



**NORTHERN REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

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**NORTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW
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College Merger

This is the first annual report of Northern Regional College. On 1st August 2007, the Causeway Institute, East Antrim Institute of Further and Higher Education and North East Institute of Further and Higher Education were merged to form Northern Regional College. The College covers campuses currently at Antrim, Ballymena, Ballymoney, Coleraine, Felden, Larne, Magherafelt and Newtownabbey. Under the requirements of FRS 6, Acquisitions and Mergers, the accounts have been prepared on the basis of merger accounting (Department for Employment and Learning (“DEL”) Circular FE 03/07 also refers). Differences in the nominal values of assets and reserves have been shown in the accounts as adjustments to the income and expenditure reserve on the balance sheet. Merger expenses have been shown on the face of the income and expenditure account. The statutory accounts for the 12 month period from 1 August 2007 to 31 July 2008 reflect the position of the new regional college and the comparative figures for 2006/07 are the consolidated figures of the three former colleges.

The three merged Institutes came together at a critical time in the development of the further education sector in Northern Ireland. The merger will ultimately result in an enhanced learning experience for students and wider access to progression routes.

In the words of Trevor Neilands, Director of the new College:

“aims to be a top class provider of professional and technical training. The Northern Regional College will provide a caring and supportive environment for our learners, professional and business-like relationships with our customers and partners and a valuable and responsive resource for the development of the local economy and the communities which we serve.”

This merger is a significant development in the 100 year history of further education in Northern Ireland. The new Northern Regional College is well placed to provide learners, employers and the local community with a world class facility to satisfy all their educational needs and to realise its aim in establishing a reputation for outstanding quality in teaching, research and development, not just within Northern Ireland but nationally and internationally.

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Organisational Core Values

As a teaching and learning organisation the Northern Regional College is:

- Committed to supporting others
- Creative and innovative
- Customer focused
- Fair and have informed decision making
- Respectful of the environment
- Striving for excellence
- Value for money
- Valuing staff

Personal Work Core Values

Members of staff within the Northern Regional College are required to display the following personal work values in their every day work:

- Diligence
- Honesty
- Integrity
- Openness and transparency
- Reflective practice
- Respect
- Responsibility

Strategic Objectives

The strategic objectives for the College are as follows:

- Develop a curriculum which is focused on economic engagement and which is aligned to the needs of business, industry and the community.
- Develop an organisation and management structure appropriate to the needs of the new college.
- Implement the approved Information Learning Technology (ILT) strategy and address data management issues across all areas of the college activity.
- Develop an Estates Strategy appropriate to the strategic development of the new college.
- Ensure financial stability in order to support the achievement of the college's strategic agenda.
- Develop and support the continuous improvement of the entire student learning experience.

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Strategic Context

The strategic context in which the College operates was outlined in the College Development Plan 2007/08 – 2009/10.

The College is continuing to develop a curriculum which is appropriate to the existing and future needs of the community, business and industry. The currency and relevance of this is being considered through the curriculum:

- (i) being realigned in the context of the priorities for further and higher education, and training as outlined in DEL's strategy;
- (ii) being developed within a planning process which promotes continuous improvement through review and evaluation from strategic to course level, the setting of college, faculty, school and course aims and objectives, and the development of action plans;
- (iii) being focused on economic engagement;
- (iv) promoting access, inclusion and lifelong learning;
- (v) being focused on supporting the quality enhancement of the entire student learning experience; and
- (vi) being appropriately informed by an integrated and sophisticated approach to the gathering and presentation of market intelligence.

The College is developing a planning model which will encourage ownership of the process at all levels from the Governing Body to staff. The characteristics of such a model are:

- (i) a comprehensive strategic review of the College leading to agreement regarding the main areas for strategic development;
- (ii) to foster an ethos of teamwork and shared goals in the delivery of college strategy which facilitates the development of a good working relationship and sense of common purpose between the Governing Body and management team; and
- (iii) to encourage success through excellence and the achievement of recognised quality standards.

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The College intends to extend and sustain a network of key strategic partnerships and relationships in order to consider the nature and level of response. This is being achieved by:

- (i) the establishment of a coherent and fully integrated Customer Relationship Management (CRM) system linked to the Management Information System (MIS);
- (ii) an effective campus management structure which ensures that local needs are met and that development opportunities in the relevant community are maximised;
- (iii) the use of the Learning and Skills Development Agency (LSDA) model of employer engagement which categorises external links to help frame objectives in the campus, faculty and school plans;
- (iv) maintaining appropriate investment in the College's Centres of Excellence in order to maximise employer engagement and income generating opportunities;
- (v) the further development of links with employers and external bodies to develop a curriculum which is focused on economic engagement, and which promotes access, inclusion and lifelong learning;
- (vi) an effective system of quality improvement in the curriculum characterised by self evaluation and review, action planning, and robust monitoring;
- (vii) an effective marketing strategy which will be targeted on internal progression, promoting a curriculum which is differentiated from the schools, exploiting the opportunities presented by the Centres of Excellence, developing the links with schools, voluntary and statutory bodies and attracting new customers to a developing part-time vocational portfolio;
- (viii) the use of Northern Ireland Multiple Deprivation Measure (NIMDM) information to set targets and direct policies and resources more effectively in order to increase participation from small area concentrations of multiple deprivation;
- (ix) actively pursuing additional funding opportunities with new and existing partners which are in line with college strategy;
- (x) developing the VEP(Vocational Enhancement Programme) consortia and links with schools;
- (xi) developing the links with external support agencies such as, Disability Action, Royal National Institute for the Blind (RNIB), Action Mental Health, Cedar, specialist counselling services, such as, Carecall, and special needs careers officers; and
- (xii) developing the links with the National Union of Students (NUS) and The Union of Students in Ireland (USI).

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In particular the College is an active member of the Northern Region Workforce Development Forum.

The establishment of an appropriate and effective structure in the new college is fundamental in considering the nature and level of response which can be made to support the identified needs. The new structure will:

- (i) provide coherent leadership, aligned with the College's developmental priorities and will be flexible in response to change;
- (ii) facilitate the development of a curriculum which is current, relevant, focused on economic engagement, and which promotes access, inclusion and lifelong learning;
- (iii) facilitate the development and implementation of a Careers Education, Information, Advice and Guidance (CEIAG) and an additional learning support strategy for young people, adults, and those with learning difficulties and disabilities;
- (iv) facilitate the quality enhancement of the entire student learning experience; and
- (v) enable the College to extend and sustain a network of key strategic partnerships and relationships locally, regionally and internationally.

Review of Performance in 2007/08

At a bilateral meeting with DEL officials, the College's College Development Plan (CDP) performance in 2007/08 was reviewed and projections for 2008/09 were agreed.

The performance for 2007/08 can be summarised as follows:

07/08	FLUs	
	Target	Actual
Total excluding essential skills	5,550	5,209
Essential skills	250	259

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Financial Objectives

The College's key financial strategy adopted for 2007/08 was to maintain a break-even position for "normal operations", and the use of reserves to fund "exceptional merger costs".

Financial Position

The College generated a deficit on continuing operations in the year of £1,966k (2006/07 –deficit of £1,624). The result includes £1.7m for restructuring costs, of which £953k was funded by DEL. It is anticipated that the restructuring will realise efficiency savings of approximately £800k per year.

The College reported a historic cost deficit outturn of £659k compared with the College's original estimated deficit, as per the College Development Plan, of £599k.

The College has two subsidiaries, Causeway Childcare Ltd, a dormant company, and ABEC Ltd, a nursery within the Larne campus. Causeway Childcare Limited owed NRC £58k at 31 July 08 and ABEC Ltd owed NRC £9k at 31 July 08.

The College has an accumulated deficit on the income and expenditure reserve of £430k and cash balances of £7.7m. The College's current policy is to aim to achieve a break-even position on operating plans and to use reserves to fund exceptional costs associated with the merger.

The College has significant reliance on the DEL for its principal funding source, largely from recurrent grants. In 2007/08, DEL provided 62% of the College's total income through allocated recurrent grant. This represented 15.4% of the total recurrent grant available to the sector.

The College has tangible fixed assets with a net value of £66,035k. Land and buildings were subject to a professional valuation by Land and Property Services (LPS) on 1 August 2007. These valuations were then adjusted by indices provided by LPS to establish valuations at 31 July 2008 for the financial statements. In a difficult market and with limited sales evidence, the indices were determined using a consensus of valuer opinion and it was agreed that a reduction in land value of 40% between 1 August 2007 and 31 July 2008 was appropriate for the values placed on the sites of Further Education Colleges. LPS had no evidence to show any differential geographical changes in value and these indices have therefore been applied to all of the Further Education Colleges in Northern Ireland for their 2007/08 financial statements.

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Treasury Policies and Objectives

Treasury Management

The College's Treasury Management policy sets out a framework for cash management, long term investment and borrowing by the College. The College acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. The Treasury Management policy is to ensure the College has proper financial control, safeguards its assets and secures value for money. The College regards the successful identification, monitoring and control of risk to be the measure of the effectiveness of its Treasury Management Policy.

Cash Flows

At £661k (2006/07 £226k), operating cash inflow was strong.

Student Activities

The College had a total of 20,670 enrolments in (2006/07: 23,739), including 2,935 full-time and 17,735 part-time students. This represented a decrease of 13% in enrolments.

Curriculum Developments

In 2007/08 the main priority for the curriculum was maintenance of the existing provision and structures pending the restructuring of curriculum management and a thorough review of the curriculum offer. The creation of the new curriculum faculties, led by Heads of Faculty and supported by Principal Lecturers, was completed and became operational in June 2008. The completion of the structure through the appointment of Senior Lecturers will be finished by December 2008. A full and fundamental review of the curriculum will be undertaken at that stage.

Improvements to curriculum areas have been made in 2007/08 – for example, new hairdressing and beauty therapy accommodation has been opened in Ballymoney and this should allow the campus to meet the demand for places.

Partnerships with schools were further extended in 2007/08, the last year in which the College will receive funding directly from DEL for this provision. In future years schools will receive the funding and become purchasers of the provision offered by the College. This change in relationship will have implications for the quality and costing of courses.

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The College has played an active role on the Northern Region Workforce Development Forum, developing regional needs and priorities. In particular, working with employers to articulate required training and development needs in the region.

Payment Performance

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

Unless otherwise stated in the contract, payment is due within 30 days of receipt of the goods or services, on presentation of a valid invoice or similar demand, which ever is later. The College currently is unable to measure the average number of days taken to pay invoices.

Post Balance Sheet Events

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

Future Developments

Three economic appraisals of the options available for the future provision of fit for purpose accommodation at the College have been carried out. The result is that the preferred option for future development is the provision of:

- a new Skills Centre in Newtownabbey to replace the current Felden campus;
- a new fit for purpose facility in Coleraine to replace the current Coleraine and Ballymoney campuses;
- a new fit for purpose facility in Antrim;
- a single site in Ballymena; and
- the retention of the Magherafelt campus with planned maintenance and approved major and minor works.

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The Skills Centre in Newtownabbey is due to begin construction on and be completed by 2010. A Schedule of Accommodation is currently being revised to reflect service provision following merger. Once this Schedule of Accommodation is completed plans for the remainder of the estates strategy will be finalised.

Resources

The college has various resources at its disposal that it can deploy in pursuit of its objectives.

Estate

The College's estate includes campuses at:

Campus	Net Book Value £'000
Antrim	11,795
Ballymena – Farm Lodge	15,617
Ballymena – Trostan Avenue	4,606
Ballymoney	3,333
Coleraine	5,372
Felden (owned by DEL)	-
Larne	2,900
Magherafelt	5,821
Newtownabbey	15,854
Portrush (currently not utilised)	150
Total	65,448

Financial

Net assets at 31 July 2008 were £65m (including £4.2m net pension liability).

People

The College employs 795 people (expressed as full time equivalents), of whom 450 are teaching staff.

Principal Risks and Uncertainties

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

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent appraisal will review their effectiveness and

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2008

Principal Risks and Uncertainties (cont'd)

progress against risk mitigation actions.

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

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Continuity of the Governing Body
2. Recruitment of staff and quality of teaching
3. Financial constraints resulting in services not being effectively delivered or DEL break-even target not being achieved
4. The staff profile will not support College objectives
5. The College Estate is not fit for purpose to meet College objectives
6. Failure to recruit Head of MIS
7. Industrial Action by lecturing staff impacting adversely on the College
8. Training for Success Programme not achieving targets in a cost effective manner
9. Harmonisation of procedures not in place
10. Changes to DEL policy and related funding

Stakeholder Relationships

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

- students;
- the Department for Employment and Learning;
- staff;
- local employers (with specific links);
- local Councils;
- local schools;
- universities;
- Workforce Development Forum;
- Government Offices/ Regional Development Agencies;
- the local community;
- other FE institutions;
- Trade Unions; and
- professional bodies.

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Stakeholder Relationships (cont'd)

The College recognises the importance of these relationships and engages in regular communication with stakeholders.

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

Equality of Opportunity and Employment of Disabled Persons

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

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

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

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

Finances and Going Concern

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

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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.

Charitable and Taxation Status

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

Charitable/Political Donations

The College made no charitable or political donations during the year (2007: nil).

Professional Advisers

External Auditors: Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Internal Auditors: PricewaterhouseCoopers
Waterfront Plaza
8 Laganbank Road
BELFAST
BT1 3LR

Bankers: Northern Bank
1-2 Broadway
Ballymena
BT43 6EA

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Professional Advisers (cont'd)

Legal Advisors: Education and Library Board Solicitors
SEELB Headquarters
Block 1
Grahamsbridge Road
Dundonald
BT16 2HS
(From 1 August 2007 to 31 March 2008)

J Blair
Employment Law Solicitor
46 Hill St
Belfast
BT1 2LB

King & Gowdy
298 Upper Newtownards Rd
Belfast
BT4 3EU

Members

The members who served on the Governing Body from 1 August 2007 to 31 July 2008 are as follows:

Mrs K Collins
Mrs AM Campbell
Professor W Clarke (deceased 25 April 2008)
Mr S Davidson
Ms J Fullerton
Alderman P J McAvoy
Mr P McCudden
Mr T Neilands (Director) (appointed 14 September 2007)
Ms A Rankin
Mrs L Wallis
Mr A Henderson (Student Representative) (appointed 26 February 2008)
Mr A Watt (Staff Representative) (appointed 26 February 2008)
Ms C O'Neill (Staff Representative) (appointed 26 February 2008)
Mrs U O'Kane (appointed 3 April 2008)
Mr L Caul (appointed 3 April 2008)
Rev. T Jamieson (appointed 3 April 2008)

All members served from 1 August 2007 to 31 July 2008 unless otherwise indicated.

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Secretary to the Governing Body

Mr James Hunter acted as Secretary to the Governing Body throughout the year.

For and on behalf of the members of the Governing Body of the Northern Regional College.

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Acting Chair
Northern Regional College

14 January 2009

Date

NORTHERN REGIONAL COLLEGE CORPORATE GOVERNANCE AND ACCOUNTABILITY

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

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

Summary of the College's Structure of Corporate Governance

Governing Body

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

Audit Committee

The Audit Committee operates as an advisory body to the College's Governing Body and the Accounting Officer. The Audit Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The Committee met six times during the 2007/08 year to discuss reports from the External and Internal Auditors and the relevant responses. It also receives and considers reports from the Department for Employment and Learning.

It reviews the College's annual financial statements to ensure compliance with legislation and accounting standards. Whilst Executive Officers and other officials attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee can meet with auditors on their own for independent discussions.

**NORTHERN REGIONAL COLLEGE
CORPORATE GOVERNANCE AND ACCOUNTABILITY**

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, the investment of its funds, the receipt of its income and the expenditure thereof. The Committee also advises the Governing Body on the raising and guaranteeing of loans.

It is the duty of the Finance and General Purposes Committee to present a report of each meeting to the Governing Body.

Staffing Committee

The Staffing Committee is responsible for drawing up arrangements, for the recruitment, appointment and promotion of staff and ensuring that each member of staff serves under a contract of employment with the Governing Body. The Staffing Committee is also responsible for approving the emoluments of senior postholders.

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Accounting Officer
Northern Regional College

[14 January 2009](#)

Date

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

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

The Governing Body is responsible for preparing the annual report and financial statements in accordance with the Statement of Recommended Practice (SORP) Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards. In addition the Governing Body within the terms and conditions of the Financial Memorandum agreed between the Department for Employment and Learning (DEL) and the Governing Body of the College, the Governing Body, through its Chairman, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

The Governing Body is responsible for ensuring that funds from the Department are used only in accordance with the Financial Memorandum agreed with the Department and other conditions that 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 economical, 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.

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CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE HOUSE OF COMMONS AND THE NORTHERN IRELAND
ASSEMBLY
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STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

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

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

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

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

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CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE HOUSE OF COMMONS AND THE NORTHERN IRELAND
ASSEMBLY
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The Risk and Control Framework

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

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

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

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

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

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

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 CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
 GENERAL TO THE HOUSE OF COMMONS AND THE NORTHERN IRELAND
 ASSEMBLY
 FOR THE YEAR ENDED 31 JULY 2008**

Review of Effectiveness

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

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

Significant Internal Control Problems

Internal audit carried out reviews on a number of planned areas in the year 2007/08 and to 31 December 2008. The assurance rating by area reviewed is set out in the table below:

Key process	Assurance rating
Financial Controls	Satisfactory
IT Infrastructure & Computer Related Controls	Satisfactory
FE Fees & Enrolments	Limited
Training for Success	Limited
Security of Assets & Delivery Arrangements	Unacceptable
Estate Management, Maintenance Planning and Energy Management	Unacceptable

The priority issues identified in the audit of FE Fees and Enrolments were debt management and the maintenance of registers. Registers were unable to be inspected at the time of audit due to the Lecturers' industrial action. This action has been suspended and management are in the process of retrieving registers at present. A Credit Control Officer has been identified in the proposed finance structure to address any weaknesses in the debt management process.

The priority issues identified in the audit of Training for Success were consolidation of programme delivery, reimbursement of travel expenses and programme income and expenditure projections. A Training Manager has been appointed and is currently developing policies and procedures to consolidate programme delivery.

The issue of re-imburement of travel expenses has been fully addressed and income and expenditure projections are now being prepared centrally.

**NORTHERN REGIONAL COLLEGE
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE HOUSE OF COMMONS AND THE NORTHERN IRELAND
ASSEMBLY
FOR THE YEAR ENDED 31 JULY 2008**

Significant Internal Control Problems (Cont'd)

The priority issues identified in the audit of Security of Assets & Delivery Arrangements were procedural guidance and policy documentation, College inventory listings and the ordering of assets.

An Estates Manager has been appointed and is currently developing policies and procedures. College inventory lists were unavailable at the time of the audit review, due to the relocation of the finance department, and are now available. A Purchasing Officer has been appointed to address any issues regarding the ordering of assets.

The priority issues identified in the audit of Estate Management, Maintenance Planning and Energy Management were the estates management structure, formalisation of estates management operations, reactive maintenance and maintenance contracts.

The Estates Department has lost a number of key staff on a temporary basis in the first half of 2008/09 due to accidents. The staffing issue is being reviewed on a monthly basis with a temporary and a permanent appointment being made. This has delayed the setting of an estates action plan, however management are committed to establishing an action plan as soon as possible. The College is in the process of implementing the Archibus Facilities Management system which will support the adequacy and effectiveness of the reactive maintenance process. The College is currently reviewing estates contracts as existing contracts come to an end.

The Internal Auditor reported that:

“We have received positive responses from management on all issues raised and we are aware that improvements and enhancements in controls have already been and are being made”.

An area of concern highlighted as part to the Risk Management Process is the lack of a disaster recovery plan. This weakness will be addressed in the year 2008/09.

14 January 2009

Accounting Officer
Northern Regional College

Date

**NORTHERN REGIONAL COLLEGE
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE HOUSE OF COMMONS AND THE NORTHERN IRELAND
ASSEMBLY
FOR THE YEAR ENDED 31 JULY 2008**

I certify that we have audited the financial statements of Northern Regional College (“the College”) for the year ended 31 July 2008 under the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Historical Cost Surpluses and Deficits and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

**Respective responsibilities of the Governing Body, Chief Executive,
Accounting Officer and auditor**

The Governing Body is responsible for preparing the Annual Report and the financial statements in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards and for ensuring the income and expenditure have been applied for the purposes intended by the Assembly. These responsibilities are set out in the Statement of The Responsibilities of the Governing Body.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards. I report to you whether, in our opinion, the information, which comprises the Operating and Financial Review, the Statement of Corporate Governance and Accountability, the Statement of Responsibilities of the Governing Body and the Accounting Officer’s report to the Governing Body, included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

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

**NORTHERN REGIONAL COLLEGE
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE HOUSE OF COMMONS AND THE NORTHERN IRELAND
ASSEMBLY
FOR THE YEAR ENDED 31 JULY 2008**

**Respective responsibilities of the Governing Body, Chief Executive,
Accounting Officer and auditor (cont'd)**

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Operating and Financial Review, the Statement of Corporate Governance and Accountability, the Statement of Responsibilities of the Governing Body and the Accounting Officer's report to the Governing Body. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

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

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

**NORTHERN REGIONAL COLLEGE
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE HOUSE OF COMMONS AND THE NORTHERN IRELAND
ASSEMBLY
FOR THE YEAR ENDED 31 JULY 2008**

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards, of the state of the College's affairs as at 31 July 2008 and of its net operating costs, the cash flows and recognised gains and losses for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards and Personnel directions made thereunder; and
- information, which comprises the Operating and Financial Review, the Statement of Corporate Governance and Accountability, the Statement of Responsibilities of the Governing Body and the Accounting Officer's report to the Governing Body, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

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

Report

We have no observations to make on these financial statements.

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

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

	Notes	2008 £'000	2007 £'000
Income			
Department for Employment & Learning grants	2	27,642	25,575
Education contracts	3	4,281	5,782
Tuition fees and charges	4	2,310	2,214
Other grant income	5	149	126
Other operating income	6	803	919
Investment income	7	363	278
		<hr/>	<hr/>
Total income		35,548	34,894
Expenditure			
Staff costs	8	24,348	24,375
Other operating expenses	10	9,544	9,803
Depreciation	15	1,885	1,999
Interest payable	11	33	26
		<hr/>	<hr/>
Total expenditure before exceptional items		35,810	36,203
		<hr/>	<hr/>
Deficit on continuing operations after depreciation of assets at valuation and before tax and before exceptional items		(262)	(1,309)
Exceptional items:			
Exceptional restructuring costs (staff)	12	1,704	204
Exceptional restructuring costs (non-staff)	12	-	111
		<hr/>	<hr/>
Deficit on continuing operations after depreciation of assets at valuation and tax	14	(1,966)	(1,624)
		<hr/>	<hr/>

All amounts above relate to the continuing operations of the College. The results for the year ended 31 July 2007 have been restated to reflect the College merger and uniformity in accounting policies as required by FRS 6: Acquisitions and Mergers.

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

**NORTHERN REGIONAL COLLEGE
STATEMENT OF HISTORIC COST SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 JULY 2008**

	Notes	2008 £'000	2007 £'000
Deficit on continuing operations after depreciation of assets at valuation	14	(1,966)	(1,624)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	24	1,307	1,345
		<hr/>	<hr/>
Historic cost deficit for the year		(659)	(279)
		<hr/>	<hr/>

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

**NORTHERN REGIONAL COLLEGE
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2008**

	Notes	2008 £'000	2007 £'000
Deficit on continuing operations after depreciation of assets at valuation and tax	14	(1,966)	(1,624)
Unrealised surplus on revaluation of properties	15	30,918	-
Actuarial (loss)/gain in respect of pension scheme	26	(1,203)	2,327
		<hr/>	<hr/>
Total recognised gains since last report		27,749	703
 Reconciliation			
Opening reserves		34,819	34,116
Total recognised gain for the year		27,749	703
		<hr/>	<hr/>
Closing reserves		62,568	34,819
		<hr/>	<hr/>

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

**NORTHERN REGIONAL COLLEGE
BALANCE SHEET
AS AT 31 JULY 2008**

	Notes	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	15	66,035	36,457
		<hr/>	<hr/>
Current assets			
Debtors	17	1,974	2,327
Cash at bank and in hand	18	7,686	6,814
		<hr/>	<hr/>
Creditors: amounts falling due within one year	19	(6,127)	(5,116)
		<hr/>	<hr/>
Net current assets		3,533	4,025
Total assets less current liabilities		69,568	40,482
Creditors: amounts falling due after one year	20	-	(1)
Provision for liabilities	21	(30)	(93)
		<hr/>	<hr/>
NET ASSETS EXCLUDING PENSION LIABILITY		69,538	40,388
Net pension liability	26	(4,211)	(2,848)
		<hr/>	<hr/>
NET ASSETS INCLUDING PENSION LIABILITY		65,327	37,540
		<hr/>	<hr/>
Deferred capital grants	22	2,726	2,690
Endowments	23	33	31
		<hr/>	<hr/>
Income and expenditure account excluding pension reserve	25	3,781	4,280
Pension reserve		(4,211)	(2,848)
		<hr/>	<hr/>
Income and expenditure account including pension reserve		(430)	1,432
Revaluation reserve	24	62,998	33,387
		<hr/>	<hr/>
Total reserves		62,568	34,819
TOTAL		65,327	37,540
		<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE
BALANCE SHEET
AS AT 31 JULY 2008**

The financial statements on pages 25 to 61 were approved by the Governing Body of the Northern Regional College on 14 January 2009 and were signed on its behalf on that date by:

Acting Chair
Northern Regional College

Director
Northern Regional College

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

**NORTHERN REGIONAL COLLEGE
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2008**

	Notes	2008 £'000	2007 £'000
Cash inflow from operating activities	28(i)	661	226
Returns on investment and servicing of finance	28(ii)	363	259
Taxation		-	-
Capital expenditure and financial investment	28(iii)	(152)	(215)
		<hr/>	<hr/>
Increase in cash in the year	28(iv)	872	270
		<hr/>	<hr/>
		2008 £'000	2007 £'000
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year		872	270
Cash outflow from repayment of finance leases		(5)	(5)
		<hr/>	<hr/>
Movement in net funds		867	265
Net funds at 1 August		6,807	6,542
		<hr/>	<hr/>
Net funds at 31 July	28(iv)	7,674	6,807
		<hr/>	<hr/>

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

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

1. STATEMENT OF ACCOUNTING POLICIES

Statement of Accounting Policies

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

Basis of Preparation

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

Basis of Accounting

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

Merger Accounting

On 1st August 2007, Causeway Institute, East Antrim Institute of Further and Higher Education and North East Institute of Further and Higher Education were merged to form Northern Regional College. Under the requirements of FRS 6, Acquisitions and Mergers, the accounts have been prepared on the basis of merger accounting (DEL Circular FE 03/07 also refers). The statutory accounts for the 12 month period from 1 August 2007 to 31 July 2008 reflect the position of the new regional college and the comparative figures for 2006/07 are the consolidated figures of the three former colleges. Further details are provided in Note 27.

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

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Recognition of income

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

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

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

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

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

Pension scheme

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

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

NILGOSC is a defined benefit schemes 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 contribution 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

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

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Pension scheme (cont'd)

and are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals. The College has fully adopted FRS17 'Retirement Benefits' during the year. The impact of this standard has been reflected throughout the financial statements. Prior year comparatives have been restated where appropriate.

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

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

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. Properties that are surplus to requirements are valued on the open market value. Valuations are acquired on a regular basis, with a professional valuation being undertaken by a qualified valuer every five years, and an interim after a full valuation by a qualified valuer. 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. 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.

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

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Tangible fixed assets (cont'd)

▪ **Assets in the course of construction**

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

▪ **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
Fixtures and fittings	- seven years

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

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 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.

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

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Investments

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

Foreign currency translation

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

Taxation

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

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

Agency arrangements

The College acts as an agent in the collection and payment of Support Funds. Related payments received from DEL and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 33.

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

2. DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS

	2008	2007
	£'000	£'000
Recurrent grant	22,028	20,666
Release of deferred capital grants	356	465
VEP	1,837	1,181
Health & safety/major works/minor works/SLDD	555	848
Teachers' superannuation contribution	465	636
Redundancy payment contribution	952	-
Release of ICT & FEP capital funds	414	129
ICT Recurrent	-	353
Training centre operations	458	427
Essential skills	61	578
Foundation degree	107	71
ASF fund	298	110
Educational maintenance allowance	36	45
Care to learn	-	15
Cultural diversity	37	4
Other	38	47
	<hr/>	<hr/>
	27,642	25,575
	<hr/>	<hr/>

3. EDUCATION CONTRACTS

	2008	2007
	£'000	£'000
Schools Link Courses	163	362
DEL – Jobskills/Training for Success	3,778	4,943
DEL – New Deal	84	202
ETT Income	233	275
Curriculum Development	23	-
	<hr/>	<hr/>
	4,281	5,782
	<hr/>	<hr/>

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

4. TUITION FEES AND CHARGES

Home and other European Union	2,310	2,214
	<hr/>	<hr/>
	2,310	2,214
	<hr/>	<hr/>

5. OTHER GRANT INCOME

European funds	36	79
Other grant income	113	47
	<hr/>	<hr/>
	149	126
	<hr/>	<hr/>

6. OTHER OPERATING INCOME

Catering and residence operations	461	478
Other income generating activities	246	200
Other income	96	241
	<hr/>	<hr/>
	803	919
	<hr/>	<hr/>

7. INVESTMENT INCOME

	2008	2007
	£'000	£'000
Bank interest	363	273
Pension finance income	-	5
	<hr/>	<hr/>
	363	278
	<hr/>	<hr/>

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

8. STAFF COSTS

The average number of persons (including senior post-holders) employed by the College during the year, expressed as full-time equivalents was:

	2008 Number	2007 Number
Direct teaching	450	437
Direct support staff	129	126
Administration	144	178
Premises	55	67
Catering	17	12
	<hr/>	<hr/>
	795	820

Staff costs for the above persons:

	2008 £'000	2007 £'000
Direct teaching	15,123	14,810
Direct support	2,736	2,752
Administration	4,879	5,278
Premises	1,171	1,106
Catering	311	243
FRS 17 adjustment (note 26)	128	186
	<hr/>	<hr/>
	24,348	24,375
Exceptional staff costs (redundancy)	1,704	204
	<hr/>	<hr/>
	26,052	24,579

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

8. STAFF COSTS (cont'd)

	2008	2007
	£'000	£'000
Wages & salaries	20,318	20,492
Social security costs	1,586	1,419
Other pension costs	2,444	2,464
	<u>24,348</u>	<u>24,375</u>
Exceptional staff costs (redundancy cost)	419	204
Exceptional staff costs (enhanced pension cost)	1,285	-
	<u>1,704</u>	<u>204</u>
Staff costs	<u>26,052</u>	<u>24,579</u>

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

	2008		2007	
	Number senior post-holders	Number other staff	Number senior post-holders	Number other staff
£50,001 to £60,000	-	27	8	14
£60,001 to £70,000	-	7	3	2
£70,001 to £80,000	2	-	-	3
£80,001 to £90,000	2	1	1	-
£90,001 to £100,000	-	-	2	1
£100,001 to £140,000	1	-	1	-
	<u>5</u>	<u>35</u>	<u>15</u>	<u>20</u>

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

8. STAFF COSTS (cont'd)

The following pay awards were awarded during the year 2007/08:

Group of staff	Increase	Effective date
Director	2%	1 September 2007
	2%	1 September 2006
	1.5%	1 September 2005
Deputy director	2%	1 September 2007
	2%	1 September 2006
Lecturing staff	2%	1 September 2007
	2%	1 September 2006
Lecturers and senior lecturers on the relevant threshold pay point	£140	One-off non-consolidated payment
Support staff	2.475%	1 April 2007

9. SENIOR POST-HOLDERS' EMOLUMENTS

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

	2008 Number	2007 Number
The number of senior post-holders including the Director was:	5	8
	2008 £'000	2007 £'000
Salaries	380	564
Pension contributions	52	71
	<hr/>	<hr/>
Total emoluments	432	635
	<hr/>	<hr/>

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

9. SENIOR POST-HOLDERS' EMOLUMENTS (Cont'd)

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

	2008 £'000	2007 £'000
Salaries	120	86
Pension contributions	16	11
	<hr/>	<hr/>
Total emoluments	136	97
	<hr/>	<hr/>

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

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

Overseas activities

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

	Total cost £'000	Contributions received £'000	Net costs to College £'000
Senior post-holders and other staff	8	5	3
	<hr/>	<hr/>	<hr/>

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

10. OTHER OPERATING EXPENSES

	2008	2007
	£'000	£'000
Direct teaching	969	776
Direct support	2,886	3,386
Administration	1,913	1,946
Premises costs	3,776	3,695
	<hr/>	<hr/>
	9,544	9,803
	<hr/>	<hr/>
Other operating expenses include:		
Auditors' remuneration:		
External audit	25	21
Internal audit	25	29
Hire of plant and machinery - operating leases	22	27
	<hr/>	<hr/>

11. INTEREST PAYABLE

Pension finance cost	32	25
Finance lease	1	1
	<hr/>	<hr/>
	33	26
	<hr/>	<hr/>

12. EXCEPTIONAL ITEMS

Exceptional restructuring costs (staff)	419	204
Exceptional pension costs	1,285	
Exceptional restructuring costs (non-staff)	-	111
	<hr/>	<hr/>
	1,704	315
	<hr/>	<hr/>

13. TAXATION

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

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

14. DEFICIT ON CONTINUING OPERATIONS FOR THE YEAR

The deficit on continuing operations for the year is made up as follows:

	2008 £'000	2007 £'000
College's deficit for the year	(1,966)	(1,624)
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	(1,966)	(1,624)
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**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

15. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and machinery £'000	Computer and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
At 1 August 2007	41,706	1,748	3,434	479	119	47,486
Revaluation	23,470	-	-	-	-	23,470
Additions	272	-	257	8	8	545
Disposals	-	-	-	-	-	-
At 31 July 2008	<u>65,448</u>	<u>1,748</u>	<u>3,691</u>	<u>487</u>	<u>127</u>	<u>71,501</u>
Depreciation						
At 1 August 2007	6,050	1,381	3,170	332	96	11,029
Revaluation	(7,448)	-	-	-	-	(7,448)
Charge for the year	1,398	178	222	70	17	1,885
Disposals	-	-	-	-	-	-
At 31 July 2008	<u>-</u>	<u>1,559</u>	<u>3,392</u>	<u>402</u>	<u>113</u>	<u>5,466</u>
Net book value						
At 31 July 2008	<u>65,448</u>	<u>189</u>	<u>299</u>	<u>85</u>	<u>14</u>	<u>66,035</u>
Net book value At 31 July 2007	<u>35,656</u>	<u>367</u>	<u>264</u>	<u>147</u>	<u>23</u>	<u>36,457</u>

Land and buildings were subject to an independent professional valuation, in accordance with DEL specifications, by Land and Property Services (LPS) on 1 August 2007 on a depreciated replacement cost basis resulting in an upward revaluation of £49m. These valuations have subsequently been updated by indices provided by LPS to establish valuations at 31 July 2008 for the financial statements, resulting in a downward revision of £18m. The net result is an upward revaluation of £31m. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

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

15. TANGIBLE FIXED ASSETS (Cont'd)

In a difficult market and with limited sales evidence, the indices were determined using a consensus of valuer opinion and it was agreed that a reduction in land value of 40% between 1 August 2007 and 31 July 2008 was appropriate for the values placed on the sites of Further Education Colleges. LPS had no evidence to show any differential geographical changes in value and these indices have therefore been applied to all of the Further Education Colleges in Northern Ireland for their 2007/08 financial statements.

Included in freehold land and buildings is £272k of assets under construction. These are accounted for in line with policy detailed in Note 1.

If inherited land and buildings had not been revalued they would have been included at the following amounts:

	2008	2007
	£'000	£'000
Cost	2,695	2,422
Aggregate depreciation based on cost	230	140
	<hr/>	<hr/>
Net book value based on cost	2,465	2,282
	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £3k (2007: £12k) in respect of assets held under finance leases.

The depreciation charge for the year is analysed as follows:

	2008	2007
	£'000	£'000
Owned assets	1,882	1,992
Assets held under finance leases	3	7
	<hr/>	<hr/>
	1,885	1,999
	<hr/>	<hr/>

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

16. INVESTMENTS

The College has two subsidiaries, Causeway Childcare Ltd, a dormant company, and ABEC Ltd, a nursery within the Larne campus. Both companies are childcare facilities.

The college is exempt from preparing group accounts on the grounds of materiality and consequently these financial statements present information about the college as an individual undertaking and not about its group.

Effective control of each company is exercised by Northern Regional College. In this respect, the College, as a corporate body (and expressly not the directors of either Causeway Childcare Limited or ABEC Childcare Limited) provides guarantees on behalf of the subsidiary companies.

Causeway Childcare - Amount owing to NRC at 31 July 08 £58k
ABEC Childcare - Amount owing to NRC at 31 July 08 £9k

17. DEBTORS

	2008	2007
	£'000	£'000
Amounts falling due within one year		
Amounts due from DEL	1,227	391
Trade debtors	417	527
Other debtors	11	30
Amounts due from subsidiaries	67	42
Prepayments and accrued income	252	1,337
	<hr/>	<hr/>
	1,974	2,327
	<hr/>	<hr/>

Total losses for the year were £242. This related to one bad debt write off.

18. CASH AT BANK AND IN HAND

Cash held on behalf of DEL	1,400	1,400
Cash at bank	6,286	5,414
	<hr/>	<hr/>
	7,686	6,814
	<hr/>	<hr/>

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

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	447	173
Other taxation and social security	545	588
Accruals	2,337	1,480
DEL creditor	1,630	1,706
Other creditors	1,156	1,164
HP creditor	12	5
	<hr/>	<hr/>
	6,127	5,116
	<hr/>	<hr/>

20. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2008	2007
	£'000	£'000
Obligations under finance leases	-	1
	<hr/>	<hr/>
	-	1
	<hr/>	<hr/>

21. PROVISIONS FOR LIABILITIES AND CHARGES

Legal expenses	2008	2007
	£'000	£'000
At 1 August	93	120
Utilisation in year	(93)	(31)
Provided in year	30	4
	<hr/>	<hr/>
At 31 July	30	93
	<hr/>	<hr/>

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

22. DEFERRED CAPITAL GRANTS

	DEL £'000	Other £'000	Total £'000
At 1 August 2007	2,601	89	2,690
Cash received	393	-	393
Released to income and expenditure account	(309)	(48)	(357)
At 31 July 2008	2,685	41	2,726
Land and buildings	2,464	-	2,464
Other	221	41	262
Total	2,685	41	2,726

23. ENDOWMENTS

	2008 £'000	2007 £'000
At 1 August	31	29
Income for year	2	2
At 31 July	33	31

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

24. REVALUATION RESERVE

	2008 £'000	2007 £'000
At 1 August	33,387	34,732
Revaluation of properties	30,918	-
Transfer to income and expenditure account	(1,307)	(1,345)
	<hr/>	<hr/>
At 31 July	62,998	33,387
	<hr/>	<hr/>

25. INCOME AND EXPENDITURE ACCOUNT

	2008 £'000	2007 £'000
At 1 August	1,432	(616)
Transfer from revaluation reserve	1,307	1,345
Deficit on continuing operations after depreciation of assets at valuation and tax	(1,966)	(1,624)
Actuarial (loss)/gain on pension scheme	(1,203)	2,327
	<hr/>	<hr/>
At 31 July	(430)	1,432
	<hr/>	<hr/>
Balance represented by:		
Income and expenditure reserve excluding pension reserve	3,781	4,280
Pension reserve	(4,211)	(2,848)
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At 31 July	(430)	1,432
	<hr/>	<hr/>

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

26. PENSION AND SIMILAR OBLIGATIONS

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

	2008	2007
	£000	£000
NITSS: contributions paid	1,721	1,533
NILGOSC: Contributions paid	595	549
NILGOSC: RS 17 charge	128	382
NILGOSC charge to the income and expenditure account (staff costs)	<u>723</u>	<u>931</u>
Enhanced pension charge to income and expenditure account (staff costs)	1,285	-
Total pension cost for year	<u>3,729</u>	<u>2,464</u>

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

NITSS

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

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

The Government Actuary's Department values the scheme every 4 years with an interim valuation in the intervening 2-year period using the projected accrued benefit method. The latest full valuation to be completed was as at 31 March 2004, with an interim valuation completed as at 31 March 2006. The interim actuarial valuation as at 31 March 2006 valued the accrued pension scheme liability at £6.35 billion.

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

26. PENSION AND SIMILAR OBLIGATIONS (Cont'd)

From 1 July 2007 to 31 March 2008, the employers' contribution rate was 14.15% and employees' contributions were 6% of pensionable pay. From 1 April 2008 the employers' contribution rate is 13.6% and the employees' contribution rate is 6.4% of pensionable pay. This is to account for changes introduced to the NITSS from this date.

FRS 17

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

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

NILGOSC

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

FRS 17

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

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

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

26. PENSION AND SIMILAR OBLIGATIONS (Cont'd)

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

	As at 31 July 2008	As at 31 July 2007
Current pensioners		
Males	19.6	18.4
Females	22.5	21.3
Future Pensioners		
Males	20.7	19.6
Females	23.6	22.5

The amounts recognised in the balance sheet are as follows:

	2008 £'000	2007 £'000
Fair value of plan assets	13,231	13,570
Present value of funded obligations	(17,404)	(16,381)
	(4,173)	(2,811)
Present value of unfunded obligations	(38)	(37)
Unrecognised past service cost	-	-
Net liability	(4,211)	(2,848)

Analysis of the amount charged to income and expenditure account

	2008 £'000	2007 £'000
Employer service cost (net of employee contributions)	723	929
Past service cost	-	-
Total operating charge	<u>723</u>	<u>929</u>

Analysis of pension finance costs

Expected return on pension scheme assets	1,015	837
Interest on pension liabilities	(971)	(862)
Losses on curtailments and settlements	(78)	-
Pension finance costs	<u>(34)</u>	<u>(25)</u>
Actual return on plan assets	<u>(918)</u>	<u>1,309</u>

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

26. PENSION AND SIMILAR OBLIGATIONS (Cont'd)

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

	2008	2007
	£'000	£'000
Actuarial (loss)/gain recognised in STRGL	<u>(1,203)</u>	<u>2,327</u>

Asset and liability reconciliation

	2008	2007
	£'000	£'000
Reconciliation of liabilities		
Liabilities at start of period	16,418	16,432
Service cost	723	928
Interest cost	971	862
Employee contributions	269	281
Actuarial (gain)/loss	(668)	(1,855)
Benefits paid	(349)	(230)
Past service cost	-	-
Curtailments and settlements	78	-
Liabilities at end of period	<u>17,442</u>	<u>16,418</u>

Assets at start of period	13,570	11,663
Expected return on assets	1,015	837
Contribution in respect of Unfunded Benefits	2	2
Actuarial gain/(loss)	(1,871)	472
Employer contributions	595	544
Employee contributions	269	281
Benefits paid	(349)	(229)
Settlements	-	-
Assets at end of period	<u>13,231</u>	<u>13,570</u>

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

26. PENSION AND SIMILAR OBLIGATIONS (Cont'd)

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

	Expected return			Fair value of assets		
	2008	2007	2006	2008	2007	2006
	%	%	%	£'000	£'000	£'000
Equities	7.8	8.0	7.7	10,127	10,010	8,592
Bonds	5.7	5.2	4.7	1,787	2,187	1,806
Property	5.7	6.0	5.7	1,059	1,129	1,027
Cash	4.8	5.1	4.8	258	244	240

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

	2008	2007	2006	2005
	£'000	£'000	£'000	£'000
Fair value of plan assets	13,231	13,570	11,663	9,781
Present value of defined benefit obligation	(17,442)	(16,418)	(16,432)	(14,143)
Surplus/(deficit)	(4,211)	(2,848)	(4,769)	(4,362)
Experience (losses)/gain on assets	(1,871)	472	716	960
Experience gain on liabilities *	(287)	-	-	(28)

* The difference between the Experience gains/(losses) on liabilities for 2007/08 (negative £287k) and Actuarial gains/(losses) on liabilities (positive £668k) is explained by the change in assumptions underlying the present value of the scheme liabilities:-

A negative item of £585k in respect of the change in mortality assumptions compared to the 2007 report; and a positive item of £1,540k in respect of the change in financial assumptions compared to the 2007 FRS17 report.

The estimated amounts of contribution to be paid to the scheme during the next financial period 2008/09 is approximately £654,000.

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

27. MERGER ACCOUNTING

The Causeway Institute, East Antrim Institute of Further and Higher Education and North East Institute of Further and Higher Education merged on 1 August 2007 to form Northern Regional College. This has been accounted for as a merger.

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

College income and expenditure accounts for the year ended 31 July 2007

	Causeway Institute	EAI	NEI	Total
	£'000	£'000	£'000	£'000
Total income	7,833	10,814	16,247	34,894
Total expenditure				
Before exceptional items	8,157	10,986	17,060	36,203
Exceptional items	-	40	275	315
Deficit on continuing operations after depreciation of assets at valuation and before tax	<u>(324)</u>	<u>(212)</u>	<u>(1,088)</u>	<u>(1,624)</u>
Loss on disposal of assets	-	-	-	-
Deficit on continuing operations after depreciation of assets at valuation and disposal of assets but before tax	<u>(324)</u>	<u>(212)</u>	<u>(1,088)</u>	<u>(1,624)</u>
Taxation	-	-	-	-
Deficit on continuing operations after depreciation of assets at valuation and tax	<u>(324)</u>	<u>(212)</u>	<u>(1,088)</u>	<u>(1,624)</u>

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

27. MERGER ACCOUNTING (Cont'd)

**College statement of total recognised gains and losses for the year ended
31 July 2007**

	Causeway Institute £'000	EAI £'000	NEI £'000	Total £'000
Deficit on continuing operations after depreciation of assets at valuation and tax	(324)	(212)	(1,088)	(1,624)
Unrealised surplus on revaluation of fixed assets	-	-	-	-
Actuarial gain in respect of pension scheme				
	<u>348</u>	<u>642</u>	<u>1,337</u>	<u>2,327</u>
Total recognised gains since last report	<u><u>24</u></u>	<u><u>430</u></u>	<u><u>249</u></u>	<u><u>703</u></u>

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

Net assets at 31 July 2007

	Causeway Institute £'000	EAI £'000	NEI £'000	Total £'000
Net assets	<u>9,403</u>	<u>11,556</u>	<u>16,581</u>	<u>37,540</u>

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

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

28. NOTES TO THE CASH FLOW STATEMENT

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

	2008	2007
	£'000	£'000
Deficit on continuing operations after depreciation of assets at valuation	(1,966)	(1,624)
Depreciation (note 15)	1,885	1,999
Deferred capital grants released to income (note 22)	(356)	(643)
Decrease/(Increase) in debtors	353	(183)
Increase in creditors	948	550
Interest receivable (note 7)	(363)	(278)
Increase in pension liability	160	405
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Net cash inflow from operating activities	661	226
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Cashflow for exceptional items is included in increase in creditors. Payment of exceptional items occurred post year end.

(ii) Returns on investments and servicing of finance

	2008	2007
	£'000	£'000
Interest received	363	259
	<hr/>	<hr/>
	363	259
	<hr/>	<hr/>

(iii) Capital expenditure and financial investment

Payments to acquire tangible fixed assets	(545)	(343)
Capital grants received	393	183
Capital grants surrendered	-	(55)
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	(152)	(215)
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**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008**

28. NOTES TO THE CASH FLOW STATEMENT (cont'd)

(iv) Analysis of net funds

	At 1 August 2007 £'000	Cashflows £'000	At 31 July 2008 £'000
Cash	6,814	872	7,686
HP Creditor	(7)	(5)	(12)
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	6,807	867	7,674
	<hr/>	<hr/>	<hr/>

29. MAJOR NON-CASH TRANSACTIONS

During the year the College made an accrual of £1,628k for future restructuring costs.

30. POST BALANCE SHEET EVENTS

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

31. CAPITAL COMMITMENTS

There are no capital commitments at 31 July 2008.

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

32. RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local 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.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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32. RELATED PARTY TRANSACTIONS (cont'd)

	Related organisation	Position in related organisation	Amount paid 2008 £'000	Amount paid 2007 £'000	Nature of transactions	Amount outstanding at 31 July 2008 £'000	Amount outstanding at 31 July 2007 £'000
A. Rankin Governor W. Clarke Governor	University of Ulster	Deputy Director of Finance Provost (Jordanstown & Belfast)	126	128	Accreditation and examination fees	9	5
S. Davidson Governor	Henderson Group	Director of Human Resources	34	39	Goods for catering service	-	-
U. O'Kane Governor T. Jamieson Governor P.J. McAvoy Governor	NEELB	Members of the Board	6	10	Hire of facilities	-	-0
ABEC Childcare Ltd Subsidiary Company	Company limited by NRC guarantee	-	-	-	-	9	9
Causeway Childcare Ltd Subsidiary Company	Company limited by NRC guarantee	-	-	163	Wages	58	63

It should be noted that the payments were made from the College to the Company/organisation and not to the Governors personally.

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

33. SUPPORT FUNDS (DISCRETIONARY)

	Year Ended 31 July 2008 £'000	Year Ended 31 July 2007 £'000
Balance at 31 July	82	44
DEL grants	204	245
Disbursed to students	(62)	(207)
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Balance at 31 July	224	82
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Support Funds (Discretionary) are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

34. LOSSES AND SPECIAL PAYMENTS

	Year Ended 31 July 2008 £
Losses and special payments	104,557
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Ex-Gratia payment (1 case) – staff tribunal decision	104,315
Other minor loss (1 case) – bad debt written-off during year	242
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	104,557
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The special payment of £104,315 was paid in two installments £93k in 2007-08 and £11k in 2006-07.