

**NORTH WEST REGIONAL COLLEGE
REPORT OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2009**

Mission

The College promotes quality teaching and learning in a supportive and safe environment. The College 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 2008/2009 the College estimated a total of 5539 FE Funding Learning units (FLUs) inclusive of Essential Skills against an actual of 5165, 6.6% under target. Enrolments in Level 2 and Level 3 increase by 3.95% and enrolments in Level 1 and below were less than 1% under target.

In the key areas of DEL Priority Skills and Essential Skills the College exceeded its target enrolments by 9% and 19% respectively.

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

The College showed continued growth in the Training for Success provision with overall income being up 35% on last year.

Retention for the College in FLU funded courses was 87%. While this has decreased on the previous year, it has been impacted by the ending of lecturers' industrial action.

Financial Objectives

The College's financial objectives are:

- to maintain financial stability;
- 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.

Financial Results

The College incurred a surplus on continuing operations after depreciation of assets at valuation of £101,000. Calculated on a revalued assets basis, the historic cost surplus in the year was £401,000 (Surplus in 2008 of £646,000). The College has had a financially successful year. Land and Property Services advised that buildings values dropped by 10.8% in 2009 and this has resulted in an impairment charge of £880k.

The College has accumulated reserves of £16,627,000 and cash balances of £7,839,000.

The College intends to continue its significant investment in teaching and learning resources over the next two to three years. In excess of £2.35 million has already been invested in such resources in 2008 and 2009.

The College has significant reliance on the Department for Employment and Learning (DEL) for its principal funding source, largely from recurrent grants. In 2008/09 DEL provided 78% (2008 - 84%) of the College's total income.

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Reserves

The College has an historic cost surplus of £401k resulting in an Income and Expenditure reserve balance of £7,008k which is £3,658k over the recommended 10% limit as directed by DEL. In the 2009/10 academic year the College will incur additional expenditure in a number of areas.

The growth of enrolments at the Strabane campus has led to an accommodation shortfall which cannot be met by a Department approved new build in the short-term. To allow for continued development of the site the College intends to install temporary accommodation at a cost of approximately £750k.

The new development at Strand Road and Boating Club Lane will allow the movement of courses from the Tower building. The vacated space requires refurbishment for which a cost has to be established following a determination of the extent of work required. A budget allocation of £150k is recommended.

The Estates Planned Preventative Maintenance programme has identified the two storey front section of the Tower Building to be reroofed at an estimated cost of £500k in the financial year 2010/11: however consultants will be required to be appointed this financial year to prepare a costed scheme design proposal for consideration by the directorate prior to the preparation of tender documentation.

Professional fees of approximately 10% will be due in this financial year.

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 £701,000 operating cash outflow for the year.

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 spread its deposits across a number of financial institutions.

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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 21,151 students enrolled on its programmes. The higher education provision accounts for 18.5% of the total College Funded Learning Unit (FLU) count. The total Further Education FLU count for the College was 5,165 which was within 6.6% of the target figure. Of the 21,151 students that enrolled in 2008/2009, 5,864 were aged 16-19 and 14,190 were aged over 19. The remaining 1,097 students were involved in partnership courses with approximately 23 schools within the area. Some 20% of students were attending on a full time basis with 63% of these in the 16-18 age category. Within the full cohort of students aged 16-18, 43% of students were male and 57% were female. Amongst full time adult students, 47 % were male and 53 % female. Approximately 1% of the student population were known to be migrants and 12% had a learning disability. Of the 12% of students with a learning disability over 38% 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.

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 recently include: National Certificate in Countryside Management, Software Professional Course for non-IT graduates, HND Media, and National Diploma Music Technology.

Over the last two years the College made a significant investment in technology (£2.35 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.

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 2009, 44% 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

Since the year end, in September 2009, the College was advised by DEL of a reduction to the 2009/10 block grant, in order to effect a reduction in College reserves. This decision was driven by unprecedented pressure on public spending and has resulted in a reduction of £1,256,843 in 2009/10 block grant for North West Regional College.

Future Developments

The Boating Club Lane development commenced during the year. Completion is planned for late 2010.

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.

**NORTH WEST REGIONAL COLLEGE
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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 £33 million of net assets (including £5.3 million pension liability).

People:

The College employs 612 people (expressed as full time equivalents), of whom 413 are teaching staff.

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 Committee. This is reviewed twice a 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.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

The principal risk identified by College during the year was the impact of prolonged Industrial action. Hopefully the recently agreed arrangement facilitated by the Labour Relations Agency will end the industrial action and allow staff to return to normal working. This will remove the effects of the identified risk.

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.

**NORTH WEST REGIONAL COLLEGE
REPORT OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2009**

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.

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

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 2009**

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
BT1 3LR

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

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

**NORTH WEST REGIONAL COLLEGE
REPORT OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2009**

Members

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

Mr. H Faulkner (Acting Chairman)
Mr M Agnew (Appointed 5 March 2009)
Miss E Cavanagh
Mrs. J Doherty
Mr. L Gallagher (Non-teaching staff representative)
Miss G Keegan
Mrs. M Lestas
Mr W McBride (Appointed 16 February 2009)
Mrs. G McCafferty
Mr. D McMahan
Prof F Monds (Vice-chairman)
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

25/11/09
Date

**NORTH WEST REGIONAL COLLEGE
FURTHER EDUCATION COLLEGE REMUNERATION REPORT**

Members of the Governing Body

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

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

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

No member of the Governing Body including the Chairperson receives pension contribution of 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 Director and Senior Management Team

The Director 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 Director and Senior Management Team hold permanent appointments. The normal retiring age is 65, although staff may retire at any time after age 60 with no diminution of earned pension benefits. Policy relating to notice periods is contained in the College's Staff Handbook.

Minimum pay levels

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

Progression

There is no incremental progression for Directors 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, Assistant 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 Assistant Directors. If the college increases in size a Assistant Director will automatically move to the new relevant salary scale.

Performance Pay

There is no performance pay or related scheme for any Assistant Director, although this may be reviewed following the merger process.

Total reward package

Senior staff within colleges have access to either the Northern Ireland Teachers Superannuation scheme (NITSS) or NILGOSC.

Senior staff posts are based on 36 hours per week and postholders 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.

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

Salary

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

Remuneration

Senior Management	2008-09		2007-08	
	Salary	Benefits in kind	Salary	Benefits in kind
	£'000	£	£'000	£
Mr S Murphy, Director*	105 - 110	Nil	110 - 115	Nil
Mrs K Duffy, Assistant Director	70 - 75	Nil	50 - 55	Nil
Mr D Kinnaird, Assistant Director	70 - 75	Nil	70 - 75	Nil
Mr G McGuckin, Assistant Director	70 - 75	Nil	70 - 75	Nil
Mr P McKeown, Assistant Director	70 - 75	Nil	50 - 55	Nil
Mr C Morrison, Assistant Director	70 - 75	Nil	70 - 75	Nil

'Salary' includes gross salary; performance pay or bonuses; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

* The Director's salary for 2007/08 includes 2005/06 and 2006/07 backpay.

Benefits in kind

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

Pension arrangements

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

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

The assets of the NIGOSC scheme are measured using closing market values. NIGOSC 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.

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

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 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. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Officials	Accrued pension at age 60 as at 31/7/09 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/7/09	CETV at 31/7/08	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mr S Murphy, Director	47,580	2,117	1,195,095	1,102,758	85,587
	Plus lump sum of	Plus lump sum of			
	142,740	6,351			
Mrs K Duffy, Assistant Director	24,386	7,018	398,556	261,471	124,011
	Plus lump sum of	Plus lump sum of			
	72,532	20,355			
Mr D Kinnaid, Assistant Director	24,780	2,961	448,819	381,660	62,406
	Plus lump sum of	Plus lump sum of			
	74,339	8,882			
Mr G McGuckin, Assistant Director	23,319	968	422,357	390,970	26,635
	Plus lump sum of	Plus lump sum of			
	69,956	2,903			
Mr P McKeown, Assistant Director	11,069	3,486	159,991	101,427	53,493
	Plus lump sum of	Plus lump sum of			
	32,619	9,792			
Mr C Morrison, Assistant Director	26,077	970	572,088	532,353	34,983
	Plus lump sum of	Plus lump sum of			
	78,231	2,909			

Service contracts

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

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

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

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

Summary of the College's Structure of Corporate Governance

Governing Body

The College's Governing Body comprises lay and academic persons appointed under the articles of the College, the majority of whom are non-executive. The role of the Chairman of the Governing Body is separate from the role of the College 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 5 times during the 2008/09 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 2008/09 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

25/11/2009
Date

**NORTH WEST REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2009**

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.

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 2009 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.

**NORTH WEST REGIONAL COLLEGE
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2009**

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 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 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 2009. Risk management has been incorporated fully into the corporate planning and decision making processes of the College.

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

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

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

- regularly review and update the record of risks facing the organisation;
- maintain the system of key performance and risk indicators;
- maintain the organisation-wide risk register; and
- arrange for regular reports from the Heads of 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 and Risk Committee on a regular basis and have direct access to the Governing Body and to the Chairman of the Audit and Risk Committee. The Head of Internal Audit has issued an Assurance Statement to me which provides his/her opinion on the adequacy and effectiveness of the internal control system and the extent to which it can be relied upon.

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

**NORTH WEST REGIONAL COLLEGE
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2009**

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

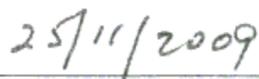
In January 2009 the College had an ETI inspection of its PSA level 2 provision and the inspection identified major areas for improvement in the college's provision for travel and tourism at level 2. The first interim follow-up visit, in September 2009, confirmed that the college was making satisfactory progress in addressing the key issues for improvement identifies in the original inspection report.

Internal audit carried out six assurance reviews in 2008/2009 in line with the approved audit plan. The assurance rating by area reviewed is set out in the table below.

AREA REVIEWED	ASSURANCE REPORTED
Financial Controls	Substantial
Estate Management	Satisfactory
Data Protection and Freedom of Information	Limited
Risk Management, Corporate Governance and Budget Control	Substantial
Procurement and Contracting	Satisfactory
Externally Funded Projects	Satisfactory

The priority issues identified in the Data Protection and Freedom of Information audit relates to Policies and Procedures, Training, Information Retention and Disposal, Identification and treatment of sensitive data, Third Party Access and transfer of information and technical aspects of Information Technology Data Protection controls. Significant work has been done since the review and all issues will be fully addressed by November 2009.


Accounting Officer


Date

North West Regional College 2008-09

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 2009 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 and 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

The Governing Body is responsible for preparing the Annual Report, which includes the Remuneration 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 for Employment and Learning direction made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Responsibilities of the Governing Body.

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 and the part of the Remuneration Report to be audited 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 direction made thereunder. I report to you whether, in my opinion, the information which comprises the Operating and Financial Review, 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, or if information specified by the Department of Finance and Personnel regarding remuneration and other transactions is not disclosed.

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. This other information comprises the unaudited part of the Remuneration Report. 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 and the part of the Remuneration Report to be audited. 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 and the part of the Remuneration Report to be audited 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 and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

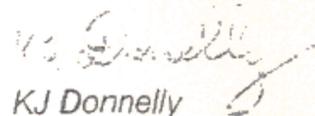
- the financial statements give a true and fair view, in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and directions made thereunder by the Department for Employment and Learning, of the state of North West Regional College's affairs as at 31st July and of its deficit, cash flows and total recognised gains and losses for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with The Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for Employment and Learning directions made thereunder; and
- information, which comprises the unaudited part of the Operating and Financial Review and the Remuneration Report, 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.



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

27 November 2009

**NORTH WEST REGIONAL COLLEGE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2009**

	Notes	2009 £'000	2008 £'000
Income			
DEL grants	2	26,219	31,693
Education contracts	3	4,252	2,748
Tuition fees and charges	4	1,332	1,334
Other grant income	5	894	863
Other operating income	6	435	516
Investment income	7	<u>365</u>	<u>540</u>
Total income		<u>33,497</u>	<u>37,694</u>
Expenditure			
Staff costs	8	19,555	19,813
Other operating expenses	10	11,523	11,859
Impairment	14	880	2,639
Depreciation	14	1,618	1,592
DEL contribution to depreciation		(282)	(282)
Interest payable	11	<u>102</u>	<u>1</u>
Total expenditure before exceptional items		<u>33,396</u>	<u>35,622</u>
Surplus on continuing operations after depreciation of assets at valuation and before tax and before exceptional items		101	2,072
Exceptional Items			
Exceptional Restructuring Costs (Staff)	8	-	1,726
Interest			
Finance lease charges in respect of PFI contracts		1,283	1,297
DEL contribution to finance lease charges in respect of PFI contracts		<u>(1,283)</u>	<u>(1,297)</u>
		-	-
Surplus on continuing operations after depreciation of assets at valuation and before tax		101	346
Taxation	12	-	-
Surplus on continuing operations after depreciation of assets at valuation and tax		<u>101</u>	<u>346</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
INCOME AND EXPENDITURE ACCOUNT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2009**

**STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 JULY 2009**

	Notes	2009 £'000	2008 £'000
Surplus on continuing operations		101	346
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	21	<u>300</u>	<u>300</u>
Historical cost surplus for the year		<u>401</u>	<u>646</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 2009**

	Notes	2009 £'000	2008 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		101	346
Unrealised (deficit)/surplus on revaluation of fixed assets	21	(3,521)	8,826
Actuarial Loss in respect of pension scheme	23	(3,194)	(231)
Total recognised (losses)/gains relating to the year		(6,614)	8,941
Prior year adjustment in respect of PFI contracts (note 22)		<u>-</u>	<u>(105)</u>
Total recognised (losses)/gains since last annual report		<u>(6,614)</u>	<u>8,836</u>
 Reconciliation of movement in reserves			
Opening Reserves as previously reported		23,241	14,405
Prior year adjustment in respect of PFI contracts (note 22)		<u>-</u>	<u>(105)</u>
Opening Reserves as restated		23,241	14,300
Total recognised (losses)/gains for the year		<u>(6,614)</u>	<u>8,941</u>
Closing reserves		<u>16,627</u>	<u>23,241</u>

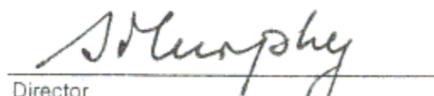
The accompanying accounting policies and notes form an integral part of these financial statements.

**NORTH WEST REGIONAL COLLEGE
BALANCE SHEET AS AT 31 JULY 2009**

	Notes	2009 £'000	2008 £'000
Fixed Assets			
Tangible assets	14	40,737	44,531
Debtors: amounts falling due after more than one year	15	480	510
Current Assets			
Stocks		-	-
Debtors	15	3,657	2,936
Cash at bank and in hand		7,839	8,540
Total current assets		11,496	11,476
Less: Creditors: amounts falling due within one year	16	3,516	4,848
Net current assets		7,980	6,628
Total assets less current liabilities		49,197	51,669
Creditors: amounts falling due after more than one year	17	(10,016)	(10,411)
Less: Provision for liabilities	19	-	-
Net Assets (excluding pension liability)		39,181	41,258
Net Pension Liability	23	(5,315)	(1,938)
NET ASSETS (including pension liability)		33,866	39,320
Deferred capital grants	20	17,239	16,079
Reserves			
Income and expenditure account excluding pension reserve	22	7,008	6,424
Pension Reserve	23	(5,315)	(1,938)
Income and expenditure account including pension reserve	22	1,693	4,486
Revaluation Reserve	21	14,934	18,755
Total reserves		16,627	23,241
TOTAL		33,866	39,320

The financial statements on pages 18 to 44 were approved by the Governing Body of the North West Regional College on _____ 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 2009**

	Notes	2009 £'000	As restated 2008 £'000
Cash inflow from operating activities	24(i)	336	2,008
Returns on investment and servicing of finance	24(ii)	288	457
Taxation		-	-
Capital expenditure and financial investment	24(iii)	<u>(752)</u>	<u>146</u>
		(128)	2,611
Financing	24(iv)	<u>(573)</u>	<u>(541)</u>
(Decrease)/Increase in cash in the year	24(v)	<u>(701)</u>	<u>2,070</u>
		2009 £'000	2008 £'000
Reconciliation of net cash flow to movement in net funds			
Cash outflow from repayment of finance leases		119	108
(Decrease)/Increase in cash in the year		(701)	2,070
Cash outflow from decrease in debt		<u>300</u>	<u>300</u>
Changes in Net (Debt)/Funds resulting from Cashflows		(401)	2,370
Movement in net debt		(282)	2,478
Net funds at 1 August 2008		<u>7,830</u>	<u>5,352</u>
Net funds at 31 July 2009	24(v)	<u>7,548</u>	<u>7,830</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 2009**

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.

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 2009**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Pension Scheme

The two Principal/Director 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 2009**

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. Valuations are obtained on a regular basis, with a full professional valuation being undertaken by Land and Property Services (LPS) every five years, with revaluation using indices provided by LPS in intervening years. 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. 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 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.

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 2009**

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.

Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The College's financial assets are classified as loans and receivables and comprise trade and other debtors (Note 15) and cash at bank and in hand (Note 24). The College's financial liabilities comprise creditors, accruals and other creditors (Note 16). The carrying value of these financial assets and liabilities, as disclosed in the notes to the accounts, approximates to fair value because of their short maturities.

As the cash requirements of the College are met through Grant-in-Aid provided by the Department for Employment and Learning, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of the same size. The College is exposed to little credit, liquidity and market risk and financial instruments have no impact on the financial statements apart from macro economic factors such as interest rate risk which impacts on their investment policy. Given the recent uncertainties in the banking system the College has hedged risk by spreading its deposits across a number of financial institutions.

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 29, 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 2009**

2. THE DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS

	2009	2008
	£'000	£'000
Recurrent grant	22,158	21,137
Release of deferred capital grant	803	3,397
Redundancy	-	761
EMA	27	27
Major Works	96	663
Minor works	34	306
SLDD	1	137
Health & Safety	79	225
ICT - Infrastructure	23	596
Essential Skills	1,055	777
Care To Learn	28	16
Foundation Degrees	-	155
Merger Support Fund	-	-
Cultural diversity	-	40
Teachers' Superannuation Contributions	-	405
PFI	1,417	1,447
VEP	-	1,425
Additional Support Funds	246	179
Other	252	-
	<u>26,219</u>	<u>31,693</u>

3. EDUCATION CONTRACTS

	2009	2008
	£'000	£'000
School Link Course	1,076	231
Jobskills/Training for Success	2,032	1,500
New Deal	55	64
Other (ETT)	10	62
Higher Education (HE) Income	1,079	891
	<u>4,252</u>	<u>2,748</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2009**

4. TUITION FEES AND CHARGES	2009	2008
	£'000	£'000
Home and other European Union	1,332	1,334
Non-European Union	<u>-</u>	<u>-</u>
	<u>1,332</u>	<u>1,334</u>
5. OTHER GRANT INCOME	2009	2008
	£'000	£'000
European Funds	413	435
Other Funds	<u>481</u>	<u>428</u>
	<u>894</u>	<u>863</u>
6. OTHER OPERATING INCOME	2009	2008
	£'000	£'000
Catering and residence operations	167	125
Other income generating activities	176	234
Other income	<u>92</u>	<u>157</u>
	<u>435</u>	<u>516</u>
7. INVESTMENT INCOME	2009	2008
	£'000	£'000
Other interest receivable	<u>365</u>	<u>540</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2009**

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:

	2009	2008
	Number	Number
Teaching	413	402
Non-Teaching	<u>199</u>	<u>209</u>
	<u>612</u>	<u>611</u>

Staff costs for the above persons:

	2009	2008
	£'000	£'000
Teaching	14,341	15,968
Non-Teaching	<u>5,214</u>	<u>5,571</u>
	<u>19,555</u>	<u>21,539</u>

	£'000	£'000
Wages and salaries	16,362	16,630
Social security costs	1,208	1,246
Other pension costs (including FRS 17 adjustments)	<u>1,985</u>	<u>1,937</u>
	19,555	19,813
Exceptional Staff Costs (Redundancy)	<u>-</u>	<u>1,726</u>
	<u>19,555</u>	<u>21,539</u>

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	
	2009	2008	2009	2008
	No.	No.	No.	No.
£60,001 to £70,000	-	-	1	1
£70,001 to £80,000	-	-	-	2
£80,001 to £90,000	5	3	-	3
£90,001 to £100,000	-	-	-	1
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
	<u>6</u>	<u>4</u>	<u>1</u>	<u>7</u>

During the year 2008/09 lecturing staff received a pay award of 2.45% with effect from 1 September 2008 as agreed by the lecturers negotiating committee.

During the year Administration and Support Staff received a pay award of 2.75% with effect from 1 April 2008. The payrise from 1 April 2009 has yet to be agreed.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2009**

9. SENIOR POST-HOLDERS' EMOLUMENTS

	2009 Number	2008 Number
The number of senior post-holders including the Director was:	<u>6</u>	<u>6</u>
Senior post-holders' emoluments are made up as follows:	2009 £'000	2008 £'000
Salaries	366	429
Benefits in kind	-	-
Pension contributions	<u>53</u>	<u>58</u>
Total Emoluments	<u>419</u>	<u>487</u>

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

	Year Ended 31-Jul-09 £'000	Year Ended 31-Jul-08 £'000
Salaries	105	111
Benefits in kind	<u>-</u>	<u>-</u>
	105	111
Pension contributions	<u>14</u>	<u>15</u>
	<u>119</u>	<u>126</u>

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

The members of the 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 2008.

9. SENIOR POST-HOLDERS' EMOLUMENTS (CONTINUED)

Overseas Activities

The following costs were incurred during the year ended 31 July 2009 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	-	-	-
Senior Post Holders	-	-	-
Other Higher Paid Staff*	<u>17</u>	<u>-</u>	<u>17</u>
	<u>17</u>	<u>-</u>	<u>17</u>

* This amount includes foreign travel for senior lecturers and all other staff.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2009**

10. OTHER OPERATING EXPENSES	2009	2008
	£'000	£'000
Direct Teaching	712	769
Direct Support	2,373	2,145
Administration	1,816	1,518
Consultancy Fees	266	365
Premises	3,517	2,939
Planned maintenance	188	1,464
Unitary payments under PFI contract	<u>2,651</u>	<u>2,659</u>
	<u>11,523</u>	<u>11,859</u>
Other operating expenses include:		
Auditors' remuneration		
- external audit	27	18
- internal audit	<u>25</u>	<u>23</u>
	<u>52</u>	<u>41</u>
11. INTEREST PAYABLE	2009	2008
	£'000	£'000
On bank loans, overdrafts and other loans:		
Repayable within 5 years, by instalments	-	-
On finance leases	23	39
Pension finance costs (note 23)	<u>79</u>	<u>(38)</u>
	<u>102</u>	<u>1</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. (DEFICIT)/SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR	2009	2008
	£'000	£'000
College's (deficit)/surplus for the year	<u>101</u>	<u>346</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2009**

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 2008	39,832	9,116	2,093	1,412	285	83	52,821
Additions	1,916	21	186	102	-	-	2,225
Revaluation	(3,521)	-	-	-	-	-	(3,521)
At 31 July 2009	38,227	9,137	2,279	1,514	285	83	51,525
Depreciation							
At 1 August 2008	4,374	718	1,651	1,204	276	67	8,290
Charge for the year	1,032	282	184	104	7	9	1,618
Revaluation	-	-	-	-	-	-	-
Impairment	83	797	-	-	-	-	880
At 31 July 2009	5,489	1,797	1,835	1,308	283	76	10,788
Net Book Value At 31 July 2009	32,738	7,340	444	206	2	7	40,737
Net Book Value At 31 July 2008	35,458	8,398	442	208	9	16	44,531

Land and buildings were last subject to a full revaluation in August 2007 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service in accordance with Department specifications. Subsequently that revaluation has been updated using indices supplied by the Land and Property Service to provided valuations as at 31 July 2008 and 31 July 2009. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

	2009 £'000	2008 £'000
If inherited land and buildings had not been revalued they would have been included at the following amounts:		
Cost	-	-
Aggregate depreciation based on cost	-	-
Net book value based on cost	-	-

The net book value of tangible fixed assets includes an amount of £2,946 (2008: £94,071) in respect of assets held under finance leases.

	£'000	£'000
The depreciation charge for the year is analysed as follows:		
Owned assets	1,245	1,219
PFI assets	282	282
Assets held under finance leases and hire purchase arrangements	91	91
	1,618	1,592

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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15. DEBTORS

	2009	2008
	£'000	£'000
Amounts falling due within one year		
Trade debtors	189	208
Amounts due from DEL in respect of PFI contract	1,932	1,824
Surplus land debtor arising on PFI contract	30	30
Prepayments and accrued income	<u>1,506</u>	<u>874</u>
	<u>3,657</u>	<u>2,936</u>
Amounts falling due after one year		
Surplus land debtor arising on PFI contract	<u>480</u>	<u>510</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£'000	£'000
DEL Deficit Loan (note 17)	200	300
Obligations under finance leases (note 18)	91	121
Obligations under finance leases - PFI contracts	104	154
Trade creditors	1,240	1,251
Other taxation and social security	518	2
Accruals and other creditors	<u>1,363</u>	<u>3,020</u>
	<u>3,516</u>	<u>4,848</u>

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

	2009	2008
	£'000	£'000
DEL Loan	-	200
Obligations under finance leases	-	91
Obligations under finance leases - PFI contracts	<u>10,016</u>	<u>10,120</u>
	<u>10,016</u>	<u>10,411</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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18. ANALYSIS OF BORROWINGS OF THE COLLEGE

Finance Leases

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

	2009 £'000	2008 £'000
In the next year	91	121
In the second to fifth years inclusive	<u>-</u>	<u>91</u>
Total	<u>91</u>	<u>212</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:

	2009 £'000	2008 £'000
In the next year	104	154
In the second to fifth years inclusive	983	474
In over five years	<u>9,033</u>	<u>9,646</u>
Total	<u>10,120</u>	<u>10,274</u>

	2009 £'000	2008 £'000
DEL Loan		
In the next year	200	300
In the second to fifth years inclusive	<u>-</u>	<u>200</u>
	<u>200</u>	<u>500</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 2009**

20. DEFERRED CAPITAL GRANTS

	DEL Grants £'000	Other Grants £'000	Total £'000
At 1 August 2008			
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>
Cash received			
Land and buildings	1,916	-	1,916
Other assets	5	42	47
Released to income and expenditure account			
Land and buildings	693	-	693
Other assets	<u>88</u>	<u>22</u>	<u>110</u>
At 31 July 2009	<u>17,178</u>	<u>61</u>	<u>17,239</u>
Land and buildings	17,105	-	17,105
Other assets	<u>73</u>	<u>61</u>	<u>134</u>
	<u>17,178</u>	<u>61</u>	<u>17,239</u>

21. REVALUATION RESERVE

	2009 £'000	2008 £'000
At 1 August 2008	18,755	8,727
Prior Year Adjustment (Note 22)	<u>-</u>	<u>1,202</u>
As at 1 August as stated	18,755	9,929
Prior Year Adjustment	-	300
Revaluations in the period	(3,521)	8,826
Transfer from revaluation reserve to income and expenditure account	<u>(300)</u>	<u>(300)</u>
At 31 July 2009	<u>14,934</u>	<u>18,755</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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22. INCOME AND EXPENDITURE ACCOUNT

	2009	2008
	£'000	£'000
Income and expenditure account reserve		
At 1 August as previously stated	4,486	4,476
Prior year adjustment in respect of PFI contract	-	(105)
As at 1 August as stated	<u>4,486</u>	<u>4,371</u>
Prior year adjustment in respect of Revaluation Reserve	-	(300)
As at 1 August as restated	4,486	4,071
Surplus retained for the year	101	346
Transfer from revaluation reserve	300	300
Actuarial (loss)/gain in respect of pension scheme	(3,194)	(231)
At 31 July 2009	<u>1,693</u>	<u>4,486</u>
Balance represented by:		
Pension reserve	(5,315)	(1,938)
Income and expenditure account reserve excluding pension reserve	7,008	6,424
At 31 July 2009	<u>1,693</u>	<u>4,486</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 Northern Ireland Teachers' Superannuation Scheme (NITSS) and the Northern Ireland Local Government Officers' Superannuation Scheme (NILGOS). Both schemes are defined benefit schemes.

Total pension cost for the year	2008/09 £'000	2007/08 £'000
NITSS: contributions paid	1,462	1,530
NILGOSC: Charge to the Income and Expenditure Account (staff costs)	419	364
Enhanced pension charge to Income and Expenditure Account (staff costs)	104	43
Total Pension Cost for Year	1,985	1,937

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the NITSS was 31 March 2004 and NILGOSC was 31 March 2007.

NITSS

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

Further information about the scheme is given in the explanatory booklet dated November 2007, 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 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 April 2008 the employers' contribution rate is 13.6% and the employees' contribution rate is 6.4% of pensionable pay. This is to account for changes introduced to the NITSS from this date.

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
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23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

FRS 17

The following information is based upon a full actuarial valuation of the fund at 31 March 2007 updated to 31 July 2009 by a qualified independent actuary.

	At 31 July 2009	At 31 July 2008
	%	%
Pension Increase rate	3.7	3.8
Salary increase rate	5.2	5.3
Expected return on assets	6.8	7.3
Discount rates	6.0	6.7

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

	At 31 July 2009	At 31 July 2008
Current pensioners		
Males	19.6 years	19.6 years
Females	22.5 years	22.5 years
Future pensioners		
Males	20.7 years	20.7 years
Females	23.6 years	23.6 years

	2009 £'000	2008 £'000
The amounts recognised in the balance sheet are as follows:		
Fair value of plan assets	8,389	8,710
Present value of funded obligations	<u>(13,704)</u>	<u>(10,648)</u>
Net (Underfunding) in funded plans	(5,315)	(1,938)
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Net (Liability)	<u><u>(5,315)</u></u>	<u><u>(1,938)</u></u>

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

Analysis of the amount charged to income and expenditure account

	2009	2008
	£'000	£'000
Employer service cost (net of employee contributions)	(62)	43
Past service cost	166	-
Total operating charge	<u>104</u>	<u>43</u>

Analysis of pension finance income / (costs)

	2009	2008
	£'000	£'000
Expected return on pension scheme assets	(651)	(658)
Interest on pension liabilities	730	620
Losses/ (gains) on curtailments and settlements	-	-
Pension finance costs/(income)	<u>79</u>	<u>(38)</u>
Actual return on plan assets	<u>(732)</u>	<u>(612)</u>

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

	2009	2008
	£'000	£'000
Actuarial loss recognised in STRGL	<u>(3,194)</u>	<u>(231)</u>

Asset and Liability Reconciliation

	2009	2007
	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of period	10,648	10,477
Service cost	357	407
Interest cost	730	620
Employee contributions	165	156
Actuarial (gain)/loss	1,809	(863)
Benefits paid	(171)	(149)
Past service cost	166	-
Curtailments and settlements	-	-
Liabilities at end of period	<u>13,704</u>	<u>10,648</u>

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

	2009	2008
	£'000	£'000
Assets at start of period	8,710	8,775
Expected return on assets	651	658
Actuarial loss	(1,385)	(1,094)
Employer contributions	419	364
Employee contributions	165	156
Benefits paid	(171)	(149)
Settlements	-	-
	<u>8,389</u>	<u>8,710</u>

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

	Expected Return		Fair value of assets	
	2009	2008	2009	2008
	%	%	£'000	£'000
Equities	7.3	7.8	6,543	6,667
Bonds	5.3	5.7	1,007	1,176
Property	5.3	5.7	503	697
Cash	4.3	4.8	336	170
			<u>8,389</u>	<u>8,710</u>

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

	2009	2008
Fair value of plan assets	8,389	8,710
Present value of defined benefit obligation	(13,704)	(10,648)
Deficit	<u>(5,315)</u>	<u>(1,938)</u>
Experience losses on assets	<u>(1,385)</u>	<u>(1,094)</u>
Experience gain on liabilities	<u>-</u>	<u>183</u>

The estimated amounts of contribution to be paid to the scheme during the current financial period is £473,000.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2009**

24. NOTES TO THE CASH FLOW STATEMENT

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

	2009	As restated
	£'000	2008
		£'000
Surplus on continuing operations after depreciation of assets at valuation	101	346
Depreciation (note 14)	1,618	1,592
DEL contribution to PFI depreciation	(282)	(282)
Revaluation impairment	880	2,639
Deferred capital grants released to income (note 20)	(803)	(3,397)
Interest payable (note 11)	102	1
Pension cost less contributions payable (8 and 23)	104	43
Decrease in stocks	-	77
Decrease in trade debtors	19	64
Decrease in prepayments and accrued income and other debtors	38	669
Increase in trade creditors	143	674
Increase/(Decrease) in other taxation and social security	516	(384)
(Decrease)/Increase in accruals	(1,657)	579
Interest receivable	(365)	(494)
Increase PFI Debtor	(108)	(149)
Decrease PFI Surplus Land Debtor	30	30
	<u>336</u>	<u>2,008</u>
Net cash inflow from operating activities		

(ii) Returns on investments and servicing of finance

	2009	2008
	£'000	£'000
Interest received	311	494
Interest paid on finance leases	(23)	(37)
	<u>288</u>	<u>457</u>
Net cash inflow from returns on investment and servicing of finance		

(iii) Capital expenditure and financial investment

	2009	2008
	£'000	Restated
		£'000
Payments to acquire tangible fixed assets	(2,380)	(239)
Capital grants received	1,346	103
DEL Contribution to PFI	282	282
	<u>(752)</u>	<u>146</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 2009**

24. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(iv) Financing	2009	2008
	£'000	Restated £'000
Capital element of finance lease payments	(119)	(108)
Loan repaid	(300)	(300)
Finance Lease: PFI	<u>(154)</u>	<u>(133)</u>
Net cash outflow from financing	<u>(573)</u>	<u>(541)</u>

(v) **Analysis of net funds**

	At 1 August 2008	Cash flows	Other non-cash	At 31 July 2009
	£	£	£	£
Cash	8,540	(701)	-	7,839
Debt	(500)	300	-	(200)
Finance Leases	<u>(210)</u>	<u>119</u>	<u>-</u>	<u>(91)</u>
Total	<u>7,830</u>	<u>(282)</u>	<u>-</u>	<u>7,548</u>

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

	2009	2008
	£'000	£'000
Commitments contracted for at 31 July 2009	<u>12,845</u>	<u>17</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 2009 the College had annual commitments under non-cancellable operating leases as follows:

	2009	2008
	£'000	£'000
Land and Buildings:		
Expiring within one year	361	23
Expiring within two and five years inclusive	<u>139</u>	<u>506</u>
	<u>500</u>	<u>529</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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28. 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>		2009	2008
Governor/Senior Manager	Company	£'000	£'000
G McGuckin	CTS	7	68
S Murphy/G McGuckin	Noribic	209	46
		<u>216</u>	<u>114</u>
	Amounts Outstanding	2009	2008
		£'000	£'000
G McGuckin	CTS	7	55
S Murphy/G McGuckin	Noribic	-	2
		<u>7</u>	<u>57</u>
	<u>Received / Receivable</u>	2009	2008
Governor/Senior Manager	Company	£'000	£'000
G McGuckin	CTS	-	2
S Murphy/G McGuckin	Noribic	3	15
		<u>3</u>	<u>17</u>
	Amounts Outstanding	2009	2008
		£'000	£'000
G McGuckin	CTS	2	2
S Murphy/G McGuckin	Noribic	-	1
		<u>2</u>	<u>3</u>

**NORTH WEST REGIONAL COLLEGE
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29. SUPPORT FUNDS

	2009	2008
	£'000	£'000
DEL grants	441	414
Interest earned	<u>3</u>	<u>6</u>
	444	420
Disbursed to students	(441)	(415)
Audit fees	<u>(1)</u>	<u>(1)</u>
Balance unspent at 31 July 2009	<u><u>2</u></u>	<u><u>4</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.

30. CONTINGENT LIABILITY

There was no contingent liabilities in the year.

31. LOSSES & SPECIAL PAYMENTS

The College wrote off £137,715.95 in September 2008 in relation to bad debts. The majority of these debts were brought forward from the former Limavady College and North West Institute of Further and Higher Education and every effort was made to recover same.

Authorisation to write off these debts was sought from the Department in September 2008. Approval was duly given in November

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

The total number of cases written off was 103.