

**NORTHERN REGIONAL COLLEGE
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2012**

*The Accounting Officer authorised these
financial statements for issue*

on

21 November 2012

*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

20 December 2012



NORTHERN REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2012

NORTHERN REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2012

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NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2012.

Legal status

The current arrangements for further education in Northern Ireland were established by The Further Education (Northern Ireland) Order 1997 with Colleges being self-governing incorporated bodies with effect from 1 April 1998.

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

In October 2010, the Office of National Statistics reclassified Further Education Colleges from Non-Profit Institutions Serving Households to Central Government, that is from the private to the public sector. From 1 April 2012 it was confirmed that for Northern Ireland, the further education colleges would be brought within the budgetary responsibility of the Department for Employment and Learning (and required to accord with the same budgeting and reporting disciplines as other Non Departmental Public Bodies.) To date the Department of Finance and Personnel have confirmed that this position is in place at least until 31 March 2015. The college is currently working with the Department for Employment and Learning to determine the future impacts and implications of the change.

DEL identified a project approach to the implementation of the NDPB status of Colleges. This project comprises of 7 Strands as specific areas to be managed:

- Strand 1 – Reserves & Investment
- Strand 2 – Budgeting/Public Expenditure
- Strand 3 – Colleges' Statutory Accounts
- Strand 4 – Financial Policies
- Strand 5 – Legal & Accountability
- Strand 6 – Stakeholder Engagement
- Strand 7 – Policy Development.

**NORTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2011/12**

Statement of Aspiration

ASPIRE AIM ACHIEVE

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.

**NORTHERN REGIONAL COLLEGE
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Implementation of the Strategic Plan

The strategic objectives for the College for 2011/12, as outlined in the College Development Plan and the progress against these objectives were as follows:

Strategic Aims 2011-14	Targets 2011/12	Outcome								
<p>1 Develop and support the continuous improvement of the quality of the entire student learning experience.</p>	<p>(i) Achieve retention rates as follows: FLU funded full time – 80% Training -80% Entitlement Framework – 94%</p> <p>(ii) Achieve success rates for the following: FLU funded FE full time – 67% FLU funded HE full-time – 76% Training – 55% Entitlement Framework – 90%</p> <p>(iii) Achieve minimum Grade 3 or equivalent in all inspections/surveys.</p> <p>(iv) Achieve 80% good or above in student surveys.</p>	<p>Retention:</p> <table border="0"> <tr> <td>FT FE</td> <td>91%</td> </tr> <tr> <td>FT HE</td> <td>94%</td> </tr> <tr> <td>Training</td> <td>89%</td> </tr> <tr> <td>EF</td> <td>97%</td> </tr> </table> <p>FLU funded FE full time – 89% FLU funded HE full-time – 97% Training – 57% Entitlement Framework – 94%</p> <p>Grade 3 achieved in Priority Skills Level 3 follow-up inspection in Built Environment QAA – Developmental Engagement in HE – no Essential Recommendations IQRS Training Grade 3 Safeguarding – Very Good Feedback Internal Audit: 5 substantial assurance reviews and 2 satisfactory assurance reviews.</p> <p>Revised target for student surveys; New Target: Achieve 10% increase on 2010/11 satisfaction rates Student Feedback to date: Induction survey completed: 10/11 overall result was [4.29]; 11/12 target of 10% increase [4.7] actual achieved was [4.34] Student satisfaction increased by 1.2%</p>	FT FE	91%	FT HE	94%	Training	89%	EF	97%
FT FE	91%									
FT HE	94%									
Training	89%									
EF	97%									

**NORTHERN REGIONAL COLLEGE
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Implementation of the Strategic Plan (Cont'd)

Strategic Aims 2011-14	Targets 2011/12	Outcome
<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>	<p>(i) Achieve FLU target of : 5,403 FE 495 Essential Skills 608 HE</p> <p>(ii) Produce a plan for curriculum provision based on a four campus model consistent with the requirements of the Outline Business Case for estates development.</p> <p>(iii) Deliver training plan to achieve target income.</p> <p>(iv) Deliver plan to achieve targeted cost recovery and external grant income.</p>	<p>Revised target FLUs: 5,403 Further Education 495 Essential Skills 708 Higher Education</p> <p>Actual FLUS: 5,156 Further Education 463 Essential Skills 745 Higher Education</p> <p>Planning workshop has produced figures for the OBC based on the 4-campus model</p> <p>Recruitment 776 vs. original target of 901</p> <p>Grant Income target = £340k; Actual = £448k. Bespoke Training Target = £476k; Actual = £611k,</p>
<p>3 Establish a staffing structure aligned to the efficient and effective operation of the business of the College underpinned by a high performance culture.</p>	<p>(i) Achieve targets for 2011/12 as per Staffing Plan.</p> <p>(ii) Achieve IIP status by June 2012.</p> <p>(iii) Implement two year cycle for staffing appraisal schemes.</p> <p>(iv) Implement Staff Engagement programme of surveys, focus groups and staff meetings.</p>	<p>Reduction in posts implemented by August 2012 = 43 average FTE. New posts required for 12/13 = 5 Net reduction in staff costs = 38 average FTE.</p> <p>IIP status achieved.</p> <p>Appraisal cycle underway.</p> <p>Model of "Staff Voice": Agreed following consultation. Currently being implemented.</p>

**NORTHERN REGIONAL COLLEGE
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Implementation of the Strategic Plan (Cont'd)

Strategic Aims 2011-14	Targets 2011/12	Outcome
<p>4 Develop and progress an estates strategy which best meets the needs of the College within the prevailing resource constraints.</p>	<p>(i) Dispose of surplus sites.</p> <p>(ii) Implement approved outcome for future of Larne Adult Education Centre.</p> <p>(iii) Complete options appraisal for Coleraine/Ballymoney, gain approval for preferred option and begin implementation.</p> <p>(iv) Meet all agreed targets/milestones for Outline Business Case for estates development.</p>	<p>Disposal process commenced. Initial interest from two public sector bodies in Antrim site.</p> <p>Preferred lessee identified.</p> <p>Target withdrawn</p> <p>Draft schedule of accommodation completed by Jan 12. Consultants appointed June 2012.</p>
<p>5 Progress towards the achievement of financial stability in line with targets established through the Business Improvement Plan.</p>	<p>(i) Achieve agreed financial targets and KPI for 2011/12.</p>	<p>Historic cost deficit is within budget</p>

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Implementation of the Strategic Plan (Cont'd)

The strategic aims for the years 2012-15 are as follows:

Strategic Aims 2012 – 2015
Student Experience
1 Develop and support the continuous improvement of the quality of the entire student learning experience.
2 Deliver an evolving curriculum and associated provision prioritised in relation to social and economic regional need, government policy and resource allocation
Staffing
3 Achieve the appropriate balance of staffing expertise to deliver the College's provision in a supportive and high performance culture
College Operations
4 To provide the best possible accommodation facilities and infrastructure to support an appropriate teaching and learning environment for learners and staff
Relationships
5 To develop and maintain a network of local, national and international relationships which support the quality of the College's provision
Finance
6 Achieve agreed targets for financial stability as identified through the Business Improvement process

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Implementation of the Strategic Plan (Cont'd)

The following targets are set for 2012/13 to support the achievement of the strategic aims:

Domain	Target	Target Description
Student Experience	1	Total FLUs – 6,697 833 Apprentices/Trainees
	2	Retention Rates: Whole College = 90%
	3	Achievement Rates: Whole College = 87%
	4	Success Rates: Whole College = R X A = 79%
	5	Achieve 5% increase on 2011/12 satisfaction rates for student surveys
	6	Achieve minimum Grade 3 or equivalent in all inspections/surveys
Relationships	7	Implement standard mechanism of educational partner voice to establish baseline of satisfaction
	8	Achieve £360k income generation and £827k funded projects of Business Development activity
Staffing	9	Achieve staff cost: income ratio of 70%
College Operations	10	Produce First draft OBC by Dec 12
	11	Achieve minimum “Satisfactory” or equivalent in all internal audit reviews
Finance	12	Achieve a deficit of no more than £181k for normal activities and £148k for redundancy costs

**NORTHERN REGIONAL COLLEGE
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Financial Objectives for 2011/16

The key financial objective for 2011/16 is set out in detail in the College Development Plan. The plan identifies that the College will return to a historic cost surplus in 2013/14, indicating long term financial stability thereafter. A series of performance indicators has been agreed to monitor the successful implementation of the policies.

	2012/13 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s
TOTAL INCOME	32,174	32,327	32,464	32,617
Expenditure				
Staff costs	23,133	22,779	22,779	22,779
Other operating expenses	8,336	8,627	8,672	8,786
Net Depreciation	886	886	886	886
Exceptional Costs	148	0	0	0
TOTAL EXPENDITURE	32,503	32,292	32,337	32,451
Historic cost (deficit)/surplus	(329)	35	127	166

**NORTHERN REGIONAL COLLEGE
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Performance Indicators: Review of Performance in 2011/12

The performance for 2011/12 and targets for 2012/13 can be summarised as follows:

NRC FLU PERFORMANCE

	09/10 Planned	09/10 Actual	10/11 Planned	10/11 Actual	11/12 Planned	11/12 Actual	12/13 CDP Target
HE f/t	238	345	348	360	353	347	369
HE p/t	298	263	255	310	355	397	430
Total	536	608	603	670	708	744	799
FE f/t	4,215	4,453	4,554	4,430	4,508	4,280	4,503
FE p/t	1,185	1,038	849	891	895	894	900
Total	5,400	5,491	5,403	5,321	5,403	5,174	5,403
ES	540	450	487	460	495	464	495
Overall Total	6,476	6,548	6,493	6,451	6,606	6,382	6,697

NRC RETENTION

	NRC 09/10	NRC10/11	Sector Average 10/11	NRC 11/12	NRC Target 12/13
HE f/t	99%	98%	94%	97%	95%
HE p/t	91%	94%	94%	96%	94%
FE f/t	83%	86%	85%	91%	90%
FE p/t	79%	89%	88%	96%	90%
ES	70%	76%	78%	85%	80%

Trends in Retention

- NRC Retention in 2010/11 for all types of provision was at or above the sector average with the exception of Essential Skills;
- Retention targets for 2012/13 reflect a small rise to sector average in the absence of final end of year data for 2011/12;
- Retention performance for all types of provision from 2009/10 onwards shows an upward trend;
- 2011/12 Retention data by type of provision falls within the Very Good- Outstanding et i descriptors categories.

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Performance Indicators: Review of Performance in 2011/12 (Cont'd)

NRC ACHIEVEMENT

	NRC 09/10	NRC10/11	Sector Average 10/11	NRC 11/12	NRC Target 12/13
HE f/t	88%	92%	97%	92%	95%
HE p/t	87%	79%	84%	83%	85%
FE f/t	89%	94%	91%	97%	94%
FE p/t	54%	73%	75%	84%	80%
ES	60%	66%	76%	70%	80%

NRC SUCCESS

	NRC 09/10	NRC10/11	Sector Average 10/11	NRC 11/12	NRC Target 12/13
HE f/t	87%	90%	91%	97%	90%
HE p/t	79%	74%	79%	87%	80%
FE f/t	74%	81%	78%	89%	85%
FE p/t	43%	65%	66%	78%	72%
ES	42%	50%	60%	65%	64%

Trends in Achievement and Success

- In 2010/11 NRC data was the same or higher than sector average with the exception of part-time HE and ES;
- In the absence of final end of year 2011/12 figures targets have been set for 2012/13 using the information relating to NRC and sector averages in 2010/11;
- All Achievement targets for 2012/13 show an increase on 2010/11 performance with full-time FE and HE in the Very Good ~~eti~~ descriptors category;
- All Success targets fall within the first to third quintiles for DEL Success performance adjustment categories;
- NRC Achievement and Success 2011/12 data will not be available until the FELS return (1 November 2012) – the College data can be presented (with a health warning) and confirmed by the DEL Healthcheck data at a later date;
- From 2009/10-2010/11 there was an improvement in all types of provision with the exception of HE part-time.

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Performance Indicators: Review of Performance in 2011/12 (Cont'd)

NRC TRAINING

	NRC 10/11 Target	NRC10/11 Actuals	NRC 11/12 Targets	NRC 11/12 Actuals	NRC Target 12/13
Recruitment	1011	998	901	775	833
Retention	82%	89%	82%	95%	85%
Achievement (full framework)	55% (previously success)	55.25%	55% (previously success)	59%	72%
Success	45%	49.17%	45%	57%	61%

NRC ENTITLEMENT FRAMEWORK

	NRC 11/12 Targets	NRC 11/12 Outcomes	NRC Target 12/13
Retention	94%	99%	95%
Achievement	96%	95%	97%
Success	90%	94%	92%
Income (Net)	£1.76m	£1.64m	£1.6m

- Corporate targets for Retention/Achievement/Success have also been set for the College Training and Entitlement Framework provision;
- Significant challenges still surround the achievement of full framework qualifications particularly in the TfS strand.

FINANCIAL POSITION

Financial Results

The College generated an operating deficit in the year of £2,368k (2010/11 – deficit of £1,321k). The result in 2011/12 is stated after accounting for the disposal of fixed assets. All fixed assets disposed of had a zero net book value.

The College reported a historic cost outturn of a £1,129k deficit compared with the College's original estimated outturn, as per the College Development Plan, of a £1,230k deficit.

The College has significant reliance on DEL for its principal funding source, largely from recurrent grants. In 2011/12, DEL provided 68% of the College's total income through allocated recurrent grant. This represented 15% of the total recurrent grant available to the sector.

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Financial Results (Cont'd)

Ratio	Score	Within Target Range	Outside Target Range	Target Range
Historic surplus/(deficit) as % of total income	(3.7)%		✓	(2%) - 2%
Current ratio	2.4	✓		1.5:1 - 2.5:1
Cash days	36.7		✓	25 - 35
Debtor days	30	✓		0 - 30
Creditor days	14	✓		0 - 30
Staff costs as % of total income	75%		✓	< 70%
Staff costs as % of total costs	70%	✓		< 70%
I&E reserve: surplus/(deficit) as % of total income	6%	✓		5% - 10%
Cash balance as % of total income	10%	✓		5% - 10%

Reserves

The College has accumulated income and expenditure reserves, excluding pension reserves, of £1,923k (£3,088k – 2011) and cash balances of £3,170k (£4,530k – 2011). This is within the acceptable levels of reserves i.e. the income and expenditure reserve is within 5-10% of total income, as detailed by the Financial Memorandum.

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.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12

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 £1,590k, (2010/11 £720k).

Liquidity

The College has no loans or borrowings.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

The College decreased its student establishment by 3.68% during the year, giving a total establishment of 5,654 FTE's. 1,748 full-time and 5,182 part-time students obtained qualifications during the year whilst 43% have subsequently returned to either further or higher education.

Student Achievements

Details on retention, achievement and success rates, including comparison to prior years are outlined on pages 9 to 10.

The College has had a number of awards recognising student achievements in the year 2011/12. Special mention must be made of our participants in the Worldskills event in London in October 2011. Mark Maginty and Chris Downey received Medallions of Excellence in the Mechatronics competition, the first UK team members to do so in 10 years. In the CNC Milling competition, David Nicholl finished in 10th place, achieving the highest UK score in 10 years. As well as the achievement of our UK team members, groups of Catering and Performing Arts students delivered Showcase presentations during the course of the event.

Students from Built Environment and Motor Vehicle who were successful in the recent NI Skills finals:

- Brickwork - Aiden Glass, Gold Medal and Joel Lamont, Bronze Medal
- Lead Sheet work – Neil Laverty, Gold Medal
- Industrial Heating – Nathaniel McAllister, Bronze Medal

Other notable successes during the year have included:

- UTV/Business Eye Partnership Award for NRC's School of Engineering and Science and Ryobi Aluminium Casting.
- Emma McQuilkin, a former Built Environment student at Coleraine Campus won a prestigious J P McManus Scholarship Award.
- Owen Penny, Steven Toms and Aaron Swann, Business Studies students at Coleraine and Magherafelt received Future Student Business Awards, co-sponsored by Federation of Small Businesses and CollegesNI.
- Andrea Moore, Alexandra Scott and Ruth McCalmont Media Students at Ballymoney, won the best video award at the same event.

Curriculum Developments

NRC offers a wide range of full-time and part-time FE and HE provision, Training, Entitlement Framework and Community courses across a broad spectrum of vocational, professional and technical areas. Recruitment to full time FE provision has remained steady, showing a very small decline over the last 3 years. A number of new curriculum developments have been introduced in 2012/13 to address demand, particularly at Level 3, as part of the College FLU bid.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12

Curriculum Developments (Cont'd)

These include:

- L3 Dip in Sport Michael Hughes Soccer Academy
- L3 Dip in Sport GAA Academy
- L3 Dip in Sport Darren Clarke School of Golf
- L3 Dip in Travel & Tourism
- Level 2 Dip in Music Production
- Level 2 Dip in Performing Arts

These developments are the beginning of a curriculum plan for NRC to align future provision with the proposed 4 campus estate model as identified in the College OBC. The plan considers a curriculum mix for campuses that continues to facilitate local access at Level 2 and Level 3, allows for local Area Based Planning for Entitlement Framework but also considers the focus of specialist resource intensive areas in a smaller number of campuses for higher education and business development.

NRC has the lowest MaSN allocation for full time HE places in the sector. However, an additional 14 places were secured for 2012/13 (bringing the total to 266). Plans were put in place to extend the STEM related provision to introduce a HND in Electronic and Electrical Engineering. This will further extend the range of courses offered across the College catchment area. Further developments to meet demand in a number of vocational areas are also being considered.

A number of significant issues still surround the present DEL Training contract. The existing limitations on Level 3 Apprenticeship provision continue to restrict NRC developments particularly in the areas of Electrical Installation and Plumbing.

Recruitment to Apprenticeship provision in the area of Built Environment continues to be a challenge in the present economic climate as does the delivery of the Programme Led Apprenticeship with its associated work placement requirements which are directly related to achievement of the full framework qualification. The delays in awarding the new Training contract have further contributed to the extension of this provision originally envisaged as a short-term contingency measure.

There has been a steady decline in the overall NRC Training enrolments of approximately 12% per annum over the last 3 years, mainly in Construction. Enrolments to Engineering and Motor Vehicle have remained steady, largely due to the commitment from local employers to Apprenticeship Training in Manufacturing.

The College participates in a number of Learning Communities across its catchment area and offers an extensive programme of Key Stage 3 and Key Stage 4 provision including Occupational Studies, GCSEs, Advanced Diplomas and vocational A' Levels. The models of delivery vary with NRC lecturers delivering specialist vocational A' Levels on school premises, as well as students attending the College campuses to access special resources in Engineering, Motor Vehicle, Built Environment, Catering & Hospitality and Computing.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12

Curriculum Developments (Cont'd)

While changes to funding and strategic developments within school mergers continue to unfold the Entitlement Framework enrolments remain steady at approximately 2,500 per annum. This reflects the quality of the provision, the nature of the relationship with external schools and Learning Communities and NRC's specialist STEM provision.

Part time Higher Education continues to increase as an alternative route to higher level qualifications. The Foundation Degree in Retail is an example of a partnership with key Retail providers and provides a Higher Education route for employees. Professional qualifications within a progression framework are also provided in areas such as Leadership and Management, Counselling, Care, Business and Accounting and Interactive Media.

Part-time Further Education and Community based enrolments also remain steady. NRC has a focus on retaining a presence in the Antrim area delivering courses in partnership with a local school and the Library. Provision has recruited successfully for a second year. A presence is also being retained in the Larne area with the finalisation of plans for the use of the Larne Adult Education Centre. These plans include the shared use of the Centre between NRC, for the provision of part time classes, and other organisations.

A significant programme of economic engagement is offered across the College involving bespoke courses, DEL customised training and Connected programmes. NRC is the lead College for Manufacturing Engineering in the Employer Support Programme. It is also participating in the area of Renewables and four other projects in partnership with the other Further Education Colleges in the sector. NRC continues to engage with local employers delivering training nationally and internationally. A number of innovative approaches to employer engagement are underway including the establishment of the NRC Acumen School of Leadership and Management.

The establishment of a Careers Academy for Engineering is an exciting new development offering additional opportunities for engineering students to increase their employability.

The major focus on continuous quality improvement within the curriculum has continued with the establishment of College corporate targets for Retention/Achievement/Success by type of provision for 2012/13. College targets have been established taking into account historic trends as well as sector benchmarking and data from the DEL Healthcheck reports.

NRC has introduced a Retention Strategy which has impacted positively on students' retention particularly in the first 10 weeks of Term 1. Critical self evaluation by course teams of their Leadership and Management, Standards and Outcomes and Quality of provision is carried out annually. A Learning and Teaching Committee is presently being established to identify and embed outstanding practice and support underperformance. A culture of support visits and lesson observation is being developed as part of this initiative.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12

Payment Performance

The Late Payment of Commercial Debt Regulations 2002 requires payments to be made to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by HM Treasury for payment to suppliers within 30 days is 95%.

During the accounting period 1 August 2011 – 31 July 2012, the College paid 77% (2010/11:65%) of its invoices within 30 days. £84 was paid to suppliers in interest charges.

Post Balance Sheet Events

There were no significant post balance sheet events.

Future Developments

NRC proposes to develop even further, its excellent current links with local and international businesses, schools, organisations and individuals to provide students with the highest quality and most career-relevant educational experience available, as well as playing a central role in the region's economy.

In order to achieve its objectives the College developed a Business Improvement Plan in 2010. The objective of the plan is to identify actions that would allow the College to reach financial stability while continuing to deliver a high quality student learning experience. The plan contains recommendations 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 excellence to the student body.

The recommendations in the plan were 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; and
- Improving performance so that outcomes, associated funding and student experience improves.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12

Future Developments (Cont'd)

The College is currently preparing an Outline Business Cases (OBC) to examine options for the future provision of the college estate that will best meet the current and future needs of the College in a number of locations. Deloitte MCS Limited has been appointed by the Department for Employment and Learning (DEL) to assist with this process.

RESOURCES

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

Estate

The College's estate includes campuses at:

Campus	Net Book Value £'000
Antrim (currently not utilised)	1,500
Ballymena – Farm Lodge	10,335
Ballymena – Trostan Avenue	4,394
Ballymoney	3,118
Coleraine	3,476
Larne	2,495
Magherafelt	4,297
Newtownabbey	25,194
Portrush (currently not utilised)	60
Total	54,869

Financial

Net assets at 31 July 2012 were £52.8m (2011:£60.1m) (including £4.8m net pension liability).

People

The College employs 682 people (2011:726) (expressed as full time equivalents), of whom 396 are teaching staff.

The percentage days lost as a result of sickness absence for 2011/12 for the College is 3.85% (2010/11: 3.48%) and the average days lost per employee is 10.06 (2010/11: 8.37). The percentage days lost as a result of sickness absence for 2011/12 for support staff is 3.54% (2010/11: 3.37%) and the average days lost per employee is 9.23 (2010/11: 8.8). The percentage days lost as a result of sickness absence for 2011/12 for academic staff is 4.29% (2010/11: 2.96%) and the average days lost per employee is 11.19 (2010/11: 7.72).

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12

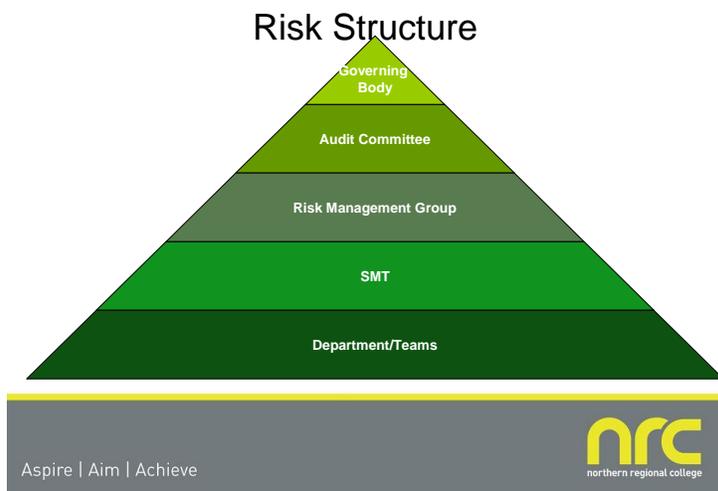
Reputation

The College has a good reputation locally and nationally and maintaining a quality brand is essential for the College's success in attracting students and external relationships.

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.

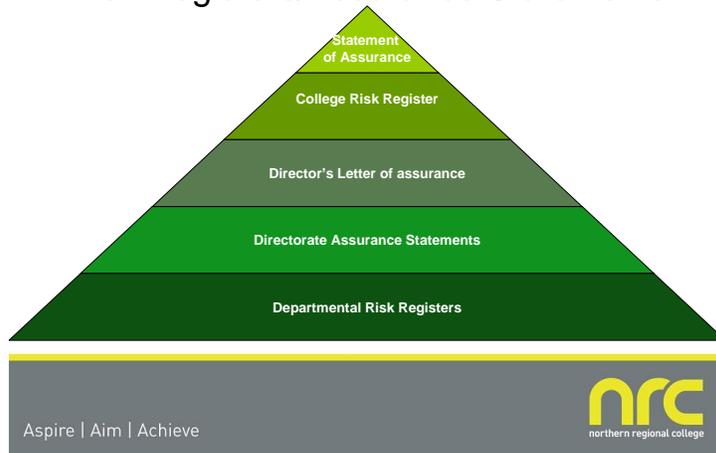


Appropriate procedures have been implemented to ensure that the College's objectives and risks have been identified and a control strategy has been determined for each of the significant risks. As a result, risk ownership is allocated to the appropriate staff and the College has set out its attitude 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.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12

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) and Quality Assurance Agency (QAA).

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.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12

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 College-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 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 (high) risks facing the College have been identified as:

- 1 Financial constraints (including public funding availability and capital development funding) resulting in all College services (Curriculum delivery and associated support) not being effectively delivered or in DEL's target of breakeven position not being achieved
- 2 The College Estate is not fit for purpose to meet College objectives
- 3 Inability to invest in IT as a result of financial constraints
- 4 The number, mix and skills of staff do not support the achievement of the College objectives
- 5 The Training Provision is not affordable or sustainable
- 6 Failure to meet planned enrolment target, in particular, part time and Training and as a result of difficult economic conditions or as a result of a reputational risk issue.
- 7 In-year change, or change with short notice period, to DEL Policy may affect funding that College can attract. And delays in DEL approval for decisions taken could result in additional financial burden. This includes the cessation of DEL and the ONS reclassification of FE Colleges as NDPBs.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12

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;
- local Councils;
- Government Offices / Regional Development Agencies;
- the local community;
- other FE colleges;
- 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.

Equal opportunities and employment of disabled persons

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

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

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

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

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12

Equal opportunities and employment of disabled persons (Cont'd)

The College's Equality Statement states that:

"Northern Regional College is committed to the promotion of equality of opportunity in all of its activities. We aim to ensure that we provide a supportive, fair, inclusive and welcoming environment for all staff, students and visitors free from any form of discrimination or harassment."

Disability statement

Under section 49A of the Disability Discrimination Act (DDA) 1995 (as amended by the Disability Discrimination (Northern Ireland) Order 2006), the Northern Regional College as a public authority will, when carrying out its functions, have due regard to the need to promote positive attitudes towards disabled people and will encourage participation by disabled persons in public life.

Under section 49B of the Act, the College is committed to the development of a disability action plan which relates to all disabled people including disabled employees, customers, clients and service users as well as disabled students. This action plan also encompasses College efforts in relation to the Special Education Needs and Disability Order 2005 to ensure the full mainstreaming of all duties.

The disability action plan covers the period from February 2008 to August 2010. For ease of monitoring targets this period has been divided in the Action Plan into 3 phases: Phase 1 February 2008 to August 2008, Phase 2 September 2008 to June 2009 and Phase 3 July 2009 to June 2010. As the College is awaiting guidance from the Equality Commission on the future of Disability Action Plans it has decided to extend the plan in the interim. Phase 4 was from July 2010 to June 2011, Phase 5 was from July 2011 to June 2012 and Phase 6 will be from July 2012 to June 2013.

This disability action plan involves the development of detailed guidance and training for staff, the establishment of professional standards for inclusive learning, the alignment and development of College policies and procedures and the identification of positive action measures.

Disclosure of information to auditors

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

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

Personal data related incidents

There were no personal data related incidents during 2011/12.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW 2011/12

Charitable and taxation status

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

Charitable/Political Donations

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

Professional Advisers

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

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

From 1 August 2012:
KPMG
Stokes House
17-25 College Square East
Belfast
BT1 6DH

Bankers: First Trust
78 Wellington Street
Ballymena
BT43 6AF

Northern Bank
1-2 Broadway
Ballymena
BT43 6EA

Ulster Bank
Danesfort
Stranmillis Road
Belfast
BT9 5UB

**NORTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2011/12**

Professional Advisers (Cont'd)

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 2011/12**

Members

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

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Mr Trevor Neilands Principal/Chief Executive				Principal	Staffing Education F&GP
Mr Gerry Gilpin	1 Sept 2010	31 Aug 2014		DEL appointed	
Mrs Kay Collins	1 Aug 2011	31 July 2015		DEL appointed	F&GP (Chair)
Mr Samuel Davidson	1 Aug 2011	31 July 2015		DEL appointed	Staffing (Chair) F&GP
Mr Richard Jay	25 Jan 2010	24 Jan 2014		DEL appointed	Education (Chair) Staffing
Alderman P J McAvoy	1 Aug 2011	31 Jul 2015		DEL appointed	Audit
Mr Patrick McCudden	1 Aug 2011		31 July 2012	DEL appointed	F&GP
Mrs Alison Rankin	1 Aug 2011	31 July 2015		DEL appointed	Audit
Mr Ivan Goldsworthy	15 June 2010	14 June 2014		DEL appointed	Audit Staffing
Ms Cathy Taylor	2 Nov 2009	1 Nov 2013		Co-Opted	Staffing
Mr Ken Nelson	2 Nov 2009	1 Nov 2013		Co-Opted	Education
Rev T Jamieson	3 April 2008		2 April 2012	Board Representative	Audit
Mrs Una O'Kane	3 April 2008		2 April 2012	Board Representative	Education
Dr David Lennox	1 Aug 2011	31 July 2015		DEL appointed	F&GP
Mrs Rose Handley	1 Aug 2011		2 May 2012	DEL appointed	Audit
Mr Andrew Watt	26 Feb 2008	25 Feb 2012		Teaching Representative	Education F&GP
Mr Stephen McCartney	2 Nov 2011	1 Nov 2015		Staff Representative	Audit

**NORTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW 2011/12**

Members (Cont'd)

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Miss Sarah Cassidy	20 Oct 2011	30 Sept 2012		Student Representative	Education
Mr Matt Murray	11 June 2012	10 June 2016		Staff Representative	Education
Alderman James Brown	3 April 2012	2 April 2016		Board Representative	Audit
Cllr James Currie	3 April 2012	2 April 2016		Board Representative	Education

All members served from 1 August 2011 to 31 July 2012 unless otherwise indicated.

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

21 November 2012

Mr. G. Gilpin
Chairman

Date

NORTHERN REGIONAL COLLEGE REMUNERATION REPORT

Remuneration Policy

Members of the Governing Body

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

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

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

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

The Principal and Senior Management Team

The Principal and the Executive 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 Principal and Senior Management Team hold permanent appointments. The normal retiring age was 65, although staff may retire at any time after age 60. For members of the Teachers Pension Scheme there is no diminution of earned pension benefits. However, the College reviewed this fixed retirement age and decided it will no longer have a fixed retirement age for anyone reaching that age on or after 31 August 2011 in accordance with legislation. The policy relating to notice periods is contained in the College's Staff Handbook.

Minimum pay levels

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

Progression

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

NORTHERN REGIONAL COLLEGE REMUNERATION REPORT

Performance pay

There is no performance pay or related scheme for any of the Directors, although this may be reviewed in the future. The Principal 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 Principal was paid PRP of £1,560 during the year (2010/11: £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 35 days holiday entitlement and a further thirteen statutory and public holidays as recognised by the sector.

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 REMUNERATION REPORT

Salary and Pension Entitlements (audited information)

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

Remuneration	2011-12			2010-11		
	Salary £'000	Bonus Payments £'000	Benefits in Kind £'000	Salary £'000	Bonus Payments £'000	Benefits in Kind £'00
Principal	105 -110	-	-	105 - 110	-	-
Director of Planning & Customer Services /Deputy Director Planning & Resources	75 – 80	-	-	75 – 80	-	-
Director of Curriculum /Deputy Director Support & Development	75 – 80	-	-	75 - 80	-	-
Director of Finance & Corporate Development /Director of Finance	65 - 70	-	-	65 - 70	-	-
Deputy Director Curriculum (Post identified as redundant from 1 September 2012)	75 – 80	-	-	75 - 80	-	-

1. The Principal 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 Director of Planning & Customer Services was appointed on 1 May 2012. Prior to this she was Deputy Director Planning & Resources and prior to this she was Deputy Director of East Antrim Institute of Further and Higher Education (1 September 2001 – 30 November 2007).
3. The Director of Curriculum was appointed on 1 May 2012. Prior to this she was Deputy Director Support & Development and previously 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.

NORTHERN REGIONAL COLLEGE REMUNERATION REPORT

Salary and Pension Entitlements (Cont'd)

4. The Director of Finance & Corporate Development was appointed on 1 May 2012. Prior to this she was Director of Finance and prior to this she was a senior manager in the North East Institute of Further and Higher Education (1 September 2004 – 30 November 2007).
5. The post of Deputy Director Curriculum was identified as redundant from 1 September 2012. Prior to this the postholder was Deputy Director of Causeway Institute of Further and Higher Education (1 August 2001 – 30 November 2007).

	2011-12 £'000	2010-11 £'000
Band of highest paid directors total remuneration	105 - 110	105-110
Median total remuneration	22,593	23,040
Ratio	4.85	4.76

Salary

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

Benefits in Kind

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

NORTHERN REGIONAL COLLEGE REMUNERATION REPORT

Pension Entitlements (Audited information)

Officials	Accrued pension at age 60 as at 31/07/12 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/07/12	CETV at 31/07/11	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Principal	50-55 plus lump sum of 150-155	0-2.5 plus lump sum of 2.5-5	1,203	1,112	25
Director of Planning & Customer Services /Deputy Director Planning & Resources	30-35 plus lump sum of 90-95	0-(2.5) plus lump sum of 0-(2.5)	731	695	(5)
Director of Curriculum /Deputy Director Support & Development	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 0-2.5	476	426	22
Director of Finance & Corporate Development /Director of Finance	10-15 plus lump sum of 25-30	0-2.5 Plus lump sum 0-(2.5)	168	128	61
Deputy Director Curriculum	35-40 plus lump sum of 105-110	0-(2.5) plus lump sum of 0-(2.5)	794	753	(4)

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.

NORTHERN REGIONAL COLLEGE REMUNERATION REPORT

Pension Arrangements (Cont'd)

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

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 (or detail equivalent tool).

Cash Equivalent Transfer Values

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

The actuarial factors used in the CETV calculations were changed as of 6 July 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate pensions.

Real increase in CETV

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

**NORTHERN REGIONAL COLLEGE
REMUNERATION REPORT**

Compensation for Loss of Office

During 2011/12, there was no compensation paid for loss of office.

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

Summary of the College's Structure of Corporate Governance

Governing Body

The College's Governing Body comprises of members appointed by the Minister for Employment and Learning, members nominated by the Education and Library Board for the area, staff and students of the College, the Chief Executive Officer(CEO)/principal and people co-opted by the Governing Body. The role of the Chairman of the Governing Body is separate from the role of the College Principal 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. The Governing Body met seven times during the 2011/12 year and has several committees, including a Finance and General Purposes Committee, an Audit Committee, a Staffing Committee and an Education Committee. All of these committees are formally constituted with terms of reference and comprise mainly members of the Governing Body.

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

Audit Committee

The Audit Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control. It provides a channel of communication from the College's auditors, which is not controlled by college management. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The Committee met five times during the 2011/12 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 and the receipt of its income and the expenditure. It is the duty of this Committee to present a report to each meeting of the Governing Body. The Committee met six times during the 2011/12 year.

Staffing Committee

The Staffing Committee is responsible for dealing with issues in relation to the recruitment, appointment, promotion and grading of all staff, other than senior staff. The Committee met five times during the 2011/12 year.

Education Committee

The Education Committee is responsible for overseeing the curricular provision of the College, especially the nature, quality and performance of the provision and the extent to which it meets the needs of the community the College seeks to serve. The Committee met 5 times during the 2011/12 year.

21 November 2012

Mr. T. Neilands
Accounting Officer

Date

**NORTHERN REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2012**

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 also required to prepare an Annual Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

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

**NORTHERN REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2012**

Approved by order of the governing body members on 21 November 2012 and signed on its behalf by:

Mr. G. Gilpin
Chair

**NORTHERN REGIONAL COLLEGE
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2012**

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

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

The 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 likelihood of those risks being realised and the impact should they be realized, 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 2012 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. This training includes the issuing of guidance and lessons learned from examples of good practice.

**NORTHERN REGIONAL COLLEGE
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2012**

STATEMENT ON INTERNAL CONTROL (cont'd)

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 2012. 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.

As mentioned in the Operating and Financial Review, in order to achieve its objectives the College developed a Business Improvement Plan in 2010. The objective of the plan is to identify actions that would allow the College to reach financial stability while continuing to deliver a high quality student learning experience. The plan contains recommendations 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 excellence to the student body.

The recommendations in the plan were 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;

**NORTHERN REGIONAL COLLEGE
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2012**

- 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; and
- Improving performance so that outcomes, associated funding and student experience improves.

The Business Improvement Plan identified and focused on the following risks:

- Future Public Sector funding cuts
- Securing funding for capital projects
- Ability to adhere to proposed timescale of BIP
- Short term costs (redundancy, changes to accommodation) to fund longer term savings

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.

**NORTHERN REGIONAL COLLEGE
ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2012**

STATEMENT ON INTERNAL CONTROL (cont'd.)

Internal audit carried out reviews on a number of planned areas in the year 2011/12. The assurance rating by area reviewed is set out in the table below:

Audit Review	Assurance Rating
Procurement and contracting (PAC requirement)	Satisfactory
Operating expenses (payments to suppliers)	Substantial
Payroll (including expenses and salary sacrifice schemes)	Substantial
Estates management (including estate utilisation)	Substantial*
Data management and cross boundary processes	Substantial
e-Registers	Satisfactory
Risk management	Substantial

*revised assurance rating after follow up review

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 substantial.

Significant internal control problems

There were no priority one issues.

It is noted by the Committee that management have agreed timeframes for addressing any weaknesses identified. Progress against all outstanding audit issues is reported to Audit Committee at each meeting.

21 November 2012

Mr. T. Neilands
Accounting Officer
Northern Regional College

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 the Northern Regional College for the year ended 31 July 2012 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Historical Surpluses and Deficits, Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Governing Body and auditor

As explained more fully in the Statement of Responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

My responsibility is to audit the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

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

- the financial statements give a true and fair view, of the state of Northern Regional College's affairs as at 31 July 2012 and of its deficit, cash flows and total recognised gains and losses for the year then ended; and
- the financial statements have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for Employment and Learning directions made thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

28 November 2012

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

Date

**NORTHERN REGIONAL COLLEGE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2012**

	Notes	2012 £'000	2011 £'000
Income			
Department for Employment & Learning grants	2	22,927	24,173
Education contracts	3	5,016	6,047
Tuition fees and charges	4	2,187	2,095
Other grant income	5	445	498
Other operating income	6	671	974
Investment income	7	248	56
		<hr/>	<hr/>
Total income		31,494	33,843
Expenditure			
Staff costs	8	23,669	24,156
Other operating expenses	10	7,802	8,750
Interest payable	11	-	248
Depreciation	14	1,950	1,724
		<hr/>	<hr/>
Total expenditure before exceptional items		33,421	34,878
Deficit on continuing operations after depreciation of assets at valuation and before tax and before exceptional items			
		<hr/> (1,927)	<hr/> (1,035)
Exceptional items			
Exceptional costs - staff	8	441	286
		<hr/>	<hr/>
Deficit on continuing operations after depreciation of assets at valuation and before tax		(2,368)	(1,321)
Taxation	12	-	-
		<hr/>	<hr/>
Deficit on continuing operations after depreciation of assets at valuation and tax	13	(2,368)	(1,321)
		<hr/> <hr/>	<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 2012**

	Notes	2012 £'000	2011 £'000
Deficit on continuing operations after depreciation of assets at valuation and tax	13	(2,368)	(1,321)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	21	1,239	999
		<hr/>	<hr/>
Historical cost surplus/(deficit) for the year		(1,129)	(322)
		<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 2012**

	Notes	2012 £'000	2011 £'000 As Restated
Deficit on continuing operations after depreciation of assets at valuation and tax	13	(2,368)	(1,321)
Unrealised surplus/(deficit) on revaluation of fixed assets	14	(915)	2,837
Actuarial gain/(loss) in respect of pension scheme	23	(3,527)	7,593
		<hr/>	<hr/>
Total recognised gains/(losses) since last report		(6,810)	9,109
 Reconciliation of movement in reserve			
Opening reserves as stated		46,561	33,306
Prior Year Adjustment (note 21)		-	4,146
		<hr/>	<hr/>
Opening Reserves as restated		46,561	37,452
Total recognised gains/(losses) for the year		(6,810)	9,109
		<hr/>	<hr/>
Closing reserves		39,751	46,561
		<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 2012**

	Notes	2012 £'000	2011 £'000 As Restated
Fixed assets			
Tangible assets	14	55,651	58,491
Total fixed assets		55,651	58,491
Current assets			
Debtors	16	1,309	1,106
Cash at bank and in hand		3,170	4,530
Total current assets		4,479	5,636
Less: Creditors - amounts falling due within one year	17	(2,610)	(2,687)
Net current assets		1,869	2,949
Total assets less current liabilities		57,520	61,440
Add : Debtors: amounts falling due after more than one year	16	13	18
Less : Creditors: amounts falling due after more than one year		-	-
Less: Provision for liabilities	18	-	-
Net Assets excluding pension liability		57,533	61,458
Net pension liability	23	(4,753)	(1,262)
Net Assets including pension liability		52,780	60,196
Deferred capital grants	19	12,987	13,595
Endowments	20	42	40
Reserves			
Income and expenditure account excluding pension reserve	22	1,923	3,088
Pension reserve	23	(4,753)	(1,262)
Income and expenditure account including pension reserve	22	(2,830)	1,826
Revaluation reserve	21	42,581	44,735
Total reserves		39,751	46,561
TOTAL		52,780	60,196

**NORTHERN REGIONAL COLLEGE
BALANCE SHEET
AS AT 31 JULY 2012**

The financial statements on pages 45 to 80 were approved by the Governing Body of the Northern Regional College on 21 November 2012 and were signed on its behalf on that date by:

Mr. G. Gilpin
Chair of Governing Body
Northern Regional College

Mr. T. Neilands
Principal
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 2012**

	Notes	2012 £'000	2011 £'000
Cash outflow from operating activities	24	(1,590)	(720)
Returns on investment and servicing of finance	25	248	56
Taxation	12	-	-
Capital expenditure and financial investment	26	(18)	(78)
		<hr/>	<hr/>
Decrease in cash in the year	27	(1,360)	(742)
		<hr/>	<hr/>
		2012 £'000	2011 £'000
Reconciliation of net cash flow to movement in net funds			
Decrease in cash in the period	27	(1,360)	(742)
		<hr/>	<hr/>
Movement in net funds in the period	27	(1,360)	(742)
Net funds at 1 August		4,530	5,272
		<hr/>	<hr/>
Net funds at 31 July	27	3,170	4,530
		<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 2012**

1. ACCOUNTING POLICIES

Statement of Accounting Policies

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

Basis of preparation

These financial statements have been prepared on 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 and in accordance with applicable United Kingdom accounting standards.

Going concern

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

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

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

Basis of consolidation

The College had a subsidiary, ABEC Ltd, a nursery within the Larne campus. ABEC Ltd ceased trading on 10 September 2012 and was struck off the Companies Register on 16 September 2011.

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 2012**

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

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

Pension Scheme

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

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

NILGOSC is a defined benefit schemes which is externally funded and contracted out of the second state Pension Scheme. The Funds are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the basis of the latest actuarial valuations of the schemes 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.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

1. ACCOUNTING POLICIES (cont'd)

Pension Scheme (cont'd)

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.

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.

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 (inclusive of vat), as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since the last valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College as advised by Land and Property Services (LPS). Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

1. ACCOUNTING POLICIES (cont'd)

Tangible Fixed Assets (cont'd)

▪ **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 straight line
Motor vehicles	- four years straight line
Plant and equipment	- five years straight line
Fixtures and fittings	- seven years straight line

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

▪ **Leased Assets**

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

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

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

1. ACCOUNTING POLICIES (cont'd)

Foreign Currency Translation

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

Taxation

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

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

Liquid Resources

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

Provisions

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

Agency Arrangements

The College acts as an agent in the collection and payment of 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 32.

The College has no members of staff solely dedicated to the administration of Learner Support Fund applications and payments.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

2. DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS

	2012	2011
	£'000	£'000
Recurrent grant	21,416	22,007
Release of deferred capital grants	615	594
Additional support funds	727	618
Education Maintenance Allowance administration	34	45
Major works	18	414
Learner access and engagement	25	19
ICT – release of capital funds	-	81
Care to Learn	92	98
Training centre operations	-	292
Other	-	5
	<hr/>	<hr/>
Total	22,927	24,173
	<hr/>	<hr/>

3. EDUCATION CONTRACTS

	2012	2011
	£'000	£'000
Entitlement Framework Courses	1,637	1,797
Training for Success	3,373	4,122
Training - other	6	128
	<hr/>	<hr/>
Total	5,016	6,047
	<hr/>	<hr/>

4. TUITION FEES AND CHARGES

	2012	2011
	£'000	£'000
Higher Education (HE) income	567	557
Home and other European Union	1,620	1,534
Non-European Union	-	4
	<hr/>	<hr/>
Total	2,187	2,095
	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

5. OTHER GRANT INCOME

	2012 £'000	2011 £'000
European funds	103	85
Other funds	342	413
	<hr/>	<hr/>
Total	445	498
	<hr/>	<hr/>

6. OTHER OPERATING INCOME

	2012 £'000	2011 £'000
Catering and residence operations	483	527
Other income generating activities	182	441
Other income	6	6
	<hr/>	<hr/>
Total	671	974
	<hr/>	<hr/>

7. INVESTMENT INCOME

	2012 £'000	2011 £'000
Pension finance income (note 23)	159	-
Other interest receivable	89	56
	<hr/>	<hr/>
Total	248	56
	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

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:

	2012 Number	2011 Number
Teaching	396	417
Support	97	108
Administration	140	148
Premises	49	53
	<hr/>	<hr/>
Total	682	726

Staff costs for the above persons:

	2012 £'000	2011 £'000
Teaching	15,765	15,886
Support	2,420	2,612
Administration	4,262	4,342
Premises	1,099	1,220
FRS 17 charge	123	96
	<hr/>	<hr/>
	23,669	24,156
Exceptional staff costs	441	286
	<hr/>	<hr/>
Total	24,110	24,442

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

8. STAFF COSTS (Cont'd)

	2012	2011
	£'000	£'000
Wages & salaries	19,790	20,233
Social security costs	1,468	1,482
Other pension costs (including FRS 17 adjustments of £123k (2011:£96k))	2,411	2,441
	<u>23,669</u>	<u>24,156</u>
Exceptional staff costs (redundancy cost)	414	254
Exceptional staff costs (enhanced pension cost)	27	32
	<u>441</u>	<u>286</u>
Total	<u>24,110</u>	<u>24,442</u>

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

	Senior post-holders		Other Staff	
	2012	2011	2012	2011
	No.	No.	No.	No.
£60,001 to £70,000	-	-	9	7
£70,001 to £80,000	-	1	-	-
£80,001 to £90,000	4	3	-	-
£90,001 to £100,000	-	-	-	-
£100,001 to 110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	1	-	-
£130,001 to £140,000	-	-	-	-
	<u>5</u>	<u>5</u>	<u>9</u>	<u>7</u>

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

9. SENIOR POST HOLDERS' EMOLUMENTS

Senior post-holders are defined as the Principal 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.

	2012 Number	2011 Number
The number of senior post-holders including the Principal was:	<u>5</u>	<u>5</u>

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

	2012 £'000	2011 £'000
Salaries	412	413
Benefits in kind	-	-
Pension contributions	59	59
	<u>471</u>	<u>472</u>
Total emoluments	471	472

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

	2012 £'000	2011 £'000
Salaries	109	109
Benefits in kind	-	-
Pension contributions	15	15
	<u>124</u>	<u>124</u>
Total	124	124

The pension contributions in respect of the Principal 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 Principal 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.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

10. OTHER OPERATING EXPENSES

	2012	2011
	£'000	£'000
Direct teaching	790	820
Direct support	2,494	2,572
Administration	1,924	2,014
Consultancy Fees	6	7
Premises costs	2,588	3,337
	<hr/>	<hr/>
Total	7,802	8,750
	<hr/>	<hr/>

Other operating expenses include:

	2012	2011
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	23	25
Internal audit	23	25
Hire of other assets - operating leases	38	38

11. INTEREST PAYABLE

	2012	2011
	£'000	£'000
Pension finance costs (note 23)	-	248
	<hr/>	<hr/>
Total	-	248
	<hr/>	<hr/>

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 2012**

13. DEFICIT ON CONTINUING OPERATIONS FOR THE YEAR

	2012 £'000	2011 £'000
The deficit on continuing operations for the year is made up as follows:		
College's deficit for the year	(2,368)	(1,321)
	<hr/> (2,368) <hr/>	<hr/> (1,321) <hr/>

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

14. TANGIBLE FIXED ASSETS

	Freehold Land £'000	Buildings £'000	Plant and machinery £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation							
At 1 August 2011 as restated	13,801	43,580	2,571	2,664	425	115	63,156
Additions	-	10	4	11	-	-	25
Surplus/(Deficit) on revaluation	(6,881)	4,359	-	-	-	-	(2,522)
Disposals	-	-	(727)	(1,780)	(304)	(7)	(2,818)
At 31 July 2012	6,920	47,949	1,848	895	121	108	57,841
Depreciation							
At 1 August 2011	-	-	1,660	2,511	379	115	4,665
Charge for the year	-	1,607	228	101	14	-	1,950
Revaluation	-	(1,607)	-	-	-	-	(1,607)
Elimination in respect of disposals	-	-	(727)	(1,780)	(304)	(7)	(2,818)
At 31 July 2012	-	-	1,161	832	89	108	2,190
Net book value At 31 July 2012	6,920	47,949	687	63	32	-	55,651
Net book value At 31 July 2011	13,801	43,580	911	153	46	-	58,491

Land and buildings were last subject to a full revaluation in July 2012 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service in accordance with Department specifications. These revaluations have been incorporated into the financial statements.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

14. TANGIBLE FIXED ASSETS (Cont'd)

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

	2012	2011
	£'000	£'000
Cost	13,404	13,381
Aggregate depreciation based on cost	(1,089)	(721)
	<hr/>	<hr/>
Net book value based on cost	12,315	12,660
	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £0k (2011: £0k) in respect of assets held under finance leases.

The depreciation charge for the year is analysed as follows:

	2012	2011
	£'000	£'000
Owned assets	1,950	1,724
Assets held under finance leases and hire purchase arrangements	-	-
	<hr/>	<hr/>
	1,950	1,724
	<hr/>	<hr/>

15. INVESTMENTS

The College had a subsidiary, ABEC Ltd, a nursery within the Larne campus. ABEC Ltd ceased trading on 10 September 2010 was struck off the Companies Register on 16 September 2011.

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 was exercised by Northern Regional College. In this respect, the College, as a corporate body (and expressly not the directors of ABEC Childcare Limited) provides guarantees on behalf of the subsidiary companies.

ABEC Childcare - Amount owing to NRC at 31 July 12 £0k (11: £0k)

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

16. DEBTORS

	2012	2011
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	411	447
Prepayments and accrued income	354	401
Amounts due from the Department	544	258
Total Current Debtors	1,309	1,106
Amounts falling due after more than one year:		
Trade debtors	13	18
Total	1,322	1,124

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

	2012	2011
	£'000	£'000
Payments received in advance	237	249
Trade creditors	310	445
Taxation and social security	903	952
Accruals	896	945
Amounts owed to the Department	264	96
Total	2,610	2,687

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Litigation	Total
	£'000	£'000
As at 01 August 2011	-	-
Expenditure in the period	-	-
Transferred from income and expenditure account	-	-
At 31 July 2012	-	-

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

19. DEFERRED CAPITAL GRANTS

	DEL grants £'000	Other grants £'000	Total £'000
At 1 August 2011			
Land and buildings	12,670	-	12,670
Other assets	374	551	925
	<hr/>	<hr/>	<hr/>
	13,044	551	13,595
Cash received			
Land and buildings	7	-	7
Other assets	-	-	-
Released to income and expenditure account			
Land and buildings	(368)	-	(368)
Other assets	(107)	(140)	(247)
	<hr/>	<hr/>	<hr/>
Total	12,576	411	12,987
	<hr/>	<hr/>	<hr/>
At 31 July 2012			
Land and buildings	12,309	-	12,309
Other assets	267	411	678
	<hr/>	<hr/>	<hr/>
Total	12,576	411	12,987
	<hr/>	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

20. ENDOWMENTS

	Unrestricted Permanent £'000	Total £'000
At 1 August 2011	40	40
Income for year	2	2
	<hr/>	<hr/>
At 31 July 2012	42	42
	<hr/>	<hr/>

	Unrestricted Permanent £'000	Total £'000
At 1 August 2010	38	38
Income for the year	2	2
	<hr/>	<hr/>
At 31 July 2011	40	40
	<hr/>	<hr/>

21. REVALUATION RESERVE

	2012 £'000	2011 £'000
At 1 August as stated	44,735	38,751
Revaluations in the period (note 14)	(915)	2,837
Transfer from revaluation reserve to income and expenditure account in respect of :		
Depreciation on revalued assets	(1,239)	(999)
*Prior Year Adjustment – VAT on Newtownabbey valuation	-	4,146
	<hr/>	<hr/>
At 31 July	42,581	44,735

*The prior year adjustment was required as a result of the valuation of the Newtownabbey building being included in the financial statements net of VAT.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

22. MOVEMENT ON GENERAL RESERVE

	2012	2011
	£'000	£'000
Income and expenditure account reserve		
At 1 August	1,826	(5,445)
Deficit retained for the year	(2,368)	(1,321)
Transfer from revaluation reserve	1,239	999
Actuarial (loss)/gain on pension scheme	(3,527)	7,593
	<hr/>	<hr/>
At 31 July	(2,830)	1,826
	<hr/>	<hr/>
Balance represented by:		
Income and expenditure reserve excluding pension reserve	1,923	3,088
Pension reserve	(4,753)	(1,262)
	<hr/>	<hr/>
At 31 July	(2,830)	1,826
	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

23. PENSION AND SIMILAR OBLIGATIONS

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

Total pension cost for the year

	2012	2011
	£'000	£'000
NITPS: contributions paid	1,520	1,580
NILGOSC: contributions paid	768	765
NILGOSC: FRS 17 charge	123	96
NILGOSC: charge to the income and expenditure account (staff costs)	891	861
Enhanced pension charge to the income and expenditure account (staff costs)	27	32
Total pension cost for the year	2,438	2,473

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the NITPS was 31 March 2008 and NILGOSC was 31 March 2010.

NITPS

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

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

The Government Actuary's Department values the scheme every 4 years with an interim valuation in the intervening 2-year period using the projected accrued benefit method. A full actuarial review of the scheme was completed as at 31 March 2008.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

23. PENSION AND SIMILAR OBLIGATIONS (Cont'd)

From 1 April 2012 the employers' contribution rate is 13.6% of the full-time salary or if part-time, the full-time equivalent salary, and the employees' contribution rate is banded in line with the full-time salary or if part-time, the full-time equivalent salary as follows:-

Below £15,000	6.4%
£15,000 to £25,999	7.0%
£26,000 to £31,999	7.3%
£32,000 to £39,999	7.6%
£40,000 to £74,999	8.0%
£75,000 to £111,999	8.4%
£112,000 and above	8.8%

FRS 17

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

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

NILGOSC

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

FRS 17

The following information is based upon a full actuarial valuation of the fund at 31 March 2010 updated to 31 July 2012 by a qualified actuary.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

23. PENSION AND SIMILAR OBLIGATIONS (Cont'd)

Principal actuarial assumptions

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

	At 31 July 2012	At 31 July 2011
Rate of increase in salaries	4.5%	5.0%
Rate of increase for pensions in payment/inflation	2.2%	2.7%
Discount rate for scheme liabilities	4.1%	5.3%
Inflation assumption (CPI)	4.9%	6.4%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2012	At 31 July 2011
<i>Retiring today</i>		
Males	22.9	22.9
Females	25.7	25.7
<i>Retiring in 20 years</i>		
Males	24.9	24.9
Females	27.7	27.7

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

	Long-term rate of return expected at 31 July 2012	Value at 31 July 2012 £'000	Long-term rate of return expected at 31 July 2011	Value at 31 July 2011 £'000
Equities	5.5%	16,733	7.0%	16,141
Bonds	3.5%	2,980	4.6%	3,272
Property	3.7%	2,063	5.1%	1,527
Cash	2.8%	1,146	4.0%	872
Total market value of assets		22,922		21,812
Present value of scheme liabilities		27,675		23,074
(Deficit) in the scheme		(4,753)		(1,262)

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

23. PENSION AND SIMILAR OBLIGATIONS (Cont'd)

Amounts recognised in the balance sheet

	2012 £'000	2011 £'000
Present value of funded obligations	(27,630)	(23,033)
Fair value of plan assets	<u>22,922</u>	<u>21,812</u>
	(4,708)	(1,221)
Present value of unfunded obligations	(45)	(41)
Unrecognised past service cost	<u>0</u>	<u>0</u>
Net liability	<u>(4,753)</u>	<u>(1,262)</u>

Analysis of the amount charged to income and expenditure account

	2012 £'000	2011 £'000
Employer service cost (net of employee contributions)	891	861
Past service cost	<u>0</u>	<u>0</u>
Total operating charge	<u>891</u>	<u>861</u>

Analysis of pension finance income/(costs)

	2012 £'000	2011 £'000
Expected return on pension scheme assets	1,411	1,092
Interest on pension liabilities	(1,239)	(1,342)
Losses on curtailments	(15)	-
Contribution in respect of unfunded benefits	<u>2</u>	<u>2</u>
Pension finance income/(costs)	<u>159</u>	<u>(248)</u>

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

	2012 £'000	2011 £'000
Actuarial gains/losses on pension scheme assets	(789)	4,134
Actuarial gains/losses on scheme liabilities	<u>(2,738)</u>	<u>3,459</u>
Actuarial gain/loss recognised in STRGL	<u>(3,527)</u>	<u>7,593</u>

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

Movement in surplus/(deficit) during the year

	2012	2011
	£'000	£'000
(Deficit) in scheme at 1 August	(1,262)	(8,511)
Movement in the year:		
Employer service cost (net of employee contributions)	(891)	(861)
Employer contributions	768	765
Past service cost	-	-
Net interest/return on assets	159	(248)
Actuarial gain or loss	<u>(3,527)</u>	<u>7,593</u>
Surplus/(deficit) in scheme at 31 July	<u>(4,753)</u>	<u>(1,262)</u>

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

23. PENSION AND SIMILAR OBLIGATIONS (Cont'd)

Asset and liability reconciliation

	2012 £'000	2011 £'000
Reconciliation of liabilities		
Liabilities at start of period	23,074	24,567
Service cost	891	861
Interest cost	1,239	1,342
Employee contributions	267	289
Experience gains and losses on scheme liabilities		
Actuarial (gain)/loss	2,738	(3,459)
Benefits paid	(549)	(526)
Past service cost	0	-
Curtailments and settlements	15	-
	<u>27,675</u>	<u>23,074</u>
Liabilities at end of period		
Reconciliation of assets		
Assets at start of period	21,812	16,056
Expected return on assets	1,411	1,092
Contribution in respect of unfunded benefits	2	2
Actuarial gain/(loss)	(789)	4,134
Employer contributions	768	765
Employee contributions	267	289
Benefits paid	(549)	(526)
	<u>22,922</u>	<u>21,812</u>
Assets at end of period		

The estimated value of employer contributions for the year ended 31 July 2013 is £797k.

History of experience gains and losses

	2012	2011	2010	2009	2008
Difference between the expected and actual return on assets					
Amount £'000	(787)	4,134	1,622	(2,105)	(1,871)
Experience gains and losses on scheme liabilities					
Amount £'000	(184)	3,462	2	-	(287)
Total amount recognised in STRGL					
Amount £'000 *	(3,529)	7,593	1	(4,786)	(1,203)

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

24. RECONCILIATION OF OPERATING DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2012	2011
	£'000	£'000
Deficit on continuing operations after depreciation of assets	(2,368)	(1,321)
Depreciation (note 14)	1,950	1,724
Deferred capital grants released to income (note 19)	(615)	(594)
Interest receivable (note 7)	(248)	(56)
FRS 17 pension cost less contributions payable (note 23)	(36)	344
(Increase)/decrease in debtors	(198)	1,861
(Decrease) in creditors	(75)	(2,678)
	<hr/>	<hr/>
Net cash outflow from operating activities	(1,590)	(720)
	<hr/>	<hr/>

25. RETURNS ON INVESTMENT AND SERVICING OF FINANCE

	2012	2011
	£'000	£'000
Other interest received	248	56
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	248	56
	<hr/>	<hr/>

26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2012	2011
	£'000	£'000
Purchase of tangible fixed assets	(25)	(1,102)
Deferred capital grants received	7	1,024
	<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	(18)	(78)
	<hr/>	<hr/>

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

27. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2011 £'000	Cash £'000	At 31 July 2012 £'000
Cash in hand, and at bank	4,530	(1,360)	3,170
	<hr/>	<hr/>	<hr/>
Total	4,530	(1,360)	3,170
	<hr/>	<hr/>	<hr/>

28. CASHFLOW RELATING TO EXCEPTIONAL ITEMS

	2012 £'000	2011 £'000
Provision as at 1 August	150	131
Income and expenditure account charge	441	286
Operating cash outflow	(229)	(267)
	<hr/>	<hr/>
Provision as at 31 July	362	150
	<hr/>	<hr/>

29. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events.

30. CAPITAL COMMITMENTS

There were no capital commitments at 31 July 2012.

31. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 July 2012.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

**32. 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 Governing Body 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 Governing Body 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:

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

32. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT (cont'd)

	Related organisation	Position in related organisation	Amount paid 2012 £'000	Amount paid 2011 £'000	Nature of transactions	Amount outstanding at 31 July 2012 £'000	Amount outstanding at 31 July 2011 £'000
A. Rankin Governor	University of Ulster	Assistant Chief Finance and Information Officer	112	114	Accreditation and examination fees	2	1
			(69)	(100)	Project	-	-
S. Davidson Governor	Henderson Group	Director of Human Resources	13	17	Goods for catering service	-	-
			(9)	(8)	HE Fees	-	-
T. Jamieson Governor	NEELB	Member of the Board	14	11	Hire of facilities	1	-
			(37)	(2)	Course Fees	(8)	-
C. Taylor Governor	FG Wilson	Human Resources Manager	(63)	(8)	Course Fees	(74)	(5)
K. Nelson Governor	Ballymena Academy	Member of the Board	(38)	(36)	Entitlement Framework	-	-
	Enterprise N.I.	Chair of the Board	-	-	Management Fees	-	-
			-	-	Course Fees	-	-
	Larne Community Enterprises	Member of the Board	-	(2)	Course Fees	-	-
P. McCudden Governor	Newtownabbey Borough Council	Councillor	6	-	Bin Collect,	-	-
			(2)	-	Course Fees	-	-

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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32. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT (cont'd)

	Related organisation	Position in related organisation	Amount paid 2012 £'000	Amount paid 2011 £'000	Nature of transactions	Amount outstanding at 31 July 2012 £'000	Amount outstanding at 31 July 2011 £'000
T. Neilands Principal	Colleges Northern Ireland	Vice Chair of the Board	104	100	Annual Subscription	-	-
G. Gilpin Governor		Member of the Board	(1)	(1)	Reimbursement of expenses	-	-
U. O'Kane Governor	St Pius X College	Member of the Board	-	1	Hire of Facilities	-	-
			(14)	(34)	Entitlement Framework	-	(1)
	St Pats Maghera	Member of the Board	(52)	-		-	-
P.J. McAvoy Governor	Ballymena Business Centre	Chair of the Board	(8)	(8)	Course Fees	-	(8)
P.J. McAvoy Governor	Ballymena Borough Council	Mayor	3	-	Hire of Facilities	-	-
J Currie Governor		Councillor	(5)	-	Kentucky Link Visit	-	-
K. Collins Governor	E.G.S.A.	Director	-	-			-
T. Neilands Principal		Member of the Board	-	-			-
J Brown Governor	Carrickfergus Borough Council	Councillor	(2)	-	Course Fees	-	-

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

33. SUPPORT FUNDS

	Year Ended 31 July 2012 £'000	Year Ended 31 July 2011 £'000
Balance at 31 July	96	462
DEL grants	73	(227)
	<u>169</u>	<u>235</u>
Disbursed to students	(126)	(139)
	<u>43</u>	<u>96</u>
Balance unspent at 31 July	43	96

34. LOSSES AND SPECIAL PAYMENTS

	Year Ended 31 July 2012 £
Losses and special payments	<u>20,863</u>
Bad debt written-off during year	
- related party	-
- operational < £1000	3,813
> £1000	14,225
Unrecoverable duplicate payment	1,825
Theft	<u>1,000</u>
	<u>20,863</u>

The number of individual debts written off below £1,000 is 110 and the number of individual debts written off greater than £1,000 is 9. The range of the debt write off greater than £1,000 is from £1,200 to £ 4,919 and relates to debt for student fees.