

**NORTH WEST REGIONAL COLLEGE
ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31 JULY 2014**

**NORTH WEST REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2014**

**The Accounting Officer authorised these
Financial statements for issue**

on

26 November 2014

**Laid before the Northern Ireland Assembly
under the Institutions of Further Education (Public Sector Audit) Order
(Northern Ireland) 2008
by the Department for Employment and Learning**

on

11 December 2014

**NORTH WEST REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2014**

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**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2014**

Nature, Objectives and Strategies

The Governing Body members present their report and the audited financial statements for the year ended 31 July 2014.

Legal Status

The current arrangements for further education in Northern Ireland were established by The Further Education (Northern Ireland) Order 1997 with colleges being self-governing incorporated bodies with effect from 1 April 1998. Based on this legislation, the office for National Statistics in 2010, reclassified colleges as part of Central Government. This has resulted in Colleges being determined as Non-Departmental Public Bodies.

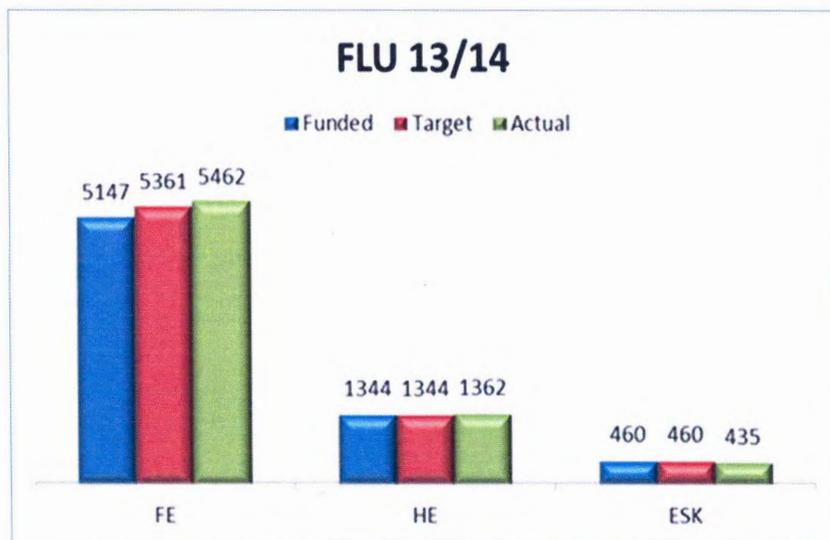
Colleges have been granted charitable status by the UK HM Revenue and Customs.

Mission Statement

The College promotes quality teaching and learning in a supportive and safe environment. NWRC aims to respond flexibly to the educational and training needs of its communities - anticipating, identifying and satisfying their needs in an efficient and effective manner.

Implementation of Strategic Plan

In 2013/2014 the College had a target of 5,361 FE FLUs (Funding Learning Unit) and a funded target of 5,147 FE FLU exclusive of Essential Skills against an actual of 5,462¹. The college exceeded FLU target by 1.9% and the funded target by 6%.



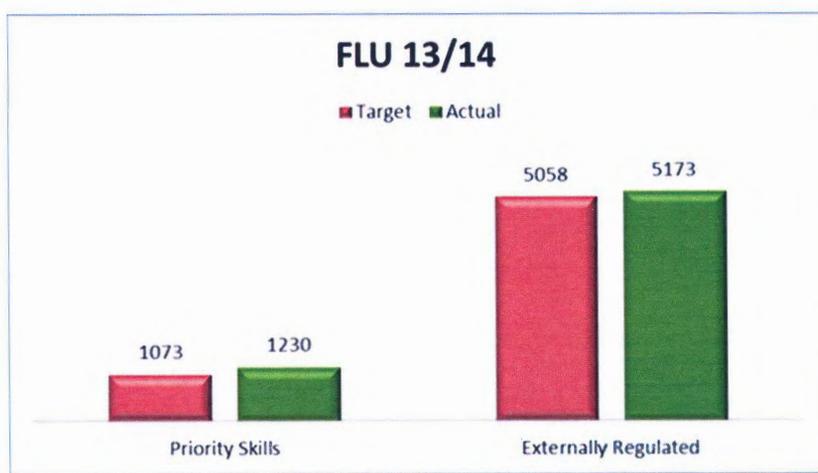
¹ Extracted from FLU dated 13 August 2014

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Implementation of Strategic Plan (cont'd)

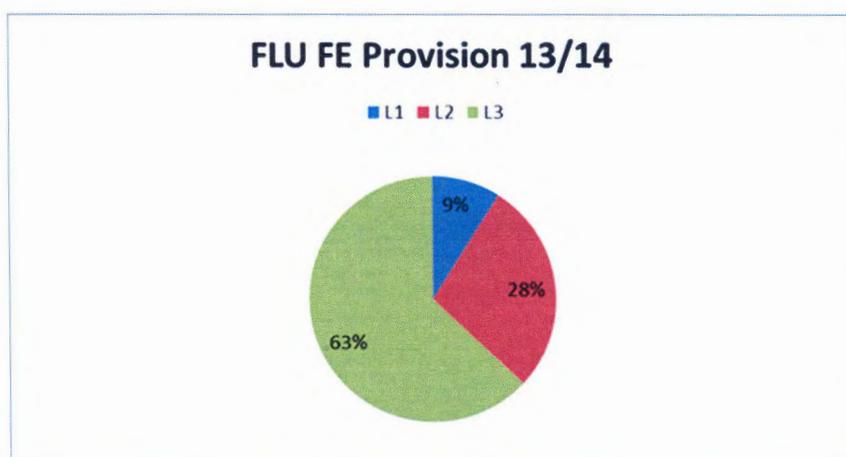
In the key areas of Department for Employment & Learning (DEL) Priority Skills the College exceeded its FLU target of 1,073 FLU by 14.6¹%.

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



Retention for the College in FLU funded courses is 83% FE Full Time, 92% FE Part Time and 89% HE.

With regards to CDP 13/14 the combined Level 2 and Level 3 provision met was within 1%¹ of target.



¹ Extracted from FLU dated 13 August 2014

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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 an operating deficit on continuing operations after depreciation of assets at valuation of £51k (Surplus in 2013 of £399k). The historic surplus in the year was £582k (Surplus in 2013 of £950k).

The movement from the 2013/14 College Development Plan and the final outturn is explained by movements to a number of key account headings. The material favourable/unfavourable variances included - £92k increase in DEL grants, £320k increase in education contracts, £69k increase in fee income, £100k decrease in Other Grant Income, £70k increase in other income, £21k decrease in Bank Interest, savings of £180k in lecturer costs, £235k in support staff costs, £139k non-pay direct support costs and £176k non-pay administration costs.

This is a strong financial performance in a year when the College has continued to invest heavily in teaching resources and has delivered 308 FLUs over and above funding levels.

The College has significant reliance on the Department for Employment and Learning (DEL) for its principal funding source, largely from recurrent grants. In 2013/14 DEL provided 70% (2013 - 68%) of the College's total income through allocated recurrent grant. This represented 16% of the total recurrent grant available to the sector.

Reserves

The College has accumulated reserves of £29,280k and cash balances of £9,783k.

The College has an historic cost surplus of £582k resulting in an Income and Expenditure reserve balance of £7,734k which is £4,243k over the recommended 10% limit of the prior year turnover as directed by DEL.

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

The College has completed the update to the Estates Strategy and submitted this to DEL. The updated strategy proposes further development on the Strand Road site to address the shortfall in Library and Sports facilities. It also includes proposals for the significant refurbishment of the Springtown campus.

Finances and Going Concern

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

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Treasury Policies and Objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate Investment policy in place that complies with DEL's Financial Memorandum.

Cash Flows

The College has a £1,535k operating cash inflow for the year. (2013 - £390k inflow)

Liquidity

As per the balance sheet the College's liquidity is very strong. Cash reserves will be used to further invest in developing the curriculum and College estate. In addition, the sector may face significant budgetary cuts in the next planning cycle which will challenge the current financial stability.

Interest Rate Risk

The College has an investment policy agreed by the Governing Body. Given the recent uncertainties in the banking system the College has spread its deposits across a number of financial institutions. Interest rates have dropped significantly in the last year and this will have a material impact on investment income.

Student Activities and Achievements

The College full time FE student enrolments decreased by 3.7% during the year. This was partly due to demographic changes taking place in the region.

- Full-time gross FE enrolments were 3,330¹ (3,458 in 12/13)
- Full-time MASN HE enrolments were 658 (635 in 12/13) This was as a result of the colleges strategy to increase MASN places as part of the wider North West ILEX One Plan.
- Full-time Training For Success gross enrolments decreased by 10% to 447¹ in 13/14 (499 in 12/13)
- Part-time gross enrolments decreased by 9.2% to 18,040¹ in 13/14 (19,877 in 12/13)

In terms of FLUs, the College delivered an actual total of 7,259² against its targeted FLUs of 7,165 and Funded FLU of 6,951. These were made up of:

- FE 5,462² – a 1.9 % increase on FLU Target 5,361 and 7% more than Funded Target 5,147
- HE 1,362² - a 1.3% increase on FLU Target 1,344 and 4% more than Funded Target 1,344
- ESK 435² against a target of 460 (shortfall of 5.4%)

The College had a good student retention rate (a measure of the proportion of learners who complete their learning programme) for its completing vocational programmes of 91% in 2013/14. The latest published data (2012/2013 DEL Health Check) stated that the essential skills outcomes were the best in the sector.

¹ Extracted from 'Enrolment Analysis' on line 15 August 2014

² Extracted from FLU dated 13 August 2014

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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 22,475 students enrolled on its programmes.

The higher education provision accounts for 21% of the total College Funded Learning Unit (FLU) count excluding essential skills. The total Further Education FLU count for the College was 5,462. Over 1200 students were involved in partnership courses with approximately 20 schools within the area across a wide range of vocational areas including STEM with an achievement rate of 90%.

Some 19.8% of students were attending on a full time basis. The College also delivered training in 12 vocational areas as part of the training for Success and Apprentice NI programme. Within the full time cohort of students, 48% of students were male and 52% were female. A total of 7% of FLU funded full-time students had a learning disability and were supported in their learning within mainstream provision.

In relation to the Department for Employment and Learning's (DEL) FLU Targets, the College has exceeded targets, the DEL FLU target being 7,165, Funded Targets being 6,951 and the College delivered 7,259. (Priority Skills = 23%).

(Above statistics taken from FLU count Aug 2014)

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%.

During the accounting period 1 August 2013 to 31 July 2014, the College paid 94% of its invoices within 30 days (2012/13 - 94%). The College incurred no interest charges in respect of late payment for this period.

The Northern Ireland Executive is committed to paying suppliers promptly - within 10 working days. During the accounting period 1 August 2013 to 31 July 2014, the college paid 82% of its invoices within 10 days. (2012/13 - 82%)

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Post-Balance Sheet Events

There have been no significant post balance sheet events.

Future Developments

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

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

RESOURCES:

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

Estate:

The value of the main College sites are as follows:

| Building | Value £'000 |
|-----------------------|------------------------|
| Foyle Building | 14,573 |
| Strand Road | 18,859 |
| Limavady | 9,090 |
| Northland | 9,754 |
| Centre for Technology | 6,530 |
| Strabane | 1,748 |
| Springtown | 1,159 |

Financial:

The College has £57million of net assets (including a £6.1million pension liability).

People:

The College employs 594 people (expressed as full time equivalents), of whom 385 are teaching staff.

| Sickness/Absence Data | 2013-14 | 2012-13* |
|-------------------------------|----------------|-----------------|
| No of days absent | 3850 | 4660 |
| Time Lost | 2.2% | 3.5% |
| Average Day Lost per employee | 4.17 days | 8.13 days |

*2012-13 figures do not include part-time lecturers

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Reputation:

NWRC is one of the top 100 largest colleges in the UK and has a track record for success. The College believes that it is well placed to take on the challenge of enhancing the skill set of the population. The College has a good reputation both locally and regionally for its further and higher education provision. The facilities available for teaching and learning range from good to outstanding across the majority of the provision.

In the latest inspection for the College, the Education and Training Inspectorate said that in the professional and technical areas inspected, the quality of education and training provided across the College is good. See table below.

| Name of Inspection | Overall Grade |
|---|---------------|
| ETI Follow-up Inspection Essential Skills | Good |
| ETI Follow-up Inspection Work-Based Learning | Good |
| ETI Scrutiny Inspection of the Self-Evaluation and Quality Improvement Planning Processes | Confidence |
| ETI Longitudinal Inspection of the Further Education and Work-Based Learning | Good |

They also identified that the College has strengths in most of its education, training and pastoral provision. The Work Based Learning inspection highlighted the more effective leadership and management, and the improved quality of provision in areas such as mechanical and manufacturing engineering, programme-led apprenticeships and the wider range of work-based learning provision offered.

The College is committed to improving its performance on a continuous and systematic basis and this plan has been completed to support the revised improvement targets set by the College Governing Body "To be the best College in Britain and Ireland". As part of the improvement process each curriculum and support area produces an annual self-evaluation report. In the latest Scrutiny Inspection the Education and Training Inspectorate had confidence of the Self Evaluation Processes, with the high levels of commitment to the quality improvement processes across the College highlighted as a strength. Areas of improvement are addressed by the College and continuous improvement continues to be an on-going focus.

The Quality Assurance Agency carried out a summative review of the College's Higher Education. Confidence was placed in the College's management of its responsibilities and standards and reliance placed on the accuracy and completeness of published information.

The College has a good reputation with its students and the student voice is integral to the ethos at the College. Surveys are carried out across Further and Higher Education. The results of student surveys show high levels of satisfaction on their experiences in the college. Pastoral care is a strength within the College and is highlighted as such in the majority of inspection reports. Other surveys are carried out in terms of community and employers, and an ILT survey is also undertaken with good results shown.

The essential skills provision within the College continue to increase and are the highest within the Sector. The College is committed to working with all of its stakeholders to improve the skills mix of the workforce in Northern Ireland and enhance the economic environment.

During the year Internal Auditors graded 6 reports substantial and 1 report satisfactory and the overall end of year report was graded as substantial.

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Principal risks and uncertainties:

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

- Government Funding

Given the state of the wider public finances cuts to the recurrent grant cannot be ruled out. Such cuts may reduce the ability of the College to achieve an in-year surplus. Management will attempt to mitigate this risk in a number of ways such as further efficiencies and review of curriculum delivery.

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

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

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

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

- FE Reclassification

In October 2010, the Office of National Statistics reclassified Further Education Colleges from Non-Profit Institutions Serving Households to Central Government that is from the private to the public sector. From 1 April 2012 it was confirmed that for Northern Ireland, the further education colleges would be brought within the budgetary responsibility of the Department for Employment and Learning (and required to accord with the same budgeting and reporting disciplines as other Non Departmental Public Bodies).

Stakeholder Relationships

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

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

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

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

Equality of Opportunity and Employment of Disabled Persons

By virtue of Section 75 of the Northern Ireland Act 1998 the North West Regional College in carrying out all its functions, powers and duties is required to have due regard to the need to promote equality of opportunity:

- a) between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- b) between men and women generally;
- c) between persons with a disability and persons without; and
- d) between persons with dependants and persons without.

Without prejudice to its obligations above, the College has, in carrying out its functions, had regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group. The College has included the promotion of good relations as part of the corporate planning process.

The College is committed to the fulfilment of its Section 75 obligations in all parts of its organisation. The College is committed to allocating necessary resources to ensure that the statutory duties are complied with and that the measures within the Equality Scheme to promote equality of opportunity are implemented effectively and on time.

Disability Statement

The College is committed to the provision of high quality education and training for the community it serves. The College welcomes applications from students with disabilities. All reasonable efforts to meet individual students' needs will be made through teaching support, student services and the learning support service.

In carrying out the principal roles and functions the College will endeavour to promote equality of opportunity among those with disabilities in accordance with Section 75 of the NI Act 1998. In addition, the College will ensure the obligation in accordance with the Disability Discrimination Act 1995 will be adhered to and reasonable adjustment considered where necessary.

The College also takes account of the Special Educational Needs and Disability Order 2005 (SENDO).

The College has a detailed Disability Action Plan which covers the following areas:

- Provision of Disability Awareness Training/Legislation
- Survey of Staff and Students to establish attitudes
- Update recruitment and selection training
- Prepare information literature for panels
- Consultation with disabled persons
- Monitor the implementation of the Disability Action Plan
- Encourage work placements for persons with a disability
- Improve complaint feedback mechanisms
- Student Equality Group set up
- Awareness Raising Campaign

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Disclosure of Information to Auditors

These accounts are audited under the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008.

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

Personal Data Related Incidents

There were no data related incidents during the year.

Charitable and Taxation Status

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

Charitable/Political Donations

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

Professional Advisers

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

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

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

**NORTH WEST REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2014**

Members

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

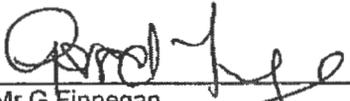
| NAME | DATE OF APPOINTMENT | TERM OF OFFICE | DATE OF RESIGNATION | STATUS OF APPOINTMENT | COMMITTEES SERVED | GOVERNING BODY ATTENDANCE *7 Meetings |
|---|---------------------|----------------|---------------------|-----------------------|-------------------|---------------------------------------|
| Mr H Faulkner (Chairman) | 01/09/2010 | 4 yrs | Dec-13 | Resigned | SC | 2/2 |
| Mr M Agnew | 05/03/2013 | 4yrs | n/a | current member | FC, SC | 7/7 |
| Miss E Cavanagh | 01/08/2011 | 4 yrs | n/a | current member | EC, AC | 3/7 |
| Mr C Burns (Student Rep.) | 28/10/2013 | 1 yr | n/a | current member | AC | 1/5 |
| Mrs J Doherty | 01/08/2011 | 4 yrs | Jun-14 | Resigned | FC, SC | 4/6 |
| Mr G Finnegan | 01/08/2011 | 4 yrs | April-14 | Resigned | AC | 4/7 |
| Mr G Finnegan (Chairman) | 01/04/2014 | 4 yrs | n/a | current member | | 3/7 |
| Cllr S Gallagher | 21/05/2012 | 4 yrs | n/a | current member | EC, SC | 1/7 |
| Dame Geraldine Keegan | 01/08/2011 | 4 yrs | n/a | current member | EC, SC | 4/7 |
| Mr G Killeen | 01/08/2011 | 4 yrs | n/a | current member | EC | 6/7 |
| Mr D Limb (Teaching Staff Rep.) | 11/10/2010 | 4 yrs | n/a | current member | FC | 5/6 |
| Mr W McBride | 16/02/2013 | 4 yrs | Jun-14 | Resigned | AC | 3/6 |
| Mrs C McFarland | 01/05/2012 | 4 yrs | n/a | current member | SC | 1/7 |
| Mr S McGregor | 01/08/2011 | 4 yrs | n/a | current member | EC, FC | 5/7 |
| Prof F Monds (Vice-Chairman) | 01/08/2011 | 4 yrs | n/a | current member | AC, EC, SC | 6/7 |
| Mr S Murphy (Principal & Chief Executive) | 09/08/2007 | n/a | n/a | current member | EC, FC, SC | 5/5 |
| Mr M O'Kane | 01/05/2012 | 4 yrs | n/a | current member | EC | 6/7 |
| Ms B Smyth (Non-teaching staff rep.) | 14/12/2011 | 4 yrs | n/a | current member | AC | 5/5 |
| Mr G White | 17/10/2011 | 4yrs | April-14 | Resigned | EC | 1/3 |

* This includes 2 Special Governing Body Meetings convened that not all members were eligible to attend

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

Mr Seamus Murphy retired as Principal & Chief Executive on 31 August 2014 and was replaced by Mr Leo Murphy.

For and on behalf of the members of the Governing Body


Mr G Finnegan
Chairman of Governing Body

26 November 2014
Date

NORTH WEST REGIONAL COLLEGE REMUNERATION REPORT

Members of the Governing Body

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

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

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

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

The Principal & Chief Executive and Senior Management Team

The Principal & Chief Executive and the Senior Management Team appointments are made in accordance with College's recruitment policy. The policy requires appointments to be made on merit on the basis of fair and open competition.

The Principal & Chief Executive and Senior Management Team hold permanent appointments. The Policy relating to notice periods is contained in the College's Staff Handbook.

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

Minimum pay levels

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

Progression

There is no incremental progression for the Principal 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, the Director is normally placed on the bottom point of the four-point scale relevant to the size of their college. Thereafter, there is annual incremental progression up the scale until the maximum of the scale is reached. A common incremental date of September is used for all Directors. If the college increases in size a Director will automatically move to the new relevant salary scale.

Performance Pay

There is no performance pay or related scheme for any Director. Only the Principal & Chief Executive received performance pay.

Total reward package

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

Senior staff posts are based on 36 hours per week and post holders have access to the colleges' Maternity Leave Scheme, Paternity Leave Scheme, Adoption Leave Scheme and Flexible Working arrangements

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

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REMUNERATION REPORT CONT'D**

Service contracts

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

Salary and pension entitlements

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

Remuneration (Audited)

| Senior Management | 2013/14 | | | | 2012/13 | | | |
|--|-----------------|--------------------------|-------------------------------|----------------|-----------------|--------------------------|------------------------------|----------------|
| | Salary £'000 | Benefits in kind £ | Pension benefits £'000* | Total £'000 | Salary £'000 | Benefits in kind £ | Pension benefits £'000 | Total £'000 |
| Mr S Murphy Principal & Chief Executive | 105-110 | Nil | 22 | 127-132 | 105 –110 | Nil | 35 | 140-145 |
| Mrs K Duffy Director | 75-80 | Nil | 1 | 76-81 | 75 – 80 | Nil | 6 | 81-86 |
| Mr D Kinnaird Director | 75-80 | Nil | 16 | 91-96 | 75 - 80 | Nil | 17 | 92-97 |
| Mr P McKeown Director | 75-80 | Nil | 10 | 85-90 | 75 - 80 | Nil | 13 | 88-93 |
| Mr C Morrison Director | 75-80 | Nil | 13 | 88-93 | 75 - 80 | Nil | 26 | 101-106 |

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.

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

| | 2013-14 £ £'000 | 2012-13 £ £'000 |
|--|-----------------------|-----------------------|
| Band of highest paid directors total remuneration | 105-110 | 105-110 |
| Median total remuneration | 25,229 | 24,749 |
| Ratio | 4.3 | 4.3 |

Benefits in kind

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

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REMUNERATION REPORT CONT'D**

Pension Entitlements (Audited)

| Senior Management | Accrued pension at age 60 as at 31/7/14 and related lump sum | Real increase in pension and related lump sum at age 60 | CETV at 31/7/14 | CETV at 31/7/13 | Real increase in CETV |
|---|---|--|------------------------|------------------------|------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Mr S Murphy, Principal & Chief Executive | 60-65 | 0-2.5 | 1,360 | 1,317 | (5) |
| | Plus lump sum of | Plus lump sum of | | | |
| | 185-190 | 2.5-5 | | | |
| Mrs K Duffy, Director | 30-35 | 0-2.5 | 559 | 529 | 17 |
| | Plus lump sum of | Plus lump sum of | | | |
| | 80-85 | (0-2.5) | | | |
| Mr D Kinnaird, Director | 35-40 | 0-2.5 | 718 | 659 | 32 |
| | Plus lump sum of | Plus lump sum of | | | |
| | 105-110 | 2.5-5.0 | | | |
| Mr P McKeown, Director | 15-20 | 0-2.5 | 268 | 247 | 14 |
| | Plus lump sum of | Plus lump sum of | | | |
| | 35-40 | (0-2.5) | | | |
| Mr C Morrison, Director | 35-40 | 0-2.5 | 821 | 753 | 39 |
| | Plus lump sum of | Plus lump sum of | | | |
| | 105-110 | 2.5-5 | | | |

NORTH WEST REGIONAL COLLEGE REMUNERATION REPORT CONT'D

Pension arrangements

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

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

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

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the Fund has received a transfer payment commensurate with the additional pension liabilities being assumed. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take accounts of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

**NORTH WEST REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2014**

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

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

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

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

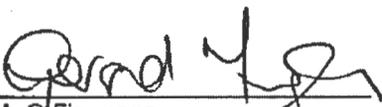
The Governing Body is also required to prepare an Annual Report which describes its strategic direction and the legal and administrative status of the College.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the relevant legislation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Governing Body of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Governing Body is responsible for ensuring that funds from the Department are used only in accordance with the Financial Memorandum agreed with the Department and other conditions which the Department may from time to time prescribe. The Governing Body must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, the Governing Body is responsible for securing the economic, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Department are not put at risk.

Approved by order of the Governing Body members on 26 November 2014 and signed on its behalf by:


Mr G Finnegan
Chairman of Governing Body

NORTH WEST REGIONAL COLLEGE GOVERNANCE STATEMENT

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

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

Summary of the College's Structure of Corporate Governance

Governing Body

The College's Governing Body comprises of members appointed by the Minister for Employment and Learning, members nominated by the Education and Library Board for the area, staff and students of the College, the Principal & Chief Executive and people co-opted by the Governing Body. The role of the Chairman of the Governing Body is separate from the role of the College Principal & Chief Executive. The Governing Body is responsible for the on-going strategic direction of the College whilst the Executive Officers are responsible for the operational management of the College. The Governing Body approves all major developments and receives regular reports on the activities of the College. The Governing Body met 7 times during the 2013/14 year and has several committees including a Finance and General Purposes Committee, an Audit and Risk Committee, a Staffing and Appointments Committee and an Education Committee. All of these committees are formally constituted with terms of reference and comprise mainly members of the Governing Body.

At present the Board receives standing information for each meeting on key areas such as Finance, Human Resources and Performance. Briefing papers on other material issues are provided as they arise. All papers are issued a week in advance of any Board meeting to allow members to review and, where appropriate, to raise questions in advance. The relevant business area can then be requested to attend support discussions or be required to produce more detailed information in advance of the meeting.

All statistical and financial information is provided by professional qualified teams within the College. For example, all financial information is prepared and provided by the Management Accountant and the Director of Finance and Estates and is in accordance with the Financial Memorandum Managing Public Money NI and relevant guidance from Department of Employment & Learning and the Department of Finance and Personnel. Accordingly the Board considers that it can take assurance as to the quality of the data it uses to inform decision making.

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

Governing Body Evaluation

I consider that the Governing Body operated effectively during 2013/14, fulfilling its role as set out above.

The Governing Body undertakes an evaluation of its performance in areas such as size, structure, and leadership.

NORTH WEST REGIONAL COLLEGE GOVERNANCE STATEMENT CONT'D

Audit and Risk Committee

The Audit and Risk Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control. It provides a channel of communication from the college's auditors, which is not controlled by college management. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The Committee met 4 times during the 2013/14 year to discuss reports from the External and Internal Auditors and the relevant responses. It also receives and considers reports from the Department for Employment and Learning. It reviews the College's annual financial statements to ensure compliance with legislation and accounting standards. Whilst Executive Officers and other officials attend meetings of the Audit and Risk Committee as necessary, they are not members of the Committee. The Committee can meet with auditors on their own for independent discussions.

Finance and General Purposes Committee

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

Staffing and Appointments Committee

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

Education Committee

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

For Membership of Committees see table on page 14.

Senior Management Team

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

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

Internal Control Processes

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

NORTH WEST REGIONAL COLLEGE GOVERNANCE STATEMENT CONT'D

Internal Control Processes (continued)

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify the risks to the achievement of College policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 July 2014 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.

I have implemented appropriate procedures to ensure that I 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 College has appropriate Whistle Blowing and Fraud Policies in place which are reviewed and updated periodically.

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 2014. Risk management has been incorporated fully into the corporate planning and decision making processes of the College.

The Governing Body has received periodic reports concerning internal control including presentations from Heads of School at Audit and Risk Committee meetings. The appropriate steps have been taken to manage risks in significant areas of responsibility and progress on key projects has been monitored.

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

- regularly review and update the record of risks facing the organisation;
- maintain the system of key performance and risk indicators;
- maintain the organisation-wide risk register; and

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

Internal Control Processes (continued)

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

It is the view of Accounting Officer that the College has an effective risk management process in place and that the Corporate Risk Register is being managed on an active basis with specific action plans in place to address all risks. One risk, "Security of Bank Deposits" was removed from the College risk register during the year. This view is informed by the work of the College's Internal Auditors who operate to standards defined in the Government Internal Audit Standards. The review of the effectiveness of the system of internal control is also informed by the work of the senior officers within the College, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the External Auditors in their Report to those charged with governance. As a result of my overall review of the effectiveness of the system of internal control, including risk management, I am content that no significant weaknesses have been identified. This has been confirmed by the Internal Auditors in their Annual Statement of Assurance.

The College was subject to an ETI Inspection in 2012 resulting in an overall grading of 'Good'. Recommendations have been acted upon during 2013 and 2014 and ETI has confirmed that satisfactory process was being made in implementing all the recommendations. Two FAST Inspections (Financial Audit & Support Team) of training programmes were conducted during the year. Both obtained an assurance rating of 'Satisfactory'.

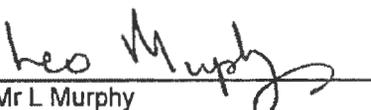
An agreed Action Plan was developed following the publication of the McConnell Report. The implementation of the plan is being progressed in conjunction with key stakeholders.

Internal Control Problems

In 2012-13 the College accounts were qualified due to the fact that incremental pay rises were paid to staff in advance of receiving approval from DFP as required.

DFP gave approval in November 2013 for the 2009-10 to 2012-13 lecturers, senior staff and non-teaching staff pay rises and in February 2014 for the 2013-14 non-teaching staff pay increases.

Despite approvals being obtained in November 2013, a residual unapproved amount was paid in 2013-14 of £153k.


Mr L Murphy
Accounting Officer

26-11-14
Date

NORTH WEST REGIONAL COLLEGE

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of North West Regional College for the year ended 31 July 2014 under the Further Education (Northern Ireland) Order 1997 as amended by the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. These comprise the Income and Expenditure Account, Balance Sheet, Cash Flow Statement, Statement of Historical Cost 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 Governing Body's Responsibilities, 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, certify and report on the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to North West Regional College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by North West Regional College; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of North West Regional College's affairs as at 31 July 2014 and 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 Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for Employment and Learning directions issued thereunder. ✓

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

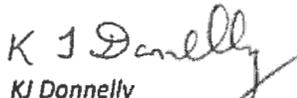
I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or ✓
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

Contractual salary increments paid to staff without prior DFP approval

In 2012-13, I qualified my opinion on regularity of the North West Regional College's financial statements on the basis of contractual salary increments that were paid to staff without having receiving the required approval from DFP. This issue affected all six colleges in the Further Education sector in Northern Ireland. The appropriate approvals have now been obtained from DFP but a residual irregular amount is included in the 2013-14 financial statements of £153,044. I have not qualified my opinion on regularity in 2013-14 in respect of this residual figure. ✓


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

SW
28/11/14

28 November 2014

**NORTH WEST REGIONAL COLLEGE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2014**

| | Notes | 2014 £'000 | 2013 £'000 |
|---|-------|---------------|---------------|
| Income | | | |
| Department for Employment and Learning grants | 2 | 26,913 | 26,662 |
| Education contracts | 3 | 3,763 | 4,538 |
| Tuition fees and charges | 4 | 2,259 | 2,154 |
| Other grant income | 5 | 772 | 749 |
| Other operating income | 6 | 414 | 627 |
| Investment income | 7 | 225 | 182 |
| Total income | | <u>34,346</u> | <u>34,912</u> |
| Expenditure | | | |
| Staff costs | 8 | 20,829 | 20,480 |
| Other operating expenses | 10 | 10,132 | 10,579 |
| Revaluation Impairment | 14 | - | 40 |
| Depreciation | 14 | 2,234 | 2,128 |
| Interest payable | 11 | 1,202 | 1,286 |
| Total expenditure before exceptional items | | <u>34,397</u> | <u>34,513</u> |
| (Deficit)/Surplus on continuing operations after depreciation of assets at valuation and before tax and before exceptional items | | (51) | 399 |
| Exceptional Items | | | |
| Exceptional Costs - Staff | 8 | - | - |
| (Deficit)/Surplus on continuing operations after depreciation of assets at valuation and before tax | | (51) | 399 |
| Loss on Disposal of Assets | | - | - |
| (Deficit)/Surplus on continuing operations after depreciation of assets at valuation and disposal of assets but before tax | | (51) | 399 |
| Taxation | 12 | - | - |
| (Deficit)/Surplus on continuing operations after depreciation of assets at valuation and tax | 13 | <u>(51)</u> | <u>399</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 2014**

| | Notes | 2014 £'000 | 2013 £'000 |
|---|--------------|-----------------------|-----------------------|
| (Deficit)/Surplus on continuing operations after depreciation of assets at valuation and after tax | | (51) | 399 |
| Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount | 20 | <u>633</u> | <u>551</u> |
| Historical cost surplus for the year | | <u>582</u> | <u>950</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 2014**

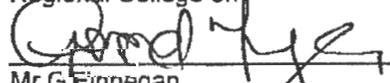
| | Notes | 2014 £'000 | 2013 £'000 |
|--|--------------|-----------------------|-----------------------|
| Deficit/Surplus on continuing operations after depreciation of assets at valuation and tax | | (51) | 399 |
| Unrealised surplus on revaluation of fixed assets | 20 | 6,403 | 2,097 |
| Actuarial (Loss)/Gain in respect of pension scheme | 22 | <u>(3,768)</u> | <u>1,660</u> |
| Total recognised gains since last annual report | | <u>2,584</u> | <u>4,156</u> |
| Reconciliation of movement in reserves | | | |
| Opening Reserves | | 26,831 | 22,675 |
| Academy Boys Disposal | | (135) | - |
| Total recognised gains for the year | | <u>2,584</u> | <u>4,156</u> |
| Closing reserves | | <u>29,280</u> | <u>26,831</u> |

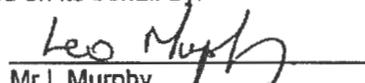
The accompanying accounting policies and notes form an integral part of these financial statements.

**NORTH WEST REGIONAL COLLEGE
BALANCE SHEET AS AT 31 JULY 2014**

| | Notes | 2014 £'000 | 2013 £'000 |
|--|-------|----------------|----------------|
| Fixed Assets | | | |
| Tangible assets | 14 | <u>64,566</u> | <u>60,062</u> |
| Debtors: amounts falling due after more than one year | 15a | 330 | 360 |
| Current Assets | | | |
| Debtors | 15a | 941 | 1,113 |
| Cash at bank and in hand | | <u>9,783</u> | <u>8,248</u> |
| Total current assets | | <u>10,724</u> | <u>9,361</u> |
| Less: Creditors: amounts falling due within one year | 16a | <u>(3,354)</u> | <u>(2,778)</u> |
| Net current assets | | <u>7,370</u> | <u>6,583</u> |
| Total assets less current liabilities | | 72,266 | 67,005 |
| Creditors: amounts falling due after more than one year | 16a | (8,770) | (9,241) |
| Less: Provision for liabilities | | - | - |
| Net Assets (excluding pension liability) | | 63,496 | 57,764 |
| Net Pension Liability | 22 | <u>(6,110)</u> | <u>(2,263)</u> |
| NET ASSETS (including pension liability) | | <u>57,386</u> | <u>55,501</u> |
| Deferred capital grants | 19 | 28,008 | 28,670 |
| Reserves | | | |
| Income and expenditure account excluding pension reserve | 21 | 7,734 | 7,073 |
| Pension Reserve | 22 | <u>(6,110)</u> | <u>(2,263)</u> |
| Income and expenditure account including pension reserve | 21 | 1,624 | 4,810 |
| Revaluation Reserve | 20 | <u>27,754</u> | <u>22,021</u> |
| Total reserves | | <u>29,378</u> | <u>26,831</u> |
| TOTAL | | <u>57,386</u> | <u>55,501</u> |

The financial statements on pages 26 to 56 were approved by the Governing Body of the North West Regional College on _____ and were signed on its behalf by:


Mr G Finnegan
Chairman of Governing Body
North West Regional College


Mr L Murphy
Accounting Officer
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 2014**

| | Notes | 2014 £'000 | 2013 £'000 |
|---|---------|-----------------------|-----------------------|
| Cash outflow from operating activities | 23(i) | 3,115 | 2,525 |
| Returns on investment and servicing of finance | 23(ii) | (1,030) | (1,031) |
| Taxation | | - | - |
| Capital expenditure and financial investment | 23(iii) | (145) | (772) |
| | | 1,940 | 722 |
| Financing | 23(iv) | (405) | (332) |
| Increase in cash in the period | 23(v) | 1,535 | 390 |
| | | 2014 £'000 | 2013 £'000 |
| Reconciliation of net cash flow to movement in net funds | | | |
| Cash outflow from repayment of finance leases | | 405 | 308 |
| Increase/(Decrease) in cash in the period | | 1,535 | 390 |
| Cash outflow from decrease in debt | | - | - |
| Changes in net funds resulting from cashflows | | 1,535 | 390 |
| Movement in net funds in the period | | 1,940 | 698 |
| Net funds at 1 August 2013 | | (1,398) | (2,096) |
| Net funds at 31 July 2014 | 23(v) | 542 | (1,398) |

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 2014**

1. ACCOUNTING POLICIES

Statement of Accounting Policies

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

Basis of Preparation

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

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom accounting standards.

Going Concern

The activities of the College, together with factors likely to affect its future development and performance are set out in the Operating and Financial review. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College's forecasts and financial projections indicate that it will be able to operate for the foreseeable future.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis for the preparation of its Financial Statements.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Recognition of Income

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

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

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

Income from grants, contracts and other services rendered is included to the extent that the conditions of the funding have been met, or the extent of the completion of the contract or service concerned.

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

Pension Scheme

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

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

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

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

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

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Tangible Fixed Assets

• **Land and buildings**

Land and buildings (including those inherited from the Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual change for the year calculated on the re-valued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since the last valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 11 and 50 years. The depreciation charge on buildings is based on the opening net book value. Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

• **Assets in the course of construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2014. They are not depreciated until they are brought into use.

• **Assets other than land and buildings**

Assets other than land and buildings costing less than £3,000 per individual item are written off to the income and expenditure account in the period of acquisition. Assets other than land and buildings inherited from the Education and Library Board are included in the balance sheet at valuation. All other assets are capitalised at cost.

These assets are depreciated over their useful economic lives as follows:

| | |
|----------------------|---------------|
| Computers | - three years |
| Motor vehicles | - four years |
| Plant and Equipment | - five years |
| Fixture and Fittings | - six years |
| Other PFI assets | - various |

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

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Private Finance Initiative

When the College has an asset of the property

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

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

Leased Assets

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and are depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

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

Foreign Currency Translation

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

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Taxation

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

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

Liquid Resources

Liquid resources include sums on short-term deposits with recognised banks and building societies.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Agency Arrangements

The College acts as an agent in the collection and payment of Hardship Funds. Related payments received from DEL and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 30, except for £1k received which is available to the College to cover administration costs relating to the grant. The College employs 1.75 members of staff dedicated to the administration of Learner Hardship fund applications and payments.

| 2. THE DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS | 2014 | 2013 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Recurrent grant | 23,928 | 23,703 |
| Release of deferred capital grant | 897 | 910 |
| Educational Maintenance Allowance administration | 34 | 36 |
| Care To Learn | 62 | 50 |
| Private Finance Initiative | 1,634 | 1,611 |
| Additional Support Funds | 287 | 348 |
| Learner Access Engagement Programme | 42 | (1) |
| Other | 29 | 5 |
| Total | 26,913 | 26,662 |

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

| | | |
|------------------------------------|--------------|--------------|
| 3. EDUCATION CONTRACTS | 2014 | 2013 |
| | £'000 | £'000 |
| Entitlement Framework | 969 | 972 |
| Training for Success | 2,757 | 2,825 |
| Steps To Work | 37 | 741 |
| Total | 3,763 | 4,538 |
| | | |
| 4. TUITION FEES AND CHARGES | 2014 | 2013 |
| | £'000 | £'000 |
| Higher Education (HE) Income | 1,132 | 1,030 |
| Home and other European Union | 1,127 | 1,124 |
| Total | 2,259 | 2,154 |
| | | |
| 5. OTHER GRANT INCOME | 2014 | 2013 |
| | £'000 | £'000 |
| European Funds | 142 | 25 |
| Other Funds | 630 | 724 |
| Total | 772 | 749 |
| | | |
| 6. OTHER OPERATING INCOME | 2014 | 2013 |
| | £'000 | £'000 |
| Catering and residence operations | 188 | 201 |
| Other income generating activities | 140 | 169 |
| Other income | 86 | 257 |
| Total | 414 | 627 |
| | | |
| 7. INVESTMENT INCOME | 2014 | 2013 |
| | £'000 | £'000 |
| Other interest receivable | 119 | 182 |
| Pension finance income (note 23) | 106 | - |
| Total | 225 | 182 |

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

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:

| | 2014 | 2013 |
|-------------------------------------|---------------|---------------|
| | Number | Number |
| Teaching | 385 | 390 |
| Support | 64 | 59 |
| Administration | 121 | 122 |
| Premises | 24 | 23 |
| Total | 594 | 594 |
| Staff costs for the above persons: | 2014 | 2013 |
| | £'000 | £'000 |
| Teaching | 14,825 | 14,717 |
| Support | 1,614 | 1,603 |
| Administration | 3,738 | 3,560 |
| Premises | 467 | 474 |
| FRS 17 Adjustment | 185 | 126 |
| Total | 20,829 | 20,480 |
| | 2014 | 2013 |
| | £'000 | £'000 |
| Wages and salaries | 17,162 | 16,983 |
| Social security costs | 1,286 | 1,286 |
| Other pension costs | 2,196 | 2,085 |
| FRS 17 Adjustment (NILGOSC Pension) | 185 | 126 |
| Total | 20,829 | 20,480 |

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

8. STAFF COSTS (continued)

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

| | Senior post-holders | | Other Staff | |
|----------------------|---------------------|-------------|-------------|-------------|
| | 2014 No. | 2013 No. | 2014 No. | 2013 No. |
| £60,001 to £70,000 | - | - | 2 | 2 |
| £70,001 to £80,000 | - | - | - | - |
| £80,001 to £90,000 | 2 | 2 | - | - |
| £90,001 to £100,000 | 2 | 2 | - | - |
| £100,001 to £110,000 | - | - | - | - |
| £110,001 to £120,000 | - | - | - | - |
| £120,001 to £130,000 | 1 | 1 | - | - |
| | <u>5</u> | <u>5</u> | <u>2</u> | <u>2</u> |

9. SENIOR POST-HOLDERS' EMOLUMENTS

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

| | 2014 Number | 2013 Number |
|---|-------------------|-------------------|
| The number of senior post-holders including the Principal & Chief Executive was: | 5 | 5 |
| Senior post-holders' emoluments are made up as follows: | 2014 £,000 | 2013 £'000 |
| Salaries | 425 | 425 |
| Benefits in kind | - | - |
| Pension contributions | 68 | 67 |
| Total Emoluments | <u>493</u> | <u>492</u> |

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

9. SENIOR POST-HOLDERS' EMOLUMENTS (continued)

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

| | 2014 | 2013 |
|-----------------------|-------------------|-------------------|
| | £'000 | £'000 |
| Salaries | 110 | 110 |
| Benefits in kind | - | - |
| | <u>110</u> | <u>110</u> |
| Pension contributions | 15 | 15 |
| | <u>15</u> | <u>15</u> |
| Total | <u>125</u> | <u>125</u> |

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

The members of the College other than the Principal & Chief Executive and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

10. OTHER OPERATING EXPENSES

| | 2014 | 2013 |
|-------------------------------------|----------------------|----------------------|
| | £'000 | £'000 |
| Direct Teaching | 713 | 696 |
| Direct Support | 2,705 | 3,228 |
| Administration | 1,924 | 1,905 |
| Consultancy Fees | 26 | - |
| Premises | 3,231 | 3,250 |
| Unitary payments under PFI contract | 1,533 | 1,500 |
| | <u>10,132</u> | <u>10,579</u> |
| Interest Payable | - | 42 |
| Interest element of Finance Lease | 1,202 | 1,244 |
| | <u>1,202</u> | <u>1,244</u> |
| Total | <u>11,334</u> | <u>11,865</u> |

Other operating expenses include:

Auditors' remuneration

- external audit

19

19

- internal audit

16

20

Other services provided by internal auditors

5

13

- hire of other assets-operating leases

207

195

247

247

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

| | 2014 | 2013 |
|--|---------------------|---------------------|
| | £'000 | £'000 |
| 11. INTEREST PAYABLE | | |
| On finance leases | 1,202 | 1,244 |
| Pension finance income/costs (note 23) | - | 42 |
| Total | <u>1,202</u> | <u>1,286</u> |

12. TAXATION

The members do not believe the College was liable for any corporation tax arising out of its activities during this period.

13. SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR

| | 2014 | 2013 |
|--------------------------------|--------------------|-------------------|
| | £'000 | £'000 |
| College's deficit for the year | <u>(51)</u> | <u>399</u> |

NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014

| 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 2013 | 51,456 | 10,609 | 2,122 | 1,238 | 305 | 138 | 65,868 |
| Additions | 153 | - | 111 | 75 | - | 33 | 372 |
| Surplus on revaluation | 5,489 | 1,012 | - | - | - | - | 6,501 |
| Disposals | (135) | - | (62) | - | - | - | (197) |
| At 31 July 2014 | 56,963 | 11,621 | 2,171 | 1,313 | 305 | 171 | 72,544 |
| Depreciation | | | | | | | |
| At 1 August 2013 | 1,424 | 1,519 | 1,629 | 832 | 292 | 110 | 5,806 |
| Charge for the year | 1,484 | 374 | 165 | 183 | 3 | 25 | 2,234 |
| Revaluation | - | - | (62) | - | - | - | (62) |
| Disposals | - | - | - | - | - | - | - |
| At 31 July 2014 | 2,908 | 1,893 | 1,732 | 1,015 | 295 | 135 | 7,978 |
| Net Book Value | | | | | | | |
| At 31 July 2014 | 54,055 | 9,728 | 439 | 298 | 10 | 36 | 64,566 |
| Net Book Value | | | | | | | |
| At 31 July 2013 | 50,032 | 9,090 | 493 | 406 | 13 | 28 | 60,062 |

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

14. TANGIBLE FIXED ASSETS (Continued)

Land and buildings were last subject to a full revaluation in July 2012 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service in accordance with Department specifications. Subsequently that revaluation was updated using indices supplied by the Land & Property service to provide a valuation as at 31 July 2014.

| If inherited land and buildings had not been re-valued they would have been included at the following amounts: | 2014 £'000 | 2013 £'000 |
|--|-----------------------|-----------------------|
| Cost | - | - |
| Aggregate depreciation based on cost | - | - |
| Net book value based on cost | <u>-</u> | <u>-</u> |

| The depreciation charge for the year is analysed as follows: | £'000 | £'000 |
|--|--------------|--------------|
| Owned assets | 1,898 | 1,766 |
| PFI assets | 336 | 362 |
| | <u>2,234</u> | <u>2,128</u> |

| 15a. DEBTORS | 2014 £'000 | 2013 £'000 |
|---|-----------------------|-----------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 35 | 69 |
| Other debtors | 90 | 45 |
| Prepayments and accrued income | 816 | 999 |
| Total | <u>941</u> | <u>1,113</u> |
| Amounts falling due after one year: | | |
| Surplus land debtor arising on PFI contract | <u>330</u> | <u>360</u> |
| Total Debtors | <u>1,271</u> | <u>1,473</u> |

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

| 15b. DEBTORS – INTRA-GOVERNMENT BALANCES | 2014 | 2013 |
|---|---------------------|---------------------|
| | £'000 | £'000 |
| Amounts falling due within one year: | | |
| Balance with central government bodies | 55 | 15 |
| Balances with local authorities | - | - |
| Balances with NHS bodies | 5 | - |
| Balances with public corporations and trading funds | - | - |
| Total intra-government balances | <u>60</u> | <u>15</u> |
| Balances with bodies external to government | <u>1,211</u> | <u>1,458</u> |
| Total Debtors | <u>1,271</u> | <u>1,473</u> |

| 16a. CREDITORS | 2014 | 2013 |
|--|----------------------|----------------------|
| | £'000 | £'000 |
| Amounts falling due within one year: | | |
| Obligations under finance leases - PFI contracts | 471 | 405 |
| Trade creditors | 662 | 20 |
| Taxation and social security | 527 | 533 |
| Other creditors | - | 1 |
| Accruals and other creditors | <u>1,694</u> | <u>1,819</u> |
| | 3,354 | 2,778 |
| Amounts falling due after one year: | | |
| Obligations under finance leases - PFI contracts | <u>8,770</u> | <u>9,241</u> |
| Total Creditors | <u>12,124</u> | <u>12,019</u> |

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

16b. CREDITORS – INTRA-GOVERNMENT BALANCES

| | 2014 | 2013 |
|---|----------------------|----------------------|
| | £'000 | £'000 |
| Balance with central government bodies | - | 1 |
| Balances with local authorities | - | - |
| Balances with NHS bodies | - | - |
| Balances with public corporations and trading funds | - | - |
| Total intra-government balances | <u>-</u> | <u>1</u> |
| Balances with bodies external to government | <u>12,124</u> | <u>12,018</u> |
| Total Creditors | <u>12,124</u> | <u>12,019</u> |

17. ANALYSIS OF BORROWINGS OF THE COLLEGE

Finance Leases - PFI Contracts

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

| | 2014 | 2013 |
|----------------------------|---------------------|---------------------|
| | £'000 | £'000 |
| In one year or less | 471 | 405 |
| Between two and five years | 2,788 | 2,420 |
| In five years or more | <u>5,982</u> | <u>6,821</u> |
| Total | <u>9,241</u> | <u>9,646</u> |

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

18. PROVISIONS FOR LIABILITIES AND CHARGES

There were no provisions in the year.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

19. DEFERRED CAPITAL GRANTS

| | DEL Grants £'000 | Other Grants £'000 | Total £'000 |
|--|------------------------|--------------------------|----------------------|
| At 1 August 2013 as restated | | | |
| Land and buildings | 28,641 | | 28,641 |
| Other assets | 28 | 1 | 29 |
| At 1 August 2013 as stated | <u>28,669</u> | <u>1</u> | <u>28,670</u> |
| Cash received | | | |
| Additional Grant received ref 12/13 | 39 | - | 39 |
| Land and buildings | - | - | - |
| Other assets | 196 | - | 196 |
| Released to income and expenditure account | | | |
| Land and buildings | 858 | - | 858 |
| Other assets | 38 | 1 | 39 |
| Total | <u>896</u> | <u>1</u> | <u>897</u> |
| At 31 July 2014 | | | |
| Land and buildings | 27,783 | - | 27,783 |
| Other assets | 225 | - | 225 |
| Total | <u>28,008</u> | <u>-</u> | <u>28,008</u> |

20. REVALUATION RESERVE

| | 2014 £'000 | 2013 £'000 |
|--|----------------------|----------------------|
| At 1 August 2013 | 22,021 | 20,475 |
| Revaluations in the period (Note 14) | 6,501 | 2,097 |
| Transfer from revaluation reserve to income and expenditure account in respect of: | | |
| Disposals | (135) | - |
| Depreciation on revalued assets | <u>(633)</u> | <u>(551)</u> |
| At 31 July 2014 | <u>27,754</u> | <u>22,021</u> |

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

| 21. MOVEMENT ON GENERAL RESERVE | 2014 | 2013 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Income and expenditure account reserve | | |
| At 1 August | 4,810 | 2,200 |
| (Deficit)/Surplus retained for the year | (51) | 399 |
| Transfer from revaluation reserve | 633 | 551 |
| Actuarial gain/(loss) in respect of pension scheme | (3,768) | 1,660 |
| | <hr/> | <hr/> |
| At 31 July 2014 | 1,624 | 4,810 |
| Balance represented by: | | |
| Pension reserve | (6,110) | (2,263) |
| Income and expenditure account reserve excluding pension reserve | 7,734 | 7,073 |
| | <hr/> | <hr/> |
| At 31 July 2014 | 1,624 | 4,810 |

22. PENSION AND SIMILAR OBLIGATIONS

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

| Total pension cost for the year | 2014 | 2013 |
|---|--------------|--------------|
| | £'000 | £'000 |
| NITPS: contributions paid | 1,535 | 1,495 |
| NILGOSC: Contributions paid | 661 | 589 |
| NILGOSC: FRS17 Charge | 185 | 126 |
| NILGOSC: Charge to the Income & Expenditure Account (staff costs) | 846 | 715 |
| | <hr/> | <hr/> |
| Total Pension Cost for Year | 2,381 | 2,210 |

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the NITPS was 31 March 2008 and NILGOSC was 31 March 2013.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

22. PENSION AND SIMILAR OBLIGATIONS (Continued)

NITPS

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

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

The Government Actuary's Department values the scheme every 4 years with an interim valuation in the intervening 2-year period using the projected accrued benefit method.

From 1 April 2013 the employers' contribution rate is 13.6% of the full-time salary or if part-time, the full-time equivalent salary, and the employees' contribution rate is banded in line with the full-time salary or if part-time, the full-time equivalent salary as follows:-

| Salary | 2013/14 | 2014/15 |
|--------------------|----------------|----------------|
| Below £15,000 | 6.4% | 6.4% |
| £15,000 to £25,999 | 7.0% | 7.2% |
| £26,000 to £31,999 | 7.9% | 8.3% |
| £32,000 to £39,999 | 8.8% | 9.5% |
| £40,000 to £44,999 | 9.2% | 9.9% |
| £45,000 to £74,999 | 10.1% | 11.0% |
| £75,000 to £99,999 | 10.6% | 11.6% |
| £100,000 and above | 11.2% | 12.4% |

FRS 17

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

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

NILGOSC

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

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

22. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

FRS 17

The following information is based upon a full actuarial valuation of the NILGOSC fund at 31 March 2013 updated to 31 July 2014 by a qualified actuary.

| Principal actuarial assumptions | At 31 July 2014 | At 31 July 2013 |
|---|----------------------------|----------------------------|
| Principal actuarial assumptions at Balance Sheet date are as follows: | | |
| | % | % |
| Rate of increase in salaries | 4.2 | 5.1 |
| Rate of increase for pensions in payment/inflation | 2.7 | 2.8 |
| Discount rates for scheme liabilities | 4.0 | 4.6 |
| Expected return on assets | 5.9 | 5.8 |

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

| | At 31 July 2014 | At 31 July 2013 |
|-----------------------------|----------------------------|----------------------------|
| Retiring today | | |
| Males | 22 years | 22.9 years |
| Females | 24.5 years | 25.7 years |
| Retiring in 20 years | | |
| Males | 24.2 years | 24.9 years |
| Females | 27.7 years | 27.7 years |

The College's share of the assets and liabilities in the scheme and the expected rate of return were:

| | Long-term rate of return expected at 31 July 2014 | Value at 31 July 2014 | Long-term rate of return expected at 31 July 2013 | Value at 31 July 2013 |
|-------------------------------------|--|--------------------------------------|--|--------------------------------------|
| | % | £'000 | % | £'000 |
| Equities | 6.6 | 13,013 | 6.4 | 13,312 |
| Bonds | 3.3 | 2,110 | 4.0 | 2,102 |
| Property | 4.7 | 2,110 | 4.6 | 1,401 |
| Cash | 3.6 | 353 | 3.4 | 700 |
| Total Market Value of Assets | | <u>17,586</u> | | <u>17,515</u> |

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

22. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

| | 2014 | 2013 |
|--|-----------------------|-----------------------|
| | £'000 | £'000 |
| Amounts recognised in the balance sheet | | |
| Present value of funded obligations | (23,696) | (19,778) |
| Fair value of plan assets | 17,586 | 17,515 |
| Net (Underfunding) in funded plans | <u>(6,110)</u> | <u>(2,263)</u> |
| Present value of unfunded obligations | - | - |
| Unrecognised past service cost | - | - |
| Net Liability | <u>(6,110)</u> | <u>(2,263)</u> |
| Analysis of the amount charged to income and expenditure account | | |
| | 2014 | 2013 |
| | £'000 | £'000 |
| Current service cost | 846 | 715 |
| Past service (Gains) | - | - |
| Total operating charge | <u>846</u> | <u>715</u> |
| Analysis of pension finance income / (costs) | | |
| | 2014 | 2013 |
| | £'000 | £'000 |
| Expected return on pension scheme assets | (1,035) | (705) |
| Interest on pension liabilities | 929 | 747 |
| Pension finance income/(costs) | <u>(106)</u> | <u>42</u> |
| Amount recognised in the statement of total recognised gains and losses (STRGL) | | |
| | 2014 | 2013 |
| | £'000 | £'000 |
| Actuarial (losses)/gains on pension scheme assets | (1,661) | 2,168 |
| Actuarial losses on scheme liabilities | <u>(2,107)</u> | <u>(508)</u> |
| Actuarial (loss)/gain recognised in STRGL | <u>(3,768)</u> | <u>1,660</u> |

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

22. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Movement in deficit during the year

| | 2014 | 2013 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Deficit in scheme at 1 August 2013 | (2,263) | (3,755) |
| Movement in the year: | | |
| Current service cost | (846) | (715) |
| Employer contributions | 661 | 589 |
| Past service cost/gain | | - |
| Net interest / return on assets | 106 | (42) |
| Actuarial (loss) or gain | (3,768) | 1,660 |
| | <u>(6,110)</u> | <u>(2,263)</u> |
| Deficit in scheme at 31 July 2014 | (6,110) | (2,263) |

Asset and Liability Reconciliation

| | 2014 | 2013 |
|---------------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Reconciliation of Liabilities | | |
| Liabilities at start of period | 19,778 | 17,911 |
| Service cost | 846 | 715 |
| Interest cost | 929 | 747 |
| Employee contributions | 210 | 189 |
| Actuarial loss/(gain) | 2,107 | 508 |
| Benefits paid | (175) | (292) |
| Past service gains | - | - |
| | <u>23,695</u> | <u>19,778</u> |
| Liabilities at end of period | 23,695 | 19,778 |

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

22. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

| | 2014 | 2013 |
|----------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Reconciliation of Assets | | |
| Assets at start of period | 17,515 | 14,156 |
| Expected return on assets | 1,035 | 705 |
| Actuarial (loss)/gain | (1,661) | 2,168 |
| Employer contributions | 661 | 589 |
| Employee contributions | 210 | 189 |
| Benefits paid | (174) | (292) |
| Assets at end of period | 17,586 | 17,515 |

The estimated value of employer contributions for the year ended 31 July 2014 is £669,000

History of experience gains and losses

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|--------------|--------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Difference between the expected and actual return on assets | (6,110) | (2,263) | (3,755) | (1,405) | (4,646) |
| Experience gains and losses on scheme liabilities | (2,032) | - | (83) | 1,731 | - |
| Total amount recognised in STRGL | (3,768) | 1,660 | (2,332) | 3,368 | (37) |

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

23. NOTES TO THE CASH FLOW STATEMENT

| (i) Reconciliation of operating surplus/(deficit) to net cash flow from operating activities | 2014 £'000 | 2013 £,000 |
|---|-----------------------|-----------------------|
| (Deficit)/Surplus on continuing operations after depreciation of assets at valuation | (51) | 399 |
| Depreciation (note 14) | 2,234 | 2,128 |
| Revaluation loss/(gain) | - | 40 |
| Deferred capital grants released to income (note 20) | (897) | (910) |
| Loss on disposal of tangible fixed assets | - | - |
| Interest payable (note 11) | 1,202 | 1,286 |
| Pension cost less contributions payable (8 and 23) | 185 | 126 |
| Pension Finance Income (Note 23) | (106) | - |
| Decrease in trade debtors | (11) | 3 |
| Decrease/(Increase) in prepayments and accrued income and other debtors | 166 | 286 |
| Increase/(Decrease) in trade creditors | 613 | (353) |
| (Decrease)/Increase in other taxation and social security | (6) | 3 |
| (Decrease)/Increase in accruals | (125) | (331) |
| Interest receivable | (119) | (182) |
| Decrease in PFI Surplus Land Debtor | 30 | 30 |
| | <hr/> | <hr/> |
| Net cash outflow from operating activities | 3,115 | 2,525 |
| | <hr/> | <hr/> |
| (ii) Returns on investments and servicing of finance | 2014 £'000 | 2013 £'000 |
| Other interest received | 172 | 213 |
| Interest paid on finance leases | (1,202) | (1,244) |
| | <hr/> | <hr/> |
| Net cash inflow from returns on investment and servicing of finance | (1,030) | (1,031) |
| | <hr/> | <hr/> |

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

23. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

| (iii) Capital expenditure and financial investment | 2014 | 2013 |
|--|---------------------|---------------------|
| | £'000 | £'000 |
| Purchase of tangible fixed assets | (344) | (1,435) |
| Deferred capital grants received | 199 | 663 |
| | <u> </u> | <u> </u> |
| Net cash (outflow)/inflow from capital expenditure and financial investment | <u>(145)</u> | <u>(772)</u> |

| (iv) Financing | 2014 | 2013 |
|--|---------------------|---------------------|
| | £'000 | £'000 |
| Finance Lease: PFI | (405) | (332) |
| | <u> </u> | <u> </u> |
| Net cash outflow from financing | <u>(405)</u> | <u>(332)</u> |

| (v) Analysis of net funds | At | Cash | Other | At |
|----------------------------------|-----------------------|---------------------|-------------------|---------------------|
| | 1 August 2013 | flows | non-cash | 31 July 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash in hand and at bank | 8,248 | 1,535 | - | 9,783 |
| Debt | - | - | - | - |
| Finance Leases | (9,646) | 405 | - | (9,241) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>(1,398)</u> | <u>1,940</u> | <u>-</u> | <u>542</u> |

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

24. POST BALANCE SHEET EVENTS

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

| 25. CAPITAL COMMITMENTS | 2014 | 2013 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Commitments contracted for at 31 July 2014 | <u>-</u> | <u>58</u> |

PFI Contract

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

26. FINANCIAL COMMITMENTS

At 31 July 2014 the College had annual commitments under non-cancellable operating leases as follows:

| | 2014 | 2013 |
|--|-------------------|-------------------|
| | £'000 | £'000 |
| Land and Buildings: | | |
| Expiring within one year | 23 | 23 |
| Expiring within two and five years inclusive | <u>139</u> | <u>139</u> |
| | <u>162</u> | <u>162</u> |
| Other: | | |
| Expiring within one year | 0 | 30 |
| Expiring within two and five years inclusive | 16 | 0 |
| Expiring in over five years | <u>0</u> | <u>0</u> |
| | <u>16</u> | <u>30</u> |

27. CONTINGENT LIABILITY

There was no contingent liabilities.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

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> | | 2014 | 2013 |
|-------------------------------------|----------------------------|--------------|--------------|
| Governor/Senior Manager | Company | £'000 | £'000 |
| S Murphy & G Finnegan | Noribic | 8 | 30 |
| | | <u>8</u> | <u>30</u> |
| | Amounts Outstanding | 2014 | 2013 |
| | | £'000 | £'000 |
| S Murphy & G Finnegan | Noribic | - | - |
| | | <u>-</u> | <u>-</u> |
| <u>Received / Receivable</u> | | 2014 | 2013 |
| Governor/Senior Manager | Company | £'000 | £'000 |
| S Murphy & G Finnegan | Noribic | 2 | 3 |
| | | <u>2</u> | <u>3</u> |
| | Amounts Outstanding | 2014 | 2013 |
| | | £'000 | £'000 |
| S Murphy & G Finnegan | Noribic | 1 | 1 |
| | | <u>1</u> | <u>1</u> |

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

29. HARDSHIP FUNDS

| | 2014 | 2013 |
|---------------------------------|--------------|--------------|
| | £'000 | £'000 |
| DEL grants | 344 | 418 |
| Interest earned | - | - |
| | <u>344</u> | <u>418</u> |
| Disbursed to students | (342) | (416) |
| Audit fees | (1) | (1) |
| | <u>1</u> | <u>1</u> |
| Balance unspent at 31 July 2014 | <u>1</u> | <u>1</u> |

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

30. LOSSES & SPECIAL PAYMENTS

The College wrote off £14,129 in January 2014 in relation to bad debts.

In accordance with Financial Memorandum the relevant authorisation to write off individual debts greater than £1,000 was sought from the Department in November 2013. These amounted to £10,138 of the total above. Approval was duly given in December 2013.

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

The total number of cases written off was 23.