

**NORTH WEST REGIONAL COLLEGE  
ANNUAL REPORT AND ACCOUNTS  
YEAR ENDED 31 JULY 2016**

**NORTH WEST REGIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2016**

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

**on**

**23<sup>rd</sup> November 2016**

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

**on**

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**NORTH WEST REGIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2016**

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**NORTH WEST REGIONAL COLLEGE  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2016**

**Nature, Objectives and Strategies**

The Governing Body members present their report and the audited financial statements for the year ended 31 July 2016.

**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**

The College Development Plan for 2015-18 identified 5 Strategic Priorities:

**1. Our Curriculum is Fit for Purpose**

Last year the College completed its level 2 pilot in the new Youth Training Programme which involved two College courses. This provision underwent a longitudinal inspection during 2015/2016 and achieved a "High Capacity" grade – the highest possible.

A number of curriculum projects were also undertaken to investigate the embedding of project based learning, a key element of the Youth Training Strategy, into the College curriculum.

A further curriculum project explored the development of appropriate level 1 provision that will prepare students for entry to level 2. This project will continue in 2016/17.

This year the College expanded this pilot from 2 to 5 curriculum areas in the Traineeship. There are 2 pilots planned in the level 3 Apprenticeships.

As part of the strategy to make the curriculum more economically focused the key element of project based learning will begin to be utilised across Further Education programmes in addition to Youth Training and apprenticeships.

Higher Level Apprenticeships have also expanded in 7 curriculum areas.

A review of the wider College curriculum content at level 3 will commence in 2016/17.

**2. Our Learners are at the Centre of the Organisation**

Management have continued to invest heavily to ensure that the student experience is excellent.

Investment has continued in teaching resources particular in information technology however the most significant investment in 2015/16 was the creation of the new student learning centre and in particular the Careers Academy centre. The purpose of the academy is to complement the over-arching aims and objectives of the North West Regional College supporting all of our staff and students as we embrace the challenges and abilities of Generation K and our wider college community.

Connectivity and making links to add value to every student and extend the curriculum to drive innovation and growth is pivotal to the work and aspirations of the Careers Academy. This resource will assist students to meet their employment potential – developing graduates with the right attitudes and aptitudes to enable them to be effective in the workplace and to understand and be aware of their civic responsibility.

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**Implementation of Strategic Plan (cont'd)**

**3. Our People are Empowered and Developed to Achieve the Vision**

During 2015/16 we continued to strive to deliver our vision of being the best FE College we can be. Management has put strong foundations in place to continue to build good working relationships across the College. We have developed strong adaptive leadership and managerial capability to navigate the college through this challenging planning period. Management and staff will continue to work in partnership to create an environment that embraces creative and innovative approaches to learning while striving for excellence. A significant staff health and welfare programme has been developed and will continue to be a priority.

Significant investment was again made in staff development putting teaching and learning at its core, whilst also ensuring opportunities for continuous professional development. Staff have been supported by the HR Services team with a focus on staff well-being and safety recognising the need for staff to feel valued, be heard and to have an appropriate work-life balance.

The college obtained the Investors in People quality standard during 2015/16

**4. Our Economic Engagement Unlocks the Potential of the City and Region to Create Prosperity**

The college opened its new Business Support Centre at the start of the year and continued to invest in specialist technical consultants allowing the college to provide real value added support to up and coming business via the Innovate Us project and funding sources such as Innovation Vouchers and Fusions. In addition, significant upskilling was provided to local company employees via the Skills Focus funds.

A new International dimension (beyond Europe) was added in January 2016 to develop income streams in countries such as China and India.

In addition, the new Foodovation centre was completed at the end of the year putting the college at the forefront of business support for the food industry in the North West and Donegal.

**5. Our Resource Base Underpins and Allows Us to Do All of the Above**

The college invested heavily in resources during 2015/16 particularly in information technology (IT) and buildings. £1.3million was spent on IT a significant increase on previous years. Over £2.6million was spent on our estate developing modern facilities such as the Careers Academy and upgrading other areas to ensure that our buildings remain fit for purpose adding to the student experience.

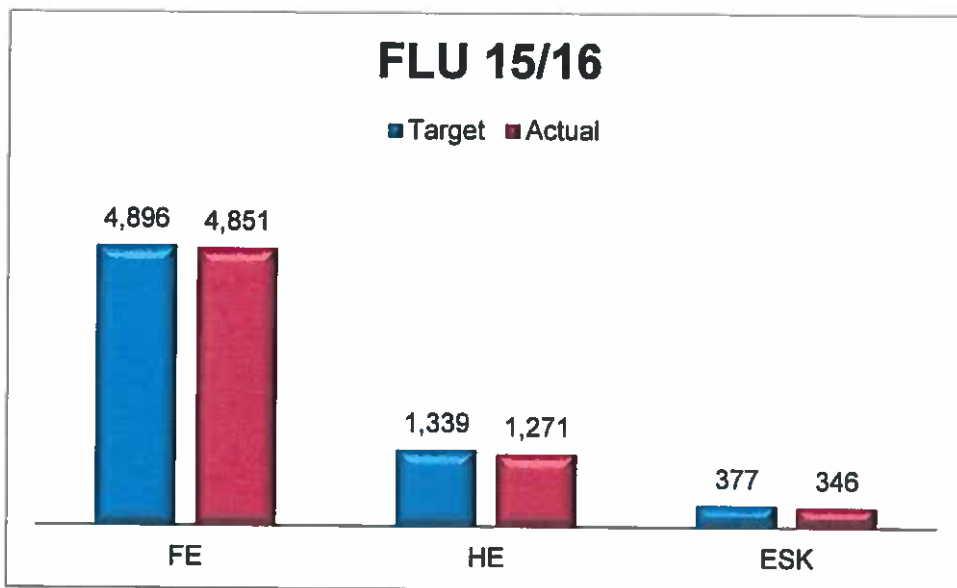
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**Implementation of Strategic Plan (cont'd)**

**FLU Results 2015/16:**

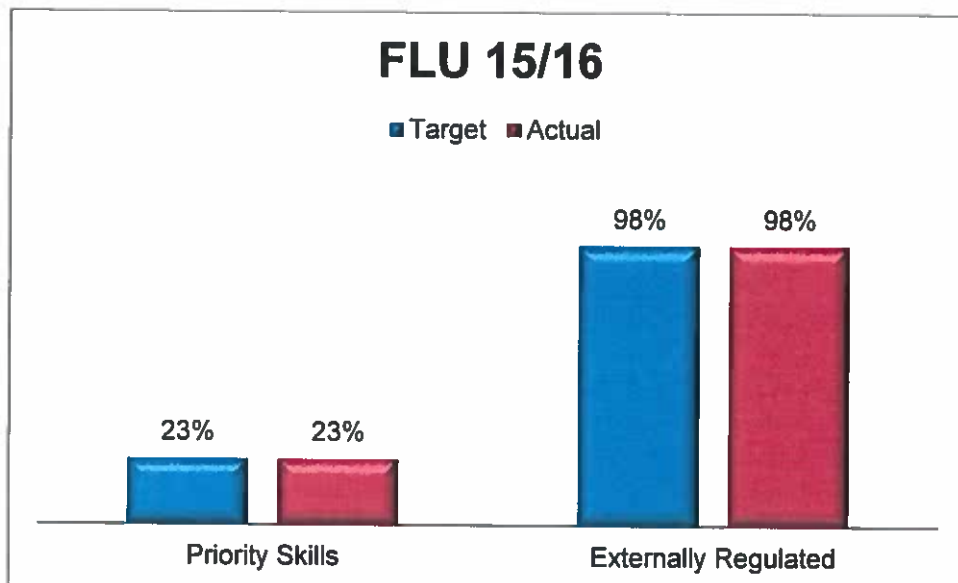
In 2015/2016 the College had a target of 4,896 FE FLUs (Funding Learning Unit) excluding Essential Skills(ESK) against an actual of 4,851<sup>1</sup> which is less than 1% under the Department for the Economy(DfE) FLU target.

The college faced greater challenges in HE and ESK and are unlikely to meet the DfE targets by end of year. On analysis, the overall FLU is estimated to be 97.8% of target.



<sup>1</sup> FLU Extract 30 August 2016

In the key areas of Priority Skills and Externally Regulated provision, the College met both targets of 23% and 98% respectively

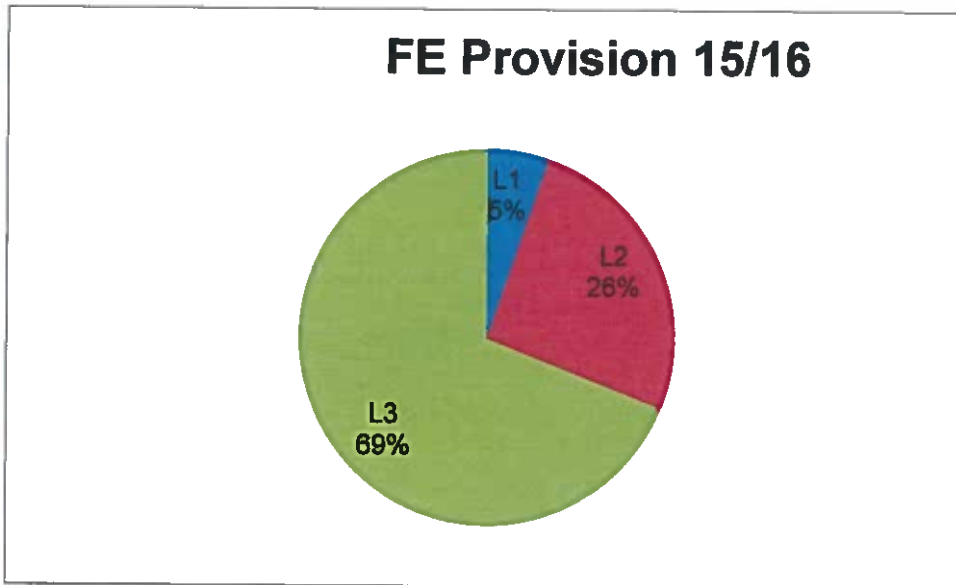


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**Implementation of Strategic Plan (cont'd)**

Retention for the College in FLU funded courses is 86%<sup>1</sup> FE Full Time, 93%<sup>1</sup> FE Part Time and 90%<sup>1</sup> HE Full Time, 86%<sup>1</sup> HE Part Time.

With regards to College Development Plan (CDP) 15/16 the combined Level 2 and Level 3 provision met DfE target of 95%



<sup>1</sup> FLU Extract 30 August 2016

**NORTH WEST REGIONAL COLLEGE  
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**Financial Objectives**

The College's financial objectives are:

- Balanced budget;
- Strong health check ratios (e.g. current ratio of between 1.5-2.5)
- Cash days of between 20-40
- Debtor days of between 0-30
- Unqualified External Audit report
- Internal Audit assurance rating of Satisfactory or above

**Financial Results**

The College incurred an operating deficit on continuing operations after depreciation of assets at valuation of £1,378k (Deficit in 2015 of £972k). The historic deficit in the year was £561k (Deficit in 2015 of £162k). Under FRS102, there is no Statement of Recognised Gains & Losses so the actuarial gain/loss in respect of the pension scheme and revaluation of land & buildings now form part of the Statement of Comprehensive Income. This results in an overall deficit for the year of £2,286k (Surplus in 2015 of £3,453K).

The movement from the 2015/16 College Development Plan and the final outturn is explained by movements to a number of key account headings. The material favourable/unfavourable variances included - £2,405k increase in DfE grants most of which relates to the funding of the Voluntary Exit Scheme (fully covering the additional expenditure in this area); £106k increase in Education Contracts; £67k increase in fee income; £149k decrease in Other Grant Income; savings of £1,005k in Staff costs (mainly due to Voluntary Exit Scheme); £249k increase in Non-Pay Administration costs, and £1,715k increase in Premise costs due to the major renovation work throughout the College estate plus an investment in IT.

Buildings were revalued upwards by 5.75% at 31 July 2016 based on Land and Property Services indices. The Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) pension liability increased from £4.2M to £8.8M – the main reason for this was due to a reduction in the recommended discount rate used which in turn increased the liabilities.

The College has significant reliance on DfE and previously the Department for Employment and Learning (DEL) for its principal funding source, largely from recurrent grants. In 2015/16 DfE provided 62% (2015 - 67%) 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 £30,133k and cash balances of £8,724k.

The College has an historic cost deficit of £561k resulting in an Income and Expenditure reserve balance of £7,713k prior to adjusting for the pension liability.

Advanced works have commenced at the Springtown Campus. The main development will commence in early 2017 and should be completed in early 2018.

A business case is currently being developed which is evaluating a number of possible options for the development of a modern fit for purpose campus in Strabane.



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**Finances and Going Concern**

The College is satisfied that the organisation is a going concern on the basis that there is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming to meet the College's liabilities as they fall due. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

**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 DfE's Financial Memorandum.

**Cash Flows**

The College has a £914k operating cash outflow for the year. (2015 - £145k outflow)

**Liquidity**

As per the balance sheet the College's liquidity is very strong. Provided budget cover is given, 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 and this has had a material impact on investment income.

**Student Activities and Achievements**

The College full time FE student enrolments saw a significant decrease of 5.36% between 15/16 and 14/15.

- Full-time gross FE enrolments were 3,103<sup>1</sup> (3,279 in 14/15)
- Full-time Maximum Student Numbers (MASN) HE enrolments were 686<sup>1</sup> (708 in 14/15)
- Full-time Training For Success gross enrolments increased to 639<sup>1</sup> in 15/16 (618 in 14/15)
- Part-time gross enrolments decreased by 18.4% to 14,185<sup>1</sup> in 15/16 (17,389 in 14/15).
  - DfE guidance re removal of FLU funding for non-accredited courses impacted on part time enrolments in 2015/16. In 14/15 these enrolments contributed to 5% of FE FLU.

In terms of FLUs, the College delivered an actual total of 6,468<sup>2</sup> against Target FLUs of 6,612 and Funded FLU of 6,952. These were made up of:

- FE 4,851<sup>2</sup> – FLU FE Target 4,896
- HE 1,271<sup>2</sup> - FLU HE Target 1,379
- ESK 346<sup>2</sup> - FLU ESK Target 377

<sup>1</sup> 'Enrolment Analysis' extract 5 September 2016

<sup>2</sup> FLU extract 30 August 2016

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**Curriculum**

The College offers education and training programmes at Levels 1-7 across a wide range of vocational areas and in the last academic year 19,176 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 4,851. In partnership courses approximately 900 students were involved from 20 schools within the area across a wide range of vocational areas including STEM.

Some 29% of students attended on a full time basis. Within the full time cohort of students, 49% of students were male and 51% were female. The College also delivered training in 13 vocational areas as part of the Training for Success and Apprentice NI programme. A total of 6.2% of FLU funded full-time students had a learning disability and were supported in their learning within mainstream provision.

In relation to DfE FLU Targets, the College delivered 6,468 Flus, which is slightly short of the Flu target 6,612. The college met its targets for Priority Skills, Externally Regulated and FE Vocational Provision (23%, 98%, 97% respectively).

The curriculum expanded in 15/16 with the introduction Higher Level Apprenticeships (HLAs) in the areas of:

- Accountancy
- Hospitality & Tourism Management
- Mechanical Engineering
- Software Development
- Travel & Tourism Management

NWRC also undertook Youth Training pilot in the areas of:

- Hairdressing
- Health & Social Care

Further development in both HLA and Youth Training will continue in 16/17.

**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 2015 to 31 July 2016, the College paid 93% of its invoices within 30 days (2014/15 - 92%). 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 2015 to 31 July 2016, the college paid 79% of its invoices within 10 days. (2014/15 – 83%)

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**Post-Balance Sheet Events**

In the period between the end of the reporting year (31 July 2016) and the date when the financial statements are authorised for issue (23<sup>rd</sup> November 2016) the College has identified a contingent liability. The contingent liability is disclosed in Note 26 and refers to a funding claim made to the European Commission by the Department for the Economy relating to Programme Led Apprenticeships in the financial years 2011-2015.

The post balance sheet event is a disclosure and has not required an adjustment in the financial statements.

**Future Developments**

The college recognises the financial challenges that the public sector will face in the coming years. A significant percentage of funding comes from Recurrent Grant from the Department for the Economy. BREXIT has created uncertainties and may impact adversely on the curriculum provision. In addition, demographic statistics suggest that it will be difficult to maintain student numbers at the levels achieved in recent years.

The implementation of the Estates Strategy is vital. The advanced works at the Springtown campus commence in 2016 and the main works will commence in early 2017 with completion planned for 2018. The development will transform the building from a 1960s training centre to a modern fit for purpose campus providing a curriculum delivery across a number of vocational areas.

A business case is currently being developed that is considering the options for a development in Strabane.

**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:

<b>Building</b>	<b>Value £'000</b>
Foyle Building	14,803
Strand Road	18,728
Limavady	8,419
Northland	9,847
Centre for Technology	6,384
Strabane	1,984
Springtown	726

**Financial:**

The College has £30million of net assets (including an £8.8million pension liability).

**People:**

The College employs 550 people (expressed as full time equivalents), of whom 338 are teaching staff.

<b>Sickness/Absence Data</b>	<b>2015-16</b>	<b>2014-15</b>
No of days absent	5457	4611
Time Lost	3.31%	2.89%
Average Day Lost per employee	6.4 days	5.7 days

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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.

During the 2015-2016 year the College implemented the sector agreed Voluntary Exit Scheme which facilitated a reduction in staffing and the opportunity to introduce skills relevant to the future of the College. The implementation of the scheme was managed in a way that ensured pay bill savings were achieved and ensured no negative impact on staff skills, morale or service delivery.

In the latest inspections of the College the Education and Training Inspectorate stated that in the professional and technical areas inspected the quality of education and training provided across the College is good. In 2015-2016 the scrutiny inspection of the SER process was graded "Confidence". The Youth Traineeship Pilots were positively received by DfE (formerly DEL) and confirmed to have "High Capacity". The Higher Level Apprenticeships were also evaluated and received a positive report. Evaluations do not have a grade awarded.

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

The College is committed to improving its performance on a continuous and systematic basis and a 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 remit will be strengthened through the development of a Quality Enhancement Unit to take effect from 2016.

The new arrangements for higher education with the publication of a new Operating Model for the governance and review of higher education will come into effect from 2016. There has been no external review by the Quality Assurance Agency since the summative review of the College's Higher Education in 2013 when Confidence was placed in the College's management of its responsibilities and standards of learning opportunities and Reliance placed on the accuracy and completeness of published information. There are a number of internal committees for the academic oversight of all College provision which includes further education, higher education and work based learning in addition to awarding body reports.

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 for both employers and students and feedback is received from a range of stakeholders. The results of student surveys show high levels of satisfaction on their experiences in the College. Pastoral care is a significant strength within the

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College and is highlighted as such in the majority of inspection reports and by student feedback. Other surveys carried out in terms of community and employers show positive responses and an ILT survey is also undertaken with good results shown.

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 4 reports substantial and 3 report satisfactory and the overall end of year report was graded as substantial.

### **Risk Management**

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.

### **Main Risk - Government Funding**

Given the pressures on the wider public finances, cuts to the block grant in the coming years must be considered. The allocation for 2016/17 is in line with 2015/16, however there are indications that funding in subsequent years will be reduced.

### **Stakeholder Relationships**

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

- Students;
- Staff;
- Department for the Economy (previously the Department for Employment and 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:

- Encourage the participation of people with a disability on committees and groups across the College
- Encourage students with a disability to participate more fully in College life
- Promote the use of DisabledGo website to encourage participation of people with a disability
- Implementation of reasonable adjustments for students and staff with a disability
- Review of appropriate allocation and usage of designated car parking facilities on all College campuses
- Ensure staff receive anti-discrimination and SENOD training as part of induction
- Provision of bespoke training to address specific needs of students with a disability
- Provision of disability equality training to staff
- Monitor and review of Disability Action plan
- Encourage work placements for people with a disability

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**Disclosure of Information to Auditors**

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

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

**Personal Data Related Incidents**

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

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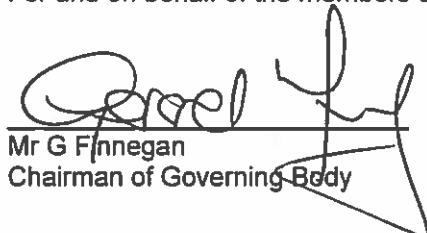
**Members**

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

NAME	DATE OF APPOINTMENT/ RE-APPOINTMENT	TERM OF OFFICE	DATE OF RESIGNATION/ APPOINTMENT ENDED	STATUS OF APPOINTMENT	COMMITTEES SERVED	GOVERNING BODY ATTENDANCE MEETINGS X 7
Mr M Agnew	05/03/2013	4 yrs	n/a	Vice Chair	FC, SC	7
Mr S Atcheson	12/01/2015	4 yrs	n/a	Member	AC, SC	7
Dr B Burns	12/06/2014	4 yrs	n/a	Member	AC, SC	2
Mr P Canavan	12/06/2014	4 yrs	n/a	Member	EC, FC	6
Mr M Cooper	24/11/2014	4 yrs	n/a	Member	EC, FC	3
Mrs R Dougherty	04/04/2016	4 yrs	n/a	Member	AC, SC	1, eligible to attend 2
Mr G Finnegan	01/04/2014	4 yrs	n/a	Chair		7
Mr S Gillespie	14/12/2015	4 yrs	n/a	Member	AC	4, eligible to attend 5
Mr R Kelly	29/10/2015	1 yr	30/06/2016	Student member	EC	0, eligible to attend 5
Mr G Killeen*	01/08/2015	4 yrs	n/a	Member	AC, EC	5
Mr P Laughlin	01/08/2015	4 yrs	n/a	Member	AC, SC	4
Mr D Limb	15/12/2014	4 yrs	n/a	Staff Member	FC	5
Mrs C McFarland*	01/05/2012 01/05/2016 01/07/2016	4 yrs	30/04/2016 30/06/2016	Member	AC, SC	3
Mr S McGregor*	01/08/2015	4 yrs	n/a	Member	EC, FC	7
Mr A Magee	21/07/2016	4 yrs	n/a	Support Staff Member		0, eligible to attend 0
Mr L Murphy	05/05/2014	4 yrs	n/a	Principal & CEO	EC, FC, SC	7
Mr M O'Kane*	01/05/2016 01/05/2016 01/07/2016	4 yrs	30/04/2016 30/06/2016	Member	EC	5
Mr B Quinn	01/08/2015	4 yrs	n/a	Member	EC, FC	6
Mrs B Smyth	14/12/2011	4 yrs	13/12/2015	Member	AC	2, eligible to attend 2

- AC - Audit and Risk Committee
- EC - Education Committee
- FC - Finance and General Purposes Committee
- SC - Staffing and Appointments Committee
- \* - Re-appointed for second term

For and on behalf of the members of the Governing Body

  
Mr G Finnegan  
Chairman of Governing Body

23/11/2016  
Date



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**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.

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 remuneration of Governing Body members (excluding staff members) was first introduced by the Department from 1st January 2016. There are no arrangements in place for the payment of a bonus. The college also reimburses governing body members for any incidental expenses incurred for carrying out their duties relevant to the organisation.

The remuneration of Chairman and Board members is as follows:

	2015/16		2014/15	
	Salary and Allowances £'000	Benefits in Kind £'000	Salary and Allowances £'000	Benefits in Kind £'000
Mr G Finnegan (Chair)	10-15	-	-	-
Mr M Agnew	0-5	-	-	-
Mr S Atcheson	0-5	-	-	-
Mr G Killeen	0-5	-	-	-
Mr P Laughlin	0-5	-	-	-
Mr S McGregor	0-5	-	-	-
Mr M O'Kane	0-5	-	-	-
Mr B Quinn	0-5	-	-	-
Ms R Dougherty	0-5	-	-	-
Mr R Kelly	0-5	-	-	-

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

**NORTH WEST REGIONAL COLLEGE  
REMUNERATION REPORT  
FOR THE YEAR ENDED 31 JULY 2016**

**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 he is paid on a one-point scale according to college size. However, if the college size increases he will automatically move to that new salary point.

At initial appointment, the Directors are normally placed on the bottom point of the four-point scale relevant to the size of their college. Thereafter, there is annual incremental progression up the scale until the maximum of the scale is reached. A common incremental date of September is used for all Directors. If the college increases in size a Director will automatically move to the new relevant salary scale.

**Performance Pay**

There is no performance pay or related scheme for any Director.

**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.

**NORTH WEST REGIONAL COLLEGE  
REMUNERATION REPORT CONT'D  
FOR THE YEAR ENDED 31 JULY 2016**

**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	Salary £'000	2015/16			Total £'000	Salary £'000	2014/15		Total £'000
		Benefits in kind £	Pension benefits £'000*	Benefits in kind £			Pension benefits £'000		
<b>Mr L Murphy Principal &amp; Chief Executive</b>	110-115	Nil	25	135-140	105-110	Nil	218	323-328	
<b>Mrs K Duffy Director</b>	80-85	Nil	26	106-111	80-85	Nil	28	108-113	
<b>Mr D Kinnaird Director</b>	80-85	Nil	15	95-100	80-85	Nil	26	106-111	
<b>Mr P McKeown Director</b>	80-85	Nil	26	106-111	80-85	Nil	26	106-111	
<b>Mr C Morrison Director</b>	80-85	Nil	10	25-30	80-85	Nil	21	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.

	2015-16 £ £'000	2014-15 £ £'000
<b>Band of highest paid directors total remuneration</b>	110-115	105-110
<b>Median total remuneration</b>	25,972	25,229
<b>Ratio</b>	4.3	4.3

**Salary**

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

**NORTH WEST REGIONAL COLLEGE  
REMUNERATION REPORT CONT'D  
FOR THE YEAR ENDED 31 JULY 2016**

**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.

**Pension Entitlements (Audited)**

<b>Senior Management</b>	<b>Accrued pension at age 60 as at 31/7/16 and related lump sum</b>	<b>Real increase in pension and related lump sum at Pension age</b>	<b>CETV at 31/7/16</b>	<b>Restated CETV at 31/7/15</b>	<b>Real increase in CETV</b>
	£'000	£'000	£'000	£'000	£'000
<b>Mr L Murphy, Principal &amp; Chief Executive</b>	30-35	0-2.5	718	646	72
	Plus lump sum of	Plus lump sum of			
	95-105	5-7.5			
<b>Mrs K Duffy, Director</b>	35-40	0-2.5	640	586	54
	Plus lump sum of	Plus lump sum of			
	80-85	(0-2.5)			
<b>Mr D Kinnaird, Director</b>	35-40	0-2.5	828	761	67
	Plus lump sum of	Plus lump sum of			
	115-120	2.5-5.0			
<b>Mr P McKeown, Director</b>	20-25	0-2.5	321	283	38
	Plus lump sum of	Plus lump sum of			
	35-40	(0-2.5)			
<b>Mr C Morrison, Director</b>	35-40	0-2.5	852	854	(2)
	Plus lump sum of	Plus lump sum of			
	110-115	2.5-5			

**NORTH WEST REGIONAL COLLEGE  
REMUNERATION REPORT CONT'D  
FOR THE YEAR ENDED 31 JULY 2016**

**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.

National Employment Savings Trust (NEST) is a defined contribution workplace pension scheme which was set up to facilitate Automatic Enrolment as part of the workplace pension reforms under the Pensions Act 2008. The NEST Scheme is run by NEST Corporation which is a non-departmental public body that is accountable to Parliament through the Department for Work & Pensions.

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 2016**

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 Economy (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.

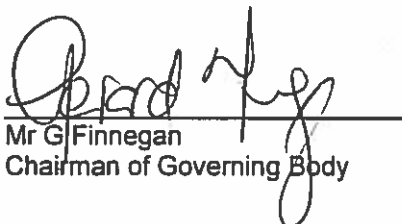
The Governing Body is also required to prepare an Annual Report which describes its strategic direction and the legal and administrative status of the College.

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 23 November 2016 and signed on its behalf by:

  
Mr G Finnegan  
Chairman of Governing Body

## **NORTH WEST REGIONAL COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

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 the Department for the Economy, members nominated by the Education Authority 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 2015/16 year and has 4 committees; 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. The College aims to have all papers 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 for Economy and the Department of Finance. 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 2015/16, fulfilling its role as set out above.

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

A Governing Body Self-Assessment was facilitated by the FE Corporate Governance & Accountability Branch of the Department of the Economy for the period 1 August 2015 to 31 July 2016. The assessment took the form of a questionnaire to members on the following 5 topics;

- Personal Performance
- Governing Body Performance
- Governing Body Procedures & Composition
- Governing Body Committees
- Training & Induction

**NORTH WEST REGIONAL COLLEGE  
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

***Governing Body Evaluation (continued)***

The results from the questionnaire provided the Governing Body with an opportunity to obtain feedback on how they operate, as well as benchmark themselves against other Governing Bodies in the Sector.

In summary, the results were favourable for all statements within the 5 listed topics. The percentage of respondents who agreed/strongly agreed with the statements ranged from 86.4% to 97.9%.

***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 2015/16 year to discuss reports from the External and Internal Auditors and the relevant responses. It also receives and considers reports from the DfE previously DEL. 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 and Attendance of Committees see table on page 15.

***Senior Management Team***

The Senior Management Team meets fortnightly. The Principal & Chief Executive attends all Governing Body meetings and sub-committee meetings. The Director of Finance & Economic Engagement attends all Audit & Risk Committee and Finance & General Purposes Committee meetings. The Director of HR & Learner Services attends all Staffing & Appointments Committee meetings. The Vice Principal of Curriculum & Information Services attends all Education Committee meetings.

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



## **NORTH WEST REGIONAL COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

### ***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.

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 2016 and up to the date of approval of the annual report and accords with Department of Finance guidance. I have fully embedded the processes which the Department for the Economy 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. I am not aware of any lapses of security during the year.

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. The College also participates in the biennial National Fraud Initiative (NFI) exercise.

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 2016. 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  
STATEMENT OF COPORATE GOVERNANCE AND INTERNAL CONTROL**

***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. 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.

  
\_\_\_\_\_  
Mr L Murphy  
Accounting Officer

23/11/2016  
\_\_\_\_\_  
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 2016 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. The financial statements comprise: the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

#### **Respective responsibilities of the Governing Body and auditor**

As explained more fully in the Statement of Responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the North West Regional College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the North West Regional College; and the overall presentation of the financial statements. In addition I 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 2016 and of its deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and

*Handwritten signature and date*  
25/11/11

the Department for the Economy (formerly 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 the Economy directions made under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008; and
- the information given in the Strategic Report 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 Statement of Corporate Governance and Internal Control does not reflect compliance with Department of Finance's (formerly Department of Finance and Personnel) guidance.

### **Report**

I have no observations to make on these financial statements.

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

25 November 2016

**NORTH WEST REGIONAL COLLEGE  
STATEMENT OF COMPREHENSIVE INCOME & EXPENDITURE  
FOR THE YEAR ENDED 31 JULY 2016**

	Notes	2016 £'000	Restated 2015 £'000
<b>Income</b>			
Department for Employment and Learning/			
Department for the Economy Grants	2	29,565	28,687
Education contracts	3	3,502	3,695
Tuition fees and charges	4	2,471	2,359
Other grant income	5	431	560
Other operating income	6	906	339
Investment income	7	92	86
<b>Total income</b>		<u>36,967</u>	<u>35,726</u>
<b>Expenditure</b>			
Staff costs	8	20,613	21,197
Fundamental restructuring costs	8	1,779	1,380
Other operating expenses	10	12,089	10,231
Depreciation	13	2,602	2,492
Interest and other finance costs	11	1,262	1,398
<b>Total expenditure</b>		<u>38,345</u>	<u>36,698</u>
<b>(Deficit) before other gains/losses</b>		(1,378)	(972)
<b>Gain/(Loss) on disposal of assets</b>		-	-
<b>(Deficit) before tax</b>		(1,378)	(972)
Taxation	12	-	-
<b>(Deficit) for the year</b>		(1,378)	(972)
Unrealised surplus on revaluation of Land & Buildings		3,263	1,976
Actuarial (Loss)/gain in respect of pension scheme		(4,171)	2,449
<b>Total comprehensive (expenditure)/income for the year</b>		<u>(2,286)</u>	<u>3,453</u>
Represented by:			
Unrestricted comprehensive(expenditure)/ income for the year		(4,732)	2,287
Revaluation Reserve Comprehensive Income for year		2,446	1,166
		<u>(2,286)</u>	<u>3,453</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 CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 JULY 2016**

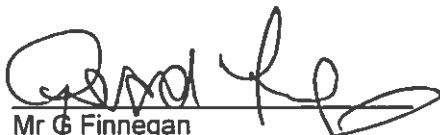
	Income and expenditure account Restricted £'000	Unrestricted £'000	Revaluation Reserve £'000	Total £'000
<b>Balance at 1 August 2014</b>	-	1,282	27,754	29,036
Prior year adjustment	-	(70)	-	(70)
Surplus/(deficit) from income and expenditure account	-	(972)	-	(972)
Other comprehensive income	-	2,449	1,976	4,425
Transfers between revaluation and income and expenditure account	-	810	(810)	-
Release of restricted funds spent in year	-	-	-	-
<b>Total Comprehensive Income for the year</b>	-	2,287	1,166	3,453
<b>Balance at 1 August 2015</b>	-	3,569	28,850	32,419
Surplus/(deficit) from income and expenditure statement	-	(1,378)	-	(1,374)
Other comprehensive (expenditure)/income	-	(4,171)	3,263	(908)
Transfers between revaluation and income and expenditure account	-	817	(817)	-
Release of restricted funds spent in year	-	-	-	-
<b>Total comprehensive (expenditure)/ income for the year</b>	-	(4,732)	2,446	(2,286)
<b>Balance at 31 July 2016</b>	-	(1,163)	31,296	30,133

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

**NORTH WEST REGIONAL COLLEGE  
BALANCE SHEET AS AT 31 JULY 2016**

	Notes	2016 £'000	Restated 2015 £'000
<b>Non Current Assets</b>			
Tangible fixed assets	13	68,219	65,023
<b>Current Assets</b>			
Trade & Other Receivables	15	3,032	2,697
Cash at bank and in hand	19	8,724	9,638
<b>Total current assets</b>		<b>11,756</b>	<b>12,335</b>
Less: Creditors: amounts falling due within one year	16	(6,754)	(5,890)
<b>Net current assets</b>		<b>5,002</b>	<b>6,445</b>
<b>Total assets less current liabilities</b>		<b>73,221</b>	<b>71,468</b>
Less: Creditors: amounts falling due after more than one year	17	34,212	34,770
<b>Provisions</b>		<b>39,009</b>	<b>36,698</b>
Pension Provision	20	(8,876)	(4,279)
<b>Net Assets including pension liability</b>		<b>30,133</b>	<b>32,419</b>
<b>Unrestricted Reserves</b>			
Income and expenditure reserve		7,713	7,848
Pension Reserve		(8,876)	(4,279)
		(1,163)	3,569
Revaluation Reserve		31,296	28,850
<b>TOTAL</b>		<b>30,133</b>	<b>32,419</b>

The financial statements on pages 29 to 61 were approved by the Governing Body of the North West Regional College on 23<sup>rd</sup> November 2016 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 2016**

	Notes	2016 £'000	Restated 2015 £'000
<b>Cash inflow/(outflow) from operating activities</b>			
Surplus/(Deficit) for the year		(1,378)	(972)
<b>Adjustment for non-cash items</b>			
Depreciation	13	2,602	2,492
Decrease/(increase) in debtors	15	12	(1,417)
Increase/(decrease) in creditors	16	555	685
NILGOSC FRS 102 (28) Pension Adjustment		426	619
<b>Adjustment for investing or financing activities</b>			
Interest Receivable	7	(92)	(86)
Interest payable	11	1,124	1,167
Deferred Capital Grants release	2	(1,165)	(1,013)
<b>Net cash inflow from operating activities</b>		<u>2,084</u>	<u>1,475</u>
<b>Cash flows from investing activities</b>			
Investment interest		96	84
Payments made to acquire fixed assets		(2,447)	(950)
Capital Grants Received		1,024	884
		<u>(1,327)</u>	<u>18</u>
<b>Cash outflows from financing activities</b>			
Interest element of finance lease and service concession payments	11	(1,124)	(1,167)
Capital element from lease	22	(547)	(471)
<b>(Decrease) in cash and cash equivalents in the year</b>	19	<b>(914)</b>	<b>(145)</b>
Net funds at 1 August 2015		9,638	9,783
<b>Net funds at 31 July 2016</b>		<u><b>8,724</b></u>	<u><b>9,638</b></u>

In this statement, figures in brackets refer to cash outflows and all other figures are cash inflows to the College.

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



**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

**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 on a going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit entity requirements of FRS102.

The Financial Statements are prepared in accordance with 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 the Economy(DfE).

**Transition to 2015 SORP**

This is the first year that the accounts have been prepared under the 2015 SORP and FRS 102. Some of the FRS 102 recognition, management, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. Details of changes arising due to the transition are included at note 29.

The 2015 FE HE SORP requires colleges to prepare a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous period where separate statements for the Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

The application of first time adoption allows certain exemptions from the full requirements of the FRS 102 and the 2015 FE HE SORP in the transition period.

**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.

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

**1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)**

**Going Concern**

The activities of the College, together with factors likely to affect its future development and performance are set out in the Strategic Report. 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 within this existing facility and covenants for the foreseeable future.

The College is satisfied that the organisation is a going concern on the basis that there is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming to meet the College's liabilities as they fall due. It had accordingly been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

**Recognition of Income**

**Government Grants (accruals model)**

The recurrent grant and other revenue grants received from DfE (and other government bodies) are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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 non-government grants, controls and other services rendered is included to the extent that the conditions of the funding have been met, or the extent of the completion of the contract or service concerned.

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

**Capital Grants (non land grants) (accruals model)**

Non-recurrent grants from DfE/DEL and other government bodies received in respect of the acquisition of fixed assets are recognised in income over the expected useful life of the asset.

Other capital grants are recognised on income when the College is entitled to the funds subject to any performance related conditions being met.

**Capital Grants (land grants)**

Capital government grants for land are accounted for in accordance with the performance model which results in the recognition of the capital grant on receipt.

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

**1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)**

**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 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.

**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 2016. They are not depreciated until they are brought into use.

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

**1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)**

• **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.

**Private Finance Initiative**

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 or if lower, the present value of the minimum lease payments determined at the inception of the lease. Subsequently, the asset is depreciated over its useful economic life.

Payments are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

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.

**Investment Property**

Fixed asset investments are measured at fair value with any changes in fair value being recognised immediately in the Statement of Comprehensive Income and Expenditure.

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

**1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)**

**Intangible Assets**

Intangible assets, greater than £3,000 per individual item, should be capitalised. Software integral to an item of hardware should be dealt with as fixed assets.

**Foreign Currency Translation**

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

**Taxation**

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

The College is exempted from levying VAT on most of the services it provides to students. For this reason, the College is partially exempt in respect of VAT so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable vat on inputs is included in the costs of such inputs and added to the cost.

**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 and Care to Learn. Related payments received from DfE/DEL and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and Expenditure and are shown separately in Note 27, except for £1k and Hardship Funds 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 the Hardship fund applications and payments.

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

<b>2. DEPARTMENT FOR EMPLOYMENT AND LEARNING / DEPARTMENT FOR THE ECONOMY GRANTS</b>	<b>2016 £'000</b>	<b>Restated 2015 £'000</b>
<b>Grant in Aid Received from DEL/DfE</b>		
Recurrent grant	22,804	23,814
Release of deferred capital grant	1,165	1,013
Skills Focus	199	-
Minor Works	46	48
Employer Support Programme	198	352
Private Finance Initiative	1,651	1,647
Additional Support Funds	352	280
Learner Access Engagement Programme	-	27
Voluntary Exit Scheme Funds (VES)	1,785	1,222
Pension Pressures	460	160
Higher Level Apprenticeships	131	-
Youth Training Pilot	186	-
Procurement Funding	21	-
Inescapables Funding	374	-
<b>Grant In Aid Items</b>	<b>29,372</b>	<b>28,563</b>
<b>Non-Grant in Aid received from DEL/DfE</b>		
Educational Maintenance Allowance administration	30	33
Curriculum Development Specialist	57	-
GB Remuneration	16	-
Assured Skills	-	44
Skills Development Funding	12	25
Customised Training	-	3
Worldskills	3	3
Essential Skill Change Funding	21	-
Lecturers into Industry	1	5
ILM Level 5	19	11
Sector Development Funding	34	-
<b>Non-grant in Aid Items</b>	<b>193</b>	<b>124</b>
<b>Total DEL/DfE income</b>	<b>29,565</b>	<b>28,687</b>

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

<b>3. EDUCATION CONTRACTS</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Entitlement Framework	630	773
Training for Success	2,749	2,812
Into Work	123	110
<b>Total</b>	<b>3,502</b>	<b>3,695</b>

<b>4. TUITION FEES AND CHARGES</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Higher Education (HE) Income	1,529	1,216
Further Education (FE) Income	942	1,143
<b>Total</b>	<b>2,471</b>	<b>2,359</b>

Included within the above amounts are amounts which fund bursaries of £128k (2015: Nil)

<b>5. OTHER GRANT INCOME</b>	<b>2016</b>	<b>Restated 2015</b>
	<b>£'000</b>	<b>£'000</b>
European Funds	124	210
Other Funds	307	350
<b>Total</b>	<b>431</b>	<b>560</b>

<b>6. OTHER OPERATING INCOME</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Catering and residence operations	176	175
Other income generating activities	674	113
Other income	56	51
<b>Total</b>	<b>906</b>	<b>339</b>

<b>7. INVESTMENT INCOME</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Other interest receivable	92	86
<b>Total</b>	<b>92</b>	<b>86</b>

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

**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:

	<b>2016 Number</b>	<b>Restated 2015 Number</b>
Teaching	338	376
Support	64	64
Administration	125	116
Premises	23	24
<b>Total</b>	<b>550</b>	<b>580</b>
<b>Staff costs for the above persons:</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Teaching	14,039	14,918
Support	1,649	1,677
Administration	4,099	3,690
Premises	538	524
FRS 17 Adjustment	288	388
	<b>20,613</b>	<b>21,197</b>
Exceptional Staff Costs	1,779	1,380
<b>Total</b>	<b>22,392</b>	<b>22,577</b>
	<b>2016 £'000</b>	<b>2015 £'000</b>
Wages and salaries	15,987	17,098
Social security costs	1,337	1,266
Movement in Pension	288	388
Other pension costs	3,001	2,445
	<b>20,613</b>	<b>21,197</b>
Exceptional Staff Costs	1,779	1,380
<b>Total</b>	<b>22,392</b>	<b>22,577</b>



**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

**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	
	2016 No.	2015 No.	2016 No.	2015 No.
£60,001 to £70,000	-	-	11	11
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	4	4	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	1	-	-
£130,001 to £140,000	1	-	-	-
	<b>5</b>	<b>5</b>	<b>11</b>	<b>11</b>

Lecturing Staff received a 0.1% pay rise during the year.  
Support staff received a 1% pay rise during the year

**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. Senior Post Holders do not, for the purposes of this note, included remunerated non-executive Governing Body members.

	2016 Number	2015 Number
<b>The number of senior post-holders including the Principal &amp; Chief Executive was:</b>	<b>5</b>	<b>5</b>
Senior post-holders' emoluments are made up as follows:	2016 £,000	2015 £'000
Salaries	435	438
Pension contributions	81	68
<b>Total Emoluments</b>	<b>516</b>	<b>506</b>

Senior post-holders received a 0.88% pay rise during the year.

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

**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:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	111	109
Benefits in kind	-	-
	<u>111</u>	<u>109</u>
Pension contributions	<u>20</u>	<u>16</u>
<b>Total</b>	<b><u>131</u></b>	<b><u>125</u></b>

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**

	<b>2016</b>	<b>Restated</b>
	<b>£'000</b>	<b>2015</b>
		<b>£'000</b>
Direct Teaching	747	715
Direct Support	2,668	2,875
Administration	2,135	1,870
Consultancy Fees	31	-
Premises	4,987	3,217
Unitary payments under PFI contract	1,521	1,554
	<u>12,089</u>	<u>10,231</u>
Interest and Other Finance Costs	138	231
Interest element of Finance Lease	1,124	1,167
	<u>13,351</u>	<u>11,629</u>

**Other operating expenses include:**

Auditors' remuneration		
- external audit	23	19
- internal audit	21	22
- Other services provided by internal auditors	21	-
- Remuneration of Governing Body members	29	-
- hire of other assets-operating leases	169	181
	<u>263</u>	<u>222</u>

\* Remuneration of Governing Body members was introduced 1 January 2016.

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

	<b>2016 £'000</b>	<b>Restated 2015 £'000</b>
<b>11. INTEREST AND OTHER FINANCE COSTS</b>		
On finance leases	1,124	1,167
Net charge on pension scheme	<u>138</u>	<u>231</u>
<b>Total</b>	<b><u>1,262</u></b>	<b><u>1,398</u></b>

**12. TAXATION**

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

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

**13. TANGIBLE FIXED ASSETS**

	Freehold Land & Buildings £'000	PFI Assets £'000	Plant & Equipment £'000	Computers £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Total £'000
<u>Cost or valuation</u>							
At 1 August 2015	54,102	11,249	2,724	1,600	305	182	70,162
Additions	974	736	565	298	0	0	2,573
Revaluations	2,690	535	0	0	0	0	3,225
At 31 July 2016	57,766	12,520	3,289	1,898	305	182	75,960
<u>Depreciation</u>							
At 1 August 2015	0	1,508	1,942	1,238	298	153	5,139
Charge for the year	1,643	432	274	236	3	14	2,602
Revaluations							
Disposals							
At 31 July 2016	1,643	1,940	2,216	1,474	301	167	7,741
<b>Net Book Value</b>							
At 31 July 2016	56,123	10,580	1,073	424	4	15	68,219
<b>Net Book Value</b>							
At 31 July 2015	54,102	9,741	782	362	7	29	65,023

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

**13. 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. An interim revaluation has been carried out by Land and Property Service in August 2015 providing the valuation as at 31 July 2015. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
If inherited land and buildings had not been re-valued they would have been included at the following amounts:		
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:	<b>£'000</b>	<b>£'000</b>
Owned assets	2,170	2,084
PFI assets	432	408
	<u><b>2,602</b></u>	<u><b>2,492</b></u>

NBV of Computers includes £19k of computer hardware that is jointly owned and controlled asset amongst the six colleges of the NI FE Sector. The hardware is used to support the sector's Management Information System and IT Services and is operated centrally on behalf of the sector.

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

**14. SERVICE CONCESSION ARRANGEMENTS**

The College has 1 on balance sheet arrangements where service delivery has commenced.

**Movement in service concession arrangement assets**

The asset value of the service concession included in the balance sheet as at 31 July 2016 is £9,847k (2015: £9,311k). The increase of £536k is due to revaluation at 31 July 2016.

**Movement in service concession liabilities**

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2016 were £8,472k (2015: £8,892k). The sum of £547k was repaid during the year.

**Future Commitments**

The following table analyses the College's future commitments in relation to service concession arrangements.

	Payable in 1 Year £'000	Payable 2- 5 years £'000	Payable 6- 10 years £'000	Total £'000
Liability repayments	644	3,671	4,157	8,472
Finance charge	1,059	3,484	1,504	6,047
Service charge	1,538	6,327	8,316	16,181
	3,241	13,482	13,977	30,700

**15. TRADE & OTHER RECEIVABLES**

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade receivables	65	56
Other receivables	254	124
Prepayments and accrued income	2,443	2,217
<b>Total</b>	<b>2,762</b>	<b>2,397</b>
Amounts falling due after one year:		
Surplus land receivable arising on PFI contract	270	300
<b>Total Receivables</b>	<b>3,032</b>	<b>2,697</b>

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**16. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN 1 YEAR**

	<b>2016</b>	<b>Restated 2015</b>
	<b>£'000</b>	<b>£'000</b>
Service concession arrangements	644	547
Trade creditors	656	251
Taxation and social security	649	529
Accruals and deferred income	4,805	4,478
Amounts owed to the Department	-	85
	<u>6,754</u>	<u>5,890</u>

**Deferred income**

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Grant income	358	129
Other income	280	1,327
<b>Total</b>	<u>638</u>	<u>1,456</u>

**17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR:**

	<b>2016</b>	<b>Restated 2015</b>
	<b>£'000</b>	<b>£'000</b>
Deferred income	26,384	26,425
Service concession liabilities due after one year	<u>7,828</u>	<u>8,345</u>
<b>Total Creditors after one year</b>	<u>34,212</u>	<u>34,770</u>

**NORTH WEST REGIONAL COLLEGE  
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**18. PROVISIONS FOR LIABILITIES AND CHARGES**

There were no provisions in the year.

**19. CASH AND CASH EQUIVALENTS**

	<b>As 1 August 2015 £'000</b>	<b>Cash Flows £'000</b>	<b>At 31 July 2016 £'000</b>
Cash and Cash equivalents at 31 July 2016	9,638	(914)	8,724

**20. 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.

National Employment Savings Trust (NEST) is a defined contribution workplace pension scheme which was set up to facilitate Automatic Enrolment as part of the workplace pension reforms under the Pensions Act 2008.

	<b>2016 £'000</b>	<b>Restated 2015 £'000</b>
Total pension cost for the year		
NITPS: contributions paid	2,098	1,788
NILGOSC: Contributions paid	902	667
NILGOSC: FRS102 Adjustments	288	388
NILGOSC: Charge to the Statement of Comprehensive Income	1,190	1,055
<b>Total Pension Cost for Year</b>	<b>3,288</b>	<b>2,843</b>

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  
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**20. PENSION AND SIMILAR OBLIGATIONS (Continued)**

**NITPS**

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. Until 1 April 2015 the scheme operated under 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](http://www.deni.gov.uk)

The Public Service Pensions Act (Northern Ireland) 2014 provides for the closure of existing public sector pension schemes (including the NITPS) from 31st March 2015 and the establishment of new schemes based on a career average re-valued earnings model with normal pension age equal to state pension age introduced from 1 April 2015.

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

The employer contribution rate increased to 17.7% from 1 April 2015.

On 1st April 2015 the salary bands applicable to member contributions for the NITPS changed. The method of determining which salary band a member falls into also changed. The appropriate contribution rates to be applied are now based on a members' annual salary rate (actual earnings) as opposed to their full-time equivalent (FTE) salary.

<b>Salary</b>	<b>2015/16</b>
Up to £25,999	7.4%
£26,000 to £34,999	8.6%
£35,000 to £41,499	9.6%
£41,500 to £54,999	10.2%
£55,000 to £74,999	11.3%
£75,000 and above	11.7%

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, and therefore, as required by FRS 102 (28) accounts for the scheme as if it were a defined-contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme in respect of the accounting period. 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.

**NORTH WEST REGIONAL COLLEGE  
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**20. PENSION AND SIMILAR OBLIGATIONS (Continued)**

**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.

The following information is based upon a full actuarial valuation of the NILGOSC fund at 31 March 2013 updated to 31 July 2016 by a qualified actuary.

	At 31 July	At 31 July
<b>Principal actuarial assumptions</b>		
Principal actuarial assumptions at Balance Sheet date are as follows:	<b>2016</b>	<b>2015</b>
	%	%
Rate of increase in salaries	3.3	3.6
Rate of increase for pensions in payment/inflation	1.8	2.1
Pension accounts revaluation rate	1.8	2.1
Discount rates for scheme liabilities	2.4	3.6

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	At 31 July
	2016	2015
<b>Retiring today</b>		
Males	22.3 years	22.2 years
Females	24.8 years	24.7 years
<b>Retiring in 20 years</b>		
Males	24.5 years	24.4 years
Females	27.2 years	27 years

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**20. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)**

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 2016 %	Value at 31 July 2016 £'000	Long-term rate of return expected at 31 July 2015 %	Value at 31 July 2015 £'000
Equities	72.1	17,157	74.1	15,029
Bonds	11.8	2,808	11.4	2,312
Property	12.3	2,927	12.2	2,474
Cash	3.2	761	2.0	406
Other	0.6	143	0.3	61
<b>Total Market Value of Assets</b>		<u>23,796</u>		<u>20,282</u>

	2016 £'000	2015 £'000
<b>Amounts recognised in the balance sheet</b>		
Fair value of plan assets	23,796	20,282
Present value of scheme liabilities	(32,672)	(24,561)
<b>Deficit in the scheme (Net pension liability recorded within pension provisions)</b>	<u>(8,876)</u>	<u>(4,279)</u>

**Amounts recognised in the Statement of Comprehensive Income and Expenditure in respect of the plan are as follows:**

	2016 £'000	Restated 2015 £'000
<b>Amounts included in staff costs</b>		
Current service cost	1,063	1,053
Past service cost	127	-
<b>Total operating charge</b>	<u>1,190</u>	<u>1,053</u>

	2016 £'000	Restated 2015 £'000
<b>Analysis of pension finance income / (costs)</b>		
Interest income on assets	(747)	(717)
Interest cost	885	948
<b>Net charge</b>	<u>138</u>	<u>231</u>

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

**Analysis of Other Comprehensive Income and Expenditure for Pensions**

	<b>2016</b>	<b>Restated</b>
	<b>£'000</b>	<b>2015</b>
		<b>£'000</b>
Actuarial gains/(losses) on pension scheme assets	1,822	1,300
Actuarial gains/(losses) on scheme liabilities	<u>(5,993)</u>	<u>1,149</u>
<b>Total Other Comprehensive Income and Expenditure</b>	<b><u>(4,171)</u></b>	<b><u>2,449</u></b>

**Movement in deficit during the year**

	<b>2016</b>	<b>Restated</b>
	<b>£'000</b>	<b>2015</b>
		<b>£'000</b>
Deficit in scheme at 1 August 2015	(4,279)	(6,110)
Movement in the year:		
Current service cost	(1,063)	(1,053)
Employer contributions	902	665
Past service cost/gain	(127)	-
Net interest	(138)	(231)
Actuarial (loss) or gain recognised in other Comprehensive Income and Expenditure	<u>(4,171)</u>	<u>2,449</u>
<b>Deficit in scheme at 31 July 2016</b>	<b><u>(8,876)</u></b>	<b><u>(4,280)</u></b>

**Asset and Liability Reconciliation**

	<b>2016</b>	<b>Restated</b>
	<b>£'000</b>	<b>2015</b>
		<b>£'000</b>
<b>Reconciliation of Liabilities</b>		
<b>Liabilities at start of period</b>	<b>24,561</b>	<b>23,695</b>
Service cost	1,063	1,053
Interest cost	885	948
Employee contributions	243	211
Actuarial loss/(gain)	5,993	(1,149)
Benefits paid	(200)	(197)
Past service cost	<u>127</u>	<u>-</u>
<b>Liabilities at end of period</b>	<b><u>32,672</u></b>	<b><u>24,561</u></b>

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

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Reconciliation of Assets		
Assets at start of period	20,282	17,586
Interest Income	747	717
Actuarial (loss)/gain	1,822	1,300
Employer contributions	902	665
Employee contributions	243	211
Benefits paid	(200)	(197)
	<hr/>	<hr/>
<b>Assets at end of period</b>	<b>23,796</b>	<b>20,282</b>
	<hr/>	<hr/>

The estimated value of employer contributions for the year ended 31 July 2016 is £902,000

**21. POST BALANCE SHEET EVENTS**

No post balance sheet non adjusting events.

**22. CAPITAL COMMITMENTS**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted for at 31 July 2016	817	270
	<hr/>	<hr/>

**PFI Contract**

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

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**23. FINANCIAL COMMITMENTS**

At 31 July 2016 the College had annual commitments under non-cancellable operating leases as follows:

	<b>2016</b>	<b>Restated</b>
	<b>£'000</b>	<b>2015</b>
<b>LESSEE:</b>		<b>£'000</b>
Land and Buildings:		
Expiring within one year	9	0
Expiring within two and five years inclusive	-	139
	<u>9</u>	<u>139</u>
Other:		
Expiring within one year	-	1
Expiring within two and five years inclusive	47	64
Expiring in over five years	-	-
	<u>47</u>	<u>65</u>
<b>LESSOR:</b>		
Land and Buildings		
Expiring within one year	1	22
	<u>1</u>	<u>22</u>

**24. CONTINGENT LIABILITY**

The Department for Employment and Learning (now the Department for the Economy) competitively awarded the College a contract to deliver Programme Led Apprenticeships (PLA) in the financial years 2011-2015. The contract was one of a number of PLA contracts with contractors being other Colleges within the Northern Ireland Further Education sector and private training providers.

The Department for the Economy has now included the funding that was provided to contractors (for delivery of the PLA's) within a funding claim made by the Department to the European Commission. A resultant Article 16 inspection from the European Commission is in progress with the Department.

Information to date indicates that, as a result of the initial findings of the inspection, the College may have a possible obligation that may result in an outflow of economic benefits. The inspection is not complete; therefore, the transfer of economic benefits is not settled nor can a value of the obligation be estimated reliably.

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**25. 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>		2016	2015
Governor/Senior Manager	Company	£'000	£'000
L Murphy & G Finnegan	Noribic	9	21
		<u>9</u>	<u>21</u>
	<b>Amounts Outstanding</b>	<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
L Murphy & G Finnegan	Noribic	-	-
		<u>-</u>	<u>-</u>
<u>Received / Receivable</u>		2016	2015
Governor/Senior Manager	Company	£'000	£'000
L Murphy & G Finnegan	Noribic	2	2
		<u>2</u>	<u>2</u>
	<b>Amounts Outstanding</b>	<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
L Murphy & G Finnegan	Noribic	2	-
		<u>2</u>	<u>-</u>

Noribic is a Not for Profit Business Innovation Centre who provide mentoring and business coaching to SME's, Micro Businesses and Start-Ups. The above figure was reimbursement for staff time in respect of their involvement in the Skills Focus Program and preparing an economic appraisal on FE Insurance.

L Murphy, current Principal, became the FE Representative on the Noribic Board on 10 December 2014.

G Finnegan is the Chairman of the College's Governing Body. During part of 2014 he was on the Select List of Consultancy Suppliers for Noribic.

**NORTH WEST REGIONAL COLLEGE  
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**26. AGENCY ARRANGEMENTS**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>(a) Support Funds</b>		
DEL/DfE grants	441	403
Interest earned	-	-
	<u>441</u>	<u>403</u>
Disbursed to students	(439)	(401)
Audit fees	(1)	(1)
	<u>1</u>	<u>1</u>
Balance unspent at 31 July 2016	<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 Statement of Comprehensive Income and Expenditure.

		<b>Restated</b>
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>(b) Care to Learn</b>		
Income	24	52
Expenditure	24	52

The scheme addresses the need to provide childcare support for parents under the age of 20. The College acts only as a paying agent therefore the grants and related disbursements are excluded from the Statement of Comprehensive Income and Expenditure.

**27. LOSSES & SPECIAL PAYMENTS**

The College wrote off £6,610 in December 2015 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 December 2015. These amounted to £3,422 of the total above. Approval was duly given in December 2015.

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

The total number of cases written off was 15.



**NORTH WEST REGIONAL COLLEGE  
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**28. TRANSITION TO FRS 102 AND THE 2015 SORP**

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102 SORP based Statement of Financial Position, the College has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the College's financial position, financial performance and cash flows is set out in the following tables.

**FINANCIAL POSITION**

	<b>1 August 2014</b>	<b>31 July 2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Total reserves under 2007 SORP</b>	57,386	60,685
Grant Income	(27,648)	(27,526)
Employee leave accrual	(702)	(740)
	<hr/>	<hr/>
Total effect of transition to FRS 102	(28,350)	(28,266)
<b>Total reserves under 2015 SORP</b>	<u>29,036</u>	<u>32,419</u>

**FINANCIAL PERFORMANCE**

	<b>Year ended 31 July 2015</b>
	<b>£'000</b>
<b>Deficit for the year under 2007 SORP</b>	(594)
Employee Leave Accrual	(38)
Pension Provision	(340)
Unrealised surplus on revaluation of Land and Buildings	1,976
Actuarial (Loss)/Gain in respect of pension scheme	2,449
Total effect of transition to FRS 102	<hr/> 4,047
<b>Total comprehensive income for the year under 2015 SORP</b>	<u>3,453</u>

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**28. TRANSITION TO FRS 102 AND THE 2015 SORP**

	1 August 2014			31 July 2015		
	2007 SORP £'000	Effect of transition £'000	2015 SORP £'000	2007 SORP £'000	Effect of transition £'000	2015 SORP £'000
<b>Non Current Assets</b>						
Tangible fixed assets	64,496	-	64,496	65,023	-	65,023
	<b>64,496</b>	<b>-</b>	<b>64,496</b>	<b>65,023</b>	<b>-</b>	<b>65,023</b>
<b>Current assets</b>						
Stock	-	-	-	-	-	-
Trade and other receivables	1,271	-	1,271	2,697	-	2,697
Investments	-	-	-	-	-	-
Cash and cash equivalents	9,783	-	9,783	9,638	-	9,638
<b>Total current assets</b>	<b>11,054</b>	<b>-</b>	<b>11,054</b>	<b>12,335</b>		<b>12,335</b>
Less: Creditors – amounts falling due within one year	(2,883)	(1,623)	(4,506)	(3,502)	(1,841)	(5,343)
<b>Service concession liabilities due within one year</b>	<b>(471)</b>	<b>-</b>	<b>(471)</b>	<b>(547)</b>	<b>-</b>	<b>(547)</b>
<b>Net current assets</b>	<b>7,700</b>	<b>(1,623)</b>	<b>6,077</b>	<b>8,286</b>	<b>(1,841)</b>	<b>6,445</b>
<b>Total assets less current liabilities</b>	<b>72,196</b>	<b>(1,623)</b>	<b>70,573</b>	<b>73,309</b>	<b>(1,841)</b>	<b>71,468</b>
Less: Creditors – amounts falling due after more than one year	(8,770)	(26,727)	(35,497)	(8,345)	(26,425)	(34,770)
<b>Provisions:</b>						
Provisions for liabilities	-	-	-	-	-	-
Pension provisions	(6,110)	-	(6,110)	(4,279)	-	(4,279)
Other provisions	-	-	-	-	-	-
<b>Net assets</b>	<b>57,316</b>	<b>(28,350)</b>	<b>28,966</b>	<b>60,685</b>	<b>(28,266)</b>	<b>32,419</b>
<b>Deferred capital grants</b>	<b>28,008</b>	<b>(28,008)</b>	<b>-</b>	<b>27,886</b>	<b>(27,886)</b>	<b>-</b>
<b>Restricted Reserves</b>						
Income and expenditure account –restricted reserve	-	-	-	-	-	-
<b>Unrestricted Reserves</b>						
Income and expenditure – unrestricted reserves	1,624	(342)	1,282	3,949	(380)	3,569
Revaluation reserve	27,684	-	27,684	28,850	-	28,850
<b>Total reserves</b>	<b>29,308</b>	<b>(342)</b>	<b>28,966</b>	<b>32,799</b>	<b>(380)</b>	<b>32,419</b>
<b>Total</b>	<b>57,316</b>	<b>(28,350)</b>	<b>28,966</b>	<b>60,685</b>	<b>(28,266)</b>	<b>32,419</b>

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**28. TRANSITION TO FRS 102 AND THE 2015 SORP**

	2007 SORP	STRGL items*	Effect of transition	2015 SORP
	£'000	£'000	£'000	£'000
<b>INCOME</b>				
Department for Economy grants	28,739		(52)	28,687
Education contracts	3,695		-	3,695
Tuition fees and charges	2,359		-	2,359
Other grant income	560		-	560
Other operating income	339		-	339
Investment income	165		(79)	86
Donations and endowments	-		-	-
<b>Total income</b>	<b>35,857</b>		<b>(131)</b>	<b>35,726</b>
<b>EXPENDITURE</b>				
Staff costs	21,129		68	21,197
Fundamental restructuring costs	1,380		-	1,380
Other operating expenses	10,283		(52)	10,231
Depreciation	2,492		-	2,492
Interest and other finance costs	1,167		231	1,398
<b>Total expenditure</b>	<b>36,451</b>		<b>247</b>	<b>36,698</b>
<b>Surplus/(deficit) before other gains/losses and share of operating surplus/deficit of joint ventures and associates</b>	<b>(594)</b>		<b>(378)</b>	<b>(972)</b>
Gain/(loss) on disposal of assets	-		-	-
(Loss)/gain on investments	-		-	-
Share of operating surplus/(deficit) in joint venture	-		-	-
Share of operating surplus/(deficit) in associate	-		-	-
<b>Surplus/(deficit) before tax</b>	<b>(594)</b>		<b>(378)</b>	<b>(972)</b>
Taxation	-		-	-
<b>Surplus/(deficit) for the year</b>	<b>(594)</b>		<b>(378)</b>	<b>(972)</b>
Unrealised surplus on revaluation of land and buildings		1,976	-	1,976
Actuarial (loss)/gain in respect of pension scheme		2,109	340	2,449
Change in fair value of hedging financial instruments			-	-
<b>Total comprehensive income for the year</b>	<b>(594)</b>	<b>4,085</b>	<b>(38)</b>	<b>3,453</b>

\* This column represents items that were previously recorded within the Statement of Total Recognised Gains and Losses (STRGL) and are now recorded within the Statement of Comprehensive Income (SoCI). This column should not include recognition of valuation changes arising from the adoption of the SORP 2015. These are included within the effect of transition to 2015 SORP column.

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
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**29. ADDITIONAL DISCLOSURES TO COMPLY WITH FINANCIAL REPORTING MANUAL**

Financial Reporting Manual (FReM) requires Non-Departmental Public Bodies to regard grant-in-aid received as contributions from controlling parties giving rise to a financial interest in the residual interest of the body, and hence accounted for as financing i.e. by crediting them to the income and expenditure reserve.

	Notes	2016 £'000	2015 £'000
<b>INCOME</b>			
DfE income (non grant-in-aid items)	1	193	124
Education contracts		3,502	3,695
Tuition fees and charges		2,471	2,359
Other grant income		431	560
Other operating income		906	339
Endowment and Investment income		92	86
<b>Total incoming resources</b>		<u>7,595</u>	<u>7,163</u>
<b>EXPENDITURE</b>			
Staff costs		20,613	21,197
Fundamental restructuring costs		1,779	1,380
Other operating expenses		12,085	10,231
Depreciation		2,602	2,492
Interest and other finance costs		1,262	1,398
<b>Total resources expended</b>		<u>38,341</u>	<u>36,698</u>
<b>Net deficit for the year</b>		<u>(30,746)</u>	<u>(29,535)</u>
Unrealised surplus on revaluation of land and buildings		3,263	1,976
Actuarial (loss)/gain in respect of pension scheme		(4,171)	2,449
<b>Amount transferred to reserves</b>		<u>(31,654)</u>	<u>(25,110)</u>

**Analysis of reserves prepared under FReM**

		2016 £'000	2015 £'000
Restated balance at 1 August 2015		32,419	28,966
Grant-in-aid received in year	2	29,372	28,563
Net operating cost for year		(31,654)	(25,110)
<b>Balance at 31 July 2016</b>		<u>30,137</u>	<u>32,419</u>

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

<b>Note 1</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>DEL/DfE income (Non-Grant in Aid items)</b>		
EMA	30	33
Curriculum Development Specialist Team	57	-
GB Remuneration	16	-
Assured Skills	-	44
Skills Development Funding	12	25
DEL CTS Training	-	3
Worldskills	3	3
Essential Skills Change Funding	21	-
Lecturers into Industry	1	5
DEL ILM Level 5	19	11
Sector Development Group	34	-
<b>Balance at 31 July</b>	<b>193</b>	<b>124</b>

- Do not include deferred grants released

<b>Note 2</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of Amount Transferred to Reserves and Grant In Aid</b>		
Amount transferred to reserves	29,372	28,563
<b>Grant-in-aid received in year</b>	<b>29,372</b>	<b>28,563</b>