

**NORTHERN REGIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2010**

*The Accounting Officer authorised these  
Financial statements for issue*

*on*

*22 November 2010*

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

*on*

*2010*



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# **NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2010**

## **Introduction**

Northern Regional College (the College) is an autonomous organisation established under the Further Education (Northern Ireland) Order 1997. The College was established on the 1st August 2007 by the merger of the Causeway Institute, East Antrim Institute of Further and Higher Education and North East Institute of Further and Higher Education. The College covers campuses currently at Antrim, Ballymena, Ballymoney, Coleraine, Felden, Larne, Magherafelt and Newtownabbey.

## **Statement of Aspiration**

The aspirations of Northern Regional College are to:

- put the learner at the heart of all that we do;
- be a responsive and indispensable resource for the community and the local economy;
- develop and support a professional workforce which can deliver a high quality service and respond positively to new challenges;
- achieve maximum efficiency in the delivery of all aspects of our business.

## **Our Learners**

The College exists for its learners. We provide stimulating learning experiences for all learners which enables them to pursue rewarding lives and careers.

We wish to attract learners of all ages and backgrounds and provide them with a personalised learning experience, which allows them to develop the skills, knowledge and attributes necessary for successful outcomes, such as progression to further study, employment or personal development.

Recognising the central importance of a positive learning experience for all students, we are further developing mechanisms for ensuring that the student voice is valued and influential in relation to curriculum provision, student support and facilities. The College aims to maximise all opportunities to recognise and promote student achievement.

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Continuing successful student achievement requires a dynamic, responsive and flexible curriculum provision. The College works closely with business and industry, higher education institutions, schools and other stakeholders to ensure that the College's provision is attractive and relevant and leads to the desired outcomes.

In all of our provision we seek to achieve the highest standards of excellence as defined by ETI, QAA and other appropriate indicators of quality.

**Our Relationships**

NRC sees itself as a major and indispensable resource for its local communities, essential to the economic well-being of the area which it serves and having a key role in the delivery of the Northern Ireland Skills Strategy. We are therefore committed to working closely with all our stakeholders, participating actively in all relevant local fora, and using our resources to respond positively and flexibly to identified need.

We believe that we can only meet the needs of the very diverse customer base which we serve by working effectively in key partnerships. We are building on our existing reputation as a good partner and continue to develop successful relationships with major employers, Councils, Local Enterprise Agencies, public and voluntary sector organisations, schools, universities and other colleges.

NRC is active in promoting beneficial collaboration between Colleges and makes a positive contribution to promoting and enhancing the reputation and standing of the FE Sector within Northern Ireland and internationally and to influencing public and political opinion in support of our aspirations. We position ourselves at the heart of community planning, promoting the shared use of public resources in order to both support the aims of the College and to deliver enhanced public value.

We see ourselves continuing to enhance our strong historical role in supporting social cohesion by providing opportunities for individuals from all backgrounds to access appropriate educational provision. The College sees itself as the major promoter of lifelong learning in our area and seeks to establish and lead local partnerships for the delivery and support of community-based lifelong learning programmes.

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## **Our Staff**

To ensure that our learners are successful and have a valuable experience in the College and to build the capacity to respond to the needs of industry and the community, we must maintain a professional workforce, which can successfully meet these challenges as well as the new ones to come. We ensure that all our staff are well informed with regard to the nature of our business and are given the opportunity to contribute to debate about the future of the College and participate in professional dialogue regarding their own practice.

Successful students require high quality, supportive and inspirational teaching. Our teaching staff have access to a comprehensive continuous professional development programme enabling them to share good practice and update their teaching and vocational skills. Support staff have the opportunity to update the professional skills through which they contribute towards assisting the delivery of our core business of teaching and learning. We endeavour at all times to promote a single staff ethos in the College.

The College seeks to recruit and retain staff of the highest quality and offer the best possible pay and conditions of service. Staff are supported and encouraged in terms of career progression and personal development. We recognise and celebrate the achievements of our staff.

All staff participate in a team-based self-evaluation and review process and, in this way, contribute to a process of continuous quality improvement. This element of collective performance review, which applies to all levels of the organisation from the Governing Body down, will be complemented by individual performance review, using agreed systems of appraisal and effective performance management. We are thus committed to developing and sustaining a high performance culture, and the pursuit of excellence both individually and collectively.

Critical self-reflection and team evaluation are a key part of our management culture. Managers are encouraged to continually update their management and leadership skills, to develop an entrepreneurial and innovative approach to their roles and to constantly seek improvement to the College's systems and practices in support of our work with learners, stakeholders and partners.

## **Resources**

Since its formation the College has been committed to achieving a position where it has a sound and secure financial base from which to develop its goals. In working positively towards this position the College recognises its duty, at all times, to make the best possible use of the resources available. This means seeking the maximum efficiency in the delivery of all aspects of our business.

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We are also committed to taking all opportunities to expand and diversify our funding, further develop our commercial activities and to achieve maximum value for money in the procurement of goods and services.

In order to secure our future as the provider of choice for our local communities we wish to develop our estate in such a way as to provide access and equity of provision across our region and to ensure that our accommodation adequately provides for the learning requirements of our students and customers. We are committed to achieving a situation whereby our students and staff enjoy modern, fit-for-purpose accommodation in appropriate major locations. We see the realisation of this goal, with an estate based on need and sound business planning, as the major factor which will achieve a stable financial base from which the College can achieve its aspirations.

**Strategic Objectives**

The strategic objectives for the College for 09/10, and the progress against these objectives were as follows:

Strategic Objective	Targets 2009/10	End of Year July 2010
1 Develop and support the continuous improvement of the quality of the entire student learning experience.	(i) Implement action plans arising from all quality inspections and prepare for 2009/10 inspections.  (ii) Review mechanisms for student feedback and representation, identify and begin implementation of actions for improvement.  (iii) Implement an agreed programme to recognise and promote student achievement at all levels.	<b>Target met</b> Action Plans for Level 2 and Level 3 inspections and QAA underway.  Retention Strategy and key Admissions and Attendance Policies actioned.  Target completed. HE, FE, Training and Staff Events – actioned. 200% increase in Skills Competitions

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Strategic Objective	Targets 2009/10	End of Year July 2010
<p>2 Develop and deliver a curriculum and associated provision which is aligned to the needs of business, industry and the community.</p>	<p>(i) Complete Phase 2 of curriculum review for input to 5 year Financial Plan.</p> <p>(ii) Achieve FLU targets in CDP.</p> <p>(iii) Agree sector performance indicators for retention, success and achievement and achieve above sector average in each.</p> <p>(iv) Re-design College's curriculum in line with requirements of Vocational Qualifications Reform Programme.</p> <p>(v) Implement NRC Economic Engagement Strategy across the College including response to Economic Downturn.</p> <p>(vi) Implement and review new Lecturers' Contract.</p>	<p><b>Target met</b> Phase 2 of the curriculum review incorporated into BIP, approved by Governing Body and out to public consultation.</p> <p>College data for June 2010 suggest targets for 2009/10 have been met. Targets for 2010/11 set in line with the BIP.</p> <p>KPIs defined, measured and reported to the Governing Body and being used by management to improve performance. Sector benchmarks not yet available.</p> <p>SMT Working Group has audited readiness, prepared and implemented action plans for all areas. Final staff development day in June. Faculties have planned curriculum move to QCF in September 2010.</p> <p>NRC Economic Engagement Plan 2010/2011 and associated targets completed.</p> <p>Contract implemented and effectiveness and efficiency monitored. Review of operation already underway by management/union group to be completed by end of July 2010.</p>



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Strategic Objective	Targets 2009/10	End of Year July 2010
<p>3 Establish support and embed an organisational and management culture in line with the College's vision and values.</p>	<p>(i) Vision and values to be disseminated as part of revised communication Strategy.</p> <p>(ii) Establish Self-Evaluation procedures for all support services to complement curriculum procedures and incorporate outcomes in planning process.</p> <p>(iii) Achieve Investors in People accreditation in line with agreed timetable.</p> <p>(iv) Implement an agreed programme of equality and diversity awareness for all students and staff.</p> <p>(v) Extend principles of risk identification and recording to the management of all College departments.</p>	<p><b>Target amended</b> College Statement of Aspiration produced by Governing Body – dissemination as part of BIP consultation.</p> <p>SERs and Operational Plans to be available June 2010.</p> <p>On schedule for November 2010.</p> <p>Equality Action Plan approved by Governing Body. Equality Unit provided input to Staff induction, student induction and Freshers' week. Equality awareness training offered to all staff throughout year, over 23 sessions delivered – 390 staff trained. Equality awareness booklet for staff completed and distributed.</p> <p>Risk Register updated on a regular basis during the year by the Risk Management Group 10 June 2010. All departmental risk registers have been completed and reviewed by Risk Management Group.</p>

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Strategic Objective	Targets 2009/10	End of Year July 2010
<p>4 Implement the approved ILT Strategy and address data management issues across all areas of the College activity.</p>	<p>(i) ILT Strategy to be reviewed and Action Plan for 2009/10 to be implemented.</p> <p>(ii) Implement College Planning calendar and review all data requirements in relation to timing and accuracy.</p> <p>(iii) Agree with sector future MIS system support and development.</p>	<p><b>Target met</b> Video Conference facility established and recognised as communication channel. ILT Customer Services helpdesk fully implemented across the college with full Service Level Agreements adhered to.</p> <p>Partially completed. College Planning Calendar implemented and College data requirements defined.</p> <p>New NICIS Contract in place June 2010.</p>
<p>5 Establish and progress an approved estates strategy appropriate to the strategic development of the College.</p>	<p>(i) Economic appraisal to be completed in association with 5 year Financial Plan.</p> <p>(ii) Agree timetable to progress College Estates Strategy including new build.</p> <p>(iii) Support completion of Newtownabbey new build and prepare for occupancy in Summer 2010.</p>	<p>Strategic outline case submitted to DEL by due date.</p> <p>Timetable to progress College Estates Strategy including new build not achieved.</p> <p>Main Newtownabbey build to be completed by 31/08/10. Student Social area to be completed 24/9/10.</p>
<p>6 Ensure financial stability in order to support the achievement of the College's strategic agenda.</p>	<p>(i) Complete and gain DEL approval for 5 year Financial Plan</p> <p>(ii) Deliver agreed financial targets for 2009/10.</p>	<p><b>Target partially met</b> BIP approved by Governing Body 3 March 2010 and submitted to DEL 5 March 2010. Full consultation on proposals closes 23 July 2010.</p> <p>2009/10 accounts to be completed.</p>

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The strategic aims for the years 2010-13 and the targets for 2010/11 are as follows:

<b>Strategic Aims 2010-13</b>	<b>Targets 2010/11</b>
<p>1 Further develop and support the continuous improvement of the quality of the entire student learning experience.</p>	<ul style="list-style-type: none"> <li>(i) Implement action plans from all quality inspections and prepare for 2010/11 inspections.</li> <li>(ii) Achieve full representation from the student body at Governing Body and campus level.</li> <li>(iii) Establish the full operation of new teaching accommodation and student facilities in Newtownabbey campus.</li> </ul>
<p>2 Develop and deliver a curriculum and associated provision prioritised in relation to social and economic regional need, government policy and resource allocation.</p>	<ul style="list-style-type: none"> <li>(i) Achieve FLU targets set out in CDP.</li> <li>(ii) Implement curriculum changes contained in Business Improvement Plan and prioritise curriculum provision in the light of anticipated reduction in income.</li> <li>(iii) Achieve successful recontracting for TfS/AppNI.</li> <li>(iv) Produce performance reports and analysis on agreed curriculum, training and economic engagement KPIs.</li> </ul>
<p>3 Support and embed an organisational culture and structure in line with the College's Statement of Aspiration. Support and embed an organisational culture and structure in line with the College's Statement of Aspiration.</p>	<ul style="list-style-type: none"> <li>(i) Implement a set of action points to improve the Staff and Employer Voice.</li> <li>(ii) Achieve Investors in People status by December 2010.</li> <li>(iii) Implement an agreed equality action plan for all students and staff in line with agreed sector timetable.</li> <li>(iv) Implement performance appraisal schemes for academic and support staff.</li> </ul>

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<b>Strategic Aims 2010-13</b>	<b>Targets 2010/11</b>
4 Embed a College Planning Cycle based on accurate and accessible management information and systematic performance review and evaluation.	<ul style="list-style-type: none"> <li>(i) Support monitoring of all agreed KPIs through accurate and accessible data reports.</li> <li>(ii) Achieve full implementation of E-registers to enable accurate student enrolment and retention, staff and accommodation utilisation data.</li> <li>(iii) Implement a data quality audit system.</li> <li>(iv) SERs to be produced by all organisational teams with a tracking system used to monitor remedial action.</li> </ul>
5 Develop and progress an approved estates strategy.	<ul style="list-style-type: none"> <li>(i) Develop and agree a full NRC Estates strategy document.</li> <li>(ii) Meet all targets agreed with DEL for the development of the business planning process for new build.</li> </ul>
6 Progress towards the achievement of financial stability in line with an approved Business Improvement Plan.	<ul style="list-style-type: none"> <li>(i) Finalise Business Improvement Plan and secure DEL approval for the Plan.</li> <li>(ii) Deliver agreed financial targets and key performance indicators for 2010/11.</li> </ul>

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**Financial Objectives**

The College's financial objectives are:

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

**Review of Performance in 2009/10**

At a bilateral meeting with DEL officials, the College's College Development Plan (CDP) performance in 2009/10 was reviewed and projections for 2010/11 were presented.

The performance for 2009/10 can be summarised as follows:

<b>FLUs</b>	<b>09/10</b>		<b>08/09</b>	
	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>
FE	5,400	5,536	5,400	5,059
HE	536	602	669	537
Essential skills	450	417	346	327

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**Financial Objectives and Results**

The College generated an operating deficit in the year of £236k (2008/09 – deficit of £2,617k). The result in 2009/10 is stated after accounting for the disposal of fixed assets.

The College reported a historic cost outturn of a £1,075k surplus compared with the College's original estimated outturn, as per the College Development Plan, of a £747k deficit. The original estimated budget did not include £1,188k of additional funding from DEL (see below), neither did it include the £1,446k FRS 17 credit in respect of staff costs nor a £502k FRS 17 pension finance cost charge in the Income and Expenditure Account.

The College has significant reliance on DEL for its principal funding source, largely from recurrent grants. In 2009/10, DEL provided 68% (08/09:67%) of the College's total income through allocated recurrent grant. This represented 15% of the total recurrent grant available to the sector.

At the start of the 2009/10 financial year DEL advised the College that there would be no reduction in the 2009/10 recurrent block grant. Other Colleges were hit by such a reduction in order to reduce their income and expenditure reserve balance given unprecedented pressure on public spending and the high reserve balances held within the Further Education sector.

In March 2010, in recognition of the strength of the sector's performance in the 2009/10 financial year and unique pressures being experienced in the current economic downturn, DEL secured additional funding for the sector. An additional £1,188k was received by the College.

The College has two subsidiaries, Causeway Childcare Ltd, a dormant company, and ABEC Ltd, a nursery within the Larne campus. ABEC Ltd owed NRC £11k at 31 July 10 (a £10k provision has been made against this debt). Causeway Childcare Limited was struck off the Companies Register on 16 April 2010.

**Reserves**

The College has accumulated income and expenditure reserves, excluding pension reserves, of £3,066k (£2,935k – 2009) and cash balances of £5,272k (£5,397k – 2009). This is within the acceptable levels of Reserves, as detailed by the Financial Memorandum.

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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

The College's operating cash outflow was (£17k), (2008/09 £2,379k).

### Liquidity

The College has no loans or borrowings.

## **Student Activities**

The College had a total of 25,081 enrolments in 2008/09 (2008/09: 23,277), including 3,424 full-time and 21,657 part-time students. This represented an increase of 8 % in enrolments.

## **Curriculum Developments**

In 2009/10 the main focus for the curriculum managers was an in-depth review of all provision in preparation for the College's Business Improvement Plan. This involved the examination of every course offered in terms of its educational and financial viability. Whilst this exercise did not affect the curriculum offered in 2009/10, it will form the basis of provision over the next 5 years.

In common with the other colleges, the NRC experienced a surge in full-time, further education enrolments in 2009/10 reflecting the depressed state of the economy and the lack of jobs for school leavers. To enable the College to stay within its funding limits, this meant that some applicants to popular courses were unable to secure places and had to be redirected to other provision.

Part-time further education provision was slightly down on 2008/09 but the rate of decline has slowed substantially after several years of falling enrolments.

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**Curriculum Developments (cont'd.)**

The College achieved its target full-time higher education target one year early and has now reached the cap set on higher education numbers by the Department. This was achieved by bringing forward, by one year, the start of the Foundation Degree in Sport and Exercise Science and by extending provision in Business Studies. Part-time recruitment was down on the previous year but the rate of decline had slowed considerably from previous years.

The plan for higher education recruitment was overseen by the Higher Education Committee and in accordance with the higher education strategy put in place during 2009/10.

The proportion of total enrolments made up by priority skills enrolments has risen in line with Department policy. This has been mainly due to enrolments on full-time courses and further work remains to be done on promoting part-time enrolments.

Work with schools through the Entitlement Framework has continued at the same level as in previous years. A new Entitlement Framework strategy has been put in place which defines the College's role in providing courses to schools."

**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, whichever ever is later.

In the year ended 31 July 2010 64% (46% - 2009) of invoices from suppliers were paid within the timescale noted above. No amounts were paid to suppliers in interest under the Late Payment of Commercial Debts (Interest) Act 1998. The College is committed to continuing to increase this figure.

**Post Balance Sheet Events**

The following were significant post balance sheet events:

- Major extension at Newtownabbey campus opened on 3 September 2010;



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- ABEC Ltd, trading as Building Blocks Nursery, ceased trading on 10 September 2010.

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## **Future Developments**

With nine campuses between Coleraine and Newtownabbey, Magherafelt and Larne, Northern Regional College (NRC) is proposing to modernise its college estate and its services by developing modern, purpose-built accommodation and updating current facilities and services.

By 2016, NRC proposes to create one of the most dynamic and forward thinking Further and Higher Education establishments in Northern Ireland. The new NRC will develop, even further, its excellent current links with local and international businesses, schools, organisations and individuals to provide its students with the highest quality and most career-relevant educational experience available, as well as playing a central role in the region's economy.

NRC plans to lead the way in Northern Ireland in all curriculum areas, positioning the College at the heart of the region's economy and securing the College's future for years to come.

Prior to merger in 2007 a Financial Due Diligence Report was commissioned which raised a number of issues for NRC. The most significant being the overall financial stability of the College, particularly in respect of the on-going cost of staff and estate.

A due diligence follow up report was commissioned in May 2009. This report concluded that financial stability remained an issue for the College. The report recommended that a more detailed Business Improvement Plan should be developed.

To achieve the College's mission objectives 'Aim, Aspire, Achieve', NRC's Business Improvement Plan contains proposals including new campuses to replace old and exhausted facilities, a renewed commitment to providing employers with qualified personnel and most importantly a dedicated service of utmost excellence to the student body.

The objective is to identify actions that would allow the College to reach financial stability while continuing to deliver a high quality student learning experience.

The Northern Regional College Business Improvement Plan 2010-2016 was commissioned by the College Governing Body in 2009. In order to achieve the College vision a number of recommendations have been made within the Business Improvement Plan.

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**Future Developments (cont'd.)**

The recommendations in the plan are based on a careful combination of the following approaches:

- Reducing, over a five year period, the replicated overhead costs carried by the college in operating many sites;
- Restructuring activities that are not financially viable by moving the provision to a more advantageous funding stream, or by concentrating on the work that is of most relevance to the college's aspiration, or by increasing the charges made to students/employers, or by ceasing provision;
- Prioritising the type of curriculum that the College provides and the extent of the provision in light of the expectation of static or reduced funding in future years;
- Improving performance so that outcomes, associated funding and student experience improves.

In particular, this will mean the rationalisation of the College's current estate as follows:

**Phase 1 (2010/11)**

- **Felden** campus closure - September 2010
- **Newtownabbey** campus major extension and refurbishment opened – September 2010
- **Portrush** campus disposal - 2010/11
- **Antrim** campus closure - June 2011
- **Larne** campus – Acquire suitable tenants for shared usage by June 2011

**Phase 3 (2014/15)**

- **Ballymoney** campus and **Coleraine** campus will be replaced by one new build
- **Ballymena: 3 sites** will be replaced by 1 new build

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**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:

<b>Campus</b>	<b>Net Book Value £'000</b>
Antrim	2,500
Ballymena – Farm Lodge	9,657
Ballymena – Trostan Avenue	3,361
Ballymoney	2,639
Coleraine	4,077
Felden (owned by DEL)	
Larne	2,113
Magherafelt	4,179
Newtownabbey	22,235
Portrush (currently not utilised)	125
<b>Total</b>	<b>50,886</b>

Financial

Net assets at 31 July 2010 were £46.5m (2009: £51.9m) (including £8.5m net pension liability).

People

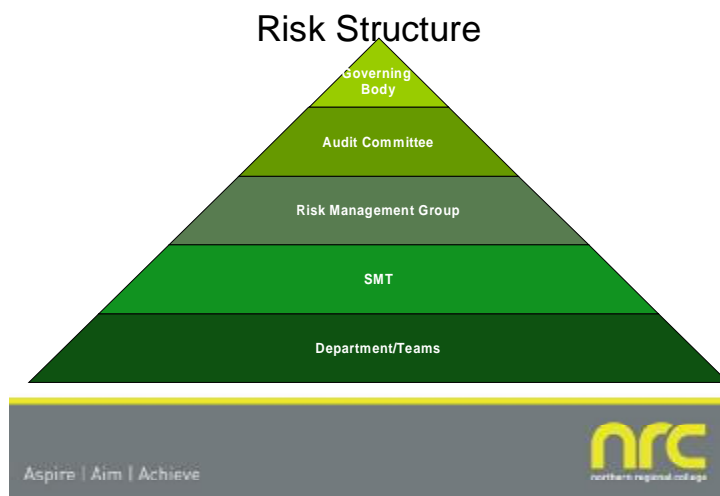
The College employs 737 people (2009:760) (expressed as full time equivalents), of whom 429 are teaching staff.

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## Principal Risks and Uncertainties

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.

An appropriate structure is in place to support the implementation of the Risk Management Policy. This structure includes a Risk Management Group, made up of members of the Senior Management Team and a representative from Governing Body, that manages risk internally and reports to the Audit Committee.

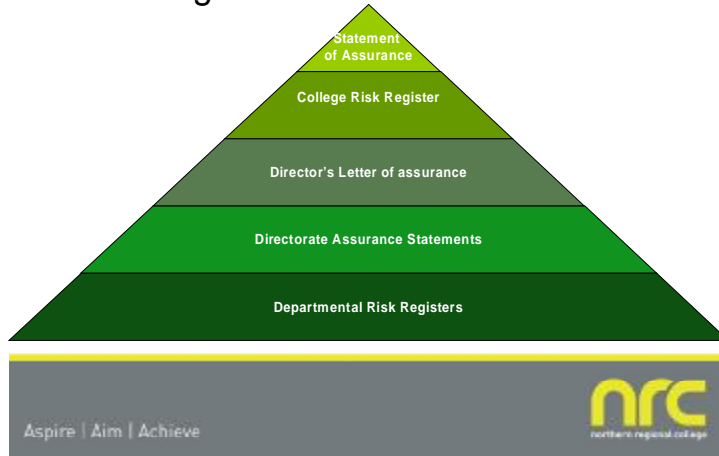


Appropriate procedures have been carried out to ensure that the College's objectives and risks have been identified and a control strategy has been determined for each of the significant risks. As a result, risk ownership is allocated to the appropriate staff and the College has set out its attitude 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. A process is in place to identify risks from Departmental risk registers, feeding ultimately into the College risk register and Statement of Assurance in the Annual Report.

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**Principal Risks and Uncertainties (cont'd.)**

**Risk Registers/Assurance Statements**



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

The Governing Body has received periodic reports concerning internal control. Examples of these reports are:

Internal audit reports;  
External audit management letter;  
Reports from Education and Training Inspectorate (eti).

Management has also received periodic reports concerning internal control e.g.  
Insurance risk reports;  
Statutory equipment health and safety reports;  
Self evaluation reports.

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.

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**Principal Risks and Uncertainties (cont'd.)**

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;
- maintain departmental risk registers; 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 the internal control system and the extent to which it can be relied upon.

The principal risks facing the College have been identified as:

1. Financial constraints (including public funding availability and capital development funding) resulting in services not being effectively delivered or DEL break-even target not being achieved
2. The College Estate is not fit for purpose to meet College objectives.
3. The Training Provision is not affordable or sustainable and does not meet the objectives of the Training Programmes
4. Inappropriate data management and information (including management / protection of College reputation)
5. Decline in PT enrolment
6. Inability to invest in IT as a result of financial constraints.

# **NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2010**

## **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;
- § Government Offices / Regional Development Agencies;
- § the local community;
- § other FE institutions;
- § trade unions; and
- § professional bodies.

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

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

## **Equality of Opportunity and Employment of Disabled Persons**

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

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

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

The College is committed to the fulfilment of its Section 75 obligations in all parts of its organisation. The College is committed to allocating necessary resources to ensure that the statutory duties are complied with and that the measures within



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

**Equality of Opportunity and Employment of Disabled Persons (cont'd.)**

the Equality Scheme to promote equality of opportunity are implemented effectively and on time.

**Finances and Going Concern**

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

**Disclosure of Information to Auditors**

These accounts are subject to audit 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.

**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

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

**Professional Advisers (cont'd.)**

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

Ulster Bank  
Danesfort  
Stranmillis Road  
Belfast  
BT9 5UB

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

King & Gowdy  
298 Upper Newtownards Rd  
Belfast  
BT4 3EU

Carson McDowell  
Murray House  
4 Murray Street  
Belfast  
BT1 6DN

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

**Members**

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

Mrs K Collins (Acting Chair to 31 August 2010)  
Mrs AM Campbell  
Mr S Davidson  
Ms J Fullerton (Resigned 21 May 2010)  
Alderman P J McAvoy  
Mr P McCudden  
Mr T Neilands (Director)  
Ms A Rankin  
Mrs L Wallis  
Mr L Anderson (Student Representative - appointed 1 April 2010; resigned 30 June 2010)  
Mr A Watt (Staff Representative)  
Ms C O'Neill (Staff Representative)  
Mrs U O'Kane  
Rev. T Jamieson  
Mr K Nelson (Appointed 2 November 2009)  
Mrs C Taylor (Appointed 2 November 2009)  
Mr R Jay (Appointed 1 February 2010)  
Mr I Goldsworthy (Appointed 15 June 2010)

All members served from 1 August 2009 to 31 July 2010 unless otherwise indicated. Mr J Cromie was appointed as Student Representative from 15 September 2010. Mr G Gilpin was appointed as a member and Chair of the Governing Body from 1 September 2010.

For and on behalf of the members of the Governing Body.

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Chairman

22 November 2010

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Date

## **NORTHERN REGIONAL COLLEGE FURTHER EDUCATION COLLEGE REMUNERATION REPORT**

### **Members of the Governing Body**

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

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

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

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

### **The Director and Senior Management Team**

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

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

### **Minimum pay levels**

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

## **NORTHERN REGIONAL COLLEGE FURTHER EDUCATION COLLEGE REMUNERATION REPORT**

### **Progression**

There is no incremental progression for Directors as they are paid on a one-point scale according to college size. However, if the college size changes they will automatically move to that new salary point.

At initial appointment, Deputy 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 Deputy Directors. If the college increases in size a Deputy Director will automatically move to the new relevant salary scale.

### **Performance Pay**

There is no performance pay or related scheme for any of the Deputy Directors, although this may be reviewed in the future. The Director was awarded a Performance Related Pay award when employed as the Director of North East Institute. This PRP award has been carried forward to his current post. The Director was paid PRP of £1,560 during the year (2008/09: £1,560).

### **Total Reward Package**

Senior staff within colleges have access to the Northern Ireland Teachers Superannuation scheme or to the Northern Ireland Local Government Superannuation Scheme.

Senior staff posts are based on 36 hours per week and post holders have access to the college's Maternity Leave Scheme, Paternity Leave Scheme, Adoption Leave Scheme and flexible working arrangements.

All Senior Staff have 33 or 35 days holiday entitlement and a further twelve or thirteen statutory and public holidays as recognised by the sector.

**NORTHERN REGIONAL COLLEGE  
FURTHER EDUCATION COLLEGE REMUNERATION REPORT**

**Salary**

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

AUDITED

Remuneration	2009-10		2008-09	
	Salary £'000	Benefits in Kind £'000	Salary £'000	Benefits in Kind £'00
Director	105 – 110	-	105 - 110	-
Deputy Director Curriculum	70 - 75	-	70 - 75	-
Deputy Director Planning & Resources	70 - 75	-	70 - 75	-
Deputy Director Support & Development	70 - 75	-	70 - 75	-
Director of Finance	65 – 70	-	65 – 70	-

1. The Director was appointed on 1 August 2007. Prior to this he was Director Designate of NRC (23 October 2006 – 31 July 2007), and prior to this he was Director of the North East Institute of Further and Higher Education (1 February 2004 – 22 October 2006).
2. The Deputy Director Curriculum was appointed on 1 December 2007. Prior to this he was Deputy Director of Causeway Institute of Further and Higher Education (1 August 2001 – 30 November 2007).
3. The Deputy Director Planning & Resources was appointed on 1 December 2007. Prior to this she was Deputy Director of East Antrim Institute of Further and Higher Education (8 April 1987 – 30 November 2007).
4. The Deputy Director Support & Development was appointed on 1 December 2007. Prior to this she was acting Deputy Director in the North East Institute of Further and Higher Education (8 November 2006 – 30 November 2007) and prior to this she was a senior manager in the North East Institute of Further and Higher Education.
5. The Director of Finance was appointed on 1 December 2007. Prior to this she was a senior manager in the North East Institute of Further and Higher Education (1 September 2004 – 30 November 2007).

“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.

# **NORTHERN REGIONAL COLLEGE FURTHER EDUCATION COLLEGE REMUNERATION REPORT**

## **Benefits in Kind**

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. No senior officials received any benefits in kind. The salary and pension entitlements of the most senior staff members of the College for the year ended 31 July 2010 are detailed below.

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

## **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the college's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the LSC.

**NORTHERN REGIONAL COLLEGE  
FURTHER EDUCATION COLLEGE REMUNERATION REPORT**

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

**Pension Entitlements**

Officials	Accrued pension at age 60 as at 31/07/10 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/07/10	CETV at 31/07/09	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Director				992	
Deputy Director Curriculum				642	
Deputy Director Planning & Resources				572	
Deputy Director Support & Development				342	
Director of Finance	36	2	137	118	17



## **NORTHERN REGIONAL COLLEGE FURTHER EDUCATION COLLEGE REMUNERATION REPORT**

### **Cash Equivalent Transfer Values (cont'd.)**

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

Consequently it has been necessary for the Northern Ireland Teachers' Pension Scheme (NITPS) to suspend CETV quotations until a new basis is provided by HMT. NITPS are not able to provide the CETV quotations before the date these financial statements are signed, so they have been omitted from these financial statements.

### **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.

## **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 lay and academic persons appointed under the Articles of the College, the majority of whom are non-executive. The role of the Chairman of the Governing Body is separate from the role of the College Director as Chief Executive. The Governing Body is responsible for the ongoing strategic direction of the College whilst the Executive Officers are responsible for the operational management of the 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 7 times during the 2009/10 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 lay 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 5 times during the 2009/10 year to discuss reports from the External and Internal Auditors and the relevant responses. It also receives and considers reports from the Department for Employment and Learning. It reviews the College's annual financial statements to ensure compliance with legislation and accounting standards. Whilst Executive Officers and other officials attend meetings of the Audit 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, and the management of trust funds. The Committee also advises the Governing Body on the raising and guaranteeing of loans. It is the duty of the Finance and General Purposes Committee to present a report of each meeting to the Governing Body. The Committee met 7 times during the 2009/10 year.

**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. The Committee met 4 times during the 2009/10 year.

**Education Committee**

The Education Committee oversees the College's curricular provision, with a focus on its quality and appropriateness for the community served by the College. The Committee's role is to advise the Director on: the general oversight of the academic work of the College, such as admission, assessment and examination of students; curriculum development; staff development and provisions for suspension or expulsion of students for academic reasons. The Committee met 4 times during the 2009/10 year.

\_\_\_\_\_  
Accounting Officer

\_\_\_\_\_  
Date

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make 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 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.

**NORTHERN REGIONAL COLLEGE  
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY  
FOR THE YEAR ENDED 31 JULY 2010**

**STATEMENT ON INTERNAL CONTROL**

**Scope of Responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the College's aims and objectives set by the Governing Body, whilst safeguarding the public funds and College assets for which I am personally responsible, in accordance with the responsibilities assigned to me in 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 and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northern Regional College for the year ended 31 July 2010 and up to the date of approval of the annual report and accords with DFP guidance. I have fully embedded the processes which the Department for Employment and Learning has agreed should be established and confirmed their robustness.

**Capacity to Handle Risk**

I have carried out 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.

**NORTHERN REGIONAL COLLEGE  
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY  
FOR THE YEAR ENDED 31 JULY 2010**

**STATEMENT ON INTERNAL CONTROL (continued)**

**The Risk and Control Framework**

The Governing Body has instructed that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. There has been a full risk and control assessment before reporting on the year ending 31 July 2010. Risk management has been incorporated fully into the corporate planning and decision making processes of the College.

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

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

In addition to the actions mentioned above, in the coming year the College plan 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 Department 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. The Head of Internal Audit has issued an Assurance Statement to me which provides his/her opinion on the adequacy and effectiveness of the internal control system and the extent to which it can be relied upon.

In July 2009 the Public Accounts Committee recommended that internal auditors annually confirm that full supporting documentation for all procurement activity is obtained. We note that internal audit did not provide such a confirmation in the current year, but that such a review/confirmation is scheduled for the 2010/11 financial year.

**NORTHERN REGIONAL COLLEGE  
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY  
FOR THE YEAR ENDED 31 JULY 2010**

**STATEMENT ON INTERNAL CONTROL (continued)**

**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.

Internal audit carried out reviews on a number of planned areas in the year 2009/10. The assurance rating by area reviewed is set out in the table below:

<b>Key process</b>	<b>Assurance rating</b>
Financial Controls	Substantial
Security of Assets and Delivery Arrangements	Satisfactory
Faculty/Unit Management	Substantial
Examination and Registration	Satisfactory
IT Infrastructure and Computer Related Controls	Satisfactory
Corporate Governance	Substantial

The overall level of assurance provided by internal audit in relation to the adequacy of the systems of internal control in place within the College was satisfactory.

**Significant Internal Control Problems**

Whilst no significant internal control problems were identified, weaknesses relating to the security of data on the Trainee Management System (TMS) were reported to the Department for Employment and Learning. The Internal Audit team and College are currently working with the Department to address identified weaknesses. The Department has reviewed and reduced the number of users of the system and has provided the College with an up to date list as well as an outline of the security protocol and data protection policy applicable to the data held.

Progress on all priority 1 audit issues are reported to Audit Committee at each meeting.

**NORTHERN REGIONAL COLLEGE  
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY  
FOR THE YEAR ENDED 31 JULY 2010**

**STATEMENT ON INTERNAL CONTROL (continued)**

There is only one outstanding priority one audit issue that has not been fully addressed by Management. Internal Audit recommends the performance of a tendering exercise by the College for the appointment of a number of reactive maintenance providers under a framework contract. As such, when reactive maintenance is required, a College wide preferred supplier listing can be used to demonstrate best value and ultimate cost savings for the College. Currently there is no approved supplier listing but there is now an arrangement in place to enhance purchasing with the use of Crescent Purchasing Consortium. A formal purchasing strategy is in place which governs the arrangements in place to tender for goods/services and an approved supplier list for this category of supply will be drawn up during 2010/11.

22 November 2010

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Accounting Officer  
Northern Regional College

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Date



**NORTHERN 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 Northern Regional College for the year ended 31 July 2010 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. These comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of historical cost surpluses and deficits, the statement of total recognised gains and the related notes.

**Respective Responsibilities of the Governing Body and Auditor**

The Governing Body is responsible for preparing the Annual Report, which includes the Remuneration Report, and financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for Employment and Learning direction made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Responsibilities of the Governing Body.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for Employment and Learning direction made thereunder. I report to you whether, in my opinion, the information which comprises the Operating and Financial Review, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the College has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by the Department of Finance and Personnel regarding remuneration and other transactions is not disclosed.

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

**Respective Responsibilities of the Governing Body and Auditor (cont'd)**

I review whether the Statement on Internal Control reflects the College's compliance with the Department of Finance and Personnel's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of 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 unaudited part of the Remuneration Report. I consider the implications for my report if I become of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

**Basis of Audit Opinion**

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

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

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

**Opinion**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and directions made thereunder by the Department for Employment and Learning, of the state of affairs of the College as at 31 July 2010 and of the Colleges's deficit, cash flows and total recognised gains and losses for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for Employment and Learning directions made thereunder; and
- information, which comprises the unaudited part of the Operating and Financial Review and the Remuneration Report, included within the Annual Report is consistent with the financial statements.

**Audit Opinion on Regularity**

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

**Report**

I have no observations to make on these financial statements.

---

K Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast BT7 1EU  
22 November 2010

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

	<b>Notes</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>Income</b>			
Department for Employment & Learning grants	2	24,344	23,788
Education contracts	3	6,522	6,003
Tuition fees and charges	4	1,566	1,397
Other grant income	5	241	133
Other operating income	6	641	854
Investment income	7	105	128
		<hr/>	<hr/>
<b>Total income</b>		<b>33,419</b>	<b>32,303</b>
<b>Expenditure</b>			
Staff costs	8	22,832	24,045
Other operating expenses	10	8,392	8,730
Interest payable	11	502	267
Depreciation	14	1,694	1,748
		<hr/>	<hr/>
<b>Total expenditure before exceptional items</b>		<b>33,420</b>	<b>34,790</b>
		<hr/>	<hr/>
<b>Deficit on continuing operations after depreciation of assets at valuation and before tax and before exceptional items</b>		<b>(1)</b>	<b>(2,487)</b>
<b>Exceptional items</b>			
Exceptional costs - staff	8	235	130
Exceptional costs - non staff		-	-
		<hr/>	<hr/>
<b>Deficit on continuing operations after depreciation of assets at valuation and before tax</b>		<b>(236)</b>	<b>(2,617)</b>
Taxation	12	-	-
		<hr/>	<hr/>
<b>Deficit on continuing operations after depreciation of assets at valuation and tax</b>	13	<b>(236)</b>	<b>(2,617)</b>
		<hr/>	<hr/>

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.**

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

	Notes	2010 £'000	2009 £'000
<b>Deficit on continuing operations after depreciation of assets at valuation and tax</b>	13	(236)	(2,617)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	22	1,311	1,312
		<hr/>	<hr/>
<b>Historical cost surplus/(deficit) for the year</b>		<b>1,075</b>	<b>(1,305)</b>
		<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 2010**

	<b>Notes</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>Deficit on continuing operations after depreciation of assets at valuation and tax</b>	13	(236)	(2,617)
Unrealised (deficit)/surplus on revaluation of fixed assets	14	(15,106)	(6,517)
Actuarial gain/(loss) in respect of pension scheme	24	1	(4,786)
		<hr/>	<hr/>
<b>Total recognised (losses)/gains since last report</b>		<b>(15,341)</b>	<b>(13,920)</b>
<b>Reconciliation</b>			
Opening reserves		48,647	62,567
Total recognised (losses)/gains for the year		(15,341)	(13,920)
		<hr/>	<hr/>
<b>Closing reserves</b>		<b>33,306</b>	<b>48,647</b>
		<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 2010**

	Notes	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	14	52,130	58,586
<b>Total fixed assets</b>		<b>52,130</b>	<b>58,586</b>
Current assets			
Debtors	16	2,985	1,865
Cash at bank and in hand		5,272	5,397
<b>Total current assets</b>		<b>8,257</b>	<b>7,262</b>
Less: Creditors - amounts falling due within one year	17	(5,367)	(4,424)
<b>Net current assets</b>		<b>2,890</b>	<b>2,838</b>
<b>Total assets less current liabilities</b>		<b>55,020</b>	<b>61,424</b>
Less : Creditors: amounts falling due after more than one year	18	-	-
Less: Provision for liabilities	19	-	(65)
<b>Net Assets Excluding pension liability</b>		<b>55,020</b>	<b>61,359</b>
Net pension liability	24	(8,511)	(9,456)
<b>Net Assets Including pension liability</b>		<b>46,509</b>	<b>51,903</b>
Deferred capital grants	20	13,165	3,220
Endowments	21	38	36
Income and expenditure account excluding pension reserve	23	3,066	2,935
Pension reserve	24	(8,511)	(9,456)
Income and expenditure account including pension reserve	23	(5,445)	(6,521)
Revaluation reserve	22	38,751	55,168
<b>Total reserves</b>		<b>33,306</b>	<b>48,647</b>
<b>TOTAL</b>		<b>46,509</b>	<b>51,903</b>

**NORTHERN REGIONAL COLLEGE  
BALANCE SHEET  
AS AT 31 JULY 2010**

The financial statements on pages 41 to 75 were approved by the Governing Body of the Northern Regional College on 22nd November 2010 and were signed on its behalf on that date by:

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Mr. Gerry Gilpin  
Chair of Governing Body  
Northern Regional College

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Mr. Trevor Neilands  
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 2010**

	<b>Notes</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>Cash outflow from operating activities</b>	25(i)	(17)	(2,379)
<b>Returns on investment and servicing of finance</b>	25(ii)	105	128
<b>Taxation</b>	12	-	-
<b>Capital expenditure and financial investment</b>	25(iii)	(213)	(38)
<b>Financing</b>		-	-
		<hr/>	<hr/>
<b>Decrease in cash in the year</b>	25(iv)	(125)	(2,289)
		<hr/>	<hr/>
		<b>2010 £'000</b>	<b>2009 £'000</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Decrease in cash in the period		(125)	(2,289)
Cash outflow from repayment of finance leases		-	12
		<hr/>	<hr/>
Movement in net funds in the period		(125)	(2,277)
Net funds at 1 August		5,397	7,674
		<hr/>	<hr/>
<b>Net funds at 31 July</b>	25(iv)	<b>5,272</b>	<b>5,397</b>
		<hr/>	<hr/>

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.**

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

**1. STATEMENT OF ACCOUNTING POLICIES**

**Statement of Accounting Policies**

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

**Basis of Preparation**

These financial statements have been prepared 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.

**Basis of Consolidation**

The College has two subsidiaries, Causeway Childcare Ltd, a dormant company, and ABEC Ltd, a nursery within the Larne campus. ABEC Ltd owed NRC £11k at 31 July 10 (a £10k provision has been made against this debt). Causeway Childcare Limited was struck off the Companies Register on 16 April 2010.

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.

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

**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 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 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 2010**

**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 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 obtained on a regular basis, with a professional valuation being undertaken by a qualified valuer every year. 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 as advised by Land and Property Services (LPS). In the current year, the College revised the method of calculating the depreciation charge on buildings. In the prior year, the depreciation charge on buildings was calculated on the closing revalued amount whereas in the current year charge is based on the opening cost/revalued amount. The effect of this change in estimation technique for calculating depreciation results in an additional depreciation charge of £318k in the current year. Where land and buildings are acquired with the aid of

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

**1. STATEMENT OF ACCOUNTING POLICIES (cont'd)**

**§ Land and buildings (cont'd)**

specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

**§ Assets other than land and buildings**

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

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

Computers	- three years
Motor vehicles	- four years
Plant and equipment	- five years
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.

**§ 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.

**§ 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 2010**

**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**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, 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 of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

**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 30.

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

**2. DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Recurrent grant	22,614	21,776
Release of deferred capital grants	186	284
Additional support funds	527	378
EMA administration	53	32
Major works	69	115
Minor works	94	131
Health & safety	-	21
Learner access and engagement	31	-
Release of ICT & FEP capital funds	61	96
Care to Learn	65	98
Training centre operations	523	514
Essential skills	-	29
Cultural diversity	-	9
Other	121	305
	<hr/>	<hr/>
	<b>24,344</b>	<b>23,788</b>
	<hr/>	<hr/>

**3. EDUCATION CONTRACTS**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
VEP School Link Courses	1,654	1,487
Jobskills and Training for Success	4,197	3,597
New Deal and Steps to Work	6	47
Training - other	215	451
Higher Education (HE) income	450	421
	<hr/>	<hr/>
	<b>6,522</b>	<b>6,003</b>
	<hr/>	<hr/>

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

**4. TUITION FEES AND CHARGES**

	<b>2010 £'000</b>	<b>2009 £'000</b>
Home and other European Union	1,566	1,397
	<hr/> <b>1,566</b>	<hr/> <b>1,397</b>

**5. OTHER GRANT INCOME**

	<b>2010 £'000</b>	<b>2009 £'000</b>
European funds	46	(8)
Other grant income	195	141
	<hr/> <b>241</b>	<hr/> <b>133</b>

**6. OTHER OPERATING INCOME**

	<b>2010 £'000</b>	<b>2009 £'000</b>
Catering and residence operations	558	519
Other income generating activities	82	334
Other income	1	1
	<hr/> <b>641</b>	<hr/> <b>854</b>

**7. INVESTMENT INCOME**

	<b>2010 £'000</b>	<b>2009 £'000</b>
Other interest receivable	105	128
	<hr/> <b>105</b>	<hr/> <b>128</b>



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

**8. STAFF COSTS**

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

	<b>2010 Number</b>	<b>2009 Number</b>
Teaching	429	450
Support	112	116
Administration	122	123
Premises	59	56
Catering	15	15
	<hr/> <b>737</b>	<hr/> <b>760</b>

Staff costs for the above persons:

	<b>2010 £'000</b>	<b>2009 £'000</b>
Teaching	15,884	15,631
Support	2,762	2,763
Administration	3,983	3,833
Premises	1,282	1,261
Catering	367	365
FRS 17 adjustment (note 24)*	(1,446)	192
	<hr/> <b>22,832</b>	<hr/> <b>24,045</b>
Exceptional staff costs (redundancy)	235	130
	<hr/> <b>23,067</b>	<hr/> <b>24,175</b>

\*£1,558k of this £1,446k FRS 17 credit to the income and expenditure account is due to future increases in the pension scheme being linked to the Consumer Prices Index (CPI) and not, as previously assumed, the Retail Prices Index (RPI).

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

**8. STAFF COSTS (cont'd)**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Wages & salaries	20,392	20,217
Social security costs	1,456	1,403
Other pension costs (including FRS 17 adjustments)	984	2,425
	<u>22,832</u>	<u>24,045</u>
Exceptional staff costs (redundancy cost)	116	74
Exceptional staff costs (enhanced pension cost)	119	56
	<u>235</u>	<u>130</u>
Staff costs	<b><u>23,067</u></b>	<b><u>24,175</u></b>

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:

	<b>Senior post-holders</b>		<b>Other Staff</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£60,001 to £70,000	-	13	-	9
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	1	-	4	-
£90,001 to £100,000	3	-	-	-
£100,001 to 110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	-	1	-
	<u>5</u>	<u>13</u>	<u>5</u>	<u>9</u>

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

**8. STAFF COSTS (cont'd)**

The following pay awards were awarded during the year 2009/10:

<b>Group of staff</b>	<b>Increase</b>	<b>Effective date</b>
Director	2%	1 September 2009
Deputy director	2%	1 September 2009
Lecturing staff	1.775%	1 September 2009
Deane Payment - Lecturers and senior lecturers in receipt of threshold for 2 years	£1,322	1 September 2009
Support staff - Points 4-10	1.25%	1 April 2009
Point 11 onwards	1.00%	1 April 2009

**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.

	<b>2010 Number</b>	<b>2009 Number</b>
The number of senior post-holders including the Director was:	<u>5</u>	<u>5</u>

Senior post-holders' emoluments are made up as follows:

	<b>2010 £'000</b>	<b>2009 £'000</b>
Salaries	395	391
Benefits in kind	-	-
Pension contributions	55	54
	<hr/>	<hr/>
<b>Total emoluments</b>	<b>450</b>	<b>445</b>
	<hr/>	<hr/>

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

**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:

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Salaries	107	110
Benefits in kind	-	-
Pension contributions	15	15
	<hr/>	<hr/>
<b>Total</b>	<b>122</b>	<b>125</b>
	<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 College other than the Director and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

**Overseas activities**

The following costs were incurred during the year ended 31 July 2010 in respect of overseas activities which were carried out in accordance with the strategy approved by the Governing body:

	Total cost	Contributions received	Net costs to College
	£'000	£'000	£'000
Members	-	-	-
Senior post-holders	-	-	-
Other higher paid staff	27	13	14
	<hr/>	<hr/>	<hr/>

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

**10. OTHER OPERATING EXPENSES**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Direct teaching	767	830
Direct support	2,747	2,696
Administration	2,126	2,082
Premises costs	2,752	3,122
	<hr/>	<hr/>
<b>Total</b>	<b>8,392</b>	<b>8,730</b>
	<hr/>	<hr/>
<b>Other operating expenses include:</b>		
Auditors' remuneration:		
Financial statements audit	25	30
External audit fee for Causeway Childcare Limited	-	3
Internal audit	26	30
Operating leases for other assets	36	34

**11. INTEREST PAYABLE**

Pension finance cost (note 24)	502	267
	<hr/>	<hr/>
<b>Total</b>	<b>502</b>	<b>267</b>

**12. 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 2010**

**13. DEFICIT ON CONTINUING OPERATIONS FOR THE YEAR**

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

	<b>2010 £'000</b>	<b>2009 £'000</b>
College's deficit for the year	(236)	(2,617)
	<hr/>	<hr/>
	<b>(236)</b>	<b>(2,617)</b>
	<hr/>	<hr/>

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

**14. TANGIBLE FIXED ASSETS**

	<b>Freehold land and buildings £'000</b>	<b>Assets under construction £'000</b>	<b>Plant and machinery £'000</b>	<b>Computer equipment £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>							
At 1 August 2009	58,658	986	1,748	3,788	493	127	65,800
Revaluation	(17,910)	-	-	-	-	-	(17,910)
Additions	-	9,152	959	190	43	-	10,344
Disposals	-	-	-	-	-	(12)	(12)
<b>At 31 July 2010</b>	<b>40,748</b>	<b>10,138</b>	<b>2,707</b>	<b>3,978</b>	<b>536</b>	<b>115</b>	<b>58,222</b>
<b>Depreciation</b>							
At 1 August 2009	1,402	-	1,668	3,590	433	121	7,214
Charge for the year	1,402	-	50	207	31	4	1,694
Revaluation	(2,804)	-	-	-	-	-	(2,804)
Disposals	-	-	-	-	-	(12)	(12)
<b>At 31 July 2010</b>	<b>-</b>	<b>-</b>	<b>1,718</b>	<b>3,797</b>	<b>464</b>	<b>113</b>	<b>6,092</b>
<b>Net book value</b>							
<b>At 31 July 2010</b>	<b>40,748</b>	<b>10,138</b>	<b>989</b>	<b>181</b>	<b>72</b>	<b>2</b>	<b>52,130</b>
Net book value At 31 July 2009	57,256	986	80	198	60	6	58,586

*Land and buildings were last subject to a full revaluation in August 2007 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service in accordance with Department specifications. Subsequently that revaluation has been updated using indices supplied by the Land and Property Service to provide valuations as at 31 July 2008 and 31 July 2009 and an interim revaluation has been carried out by the Land and Property Service in August 2010 providing the valuation as at 31 July 2010. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.*

**NORTHERN REGIONAL COLLEGE  
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**14. TANGIBLE FIXED ASSETS (Cont'd)**

If land and buildings, including those that were inherited, had not been revalued they would have been included at the following amounts:

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Cost	12,560	3,408
Aggregate depreciation based on cost	410	320
	<hr/>	<hr/>
Net book value based on cost	12,150	3,088
	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £0k (2009: £0k) in respect of assets held under finance leases.

The depreciation charge for the year is analysed as follows:

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Owned assets	1,694	1745
Assets held under finance leases and hire purchase arrangements	-	3
	<hr/>	<hr/>
	1,694	1,748

Within plant and machinery there are £959k of assets that are not in use at 31 July 2010 and as such are not being depreciated.

**15. INVESTMENTS**

The College has two subsidiaries, Causeway Childcare Ltd, which was struck off the Companies Register on 16 April 2010, and ABEC Ltd, a nursery within the Larne campus.

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 10 £0k, (09: £0k)
ABEC Childcare	- Amount owing to NRC at 31 July 10 £1k (09: £14k)



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**16. DEBTORS**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Amounts due from the Department	1,531	1,114
Trade debtors	424	405
Other debtors	8	9
Amounts owed by Subsidiary undertakings	1	14
Prepayments and accrued income	1,021	323
	<hr/>	<hr/>
<b>Total</b>	<b>2,985</b>	<b>1,865</b>
	<hr/>	<hr/>

**17. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	1,553	88
Taxation and social security	594	535
Accruals	1,285	1,014
Amounts owed to the Department	1,284	2,298
Other creditors	651	489
	<hr/>	<hr/>
<b>Total</b>	<b>5,367</b>	<b>4,424</b>
	<hr/>	<hr/>

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases	-	-
	<hr/>	<hr/>
<b>Total</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE  
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**19. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Legal expenses</b>		
At 1 August	65	30
Expenditure in the period	(65)	(15)
Transferred from income and expenditure account.	-	50
	<hr/>	<hr/>
<b>At 31 July</b>	<b>-</b>	<b>65</b>
	<hr/>	<hr/>

**20. DEFERRED CAPITAL GRANTS**

	<b>DEL</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2009			
Land and buildings	3,087	-	3,087
Other Assets	130	3	133
	<hr/>	<hr/>	<hr/>
	3,217	3	3,220
Cash received			
Land and buildings	9,162	-	9,162
Other Assets	282	687	969
Released to income and expenditure account			
Land and buildings	91	-	91
Other Assets	93	2	95
	<hr/>	<hr/>	<hr/>
<b>At 31 July 2010</b>	<b>12,477</b>	<b>688</b>	<b>13,165</b>
	<hr/>	<hr/>	<hr/>
Land and buildings	12,157	-	12,157
Other	320	688	1,008
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>12,477</b>	<b>688</b>	<b>13,165</b>
	<hr/>	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE  
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**21. ENDOWMENTS**

	<b>Unrestricted Permanent £'000</b>	<b>Total £'000</b>
At 1 August 2009	36	36
Income for year	2	2
	<hr/>	<hr/>
<b>At 31 July 2010</b>	<b>38</b>	<b>38</b>
	<hr/>	<hr/>

**22. REVALUATION RESERVE**

	<b>2010 £'000</b>	<b>2009 £'000</b>
At 1 August	55,168	62,998
Revaluation in the period (note 14)	(15,106)	(6,518)
Transfer from revaluation reserve to income and expenditure account in respect of depreciation on revalued assets	(1,311)	(1,312)
	<hr/>	<hr/>
<b>At 31 July</b>	<b>38,751</b>	<b>55,168</b>
	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**23. MOVEMENT ON GENERAL RESERVE**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Income and expenditure account</b>		
At 1 August	(6,521)	(430)
Transfer from revaluation reserve	1,311	1,312
Deficit retained for the year	(236)	(2,617)
Actuarial gain/(loss) on pension scheme	1	(4,786)
	<hr/>	<hr/>
<b>At 31 July</b>	<b>(5,445)</b>	<b>(6,521)</b>
	<hr/>	<hr/>
Balance represented by:		
Income and expenditure reserve excluding pension reserve	3,066	2,935
Pension reserve	(8,511)	(9,456)
	<hr/>	<hr/>
<b>At 31 July</b>	<b>(5,445)</b>	<b>(6,521)</b>
	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**24. PENSION AND SIMILAR OBLIGATIONS**

The College's employees belong to two principal 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.

<b>Total pension cost for the year</b>	<b>2010 £000</b>	<b>2009 £000</b>
NITSS: contributions paid	1,612	1,510
NILGOSC: Contributions paid	818	723
NILGOSC: FRS 17 charge	<u>(1,446)</u>	<u>192</u>
NILGOSC charge to the income and expenditure account (staff costs)	<u>(628)</u>	<u>915</u>
	984	2,425
Enhanced pension charge to income and expenditure account (staff costs)	119	56
	<hr/>	<hr/>
<b>Total pension cost for year</b>	<b>1,103</b>	<b>2,481</b>
	<hr/>	<hr/>

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 2010.

**NITSS**

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

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

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

**NORTHERN REGIONAL COLLEGE  
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**24. PENSION AND SIMILAR OBLIGATIONS (Cont'd)**

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

**FRS 17**

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

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

**NILGOSC**

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

**FRS 17**

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

Principal actuarial assumptions at the balance sheet date are as follows:

	<b>31 July 2010 %</b>	<b>31 July 2009 %</b>	<b>31 July 2008 %</b>
Rate of increase for pensions in payment/inflation	2.9	3.7	3.8
Rate of increase in salaries	4.9	5.2	5.3
Expected return on assets	6.7	6.8	7.3
Discount rate for liabilities	5.4	6.0	6.7

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**24. 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 2010	As at 31 July 2009	As at 31 July 2008	As at 31 July 2007
Retiring today				
Males	20.8	19.6	19.6	18.4
Females	24.1	22.5	22.5	21.3
Retiring in 20 years				
Males	22.3	20.7	20.7	19.6
Females	25.7	23.6	23.6	22.5

The assets and liabilities in the scheme (of which the college's share is estimated to be 0.47%) and the expected rates of return were:

	Long-term rate of return expected at 31 July 2010	Value at 31 July 2010	Long-term rate of return expected at 31 July 2009	Value at 31 July 2009	Long-term rate of return expected at 31 July 2008	Value at 31 July 2008
		£'000		£'000		£'000
Equities	7.3%	11,882	7.3%	9,962	7.8%	10,127
Bonds	4.8%	2,408	5.3%	1,533	5.7%	1,787
Property	5.3%	1,124	5.3%	766	5.7%	1,059
Cash	4.4%	642	4.3%	511	4.8%	258
Total market value of assets		<u>16,056</u>		<u>12,772</u>		<u>13,231</u>
Present value of scheme liabilities		(24,567)		(22,228)		(17,442)
Deficit in the scheme		<u>(8,511)</u>		<u>(9,456)</u>		<u>(4,211)</u>

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**24. PENSION AND SIMILAR OBLIGATIONS (Cont'd)**

The amounts recognised in the balance sheet are as follows:

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	16,056	12,772
Present value of funded obligations	(24,526)	(22,187)
	<u>(8,470)</u>	<u>(9,415)</u>
Present value of unfunded obligations	(41)	(41)
Unrecognised past service cost	-	-
<b>Net liability</b>	<b><u>(8,511)</u></b>	<b><u>(9,456)</u></b>

Analysis of the amount charged to income and expenditure account:

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Employer service cost	930	643
Past service cost	(1,558)	272
<b>Total operating charge</b>	<b><u>(628)</u></b>	<b><u>915</u></b>

Analysis of pension finance costs:

Expected return on pension scheme assets	894	989
Interest on pension liabilities	(1,361)	(1,199)
Losses on curtailments and settlements	(37)	(59)
<b>Pension finance costs</b>	<b><u>(504)</u></b>	<b><u>(269)</u></b>

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



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**24. PENSION AND SIMILAR OBLIGATIONS (Cont'd)**

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on pension scheme assets	1,622	(2,105)
Changes in financial and demographic assumptions underlying the scheme liabilities	(1,621)	(2,681)
	<hr/>	<hr/>
<b>Actuarial (loss)/gain recognised in STRGL</b>	<b><u>1</u></b>	<b><u>(4,786)</u></b>

**Asset and liability reconciliation:**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of present value of scheme liabilities</b>		
<b>Liabilities at start of period</b>	22,228	17,442
Service cost	930	643
Interest cost	1,361	1,199
Employee contributions	325	272
Actuarial (gain)/loss	1,621	2,681
Benefits paid	(377)	(340)
Past service cost	(1,558)	272
Curtailments and settlements	37	59
	<hr/>	<hr/>
<b>Liabilities at end of period</b>	<b><u>24,567</u></b>	<b><u>22,228</u></b>

**NORTHERN REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**24. PENSION AND SIMILAR OBLIGATIONS (Cont'd)**

**Reconciliation of fair value of scheme assets**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Assets at start of period</b>	12,772	13,231
Expected return on assets	894	989
Contribution in respect of Unfunded Benefits	2	2
Actuarial gain/(loss)	1,622	(2,105)
Employer contributions	818	723
Employee contributions	325	272
Benefits paid	(377)	(340)
Settlements	-	-
<b>Assets at end of period</b>	<b><u>16,056</u></b>	<b><u>12,772</u></b>

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

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	16,056	12,772	13,231	13,570	11,663
Present value of defined benefit obligation	(24,567)	(22,228)	(17,442)	(16,418)	(16,432)
Surplus/(deficit)	<u>(8,511)</u>	<u>(9,456)</u>	<u>(4,211)</u>	<u>(2,848)</u>	<u>(4,769)</u>
Experience (losses)/gain on assets	1,622	(2,105)	(1,871)	472	716
Experience gain on liabilities	2	-	(287)	-	-

The estimated amounts of contribution to be paid to the scheme during the next financial period 2010/11 is approximately £779k.

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**25. NOTES TO THE CASH FLOW STATEMENT**

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Deficit on continuing operations after depreciation of assets at valuation	(236)	(2,617)
Depreciation (note 14)	1,694	1,748
Deferred capital grants released to income (note 21)	(186)	(284)
Decrease/(Increase) in debtors	(1,120)	109
(Decrease)/Increase in creditors	880	(1,666)
Interest receivable (note 7)	(105)	(128)
Pension cost less contributions payable (notes 8,11 and 24)	(944)	459
	<hr/>	<hr/>
<b>Net cash outflow from operating activities</b>	<b>(17)</b>	<b>(2,379)</b>
	<hr/>	<hr/>

**(ii) Returns on investments and servicing of finance**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Other interest received	105	128
	<hr/>	<hr/>
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>105</b>	<b>128</b>
	<hr/>	<hr/>

**(iii) Capital expenditure and financial investment**

Purchase of tangible fixed assets	(10,344)	(816)
Deferred capital grants received	10,131	778
	<hr/>	<hr/>
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(213)</b>	<b>(38)</b>
	<hr/>	<hr/>

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

**(iv) Analysis of changes in net funds**

	<b>At 1 August 2009 £'000</b>	<b>Cashflows £'000</b>	<b>At 31 July 2010 £'000</b>
Cash in hand, and at bank	5,397	(125)	5,272
	<hr/>	<hr/>	<hr/>
	5,397	(125)	5,272
	<hr/>	<hr/>	<hr/>

**26. MAJOR NON-CASH TRANSACTIONS**

During the year the College made a provision of £63k for future restructuring costs.

**27. POST BALANCE SHEET EVENTS**

The following were significant post balance sheet events:

- On 13 October 2010, the Office of National Statistics announced the reclassification of further education colleges to the central government sector. Prior to this announcement colleges had been classified within the private sector as non profit institutions serving households. The announcement does not, however, affect the legal status of the colleges. The potential future financial implications of this announcement are not yet known.
- Major extension at Newtownabbey campus opened on 3 September 2010;
- ABEC Ltd, trading as Building Blocks Nursery, ceased trading on 10 September 2010.

**28. CAPITAL COMMITMENTS**

There are capital commitments of £1,416k at 31 July 2010. This relates to the building of new accommodation on the Newtownabbey site.

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**29. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT**

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.

Table showing transactions where goods or services are provided to the College by the related organisation:

	Related organisation	Position in related organisation	Amount paid 2010 £'000	Amount paid 2009 £'000	Nature of transactions	Amount outstanding at 31 July 2010 £'000	Amount outstanding at 31 July 2009 £'000
A. Rankin Governor	University of Ulster	Deputy Director of Finance	96	95	Accreditation and examination fees	-	-
S. Davidson Governor	Henderson Group	Director of Human Resources	40	39	Goods for catering service	-	-
U. O'Kane Governor T. Jamieson Governor PJ McAvoy Governor	NEELB	Members of the Board	9	9	Hire of facilities	1	1
ABEC Childcare Ltd Subsidiary Company (P. McCudden and C. Moore are directors of ABEC Childcare Ltd	Company limited by NRC guarantee	-	-	5	Loan	11	14

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

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**30. SUPPORT FUNDS**

	<b>Year Ended 31 July 2010 £'000</b>	<b>Year Ended 31 July 2009 £'000</b>
Balance at 31 July	467	224
DEL grants	151	337
Disbursed to students	(156)	(94)
	<hr/>	<hr/>
<b>Balance unspent at 31 July</b>	<b>462</b>	<b>467</b>
	<hr/>	<hr/>

**31. LOSSES AND SPECIAL PAYMENTS**

	<b>Year Ended 31 July 2010 £</b>
Losses and special payments	60,531
	<hr/>
Bad debt written-off during year	
- related party	
- operational < £1000	17,566
> £1000	42,965
	<hr/>
	<b>60,531</b>
	<hr/>

The number of individual debts write off below £1,000 is 263 and the number of individual debts write off greater than £1,000 is 33. The range of the debt write off greater than £1,000 is from £1,175 to £3,098.