 16-18 and 14,541 were aged 19 and over. The remaining 1,451 students were involved in partnership courses with approximately 20 schools within the area. Some 21% of students were attending on a full time basis with 59% of these in the 16-18 age category and the remaining 41% were adults. Within the cohort of students aged 16-18, 57% of students were male and 43% were female. Amongst adult students, 41 % were male and 59 % female. Approximately 1% of the student population were known to be migrants and 5% had a learning disability. Of the 5% of students with a learning disability over 40% of these were supported in their learning within mainstream provision.

The College is recognised as a Centre of Excellence in Construction, Computing and Journalism. It offers a wide range of vocational areas and caters for every level of study from entry level to professional qualifications including Foundation Degrees.

Over the last year the College has continued to review the content and range of programmes taking account of the strategic priorities as set out in the Development Plan, the requirements of the Qualifications and Credit Framework, the Sector Skills Councils and the strategic priorities of DEL and the local Workforce Development Forum.

Many of our students have low levels of prior educational achievement. The College has a range of programmes aimed at students who are returning to education including courses addressing the upskilling of the Essential Skill areas of Literacy, Numeracy and ICT. New courses that were introduced last year include: National Certificate in Countryside Management, Software Professional Course for non-IT graduates, HND Media, and National Diploma Music Technology.

Over the last year the College made a significant investment in technology (£1.6 million) to improve the delivery of the curriculum. This will provide opportunities for creative and innovative approaches to learning, including supporting the embedding of ILT within teaching and learning.

[2] Based on an estimated HE FLU count for 2007/2008 as HE becomes FLU funded in 2008/2009

**NORTH WEST REGIONAL COLLEGE
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Payment Performance

The College is committed to the prompt payment of suppliers of goods and services in accordance with the Confederation of British Industry's prompt payers code and British Standard BS 7890.

Unless otherwise stated in the contract, payment is due within 30 days of receipt of the goods or services, on presentation of a valid invoice or similar demand, which ever is later.

In the year ended 31 July 2008, 74% of invoices from suppliers were paid within the timescale noted above. No amounts were paid to suppliers in interest under the Late Payment of Commercial Debts (Interest) Act 1998.

Post-Balance Sheet Events

Land Property Services (LPS) completed a full valuation of Land and Buildings in the FE Sector at 1 August 2007. At the year end, a subsequent indexation of those assets was provided at 31 July 2008 for the financial statements which lead to a reduction in land value of 40% between 1 August 2007 and 31 July 2008 and an increase in buildings by 3.31% for the same period. From 1 August 2008, land and property values have declined further. Due to continued uncertainty in the land and property market and a lack of market data, it has not been possible to reliably estimate the extent of this continued decline.

Future Developments

The College progressed its development proposals for a new building on the Boating Club Lane site to tender stage during the 2007/08 financial year and would hope to commence building on the site during the 2008/09 year.

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

RESOURCES:

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

Estate:

The College operates out of 13 sites in Derry, Limavady and Strabane covering 54,622 square metres.

Financial:

The College has £39 million of net assets (including £1.9 million pension liability).

People:

The College employs 611 people (expressed as full time equivalents), of whom 402 are teaching staff.

**NORTH WEST REGIONAL COLLEGE
REPORT OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2008**

Principal risks and uncertainties:

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 Management Committee 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 principal risk factors which affected the College during the year were associated with the College merger and the introduction of the training programme, "Training for Success".

The main risks in terms of the merger were associated with the possibility of a fall in enrolments, and, therefore, of budget, and the dislocation of services caused by the merger process. It is heartening to report that, in general, enrolment projections were achieved and with the help of the staff associations the merger processes for staff transfer were implemented smoothly and with minimum disruption to services. However, at a macro level some dislocation resulted at both College and sector level by the actions of newly appointed Chairs of the Governing Bodies. To some extent these were resolved towards the end of the year.

The Training for Success programme suffered from a hasty introduction and a lack of "buy-in" from employers to certain aspects of the programme. Programme revisions agreed during the year may lead to an improvement in the coming year.

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

**NORTH WEST REGIONAL COLLEGE
REPORT OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2008**

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;
- local Enterprise Agencies;
- other FE Colleges;
- local Universities;
- Post-Primary Schools;
- Trade Unions;
- the local community;
- Professional Bodies.

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

Equal Opportunities 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 as 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.

**NORTH WEST REGIONAL COLLEGE
REPORT OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2008**

Finances and Going Concern

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

Disclosure of Information to Auditors

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

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

Charitable and Taxation Status

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

Charitable/Political Donations

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

Professional Advisers

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

Internal Auditors: PricewaterhouseCoopers
Waterfront Plaza
8 Laganbank Road
Belfast

Bankers: Bank of Ireland
Strand Road
Derry

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

NORTH WEST REGIONAL COLLEGE
REPORT OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2008

Members

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

Mr. E Beattie (Chairman) (resigned 31 July 2008)
Miss E Cavanagh
Mrs. J Doherty
Mr. H Faulkner (Vice-Chairman)
Mr. L Gallagher (Non-teaching staff representative)
Miss G Keegan
Mrs. M Lestas
Mrs. G McCafferty
Mr. D McMahon
Prof F Monds
Mr. S Murphy (Director)
Mr. A O'Connor
Mr. A Rainey
Mr. A Smyth
Student Representative
Teaching Staff Representative

For and on behalf of the members of the Governing Body


Chairman

29/4/09
Date

**NORTH WEST REGIONAL COLLEGE
CORPORATE GOVERNANCE AND ACCOUNTABILITY**

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

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

Summary of the College's Structure of Corporate Governance

Governing Body

The College's Governing Body comprises lay and academic persons appointed under the articles of the College, the majority of whom are non-executive. The role of the Chairman of the Governing Body is separate from the role of the College Director as Chief Executive. The Governing Body is responsible for the ongoing strategic direction of the College whilst the Executive Officers are responsible for the operational management of the institution. The Governing Body approves all major developments and receives regular reports on the activities of the College and its subsidiary companies. The Governing Body met 8 times during the 2007/08 year and has several committees, including a Finance and General Purposes Committee, a Staffing and Appointments Committee, and an Audit and Risk Committee. All of these committees are formally constituted with terms of reference and comprise mainly lay members of the Governing Body.

Audit and Risk Committee

The Audit and Risk Committee operates as an advisory body to the College's Governing Body and the Accounting Officer. The Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The Committee met 4 times during the 2007/08 year to discuss reports from the External and Internal Auditors and the relevant responses. It also receives and considers reports from the Department for Employment and Learning. It reviews the College's annual financial statements to ensure compliance with legislation and accounting standards. Whilst Executive Officers and other officials attend meetings of the Audit and Risk Committee as necessary, they are not members of the Committee. The Committee can meet with auditors on their own for independent discussions.

Finance and General Purposes Committee

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

Staffing and Appointments Committee

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

Education Committee

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


Accounting Officer

29/4/09
Date

**NORTH WEST REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2008**

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

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

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

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

The Governing Body is 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 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.

**NORTH WEST REGIONAL COLLEGE
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2008**

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

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

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify the risks to the achievement of College policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The system of internal control has been in place in the North West Regional College for the year ended 31 July 2008 and up to the date of approval of the annual report and accords with DFP guidance. I have fully embedded the processes which the Department for Employment and Learning has agreed should be established and confirmed their robustness.

Capacity to Handle Risk

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

The College receives periodic reports concerning internal control and steps are taken to manage risks in significant areas of responsibility and monitor progress on key projects. The Audit 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 Committee and recommended to Governing Body. In accordance with these functions, the Chair of the Audit Committee has received appropriate training in accordance with Best Practice guidelines and Corporate Governance principles. The Audit Committee also agrees the internal audit work schedule and all internal audit reports are reviewed by the Committee. Finally, the Audit Committee reviews the final reports and accounts and the ensuing report to those charges with governance.

Finally, 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 Risk and Control Framework

The Governing Body has instructed that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. There has been a full risk and control assessment before reporting on the year ending 31 July 2008. Risk management has been incorporated fully into the corporate planning and decision making processes of the College.

**NORTH WEST REGIONAL COLLEGE
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2008**

STATEMENT ON INTERNAL CONTROL contd.

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

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

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

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

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

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

Review of Effectiveness

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

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

Significant Internal Control Problems

There were no significant internal control problems.

A report commissioned by the Department of Employment and Learning was issued on 18 June 2008 and sent to the College from DEL on 21 October 2008. The report was prepared as a result of a due diligence exercise conducted in advance of the merger of North West Institute and Limavady College of Further and Higher Education and a number of issues were identified in respect of payments by the North West Institute to providers of consultancy services during the period August 2003 to July 2006. These issues relate to a number of areas including the procurement of consulting services, real or apparent conflicts of interest in respect of the award of contracts and an apparent lack of transparency in respect of the governance of these payments to and contracts with the providers of consultancy services. As Accounting Officer, I can confirm that while the matters are historic and rest with the legacy Colleges, the College have moved forward and there is improved governance in place with respect to contracts, procurement and conflicts of interest. A Conflict of Interest policy is currently being drafted and the application of this policy will greatly enhance the controls in this area.

The Internal Auditor of the North West Institute audited 'Award of Contracts for Consultancy Services from Related Entities' in June 2007 and provided a 'substantial' level of assurance. The Internal Auditor of the North West Regional College audited 'Financial Controls' in April 2008 (including the audit of the adequacy and effectiveness of purchasing and payment processes) and provided a 'substantial' assurance rating.


Accounting Officer

29/4/09
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 31st July 2008 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 and 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.

Respective responsibilities of the Governing Body and auditor

The Governing Body is responsible for preparing the Annual Report and 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 and the Department of Employment and Learning direction made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Corporate Governance and Accountability Statement.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether 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 of Employment and Learning direction made thereunder. I report to you whether, in my opinion, the information included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

In addition, I report to you if North West Regional College has not kept proper accounting records, if I have not received all the information and explanations I require for my audit.

I review whether the Statement on Internal control reflects North West Regional College's compliance with the Department of Finance and Personnel's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of North West Regional College's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Governing Body in the preparation of the financial statements, and of whether the accounting policies are most appropriate to North West Regional College's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinions

In my opinion:

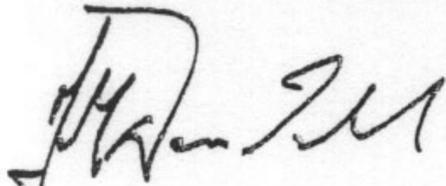
- the financial statements give a true and fair view, in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and directions made thereunder by the Department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

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.



JM Dowdall CB
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

Bch. May 2009

**NORTH WEST REGIONAL COLLEGE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2008**

	Notes	2008 £'000	2007 As restated £'000
Income			
DEL grants	2	31,693	26,614
Education contracts	3	2,748	4,337
Tuition fees and charges	4	1,334	1,338
Other grant income	5	863	1,312
Other operating income	6	516	655
Investment income	7	<u>540</u>	<u>352</u>
Total income		<u>37,694</u>	<u>34,608</u>
Expenditure			
Staff costs	8	19,813	20,259
Other operating expenses	10	11,859	12,717
Impairment	14	2,639	-
Depreciation	14	1,592	1,868
DEL contribution to depreciation		(282)	(282)
Interest payable	11	<u>1</u>	<u>68</u>
Total expenditure before exceptional items		<u>35,622</u>	<u>34,630</u>
Surplus on continuing operations after depreciation of assets at valuation and before tax		2,072	- 22
Exceptional Items			
Exceptional Restructuring Costs (Staff)	8	1,726	-
Exceptional Costs (Non-Staff Restructuring costs)	10	<u>-</u>	<u>85</u>
		1,726	85
Interest			
Finance lease charges in respect of PFI contracts		1,297	1,309
DEL contribution to finance lease charges in respect of PFI contracts		<u>(1,297)</u>	<u>(1,309)</u>
		-	-
Surplus on continuing operations after depreciation of assets at valuation and before tax		346	(107)
Taxation	12	-	-
Surplus on continuing operations after depreciation of assets at valuation and tax		<u>346</u>	<u>(107)</u>

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

The results for the year ended 31 July 2007 have been restated to the College merger and uniformity in accounting policies as required by FRS6: Acquisitions and Mergers.

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

**NORTH WEST REGIONAL COLLEGE
INCOME AND EXPENDITURE ACCOUNT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2008**

**STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 JULY 2008**

	Notes	2008 £'000	2007 As restated £'000
Surplus on continuing operations		346	(107)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	21	<u>300</u>	<u>618</u>
Historical cost surplus for the year		<u>646</u>	<u>511</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 2008**

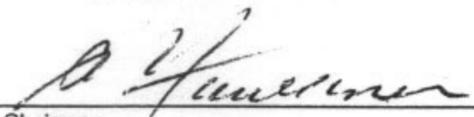
	Notes	2008 £'000	2007 As restated £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		346	(107)
Actuarial Loss in respect of pension scheme	23	(231)	1,607
Unrealised surplus on revaluation of fixed assets	21	<u>8,826</u>	<u>-</u>
Total recognised gains/(losses) relating to the year		8,941	1,500
Prior year adjustment in respect of PFI contracts (note 22)		<u>(105)</u>	<u>93</u>
Total recognised gains since last annual report		<u>8,836</u>	<u>1,593</u>
 Reconciliation of movement in reserves			
Opening Reserves as previously reported		14,405	12,707
Prior year adjustment in respect of PFI contracts (note 22)		<u>(105)</u>	<u>93</u>
Opening Reserves as restated		14,300	12,800
Total recognised gains for the year		<u>8,941</u>	<u>1,500</u>
Closing reserves		<u>23,241</u>	<u>14,300</u>

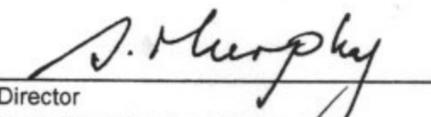
The accompanying accounting policies and notes form an integral part of these financial statements.

**NORTH WEST REGIONAL COLLEGE
BALANCE SHEET AS AT 31 JULY 2008**

	Notes	2008 £'000	2007 As restated £'000
Fixed Assets			
Tangible assets	14	44,531	39,478
Debtors: amounts falling due after more than one year	15	510	540
Current Assets			
Stocks		-	77
Debtors	15	2,936	3,494
Cash at bank and in hand		8,540	6,470
		11,476	10,041
Less: Creditors: amounts falling due within one year	16	4,848	3,724
Net current assets		6,628	6,317
Total assets less current liabilities		51,669	46,335
Creditors: amounts falling due after more than one year	17	(10,411)	(10,986)
Less: Provision for liabilities	19	-	-
Net assets excluding pension liability		41,258	35,349
Net Pension Liability	23	(1,938)	(1,702)
NET ASSETS (including pension liability)		39,320	33,647
Deferred capital grants	20	16,079	19,347
Reserves			
Income and expenditure account excluding pension reserve	22	6,424	6,073
Pension Reserve	23	(1,938)	(1,702)
Income and expenditure account including pension reserve	22	4,486	4,371
Revaluation Reserve	21	18,755	9,929
Total reserves		23,241	14,300
TOTAL		39,320	33,647

The financial statements on pages 16 to 47 were approved by the Governing Body of the North West Regional College on 29/4/09 and were signed on it's behalf by:


Chairman
North West Regional College


Director
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 2008**

	Notes	2008 £'000	2007 As restated £'000
Cash flow from operating activities	26(i)	2,157	1,145
Returns on investment and servicing of finance	26(ii)	457	299
Taxation		-	-
Capital expenditure and financial investment	26(iii)	<u>(136)</u>	<u>(217)</u>
Net cash inflow before financing		2,478	1,227
Financing	26(iv)	<u>(408)</u>	<u>(443)</u>
Increase in cash in the year	26(v)	<u>2,070</u>	<u>784</u>
		2008 £'000	2007 £'000
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year		2,070	784
Cash outflow from decrease in debt		<u>300</u>	<u>349</u>
Changes in Net Funds/(Debt) resulting from Cashflows		2,370	1,133
Cash outflow from repayment of finance leases		<u>108</u>	<u>94</u>
Movement in net debt		2,478	1,227
Net funds at 1 August 2007		<u>5,352</u>	<u>4,125</u>
Net funds at 31 July 2008	26(v)	<u>7,830</u>	<u>5,352</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 2008**

1. STATEMENT OF ACCOUNTING POLICIES

Statement of Accounting Policies

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

Basis of Preparation

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

Basis of Accounting

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

Merger Accounting

On 1 August 2007, North West Institute and Limavady College were merged to form North West Regional College. Under the requirements of FRS 6, Acquisitions and Mergers, the accounts have been prepared on the basis of merger accounting (DEL Circular FE 03/07 also refers). The statutory accounts for the 12-month period from 1 August 2007 to 31 July 2008 reflect the position of the new regional college and the comparative figures for 2006/07 are the consolidated figures of the two former colleges. Further details are provided in Note 24.

Recognition of Income

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

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

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

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

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

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Pension Scheme

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

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

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

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

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

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

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. Land and buildings acquired since the last valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings (including buildings under PFI contracts) are depreciated over their expected useful economic life to the College of between 20 and 50 years. 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 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	- fifteen years

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.

- **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. They are not depreciated until they are brought into use.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Private Finance Initiative

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

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

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

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Leased Assets

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term of the useful economic lives of equivalent owned assets.

Investments

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

Foreign Currency Translation

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

Taxation

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

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

Agency Arrangements

The College acts as an agent in the collection and payment of Support Funds e.g. educational maintenance allowances, adult learning grants etc. 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.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

2. THE DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS

	2008	2007
	£'000	£'000
Recurrent grant	21,137	17,610
Release of deferred capital grant	3,397	1,108
Redundancy	761	-
EMA	27	29
Major Works	663	-
Minor works	306	63
SLDD	137	30
Health & Safety	225	279
ICT - Infrastructure	596	598
Essential Skills	777	677
Care To Learn	16	7
Foundation Degrees	155	147
Merger Support Fund	-	110
Cultural diversity	40	-
Teachers' Superannuation Contributions	405	655
PFI	1,447	1,419
VEP	1,425	999
Additional Support Funds	179	240
Other	-	2,643
	<u>31,693</u>	<u>26,614</u>

3. EDUCATION CONTRACTS

	2008	2007
	£'000	£'000
School Link Course	231	186
Jobskills/Training for Success	1,500	1,292
New Deal	64	1,868
Other (ETT)	62	62
Higher Education (HE) Income	891	929
	<u>2,748</u>	<u>4,337</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

4. TUITION FEES AND CHARGES	2008	2007
	£'000	£'000
Home and other European Union	1,334	1,338
Non-European Union	-	-
	<u>1,334</u>	<u>1,338</u>
5. OTHER GRANT INCOME	2008	2007
	£'000	£'000
European Funds	435	762
Other Funds	428	550
	<u>863</u>	<u>1,312</u>
6. OTHER OPERATING INCOME	2008	2007
	£'000	£'000
Catering and residence operations	125	105
Other income generating activities	234	213
Other income	157	337
	<u>516</u>	<u>655</u>
7. INVESTMENT INCOME	2008	2007
	£'000	£'000
Other interest receivable	<u>540</u>	<u>352</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

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:

	2008	2007
	Number	Number
Teaching	402	421
Non-Teaching	<u>209</u>	<u>225</u>
	<u>611</u>	<u>646</u>

Staff costs for the above persons:

	2008	2007
	£'000	£'000
Teaching	15,968	14,450
Non-Teaching	<u>5,571</u>	<u>5,809</u>
	<u>21,539</u>	<u>20,259</u>

	£'000	£'000
Wages and salaries	16,630	16,904
Social security costs	1,246	1,252
Other pension costs (including FRS 17 adjustments)	<u>1,937</u>	<u>2,103</u>
	19,813	20,259
Exceptional Staff Costs (Redundancy)	<u>1,726</u>	<u>-</u>
	<u>21,539</u>	<u>20,259</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

8. STAFF COSTS (CONTINUED)

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

	Senior post-holders		Other Staff	
	2008	2007	2008	2007
	No.	No.	No.	No.
£40,001 to £45,000	-	-	24	26
£45,001 to £50,000	-	-	25	9
£50,001 to £55,000	-	-	15	19
£55,001 to £60,000	2	1	1	4
£60,001 to £65,000	-	-	1	-
£65,001 to £70,000	-	-	-	-
£70,001 to £75,000	-	-	2	-
£75,001 to £80,000	-	-	-	-
£80,001 to £85,000	3	3	1	-
£85,001 to £90,000	-	-	2	-
£90,001 to £100,000	-	-	1	-
£100,001 to £110,000	-	1	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	-	-	-
	<u>6</u>	<u>5</u>	<u>72</u>	<u>58</u>

During the year 2007/08 lecturing staff received a pay award of 2% with effect from 1 September 2007 as agreed by the lecturers negotiating committee.

Administration and support staff payrise from 1 April 2008 has yet to be agreed.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

9. SENIOR POST-HOLDERS' EMOLUMENTS

	2008 Number	2007 Number
The number of senior post-holders including the Director was:	<u>6</u>	<u>5</u>
Senior post-holders' emoluments are made up as follows:	2008 £'000	2007 £'000
Salaries	429	373
Benefits in kind	-	-
Pension contributions	<u>58</u>	<u>53</u>
Total Emoluments	<u>487</u>	<u>426</u>

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

	Year Ended 31-Jul-08 £'000	Year Ended 31-Jul-07 £'000
Salaries	111	173
Benefits in kind	<u>-</u>	<u>-</u>
	111	173
Pension contributions	<u>15</u>	<u>24</u>
	<u>126</u>	<u>197</u>

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

The members of the Governing Body of the College other than the Director and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Senior postholders received a pay award of 2% effective from 1 September 2007.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

9. SENIOR POST-HOLDERS' EMOLUMENTS (CONTINUED)

Overseas Activities

The following costs were incurred during the year ended 31 July 2008 in respect of overseas activities which were carried out in accordance with the strategy approved by the Governing Body:

	Total cost £'000	Contribution received £'000	Net cost to the College £'000
Members	1	-	1
Senior Post Holders	4	-	4
Other Higher Paid Staff	3	-	3
	<u>8</u>	<u>-</u>	<u>8</u>

10. OTHER OPERATING EXPENSES

	2008 £'000	2007 As restated £'000
Direct Teaching	769	508
Direct Support	2,145	4,146
Administration	1,650	2,632
Premises	3,172	2,457
Planned maintenance	1,464	325
Unitary payments under PFI contract	2,659	2,649
	<u>11,859</u>	<u>12,717</u>
Exceptional Costs (Merger expenses)	<u>-</u>	<u>85</u>
Other operating expenses include:		
Auditors' remuneration		
- external audit	18	16
- internal audit	23	21
	<u>41</u>	<u>37</u>

11. INTEREST PAYABLE

	2008 £'000	2007 £'000
On bank loans, overdrafts and other loans:		
Repayable within 5 years, by instalments	-	1
On finance leases	39	52
Pension finance costs (note 22)	(38)	15
	<u>1</u>	<u>68</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

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

	2008	2007
	£'000	£'000
The surplus on continuing operations for the year is made up as follows:		
College's surplus for the year	346	(107)
Retained by subsidiary undertaking	-	-
	<u>346</u>	<u>(107)</u>

14. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £'000	PFI Assets £'000	P & E £'000	Computers £'000	F & F £'000	Motor Vehicles £'000	Total £'000
Cost or valuation							
At 1 August 2007 as previously reported	34,843	-	1,873	1,312	285	75	38,388
Prior year adjustment (note 22)	-	10,510	-	-	-	-	10,510
At 1 August 2007 as restated	34,843	10,510	1,873	1,312	285	75	48,898
Additions	130	-	220	100	-	8	458
Revaluation	4,859	(1,394)	-	-	-	-	3,465
At 31 July 2008	<u>39,832</u>	<u>9,116</u>	<u>2,093</u>	<u>1,412</u>	<u>285</u>	<u>83</u>	<u>52,821</u>
Depreciation							
At 1 August 2007 as previously reported	4,721	-	1,498	1,128	239	56	7,642
Prior year adjustment (note 22)	-	1,778	-	-	-	-	1,778
At 1 August 2007 as restated	4,721	1,778	1,498	1,128	239	56	9,420
Charge for the year	1,033	282	153	76	37	11	1,592
Revaluation	(4,019)	(1,342)	-	-	-	-	(5,361)
Impairment	2,639	-	-	-	-	-	2,639
At 31 July 2007	<u>4,374</u>	<u>718</u>	<u>1,651</u>	<u>1,204</u>	<u>276</u>	<u>67</u>	<u>8,290</u>
Net Book Value							
At 31 July 2008	<u>35,458</u>	<u>8,398</u>	<u>442</u>	<u>208</u>	<u>9</u>	<u>16</u>	<u>44,531</u>
Net Book Value							
At 31 July 2007	<u>30,122</u>	<u>8,732</u>	<u>375</u>	<u>184</u>	<u>46</u>	<u>19</u>	<u>39,478</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

14. TANGIBLE FIXED ASSETS (CONTINUED)

Land and buildings were subject to a professional valuation by Land and Property Services (LPS) on 1 August 2007 resulting in an upward revaluation of £16,393,000. These valuations were then adjusted by indices provided by LPS to establish valuations at 31 July 2008 for the financial statements. In a difficult market and with limited sales evidence, the indices were determined using a consensus of valuer opinion and it was agreed that a reduction in land value of 40% between 1 August 2007 and 31 July 2008 was appropriate for the values placed on the sites of Further Education Colleges. This resulted in a downward revision of £8,300,000. LPS had no evidence to show any differential geographical changes in value and these indices have therefore been applied to all of the Further Education Colleges in Northern Ireland for their 2007/08 financial statements. It was agreed that Buildings be increased by 3.31% between 1 August 2007 and 31 July 2008, resulting in an upward revaluation of £733,000. The net result of all revisions is an upward revaluation of £8,826,000 which have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

	2008	2007
	£'000	As restated £'000
If inherited land and buildings had not been revalued they would have been included at the following amounts:		
Cost	10,510	10,510
Aggregate depreciation based on cost	<u>(2,060)</u>	<u>(1,778)</u>
Net book value based on cost	<u>8,450</u>	<u>8,732</u>

The net book value of tangible fixed assets includes an amount of £94,071 (2007: £183,579) in respect of assets held under finance leases.

	£'000	As restated £'000
The depreciation charge for the year is analysed as follows:		
Owned assets	1,219	1,495
PFI assets	282	282
Assets held under finance leases and hire purchase arrangements	<u>91</u>	<u>91</u>
	<u>1,592</u>	<u>1,868</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

15. DEBTORS

	2008	2007
	£'000	As restated £'000
Amounts falling due within one year		
Trade debtors	208	272
Amounts due from DEL in respect of PFI contract	1,824	1,675
Surplus land debtor arising on PFI contract	30	30
Prepayments and accrued income	874	1,517
	<u>2,936</u>	<u>3,494</u>
Amounts falling due after one year		
Surplus land debtor arising on PFI contract	<u>510</u>	<u>540</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£'000	As restated £'000
DEL Deficit Loan (note 17)	300	300
Obligations under finance leases (note 17)	121	106
Obligations under finance leases - PFI contracts	154	133
Trade creditors	1,251	358
Other taxation and social security	2	386
Accruals and other creditors	3,020	2,441
	<u>4,848</u>	<u>3,724</u>

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

	2008	2007
	£'000	As restated £'000
DEL Loan	200	500
Obligations under finance leases	91	212
Obligations under finance leases - PFI contracts	10,120	10,274
	<u>10,411</u>	<u>10,986</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

18. ANALYSIS OF BORROWINGS OF THE COLLEGE

Finance Leases

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

	2008	2007
	£'000	As restated £'000
In the next year	121	106
In the second to fifth years inclusive	<u>91</u>	<u>212</u>
Total	<u>212</u>	<u>318</u>

Finance lease obligations are secured on the assets to which they relate

Finance Leases - PFI Contracts

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

	2008	2007
	£'000	As restated £'000
In the next year	154	133
In the second to fifth years inclusive	474	319
In over five years	<u>9,646</u>	<u>9,955</u>
Total	<u>10,274</u>	<u>10,407</u>

	2008	2007
	£'000	£'000
DEL Loan		
In the next year	300	300
In the second to fifth years inclusive	<u>200</u>	<u>500</u>
	<u>500</u>	<u>800</u>

19. PROVISIONS FOR LIABILITIES AND CHARGES

There was no provisions in the year.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

20. DEFERRED CAPITAL GRANTS

	DEL £'000	Other £'000	Total £'000
At 1 August 2007			
Land and buildings	18,972	-	18,972
Other assets	<u>312</u>	<u>63</u>	<u>375</u>
	<u>19,284</u>	<u>63</u>	<u>19,347</u>
Cash received			
Land and buildings	129	-	129
Other assets	-	-	-
Released to income and expenditure account			
Land and buildings	3,219	-	3,219
Other assets	<u>156</u>	<u>22</u>	<u>178</u>
At 31 July 2008	<u>16,038</u>	<u>41</u>	<u>16,079</u>
Land and buildings	15,882	-	15,882
Other assets	<u>156</u>	<u>41</u>	<u>197</u>
	<u>16,038</u>	<u>41</u>	<u>16,079</u>

21. REVALUATION RESERVE

	2008 £'000	2007 As restated £'000
At 1 August 2007	8,727	9,345
Prior Year Adjustment (Note 24)	<u>1,202</u>	<u>-</u>
As at 1 August as stated	9,929	9,345
Prior Year Adjustment (note 24)	300	1,202
Revaluations in the period	8,826	-
Transfer from revaluation reserve to income and expenditure account	<u>(300)</u>	<u>(618)</u>
At 31 July 2008	<u>18,755</u>	<u>9,929</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

22. INCOME AND EXPENDITURE ACCOUNT

	2008	2007
	£'000	As restated £'000
Income and expenditure account reserve		
At 1 August as previously stated	4,476	3,362
Prior year adjustment in respect of PFI contract	<u>(105)</u>	<u>93</u>
As at 1 August as stated	4,371	3,455
Prior year adjustment in respect of Revaluation Reserve	<u>(300)</u>	<u>(1,202)</u>
As at 1 August as restated	4,071	2,253
Surplus retained for the year	346	(107)
Transfer from revaluation reserve	300	618
Actuarial (loss)/gain in respect of pension scheme	(231)	1,607
At 31 July 2008	<u>4,486</u>	<u>4,371</u>
Balance represented by:		
Pension reserve	(1,938)	(1,702)
Income and expenditure account reserve excluding pension reserve	6,424	6,073
At 31 July 2008	<u>4,486</u>	<u>4,371</u>

Prior Year Adjustment

a) PFI contracts

Under the instruction of the Department for Employment and Learning, the accounting policy for PFI contracts has been changed. The revised accounting policy states that all PFI contracts should be accounted for as "On Balance Sheet". As a result of this change in accounting policy, the College's PFI assets are now shown as "On Balance Sheet". This prior year adjustment has resulted in the following adjustments in respect of the opening balance sheet as at 1 August 2006 and the income statement for the year ended 31 July 2007.

Adjustments to the balance sheet as at 1 August 2006 are as follows:

- a) Increase in fixed assets of £9,014,000
- b) Decrease in amounts due from DEL of £980,000
- c) Increase in finance lease obligations of £10,501,000
- d) Increase in reserves of £93,000

Adjustments to the income statement for the year ended 31 July 2007:

- a) Increase in finance lease interest of £1,309,000
- b) Increase in DEL contribution to finance lease interest of £1,309,000
- c) Increase in depreciation of £282,000
- d) Increase in DEL contribution to depreciation of £282,000
- e) Increase in operating expenses of £198,000

The prior year adjustment of £105,000 at 1 August 2007 is the cumulative result of the increase in reserves of £93,000 in the balance sheet as at 1 August 2006, and the increase in operating expenses of £198,000 in the income statement for the year ended 31 July 2007.

b) Revaluation Reserve

An amount of £1.2m and £0.3m in 2007 and 2008 respectively have been transferred from the income and expenditure reserve to the revaluation reserve to correct surplus transfers from the revaluation reserve to the income and expenditure reserve which occurred during the years 2003 to 2007.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION AND SIMILAR OBLIGATIONS

The two principal pension schemes for the College's employees are the Teachers' Superannuation Scheme (TSS) and the Northern Ireland Local Government Officers' Superannuation Scheme (NILGOS). Both schemes are defined benefit schemes.

Total pension cost for the year	2007/08 £'000	2006/07 £'000
NITSS: contributions paid	1,530	1,569
NILGOSC: Charge to the Income and Expenditure Account (staff costs)	364	307
Enhanced pension charge to Income and Expenditure Account (staff costs)	43	227
Total Pension Cost for Year	1,937	2,103

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the NITSS was 31 March 2004 and NILGOSC was 31 July 2008.

NITSS

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

Further information about the scheme is given in the explanatory booklet dated September 2005, which is issued to all members.

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. The latest full valuation to be completed was as at 31 March 2004, with an interim valuation completed as at 31 March 2006. The interim actuarial valuation as at 31 March 2006 valued the accrued pension scheme liability at £6.35 billion.

From 1 July 2006 to 31 March 2007, the employers' contribution rate was 14.15% and employees' contributions were 6% of pensionable pay. From 1 April 2007 the employees' contribution rate is 13.6% and the employees' contribution rate is 6.4% of pensionable pay. This is to account for changes introduced to the NITSS from this date.

FRS 17

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

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

NILGOSC

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

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

FRS 17

The following information is based upon a full actuarial valuation of the fund at 31 March 2004 updated to 31 July 2008 by a qualified independent actuary.

	At 31 July 2008	At 31 July 2007
	%	%
Pension Increase rate	3.8	3.3
Salary increase rate	5.3	4.8
Expected return on assets	7.3	7.3
Discount rates	6.7	5.8

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 2008	At 31 July 2007
Current pensioners		
Males	19.6 years	18.4 years
Females	22.5 years	21.3 years
Future pensioners		
Males	20.7 years	19.6 years
Females	23.6 years	22.5 years

	2008 £'000	2007 £'000
The amounts recognised in the balance sheet are as follows:		
Fair value of plan assets	8,710	8,775
Present value of funded obligations	<u>(10,648)</u>	<u>(10,477)</u>
Net (Underfunding) in funded plans	(1,938)	(1,702)
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Net (Liability)	<u><u>(1,938)</u></u>	<u><u>(1,702)</u></u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Analysis of the amount charged to income and expenditure account

	2008	2007
	£'000	£'000
Employer service cost (net of employee contributions)	43	227
Past service cost	-	-
Total operating charge	<u>43</u>	<u>227</u>

Analysis of pension finance income / (costs)

	2008	2007
	£'000	£'000
Expected return on pension scheme assets	(658)	(542)
Interest on pension liabilities	620	557
Losses/ (gains) on curtailments and settlements	-	-
Pension finance income / (costs)	<u>(38)</u>	<u>(1,099)</u>
Actual return on plan assets	<u>(612)</u>	<u>-</u>

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

	2008	2007
	£'000	£'000
Actuarial gain/(loss) recognised in STRGL	<u>(231)</u>	<u>1,607</u>

Asset and Liability Reconciliation

	2008	2007
	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of period	10,477	10,642
Service cost	407	534
Interest cost	620	557
Employee contributions	156	159
Actuarial (gain)/loss	(863)	(1,301)
Benefits paid	(149)	(114)
Past service cost	-	-
Curtailments and settlements	-	-
Liabilities at end of period*	<u>10,648</u>	<u>10,477</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2008	2007
	£'000	£'000
Assets at start of period	8,775	7,575
Expected return on assets	658	542
Actuarial gain/(loss)	(1,094)	306
Employer contributions	364	307
Employee contributions	156	159
Benefits paid	(149)	(114)
Settlements	-	-
	<u>8,710</u>	<u>8,775</u>
Assets at end of period	8,710	8,775

The analysis of the scheme assets and the expected rate of return at the balance sheet date was as follows:

	<u>Expected Return</u>		<u>Fair value of assets</u>	
	2008	2007	2008	2007
	%	%	£'000	£'000
Equities	7.8	8	6,667	6,474
Bonds	5.7	5.2	1,176	1,414
Property	5.7	6	697	730
Cash	4.8	5.1	170	157
			<u>8,710</u>	<u>8,775</u>

Amounts for the current and previous four periods are as follows:

	2008	2007
Fair value of plan assets	8,710	8,775
Present value of defined benefit obligation	(10,648)	(10,477)
Surplus/(Deficit)	<u>(1,938)</u>	<u>(1,702)</u>
Experience gain /(losses) on assets	<u>(1,094)</u>	<u>306</u>
Experience gain /(losses) on liabilities	<u>183</u>	<u>-</u>

The estimated amounts of contribution to be paid to the scheme during the current financial period is £381,000.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

24. PRIOR YEAR ADJUSTMENT

An amount of £1.5m has been transferred from the income and expenditure reserve to the revaluation reserve in the current year to correct surplus transfers from the revaluation reserve to the income and expenditure reserve which occurred during the years 2003 to 2007.

25. MERGER ACCOUNTING

North West Institute and Limavady College merged on 1 August 2007 to form North West Regional College. This has been accounted for as a merger.

An analysis of the principal components of the income and expenditure account and an STRGL for the previous financial period is shown below for each college:

College Income and Expenditure accounts for the year ended 31 July 2007

	NWIFHE £'000	Limavady College £'000	Total £'000
Total income	27,403	7,205	34,608
Total expenditure before exceptional items	(28,100)	(6,530)	(34,630)
Exceptional items	(85)		(85)
	<hr/>		
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and before tax	(782)	675	(107)
Loss on disposal of assets	-	-	-
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and disposal of assets but before tax	(782)	675	(107)
Taxation	-	-	-
	<hr/>		
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax	(782)	675	(107)
	<hr/>		

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

25. MERGER ACCOUNTING (CONTINUED)

College Statement of Total Recognised Gains and Losses for the year ended 31 July 2007

	NWIFHE £'000	Limavady College £'000	Total £'000
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax	(782)	675	(107)
Unrealised surplus on revaluation of fixed assets	-	-	-
Actuarial loss in respect of pension scheme	1,314	293	1,607
Prior year adjustment in respect of PFI contracts (note 22)	93	-	93
Total recognised gains / (losses) since last report	625	968	1,593

The aggregate book value of the net assets of each merging college at the date of the merger:

Net assets at 31 July 2007

	NWIFHE £'000	Limavady College £'000	Total £'000
Net Assets	17,803	15,844	33,647

There have been no significant accounting adjustments made to the net assets of the colleges to achieve consistency of accounting policies.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

26. NOTES TO THE CASH FLOW STATEMENT

(i) Reconciliation of operating surplus to cashflow from operating activities

	2008	2007
	£'000	As restated £'000
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation	346	(107)
Depreciation (note 14)	1,592	1,868
DEL contribution to PFI depreciation	(282)	(282)
Revaluation impairment	2,639	-
Deferred capital grants released to income (note 20)	(3,397)	(1,108)
Interest payable (note 11)	1	58
Pension cost less contributions payable (8 and 23)	43	237
Decrease in stocks	77	1
Decrease in trade debtors	64	383
Decrease in prepayments and accrued income and other debtors	699	763
Increase/(Decrease) in trade creditors	674	(917)
Decrease in other taxation and social security	(384)	(62)
Increase in accruals	579	663
Interest receivable	(494)	(352)
	<u>2,157</u>	<u>1,145</u>
Net cash inflow from operating activities		

(ii) Returns on investments and servicing of finance

	2008	2007
	£'000	£'000
Interest received	494	352
Interest paid on finance leases	(37)	(53)
	<u>457</u>	<u>299</u>
Net cash inflow from returns on investment and servicing of finance		

(iii) Capital expenditure and financial investment

	2008	2007
	£'000	£'000
Payments to acquire tangible fixed assets	(239)	(2,194)
Capital grants received	103	1,977
	<u>(136)</u>	<u>(217)</u>
Net cash outflow from capital expenditure and financial investment		

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

26. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(iv) Financing	2008	2007
	£'000	£'000
Capital element of finance lease payments	(108)	(94)
Loan repaid	(300)	(349)
Net cash outflow from financing	<u>(408)</u>	<u>(443)</u>

(v) **Analysis of net funds**

	At	Cash	Other	At
	1 August 2007	flows	non-cash	31 July 2008
	£	£	£	£
Cash	6,470	2,070	-	8,540
Debt	(800)	300	-	(500)
Finance Leases	(318)	108	-	(210)
Total	<u>5,352</u>	<u>2,478</u>	<u>-</u>	<u>7,830</u>

27. POST BALANCE SHEET EVENTS

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

28. CAPITAL COMMITMENTS

	2008	2007
	£'000	£'000
Commitments contracted for at 31 July 2008	<u>17</u>	<u>57</u>

PFI Contract

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

29. FINANCIAL COMMITMENTS

At 31 July 2008 the College had annual commitments under non-cancellable operating leases as follows:

	2008	2007
	£'000	£'000
Land and Buildings:		
Expiring within one year	23	23
Expiring within two and five years inclusive	506	506
	<u>529</u>	<u>529</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

30. 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. The Statement of Internal Control on Page 12 refers to improved controls in respect of procurement, contracts and conflict of interests.

Governor/Senior Manager	Company	Amount Paid 2008 £'000	Amount Paid 2007 £'000
G McGuckin	CTS	68	272
S Murphy/G McGuckin	Noribic	46	46
		<u>114</u>	<u>318</u>
	Amounts Outstanding	2008 £'000	2007 £'000
G McGuckin	CTS	55	46
S Murphy/G McGuckin	Noribic	2	-
		<u>57</u>	<u>46</u>
Governor/Senior Manager	Company	Amount Received 2008 £'000	Amount Received 2007 £'000
G McGuckin	CTS	2	1
S Murphy/G McGuckin	Noribic	15	21
		<u>17</u>	<u>22</u>
	Amounts Outstanding	2008 £'000	2007 £'000
G McGuckin	CTS	2	-
S Murphy/G McGuckin	Noribic	1	21
		<u>3</u>	<u>21</u>

CTS is an independent organisation which provided administrative and consultancy support to North West Institute and subsequently North West Regional College. Both Seamus Murphy and Gerry McGuckin have previously been directors of this organisation however Mr Murphy resigned on 28 August 2007 and Mr McGuckin resigned on 12 June 2008.

Noribic is an independent organisation which provided consultancy support to North West Institute and subsequently North West Regional College. Seamus Murphy is currently a Board Member representing the FE sector, Gerry McGuckin is currently chairperson of the Board.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

31. SUPPORT FUNDS

	2008	2007
	£'000	£'000
DEL grants	414	348
Interest earned	<u>6</u>	<u>4</u>
	420	352
Disbursed to students	(415)	(348)
Audit fees	<u>(1)</u>	<u>(1)</u>
Balance unspent at 31 July 2008	<u><u>4</u></u>	<u><u>3</u></u>

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

32. CONTINGENT LIABILITY

An investigation carried out on behalf of the Department for Employment and Learning highlighted a breach in EU rules regarding the procurement of administrative and consultancy support for external funded projects. Whilst it is most unlikely, there exists a theoretic possibility that funding bodies might seek to reclaim funding as a result.