

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2010**

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 2009/2010 the College estimated a total of 5,674 FE Funding Learning Units (FLUs) inclusive of Essential Skills against an actual of 5,947, 4.8% over target. Enrolments in Level 2 and Level 3 courses increased by 20% and 12% respectively with Level 1 and below increasing by 5%.

In the key areas of DEL Priority Skills and Essential Skills the College was within 0.5% of target enrolments and exceeded target enrolments for Essential Skills by 10%.

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 11% on last year.

Retention for the College in FLU funded courses is 83% FE Full Time, 93% FE Part Time and 88% HE.

Financial Objectives

The College's financial objectives are:

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

Financial Results

The College incurred a deficit on continuing operations after depreciation of assets at valuation of £1,310k. Calculated on a revalued assets basis, the historic cost deficit in the year was £1,107k (Surplus in 2009 of £401k). Land and Property Services revalued Land and Buildings in 2010 and this has resulted in an impairment charge of £1,441k. The College's position before impairment was a surplus of £334k.

The movement from the 2009/10 CDPB and the final outturn is explained by movements to a number of key account headings. The material favourable variance included - £706k FRS 17 adjustment, £477k DEL grants, £804k increase in Education contracts, £283k increase in Fee income, £288k increase in Other grant income, £218k reduction in Depreciation and due to the new lecturers contract staff costs were £798k under budget. The material adverse variances included - £1,254k DEL grant claw back, £1,441k impairment charge, £300k additional trainee payments (covered by additional income) and additional investment of £1,817k in teaching and learning resources.

The College has significant reliance on the Department for Employment and Learning (DEL) for its principal funding source, largely from recurrent grants. In 2009/10 DEL provided 70% (2009 - 69%) of the College's total income through allocated recurrent grant. This represented 16.10% of the total recurrent grant available to the sector.

At the start of the 2009/10 financial year DEL advised the College of a reduction in the 2009/10 recurrent block grant of £1,254k, in order to effect a reduction in the income and expenditure reserve balance given unprecedented pressure on public spending and the high reserve balances held within the Further Education sector.

In March 2010, in recognition of the strength of the sector's performance in the 2009/10 financial year and unique pressures being experienced in the current economic downturn, DEL secured additional funding for the sector. An additional £862k was received by the College.

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2010**

Reserves

The College has accumulated reserves of £11,578k and cash balances of £8,099k.

The College has an historic cost deficit of £1,107k resulting in an Income and Expenditure reserve balance of £5,195k which is £1,876k over the recommended 10% limit as directed by DEL.

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. In 2010/11 the College will install additional workshops and classrooms at the Strabane Campus.

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.

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. 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.

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 £260k operating cash inflow for the year.

Liquidity

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

Interest Rate Risk

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

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2010**

Curriculum

The College offers a range of education and training programmes at Levels 1-7 across a wide range of vocational areas and in the last academic year 24,796 (21,151 - 2009) students enrolled on its programmes. The higher education provision accounts for 18.2% of the total College Funded Learning Unit (FLU) count. The total Further Education FLU count for the College was 5,499 which was 5% over target. Of the 24,796 students enrolled in 2009/2010, 6,861 were aged 16-18 and 16,883 were aged 19 and over. The remaining 1,052 students were involved in partnership courses with approximately 26 schools within the area. Some 19% of students were attending on a full time basis with 58% of these in the 16-18 age category. Within the full cohort of students aged 16-18, 49% of students were male and 51% were female. Amongst full time adult students, 39% were male and 61% were female. Approximately 1% of the student population were known to be migrants and 7% had a learning disability. Of the 7% of students with a learning disability over 37% of these were supported in their learning within mainstream provision.

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

(Above statistics taken from FLU count 1 September 2010)

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 2010, 49% (2008/09: 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

Following a car bomb attack on the Strand Road Police Station on 3rd August which caused damage to the new development currently under construction, the building contractors are negotiating with the Loss Adjuster at the Department of Justice on the cost of remedial work required to provide the College with a building inclusive of the contractual requirement for 12 year warranties.

On the 13 October 2010, the Office of National Statistics announced the reclassification of further education colleges to the central government sector. Prior to this announcement colleges had been classified within the private sector as non profit institutions serving households. This announcement does not, however, affect the legal status of the colleges. The potential future financial implications of this announcement are not yet known.

Future Developments

The Strand Road and Boating Club Lane development commenced in 2009. Completion is planned for March 2011.

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.

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

RESOURCES:

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

Estate:

The College operates out of 13 sites in Derry-Londonderry, Limavady and Strabane covering 54,622 square metres. The College Estate will increase on completion of the new development.

Financial:

The College has £39 million of net assets (including a £4.6 million pension liability).

People:

The College employs 616 people (expressed as full time equivalents), of whom 407 are teaching staff.

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2010**

Principal risks and uncertainties:

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

Government Funding

The pending comprehensive spending review is likely to have an adverse impact on this grant income. It has been suggested that the reduction could be as much as 25% over the next 4 years. This significantly reduces the ability of the College to achieve an in-year surplus. Management will attempt to mitigate this risk in a number of ways such as further efficiencies and review of curriculum delivery.

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

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

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

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

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

Stakeholder Relationships

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

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

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

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

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2010**

Equality of Opportunity and Employment of Disabled Persons

By virtue of Section 75 of the Northern Ireland Act 1998 the North West Regional College in carrying out all its functions, powers and duties 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.

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.

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2010**

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

Members

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

Mr. H Faulkner (Acting Chairman)
Mr M Agnew
Miss E Cavanagh
Mrs. J Doherty
Mr. L Gallagher (Non-teaching staff representative)
Miss G Keegan
Mrs. M Lestas
Mr W McBride
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

24/11/10
Date

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

Members of the Governing Body

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

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

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

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

The 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 an 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.

Total reward package

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

Senior staff posts are based on 36 hours per week and 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(Audited)

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

Remuneration

Senior Management	2009 -10		2008 - 09	
	Salary	Benefits in kind	Salary	Benefits in kind
	£'000	£	£'000	£
Mr S Murphy, Director	105 - 110	Nil	105 - 110	Nil
Mrs K Duffy, Assistant Director	70 - 75	Nil	70 - 75	Nil
Mr D Kinnaird, Assistant Director	75 - 80	Nil	70 - 75	Nil
Mr G McGuckin, Assistant Director*	70 - 75	Nil	70 - 75	Nil
Mr P McKeown, Assistant Director	70 - 75	Nil	70 - 75	Nil
Mr C Morrison, Assistant Director	75 - 80	Nil	70 - 75	Nil

*Employment ended in June 2010

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

Benefits in kind

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

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

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

Cash Equivalent Transfer Values (Audited)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the Fund has received a transfer payment commensurate with the additional pension liabilities being assumed. 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.

The Emergency Budget of 22 June 2010 announced that the updating of public service pensions would be changed from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI). As of 6 July 2010 Her Majesty's Treasury (HMT) announced that the current basis for setting the discount rate for CETVs should not be used until the CPI issues have been worked through and a new basis agreed.

Subsequently, CETV quotations became available and they are reflected in the figures below. The Northern Ireland Teachers' Pension Scheme (NITSS) are not able to provide the CETV quotations for the Director before the date these financial statements have been signed so they have been omitted from these financial statements.

Officials	Accrued pension at age 60 as at 31/7/10 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/7/10	CETV at 31/7/09	Real increase in CETV
Mr S Murphy, Director	Plus lump sum of	Plus lump sum of			
Mrs K Duffy, Assistant Director	26,846 Plus lump sum of 75,574	2,162 Plus lump sum of 2,720	445,355	398,556	43,232
Mr D Kinnaird, Assistant Director	28,219 Plus lump sum of 84,657	3,439 Plus lump sum of 10,318	466,891	448,819	13,139
Mr G McGuckin, Assistant Director	24,204 Plus lump sum of 72,611	885 Plus lump sum of 2,654	400,452	422,357	-26,354
Mr P McKeown, Assistant Director	13,045 Plus lump sum of 34,171	1,665 Plus lump sum of 1,230	186,627	159,991	24,292
Mr C Morrison, Assistant Director	27,046 Plus lump sum of 81,139	969 Plus lump sum of 2,908	560,708	572,088	-16,313

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. The Governing Body met 6 times during the 2009/10 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 5 times during the 2009/10 year to discuss reports from the External and Internal Auditors and the relevant responses. It also receives and considers reports from the Department for Employment and Learning. It reviews the College's annual financial statements to ensure compliance with legislation and accounting standards. Whilst Executive Officers and other officials attend meetings of the Audit and Risk Committee as necessary, they are not members of the Committee. The Committee can meet with auditors on their own for independent discussions.

Finance and General Purposes Committee

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

Staffing and Appointments Committee

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

Education Committee

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


Accounting Officer

24/11/10
Date

**NORTH WEST REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2010**

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 OFFICERS REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2010**

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

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

The 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 2010 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 2010**

Capacity to Handle Risk

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

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

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

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 2010. 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 2010**

Review of Effectiveness

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

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

Internal audit carried out seven assurance reviews in 2009/2010 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
Security of Assets and Delivery Arrangements	Substantial
Faculty/Unit Management	Substantial
Examination and Registration	Satisfactory
Review of IT Infrastructure and Computer related controls	Satisfactory
Corporate Governance	Substantial
Contract Management - New College Build	Substantial

Significant Internal Control Problems

The 'Data Protection and Freedom of Information' audit which received Limited Assurance in 2009 had all matters addressed during 2009/10.

 Accounting Officer	24/11/10 Date
---	------------------

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 2010 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Historical Surpluses and Deficits, Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Governing Body and auditor

As explained more fully in the Statement of Responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the North West Regional College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the North West Regional College; and the overall presentation of the financial statements.

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, of the state of the North West Regional College's affairs as at 31st July 2010, and of its deficit, cash flows and total recognised gains and losses for the year then ended; and
- the financial statements have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of

Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and Department for Employment and Learning directions issued thereunder.

Emphasis of Matter

I draw attention to Notes 8 and 23 to the financial statements which detail the pension costs incurred by the College during the year. In its June 2010 budget the Government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Prices Index (RPI). This change has resulted in a credit of £0.977m to the Income and Expenditure account. The College has considered the NILGOSC scheme rules and associated members' literature and has concluded that this is a change in benefits and so has recognised the resulting credit of £0.977m in the Income and Expenditure account. At the date of certifying these financial statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue an Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change as a prior period adjustment in the financial statements. Such a change would result in the deficit for the year increasing from the reported figure of (£1.310m) to (£2.287m). My opinion is not qualified in respect of this matter.

Opinion on other matters

In my opinion:

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

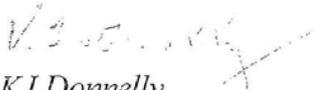
Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.


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

November 2010

**NORTH WEST REGIONAL COLLEGE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2010**

	Notes	2010 £'000	2009 £'000
Income			
DEL grants	2	25,908	26,219
Education contracts	3	4,570	4,252
Tuition fees and charges	4	1,300	1,332
Other grant income	5	770	894
Other operating income	6	426	435
Investment income	7	<u>217</u>	<u>365</u>
Total income		<u>33,191</u>	<u>33,497</u>
Expenditure			
Staff costs	8	19,537	19,555
Other operating expenses	10	12,162	11,523
Impairment	14	1,441	880
Depreciation	14	1,391	1,618
DEL contribution to depreciation		(286)	(282)
Interest payable	11	<u>256</u>	<u>102</u>
Total expenditure before exceptional items		<u>34,501</u>	<u>33,396</u>
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and before tax and before exceptional items		(1,310)	101
Interest			
Finance lease charges in respect of PFI contracts		1,298	1,283
DEL contribution to finance lease charges in respect of PFI contracts		<u>(1,298)</u>	<u>(1,283)</u>
		-	-
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and before tax		(1,310)	101
Taxation	12	-	-
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax		<u>(1,310)</u>	<u>101</u>

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

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

**NORTH WEST REGIONAL COLLEGE
STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 JULY 2010**

	Notes	2010 £'000	2009 £'000
(Deficit)/Surplus on continuing operations		(1,310)	101
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	21	<u>203</u>	<u>300</u>
Historical cost (deficit)/surplus for the year		<u>(1,107)</u>	<u>401</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 2010**

	Notes	2010 £'000	2009 £'000
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax		(1,310)	101
Unrealised deficit on revaluation of fixed assets	21	(3,702)	(3,521)
Actuarial Loss in respect of pension scheme	23	<u>(37)</u>	<u>(3,194)</u>
Total recognised losses relating to the year		<u>(5,049)</u>	<u>(6,614)</u>
Total recognised losses since last annual report		<u>(5,049)</u>	<u>(6,614)</u>
 Reconciliation of movement in reserves			
Opening Reserves as previously reported		16,627	23,241
Total recognised losses for the year		<u>(5,049)</u>	<u>(6,614)</u>
Closing reserves		<u>11,578</u>	<u>16,627</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 2010**

	Notes	2010 £'000	Restated 2009 £'000
Fixed Assets			
Tangible assets	14	45,768	40,737
Debtors: amounts falling due after more than one year	15	450	480
Current Assets			
Debtors	15	3,021	3,657
Cash at bank and in hand		8,099	7,839
Total current assets		11,120	11,496
Less: Creditors: amounts falling due within one year	16	3,452	3,601
Net current assets		7,668	7,895
Total assets less current liabilities		53,886	49,112
Creditors: amounts falling due after more than one year	17	(10,009)	(9,931)
Less: Provision for liabilities	19	-	-
Net Assets (excluding pension liability)		43,877	39,181
Net Pension Liability	23	(4,646)	(5,315)
NET ASSETS (including pension liability)		39,231	33,866
Deferred capital grants	20	27,653	17,239
Reserves			
Income and expenditure account excluding pension reserve	22	5,195	7,008
Pension Reserve	23	(4,646)	(5,315)
Income and expenditure account including pension reserve	22	549	1,693
Revaluation Reserve	21	11,029	14,934
Total reserves		11,578	16,627
TOTAL		39,231	33,866

The financial statements on pages 18 to 41 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 2010**

	Notes	2010 £'000	As restated 2009 £'000
Cash inflow/(outflow) from operating activities	24(i)	(178)	336
Returns on investment and servicing of finance	24(ii)	228	288
Taxation		-	-
Capital expenditure and financial investment	24(iii)	<u>397</u>	<u>(752)</u>
		447	(128)
Financing	24(iv)	<u>(187)</u>	<u>(573)</u>
(Decrease)/Increase in cash in the period	24(v)	<u><u>260</u></u>	<u><u>(701)</u></u>
		2010 £'000	2009 £'000
Reconciliation of net cash flow to movement in net funds			
Cash outflow from repayment of finance leases		91	119
(Decrease)/Increase in cash in the period		260	(701)
Cash outflow from decrease in debt		<u>200</u>	<u>300</u>
Changes in net funds resulting from cashflows		460	(401)
Movement in net funds in the period		551	(282)
Net funds at 1 August 2009		<u>7,548</u>	<u>7,830</u>
Net funds at 31 July 2010	24(v)	<u><u>8,099</u></u>	<u><u>7,548</u></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 2010**

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.

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 2010**

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	- various

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

• **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 2010**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Leased Assets

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease. 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 or 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 2010**

2. THE DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS	2010	2009
	£'000	£'000
Recurrent grant	21,856	22,158
Release of deferred capital grant	667	803
EMA	38	27
Major Works	127	96
Minor works	-	34
SLDD	-	1
Health & Safety	-	79
ICT - Infrastructure	3	23
Essential Skills	1,474	1,055
Care To Learn	25	28
PFI	1,452	1,417
Additional Support Funds	181	246
Learner Access Engagement Programme	109	30
Other *	-	222
Total	<u>25,908</u>	<u>26,219</u>
* Ear marked funds unspent refundable to DEL		
3. EDUCATION CONTRACTS	2010	2009
	£'000	£'000
VEP School Link Course	1,068	1,076
Jobskills/Training for Success	2,258	2,032
New Deal	69	55
Training-Other	15	10
Higher Education (HE) Income	1,160	1,079
Total	<u>4,570</u>	<u>4,252</u>
4. TUITION FEES AND CHARGES	2010	2009
	£'000	£'000
Home and other European Union	1,300	1,332
5. OTHER GRANT INCOME	2010	2009
	£'000	£'000
European Funds	187	413
Other Funds	583	481
Total	<u>770</u>	<u>894</u>
6. OTHER OPERATING INCOME	2010	2009
	£'000	£'000
Catering and residence operations	158	167
Other income generating activities	170	176
Other income	98	92
Total	<u>426</u>	<u>435</u>
7. INVESTMENT INCOME	2010	2009
	£'000	£'000
Other interest receivable	217	365

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

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:

	2010	2009
	Number	Number
Teaching	412	416
Support	68	67
Administration	116	109
Premises	26	25
Total	622	617

Staff costs for the above persons:

	2010	2009
	£'000	£'000
Teaching	15,037	14,341
Support	1,570	1,594
Administration	3,367	3,012
Other pension costs including FRS 17 adjustment	(956)	104
Premises	519	504
Total	19,537	19,555

	£'000	£'000
Wages and salaries	17,171	16,362
Social security costs	1,278	1,208
Other pension costs	2,023	1,881
FRS 17 Adjustment (NILGOSC Pension)	(956)	104
	19,516	19,555
Redundancy Payments	21	-
Total	19,537	19,555

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 was:

	Senior post-holders		Other Staff	
	2010	2009	2010	2009
	No.	No.	No.	No.
£60,001 to £70,000	-	-	2	1
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	5	5	-	-
£90,001 to £100,000	-	-	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	1	-	-
	6	6	2	1

During the year 2009/10 lecturing staff received a pay award of 1.775% with effect from 1 September 2009 as agreed by the lecturers negotiating committee.

Administration and Support Staff received a pay award of 1% with effect from 1 April 2009. The pay rise from 1 April 2010 has yet to be agreed.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

9. SENIOR POST-HOLDERS' EMOLUMENTS

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

	2010 Number	2009 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:	2010 £'000	2009 £'000
Salaries	484	471
Benefits in kind	-	-
Pension contributions	<u>69</u>	<u>67</u>
Total Emoluments	<u>553</u>	<u>538</u>

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

	Year Ended 31-Jul-10 £'000	Year Ended 31-Jul-09 £'000
Salaries	108	105
Benefits in kind	<u>-</u>	<u>-</u>
	108	105
Pension contributions	<u>15</u>	<u>14</u>
Total	<u>123</u>	<u>119</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 2009.

Overseas Activities

The following costs were incurred during the year ended 31 July 2010 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	2	2	-
Other Staff	<u>44</u>	<u>31</u>	<u>13</u>
Total	<u>46</u>	<u>33</u>	<u>13</u>

97% of Overseas activities related to Projects.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

10. OTHER OPERATING EXPENSES	2010	2009
	£'000	£'000
Direct Teaching	680	712
Direct Support	2,733	2,373
Administration	1,855	1,816
Consultancy Fees	271	266
Premises	3,538	3,282
Planned maintenance	375	393
Unitary payments under PFI contract	<u>2,710</u>	<u>2,681</u>
Total	<u>12,162</u>	<u>11,523</u>
Other operating expenses include:		
Auditors' remuneration		
- financial statements audit	21	27
- internal audit	<u>24</u>	<u>25</u>
	<u>45</u>	<u>52</u>
11. INTEREST PAYABLE	2010	2009
	£'000	£'000
On finance leases	6	23
Pension finance costs (note 23)	<u>250</u>	<u>79</u>
Total	<u>256</u>	<u>102</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	2010	2009
	£'000	£'000
College's (deficit)/surplus for the year	<u>(1,310)</u>	<u>101</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

14. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings *	Asset in Course of Construction	Plant & Equipment *	Computers	Fixtures & Fittings *	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 August 2009	43,738	2,045	2,864	1,514	1,281	83	51,525
Additions		11,081	335	80	-	69	11,565
Revaluation	(3,702)	-	-	-	-	-	(3,702)
At 31 July 2010	40,036	13,126	3,199	1,594	1,281	152	59,388
Depreciation							
At 1 August 2009	6,465	-	2,318	1,308	621	76	10,788
Charge for the year	1,001	-	207	128	41	14	1,391
Revaluation	-	-	-	-	-	-	-
Impairment	1,441	-	-	-	-	-	1,441
At 31 July 2010	8,907	-	2,525	1,436	662	90	13,620
Net Book Value At 31 July 2010	31,129	13,126	674	158	619	62	45,768
Net Book Value At 31 July 2009	37,273	2,045	546	206	660	7	40,737

* Included within the Net Book Value at 31 July 2010 are PFI assets totalling £5,927k.

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 and an interim revaluation has been carried out by Land and Property Service in August 2010 providing the Valuation as at 31 July 2010. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

	2010 £'000	2009 £'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 £NIL (2009: £2,946) in respect of assets held under finance leases.

	£'000	£'000
The depreciation charge for the year is analysed as follows:		
Owned assets	1,123	1,245
PFI assets	265	282
Assets held under finance leases and hire purchase arrangements	3	91
	1,391	1,618

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

15. DEBTORS

	2010	2009
	£'000	£'000
Amounts falling due within one year		
Trade debtors	120	189
Amounts due from DEL in respect of PFI contract	2,028	1,932
Surplus land debtor arising on PFI contract	30	30
Prepayments and accrued income	843	1,506
	<u>3,021</u>	<u>3,657</u>
Total	<u>3,021</u>	<u>3,657</u>
Amounts falling due after one year		
Surplus land debtor arising on PFI contract	<u>450</u>	<u>480</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	As restated 2009
	£'000	£'000
DEL Deficit Loan (note 17)	-	200
Obligations under finance leases (note 18)	-	91
Obligations under finance leases - PFI contracts	215	189
Trade creditors	1,333	1,240
Other taxation and social security	537	518
Accruals and other creditors	1,367	1,363
	<u>3,452</u>	<u>3,601</u>
	<u>3,452</u>	<u>3,601</u>

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

	2010	2009
	£'000	£'000
Obligations under finance leases - PFI contracts	10,009	9,931
	<u>10,009</u>	<u>9,931</u>
	<u>10,009</u>	<u>9,931</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

18. ANALYSIS OF BORROWINGS OF THE COLLEGE

Finance Leases

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

	2010	2009
	£'000	£'000
In one year or less	-	91
Between two and five years		
In five years or more	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>91</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:

	2010	As restated
	£'000	2009
		£'000
In one year or less	215	189
Between two and five years	1,479	1,223
In five years or more	<u>8,530</u>	<u>8,708</u>
Total	<u>10,224</u>	<u>10,120</u>

	2010	2009
	£'000	£'000
DEL Loan		
In one year or less	-	200
Between two and five years		
In five years or more	<u>-</u>	<u>-</u>
	<u>-</u>	<u>200</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 2010**

20. DEFERRED CAPITAL GRANTS

	DEL Grants £'000	Other Grants £'000	Total £'000
At 1 August 2009			
Land and buildings	17,105	-	17,105
Other assets	<u>76</u>	<u>58</u>	<u>134</u>
	<u>17,181</u>	<u>58</u>	<u>17,239</u>
Cash received			
Land and buildings	11,081	-	11,081
Other assets			-
Released to income and expenditure account			
Land and buildings	606		606
Other assets	<u>38</u>	<u>23</u>	<u>61</u>
Total	<u>27,618</u>	<u>35</u>	<u>27,653</u>
At 31 July 2010			
Land and buildings	27,580	-	27,580
Other assets	<u>38</u>	<u>35</u>	<u>73</u>
Total	<u>27,618</u>	<u>35</u>	<u>27,653</u>

21. REVALUATION RESERVE

	2010 £'000	2009 £'000
At 1 August 2009	14,934	18,755
Revaluations in the period (Note 14)	(3,702)	(3,521)
Transfer from revaluation reserve to income and expenditure account in respect of depreciation on revalued assets	<u>(203)</u>	<u>(300)</u>
At 31 July 2010	<u>11,029</u>	<u>14,934</u>

22. MOVEMENT ON GENERAL RESERVE

	2010 £'000	2009 £'000
Income and expenditure account reserve		
At 1 August as previously stated	1,693	4,486
(Deficit)/Surplus retained for the year	(1,310)	101
Transfer from revaluation reserve	203	300
Actuarial loss in respect of pension scheme	(37)	(3,194)
At 31 July 2010	<u>549</u>	<u>1,693</u>
Balance represented by:		
Pension reserve	(4,646)	(5,315)
Income and expenditure account reserve excluding pension reserve	5,195	7,008
At 31 July 2010	<u>549</u>	<u>1,693</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

23. PENSION AND SIMILAR OBLIGATIONS

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

Total pension cost for the year	2009/10	2008/09
	£'000	£'000
NITSS: contributions paid	1,505	1,462
NILGOSC: Charge to the Income and Expenditure Account (staff costs)	517	419
Enhanced pension charge to Income and Expenditure Account (staff costs)	(956)	104
Total Pension Cost for Year	1,066	1,985

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

NITSS

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

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

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

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

FRS 17

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

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

NILGOSC

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

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

FRS 17

The following information is based upon a full actuarial valuation of the NILGOSC fund at 31 March 2010

	At 31 July 2010	At 31 July 2009	At 31 July 2008
	%	%	%
Price Increases	2.9	3.7	3.8
Rate of increase in salaries	4.9	5.2	5.3
Rate of increase for pensions in payment/inflation	6.7	6.8	7.3
Discount rates for liabilities	5.4	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 2010	At 31 July 2009
Retiring today		
Males	20.8 years	19.6 years
Females	24.1 years	22.5 years
Retiring in 20 years		
Males	22.3 years	20.7 years
Females	25.7 years	23.6 years

	2010 £'000	2009 £'000
The amounts recognised in the balance sheet are as follows:		
Fair value of plan assets	10,529	8,389
Present value of funded obligations	<u>(15,175)</u>	<u>(13,704)</u>
Net (Underfunding) in funded plans	(4,646)	(5,315)
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Net (Liabilities)	<u><u>(4,646)</u></u>	<u><u>(5,315)</u></u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Analysis of the amount charged to income and expenditure account

	2010	2009
	£'000	£'000
Employer service cost (net of employee contributions)	21	(62)
Past service (Gains)/Cost*	<u>(977)</u>	<u>166</u>
Total operating (gain)/change	<u>(956)</u>	<u>104</u>

Analysis of pension finance income / (costs)

	2010	2009
	£'000	£'000
Expected return on pension scheme assets	(587)	(651)
Interest on pension liabilities	<u>837</u>	<u>730</u>
Pension finance costs/(income)	<u>250</u>	<u>79</u>
Actual return on plan assets	<u>1,655</u>	<u>(732)</u>

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

	2010	2009
	£'000	£'000
Actuarial loss recognised in STRGL	<u>(37)</u>	<u>(3,194)</u>

Asset and Liability Reconciliation

	2010	2009
	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of period	13,704	10,648
Service cost	538	357
Interest cost	837	730
Employee contributions	200	165
Actuarial (gain)/loss	1,102	1,809
Benefits paid	(229)	(171)
Past service cost	(977)	166
Liabilities at end of period	<u>15,175</u>	<u>13,704</u>

* In its June 2010 budget the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Prices Index (RPI). The College has considered the NILGOSC scheme rules and associated members' literature and has concluded that this change is a change in benefits and so has recognised the resulting credit in the Income and Expenditure account. At the date of these financial statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue an Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change as a prior period adjustment in the financial statements.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

23. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2010	2009
	£'000	£'000
Assets at start of period	8,389	8,710
Expected return on assets	587	651
Actuarial loss	1,065	(1,385)
Employer contributions	517	419
Employee contributions	200	165
Benefits paid	(229)	(171)
Assets at end of period	<u>10,529</u>	<u>8,389</u>

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>	
	2010	2009	2010	2009
	%	%	£'000	£'000
Equities	7.3	7.3	7,792	6,543
Bonds	4.8	5.3	1,579	1,007
Property	5.3	5.3	737	503
Cash	4.4	4.3	421	336
			<u>10,529</u>	<u>8,389</u>

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

	2010	2009	2008	2007
Fair value of plan assets	10,529	8,389	8,710	8,775
Present value of defined benefit obligation	(15,175)	(13,704)	(10,648)	(10,477)
Deficit	<u>(4,646)</u>	<u>(5,315)</u>	<u>(1,938)</u>	<u>(1,702)</u>
Experience gains/(losses) on assets	<u>1,065</u>	<u>(1,385)</u>	<u>(1,094)</u>	<u>306</u>
Experience gain on liabilities	<u>-</u>	<u>-</u>	<u>183</u>	<u>-</u>

The estimated amounts of contribution to be paid to the scheme during the current financial period is £492,000.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

24. NOTES TO THE CASH FLOW STATEMENT

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

	2010	2009
	£'000	£'000
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation	(1,310)	101
Depreciation (note 14)	1,391	1,618
DEL contribution to PFI depreciation	(286)	(282)
Revaluation impairment	1,441	880
Deferred capital grants released to income (note 20)	(667)	(803)
Interest payable (note 11)	256	102
Pension cost less contributions payable (8 and 23)	(956)	104
Decrease in trade debtors	69	19
Decrease in prepayments and accrued income and other debtors	4	38
Increase in trade creditors	140	143
Increase/(Decrease) in other taxation and social security	19	516
(Decrease)/Increase in accruals	4	(1,657)
Interest receivable	(217)	(365)
Increase PFI Debtor	(96)	(108)
Decrease PFI Surplus Land Debtor	30	30
	<u>(178)</u>	<u>336</u>
Net cash (outflow)/inflow from operating activities		

(ii) Returns on investments and servicing of finance

	2010	2009
	£'000	£'000
Other interest received	234	311
Interest paid on finance leases	(6)	(23)
	<u>228</u>	<u>288</u>
Net cash inflow from returns on investment and servicing of finance		

(iii) Capital expenditure and financial investment

	2010	2009
	£'000	£'000
Purchase of tangible fixed assets	(11,612)	(2,380)
Deferred capital grants received	11,723	1,346
DEL Contribution to PFI	286	282
	<u>397</u>	<u>(752)</u>
Net cash inflow/(outflow) from capital expenditure and financial investment		

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

24. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(iv) Financing	2010	2009
	£'000	£'000
Capital element of finance lease payments	(91)	(119)
Loan repaid	(200)	(300)
Finance Lease: PFI	<u>104</u>	<u>(154)</u>
Net cash (outflow) from financing	<u>(187)</u>	<u>(573)</u>

(v) **Analysis of net funds**

	At 1 August 2009 £	Cash flows £	Other non-cash £	At 31 July 2010 £
Cash in hand and at bank	7,839	260	-	8,099
Debt	(200)	200	-	0
Finance Leases	<u>(91)</u>	<u>91</u>	<u>-</u>	<u>0</u>
Total	<u>7,548</u>	<u>551</u>	<u>-</u>	<u>8,099</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

	2010	2009
	£'000	£'000
Commitments contracted for at 31 July 2010	<u>3,489</u>	<u>12,845</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 2010 the College had annual commitments under non-cancellable operating leases as follows:

	2010	2009
	£'000	£'000
Land and Buildings:		
Expiring within one year	194	248
Expiring within two and five years inclusive	125	118
Expiring in over five years	<u>208</u>	<u>238</u>
	<u>527</u>	<u>604</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

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>		2010	2009
Governor/Senior Manager	Company	£'000	£'000
G McGuckin	CTS	2	7
S Murphy/G McGuckin	Noribic	36	209
		<u>38</u>	<u>216</u>
	Amounts Outstanding	2010	2009
		£'000	£'000
G McGuckin	CTS	7	7
S Murphy/G McGuckin	Noribic	-	-
		<u>7</u>	<u>7</u>
	<u>Received / Receivable</u>	2010	2009
Governor/Senior Manager	Company	£'000	£'000
G McGuckin	CTS	9	16
S Murphy/G McGuckin	Noribic	1	3
		<u>10</u>	<u>19</u>
	Amounts Outstanding	2010	2009
		£'000	£'000
G McGuckin	CTS	2	2
S Murphy/G McGuckin	Noribic	1	-
		<u>3</u>	<u>2</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010**

29. SUPPORT FUNDS

	2010	2009
	£'000	£'000
DEL grants	412	441
Interest earned	1	3
	<u>413</u>	<u>444</u>
Disbursed to students	(410)	(441)
Audit fees	(1)	(1)
	<u>(411)</u>	<u>(442)</u>
Balance unspent at 31 July 2009	<u><u>2</u></u>	<u><u>2</u></u>

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

30. CONTINGENT LIABILITY

Water Ingress Issue at Main Campus Limavady

In May 2010 the Court found in favour of the College. The plaintiff was found liable for the window defect. However, subsequently the court allowed the plaintiff to amend its claim in so far as it extends to claiming that the architect was the agent of the College. An appeal has been lodged by the College's solicitors, Cleaver Fulton Rankin, against the judgment to allow the plaintiff to amend their defence against the College's counterclaim for damages.

The College is awaiting a date for the appeal.

31. LOSSES & SPECIAL PAYMENTS

The College wrote off £31,397.09 in November 2009 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 October 2009. Approval was duly given in November 2009.

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

The total number of cases written off was 129.