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# Annual Report

and Financial Statements

**2013**  
**14**

**Belfast Metropolitan College  
Annual Report and Accounts  
For the year ended 31 July 2014**

*The Accounting Officer authorised these  
financial statements for issue*

*on*

*26 NOVEMBER 2014*

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

*on*

*11 December 2014*

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# **Chief** Executive Message



## CHIEF EXECUTIVE MESSAGE

Message from the Principal and Chief Executive

As I reflect over the past twelve months, I am again reminded of the significant distance travelled to date in the evolution of Belfast Met.

This year has been one of transformation, progress and celebration and it has not been without its challenges. I recognise that and throughout this transitional period I am proud that the College remained resilient and responsive to the many requirements that govern our business and to the needs of our learners. Having accomplished so much, I wanted to take this opportunity to highlight a number of key milestones and to reflect on a selection of our successes.

Last year was a good year for the college. Of greatest significance, thanks to a great deal of collective efforts, was demonstrating to the Department for Employment and Learning (DEL) that we are able to self-govern and are financially stable. I was delighted to announce during the year that Belfast Met received official notice from the Department that we had moved out of Special Measures having successfully implemented the recommendations of the College Improvement Plan. This significant journey of improvement over those three years involved 72 actions and a £60 million investment in our estates.

Significant progress was made in relation to the quality of the curriculum and the College's improved position was recognised with a good grade in the ETI Inspection, a 'confident' grade in the QAA Summative Review and in our Whole College Quality Improvement Plan along with confirmation of our continued British Council accreditation. I believe that our achievements over the past year provide the solid foundations to build upon our continued future growth and at the heart of this transformation is our total dedication and commitment to the success of our learners. Our business is about helping our students, who are our treasured customers, achieve their goals. Whether they are just beginning their education or changing direction, we help students create their future.

Our reputation is also built on the success of our students and the hard work and dedication of teaching and support staff. Our talented staff and students have once again excelled, receiving local and national awards, providing us with many reasons to celebrate their outstanding achievements. Corporate accolades include the Prince's Trust Community Impact award, the Buttle UK Quality Mark for Care Leavers, the NIACRO Employment Equity Award; staff awards continued with success at the Janus Hospitality Awards and the Digital Industries Person of the Year Award, among others.

Belfast Met's estate continues to surpass sector standards providing an unrivalled learning experience. This year the College has continued to develop the estate achieving national awards from the prestigious Green Gowns, City of London Sustainable Cities, Royal Society of Chartered Surveyors and Royal Society of Ulster Architects. We will continue to build on this success and investment by improving our existing estate with innovative plans afoot for the Castlereagh and Springvale campuses.

Some noteworthy student successes included the City and Guilds Medal of Excellence, the BEST, FSB and the DEL Essential Skills Awards. Belfast Met learners were also finalists in the DEL Apprentice of the Year and VQ Awards as well as obtaining significant successes at the Skills Show in Birmingham in Plastering, Popular Music and Hairdressing, the Worldskills Regional Heats for Nail Art and Nail Enhancements and the Worldskills UK Squad Selection Event held in our Titanic Quarter campus. This was the first time the competition was held in Northern Ireland and we were delighted to be selected to host this prestigious event.

To complement these successes and achievements, Belfast Met recently held its inaugural Creative Week to showcase its Creative academic areas. The success of Creative Week has added to a triumphant year for Creative Services with Hospitality students winning the coveted gold “Parade de Chefs” at IFEX 2014 and success at the Alliance Bakery competition. Over the next year I want us to build on these successes and continue to use every opportunity to showcase all that is best at Belfast Met.

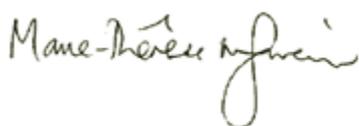
Integral to our mission is the College’s contribution to the economic wellbeing of Belfast and Northern Ireland. We are excited about our growing industry links. One of Belfast Met’s main strengths is its ability to react quickly to shifting industry requirements and to train, retrain, and up skill people for a competitive and dynamic work environment. Independent research and recent awards confirm this view. In a recent study a large majority of businesses rated Belfast Met highly in terms of “speed and flexibility in response to industry”. The College is also the proud winner of the Belfast Telegraph’s prestigious Outstanding Service to Business Award.

This is an important time for Belfast Met as we continue to forge ahead in delivering a vocationally and academically relevant curriculum. The College has a long history of shaping skilled workforces. The ability to tune into the needs of employers and react quickly to shifting business requirements is one of the College’s defining characteristics and it’s a strength which will continue to play a big part on the local economy’s recovery and resurgence.

We are on a mission to make Belfast Met a great college, one that truly changes lives. The last 12 months have helped enormously and I am truly humbled by what we have achieved. In the coming year, the College will continue to be at the forefront of developments in the sector. Our challenge is to draw on all that we have learned and created and continue to shape new opportunities for growth and innovations.

The progress made however would not be possible without the contribution, dedication and commitment of our learners, staff, governors, parent Department and partners, all of whom are instrumental in the achievement of our mission.

I am confident that the achievement of the past few years provides the right building blocks for the ambition and future growth of Belfast Met. With the 2013-16 Corporate Plan we can realize our ambitions to be a great college and a major contributor to the success of the City of Belfast and region of Northern Ireland.



Marie-Thérèse McGivern  
Principal and Chief Executive



**Our** Journey

## OUR JOURNEY

### Where we are

2013-14 has been a period of significant change and growth for Belfast Met. Since 2010, the College has invested considerable time and resources in implementing the College Improvement Plan (CIP) which has delivered extensive change and progress right across the College; making these changes laid out in the CIP resulted in Belfast Met receiving official notice from the Department that it had moved out of Special Measures.

Having accomplished so much, it is important to take the opportunity to highlight a number of key milestones reached in 2013-14, give consideration to where the College currently is and where it is going.

### Putting the Building Blocks in Place

Having come out of Special Measures, the College spent the early part of the year developing its own ambitious 3 year Corporate Plan 'Leading the City to Work'. Our focus for the future is clear. We want to lead this great City of ours to work by providing education, training and skills that will contribute to individual, community and economic prosperity.

This plan, launched in January, had a great deal of input from staff, students, key stakeholders and statutory consultees and reaffirmed what Belfast Met as an organisation is about, which is that skills, training and education can transform lives in both a social and an economic context.

Delivering on the Corporate Plan required the continuous enhancement of our people, services and assets. The Curriculum Strategy was the first of the College's key strategies to have been developed. It provided the overarching context and direction of travel for the underpinning strategies including Estate, People, IT and Stakeholder Engagement.

During 2013/14 the College repositioned itself as a strategic player leading the city to work. The realignment of the Curriculum coupled with stakeholder engagement saw our value improve with 82% of our stakeholders having a favourable opinion of our contribution. All of our key strategies are now in place and being successfully implemented. In going forward we will deploy these strategies to build upon our internal talent, improve our systems and infrastructures and ultimately drive our business performance and this has been reflected in a substantial audit rating by independent internal auditors for the 13-14 year.

### Innovative Partnerships

This year has seen a marked increase in College collaborations with companies in key priority growth areas. Belfast Met's approach is an innovative one and many of our programmes are based on the Academy and the Apprenticeship-style of learning, in fact our Academies on Cloud Computing, Data Analytics and Software Testing have, so far, resulted in 92% of trainees securing jobs in the IT sector. The College will build on this success in the coming year to include programmes in accounting, financial services and in the specialist engineering for the offshore oil, gas and renewable energy sectors, among others.

The College has also been successful this year in securing the tender for the delivery of the Invest NI Launchpad programme for Enterprise in FE, the delivery of an Energy Skills Supply Chain programme for three Local Councils as well as winning a substantial contract to deliver education and training programmes to the Prison Service.

## Deserved Recognition

The College received many external awards but it is most proud of the feedback that it receives from students, staff, community and employers about the difference it is making in the lives of the young people and communities it supports. A selection of these external validations from 2013-14 are detailed below:

### *Learner survey May 2014*

- The May 2014 Learner Survey indicates that 97.6% of students feel welcome at Belfast Met, 94.8% enjoy being on their course and 92.5% feel that Belfast Met is an excellent place to study;
- 96.5% of learners feel safe and secure which is up from 92.1% in the November 2012 Learner Survey; and,
- 91.9% would recommend their course to a friend or family member (The College has enjoyed high levels of overall satisfaction rates from its learners across the past two academic years (2012/13 and 2013/14) with all indicators above 90% .

### *Stakeholder Engagement Survey*

Belfast Met commissioned Ipsos MORI to establish baseline measures of Stakeholder awareness, satisfaction, engagement and perceived quality of offer as an integral part of its Stakeholder Engagement Strategy. Findings from the survey indicate:

- Belfast Met is very well regarded by its wider stakeholder group with 82% of our stakeholders having a favourable opinion of the contribution we make;
- Over half of stakeholders interviewed (58%) state their opinion of Belfast Met has improved in the past year; and,
- The vast majority of stakeholders view all aspects of Belfast Met's current offering as quite or very important. Training, apprenticeships and employer placements are considered most important (96%; 92%; 89% respectively).

### *Staff Survey*

The May 2014 Staff Health and Wellbeing Survey showed a 9% increase from 69% in 2012 to 78% in the number of college staff who said they are proud to work for Belfast Met.

## Where we are going

Over the past 10 years, the education landscape has changed dramatically. For students today, there is more choice of what and where to study. As the challenging economic climate persists, all education institutions are under great pressure to offer the right courses and to take responsibility for ensuring every student achieves their potential.

Right now, by continuing to develop the range and quality of courses we offer, Belfast Met is responding to what students and employers need. This includes being at the forefront of development of high quality apprenticeships and 'Academy' style skill programmes in partnership with local, regional and national employers.

We will remain focused on teaching and learning and engaging our students fully. The College will remain focused on improving the quality of our teaching and learning ensuring that all outcomes lead to increasing the ability of our learners to progress within education and training, into employment or better employment. Our responsiveness will include developing innovative ways to integrate technology seamlessly into the teaching and learning process.

We will also continue to operate as a highly effective and efficient organisation, continuously identifying where resources can be better utilised and where performance can be enhanced.

We have a very clear picture of where we want to get to in 2014/15 which is to make Belfast Met a great college, one that truly changes lives. The College is at a turning point and having taken stock of what really counts in its business it has pinpointed 7 'action areas' to focus on during 2014-15 and these are:

- Building recognition and reputation;
- Creating excellent teaching and learning;
- Making accountability real;
- Creating leadership everywhere;
- Engage employers and innovate;
- Creating a relevant curriculum;
- Taking technology seriously.

The College is setting out visionary, challenging and radical agendas for how things might be different and better in the future. These are big challenges but the College is confident with its Corporate Plan and continued support and dedication of staff, learners and its partner organisations these can be met.

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# **Our** Strategic Directions

## OUR STRATEGIC DIRECTIONS

### College Draft Corporate Plan 2013-16

In January 2014 the College launched its Corporate Plan for 2013-2016 entitled 'Leading the City to Work'.

### Our Mission and 4 Point Plan

Within this Corporate Plan the College's key aspiration is to deliver outstanding education and skills, while transforming lives and contributing to the economic success of Belfast and Northern Ireland.

As the economy and skills agenda has transformed in recent years, so too has Belfast Met. Our focus for the next two years is to deliver on our 4 Point Plan which combines to achieve our mission.

### Principles and Values

Our approach to implementing the Mission and 4 Point Plan will be based on the following principles which we value and will apply to all that we do:

- Valuing our people;
- Innovating for success;
- Providing value for money and improving services;
- Working in partnership;
- Welcoming all.

### Our 4 Point Plan will:

# 1.

## Put the learner at the centre of everything we do.

Belfast Met will work to ensure that every learner achieves their potential and has every opportunity to progress to employment, training or further education.

# 2.

## Deliver the highest quality possible in all we do.

Belfast Met will guarantee the highest quality internationally validated programmes that respond to the needs of learners and businesses.

# 3.

## Achieve the highest possible impact we can on the economic and social wellbeing of Greater Belfast and Northern Ireland.

Belfast Met will develop relevant high-quality programmes. We will work in partnership with our staff, learners, and the wider community to deliver programmes that will meet demand and fully play our part in achieving the outcomes of the Programme for Government 2011 -15.

# 4.

## Strive to be an excellent organisation, growing sustainably, innovating and investing.

Belfast Met will support our staff and learners to grow and develop by embedding excellence into all that we do.

Our focus for the next 3 years will be to deliver the targets identified in our 4 Point Plan. Delivering on the 4 Point Plan will require the continuous enhancement of our people, services and assets. Each of the strategic priorities in the 4 Point Plan will be supported by a number of corporate objectives against which progress will be proactively monitored through our well established performance management process.

A detailed breakdown of the College corporate objectives is detailed below.

### College 4 Point Plan



## Strategic Priorities, Corporate Outcomes and Targets for 2014-15 and 2015-16

Going forward, the College has identified corporate outcome and targets in relation to its 4 Point Plan. These are detailed below as follows:

| Strategic Priority  | Corporate Outcomes   | Target for 2014/15 | Target for 2015/16 |
|---|--|--------------------|--------------------|
| 1. Put the learner at the centre of everything we do  | Successful learners into employment or further study   | 70%                | 75%                |
|   | Success in all substantive qualifications  | 73%                | 76%                |
|   | Training and education provision in priority skills areas  | 26%                | 28%                |
|   | Provide a safe, secure, supportive learning environment for all  | 85%                | 87%                |
| 2. Deliver the highest quality possible in all we do  | At least nine out of 10 learners recommend Belfast Met to others   | 90%                | 90%                |
|   | Stakeholder (employer and opinion former) satisfaction levels  | 83%                | 85%                |
|   | Every teacher provides ' <b>Good or better</b> ' teaching and learning experiences                             | 90%                | 100%               |
|   | External quality benchmarks and national / international staff and student awards                              | 15                 | 20                 |
| 3. Achieve the highest possible positive impact on the economic and social well-being of Belfast and Northern Ireland | Number of people aged 26-45 engaged in vocational and accredited learning                                      | 6,000              | 7,000              |
|   | Income from training contracts   | £3.2m              | £3.3m              |
|   | Schools Partnership contracts and income   | £0.58m             | £0.68m             |
|   | Income from alternative sources  | £3.3m              | £3.7m              |
| 4. Strive to be an excellent organisation, growing sustainably, innovating and investing in learning                  | Staff who are proud to work for Belfast Met  | 70%                | 72%                |
|   | External quality benchmarks and national / international staff and student awards                              | 6                  | 10                 |
|   | Achieve financial breakeven by maximizing the use of public funds and securing income from alternative sources | Breakeven          | Breakeven          |



# Our Customers

- Curriculum Overview
- Curriculum Performance
- Stakeholder Engagement
- Economic Engagement

Equality, Diversity and Inclusion in Service Delivery and Employment



## OUR CUSTOMERS

### CURRICULUM OVERVIEW

Belfast Met aspires to be a College which has a significant impact on the people and communities that it serves; enriching their lives and being a major contributor to the success of the City of Belfast and the region of Northern Ireland. During the academic year 2012/2013, the College launched its Curriculum Strategy entitled 'Skills Matters' and it is this strategy which will continue to be deployed to drive performance and underpin developments in the curriculum until February 2015.

Belfast Met understands the importance of ensuring that the curriculum offer meets the needs of industry in order to provide the talent necessary to drive economic growth. Our innovative curriculum delivers industry relevant courses, equipping young people with the necessary skills, experience and education for work.

Our curriculum is the engine of our business and the College prides itself on the fact that our courses and qualifications lead to employment. The strategic objectives of the Curriculum Strategy require the College to focus on an offer that is economically relevant. The following areas were identified and over the past year, key improvements were as follows:

| Strategic Priority Area                                     | Key Developments  |
|---|---|
| Mobile, Cloud and Creative Digital Technologies             | <ul style="list-style-type: none"> <li>The College is now the leading provider of education and training in Mobile and Cloud solutions, having provided the first Cloud Academy.</li> <li>The College has continued to provide education and training solutions to global companies, including Deloitte, PwC and CSV Caremark.</li> <li>Additional IT academies were established in Software Testing and Data Analytics.</li> </ul>   |
| Leadership and Management                                   | <ul style="list-style-type: none"> <li>The College continues to grow its capability in Accounting, developing the first Higher Level Apprenticeship in Accounting in conjunction with Southern Regional College.</li> <li>The College continues to offer the broadest range of professional management and accountancy qualifications of the six regional colleges in Northern Ireland.</li> </ul>  |
| Manufacturing Engineering, Composites and Advance Materials | <ul style="list-style-type: none"> <li>The College has developed its capability in advanced Marine Welding resulting in the establishment of a Marine Welding Academy specifically designed to meet the skills needs of Harland and Wolff.</li> <li>Belfast Met has also developed a strategic provision partnership with Siemens in the area of offshore renewable and secured additional funding to support renewables development.</li> </ul>  |
| Service Industry Skills                                     | <ul style="list-style-type: none"> <li>Our work in Hospitality has been recognised by some of the biggest names in the industry as well as Belfast Met learners winning the coveted Parades de Chef at IFEX 2014.</li> <li>Our work in Hospitality has resulted in new skill development relationships in apprenticeships with local providers, including a major hotel chain and the launch of the Professional Chef Academy in collaboration with an award winning Belfast restaurant.</li> </ul>   |
| Health Sciences   | <ul style="list-style-type: none"> <li>Demand continues to exceed places in relation to the College's Child Care provision.</li> <li>The College has seen increased demand for sport related courses, particularly our successful Football Academy.</li> <li>During 2013/14, the College launched its Rugby Academy, the first of its kind which will complement and build on the successes of the Football Academy. The Football Academy has achieved its first professionally contracted footballer and now carries the name 'George Best Foundation Football Academy' in recognition of the level and standard of students it produces.</li> </ul> |

## CURRICULUM PERFORMANCE

### Student Numbers

#### Further Education

|   |           | 2011-12 Final Lift |                         | 2012-13 Final Lift |                         | 2013 / 2014 Final Lift |                         |
|---|-----------|--------------------|-------------------------|--------------------|-------------------------|------------------------|-------------------------|
|   |           | Enrols             | % Allocation by Funding | Enrols             | % Allocation by Funding | Enrols                 | % Allocation by Funding |
| FE Level 1 & Below Provision              | Full Time | 118                | 2%                      | 196                | 3%                      | 157                    | 2.4%                    |
|   | Part Time | 9,414              | 10%                     | 7,857              | 8%                      | 7,001                  | 8.3%                    |
|   | Total     | 9,532              | 12%                     | 8,053              | 11%                     | 7,158                  | 10.7%                   |
| FE Level 2 Provision                      | Full Time | 738                | 16%                     | 757                | 14%                     | 705                    | 14.8%                   |
|   | Part Time | 4,215              | 9%                      | 8,099              | 13%                     | 6,495                  | 10.4%                   |
|   | Total     | 4,953              | 25%                     | 8,856              | 27%                     | 7,200                  | 25.2%                   |
| FE Level 3 Provision                      | Full Time | 2,396              | 51%                     | 2,671              | 52%                     | 2,622                  | 53.8%                   |
|   | Part Time | 3,638              | 12%                     | 3,889              | 10%                     | 3,226                  | 10.3%                   |
|   | Total     | 6,034              | 63%                     | 6,560              | 62%                     | 5,848                  | 64.1%                   |
| Total FE Levels 0-3 (Ex Essential Skills) | Full Time | 3,252              | 69%                     | 3,624              | 69%                     | 3,484                  | 71%                     |
|   | Part Time | 17,267             | 31%                     | 19,845             | 31%                     | 16,722                 | 29%                     |
|   | Total     | 20,519             | 100%                    | 23,469             | 100%                    | 20,206                 | 100%                    |

The College has seen a decline in the number of full-time further education students in the past year, in comparison to the 2012/13 academic year. The College believes that this decline can be attributed to an increased retention of Year 13 learners within the post primary school sector which the College can demonstrate has risen by 13% over the past 3 years; this coupled with increased competition from private training providers for similarly funded programmes has impacted on the recruitment of full-time learners to the College.

The College witnessed less of a decline in Level 3 recruitment and believes that additional changes to recruitment and retention policies will address this in the 2014/15 academic year.

The decline in part-time further education provision continues and to redress this position the College has implemented improved marketing and engagement strategies; however the College is cognisant of the fact that the current economic climate makes it increasingly difficult to secure part-time further education learners.

The table below provides further breakdown of subsets of the College's further education provision.

|                              |           | 2011-12 Final Lift |                         | 2012-13 Final Lift |                         | 2013 / 2014 Final Lift |                         |
|------------------------------|-----------|--------------------|-------------------------|--------------------|-------------------------|------------------------|-------------------------|
|                              |           | Enrols             | % Allocation by Funding | Enrols             | % Allocation by Funding | Enrols                 | % Allocation by Funding |
| FE Priority Skills Provision | Full Time | 719                | 17%                     | 840                | 17%                     | 814                    | 18.1%                   |
|                              | Part Time | 4,048              | 7%                      | 3,624              | 5%                      | 2,843                  | 5.4%                    |
|                              | Total     | 4,767              | 24%                     | 4,464              | 22%                     | 3,657                  | 23.5%                   |
| FE Accredited Provision      | Full Time | 3,252              | 69%                     | 3,624              | 69%                     | 3,484                  | 71%                     |
|                              | Part Time | 11,927             | 28%                     | 15,860             | 29%                     | 13,336                 | 27.1%                   |
|                              | Total     | 15,179             | 97%                     | 19,484             | 98%                     | 16,820                 | 98.2%                   |
| FE Non-Accredited Provision  | Full Time | 0                  | 0%                      | 0                  | 0%                      | 0                      | 0%                      |
|                              | Part Time | 5,340              | 3%                      | 3,985              | 2%                      | 3,440                  | 1.8%                    |
|                              | Total     | 5,340              | 3%                      | 3,985              | 2%                      | 3,440                  | 1.8%                    |
| FE Vocational Provision      | Full Time | 2,859              | 60%                     | 3,145              | 60%                     | 3,049                  | 62.3%                   |
|                              | Part Time | 9,472              | 22%                     | 13,574             | 24%                     | 11,362                 | 22.5%                   |
|                              | Total     | 12,331             | 82%                     | 16,719             | 84%                     | 14,411                 | 84.8%                   |

The College increased enrolment (as a % of overall provision) on Priority Skills courses by 2% in the last academic year which has been achieved mainly through full-time learning and particularly in the curriculum areas of computing and digital technologies. Other points worth noting in relation to this provision are that the College has retained a 98% accredited provision, despite the falling numbers in part-time further education. It has also increased the amount of education that is of a vocational nature.

## Higher Education

|                          |           | 2011-12 Final Lift |                         | 2012-13 Final Lift |                         | 2013 / 2014 Final Lift |                         |
|--------------------------|-----------|--------------------|-------------------------|--------------------|-------------------------|------------------------|-------------------------|
|                          |           | Enrols             | % Allocation by Funding | Enrols             | % Allocation by Funding | Enrols                 | % Allocation by Funding |
| Total HE in FE Provision | Full Time | 1,437              | n/a                     | 1,433              | n/a                     | 1,406                  | 79%                     |
|                          | Part Time | 1,421              | n/a                     | 1,303              | n/a                     | 1,501                  | 21%                     |
|                          | Total     | 2,858              | n/a                     | 2,736              | n/a                     | 2,907                  | 100%                    |

During this academic period, the College increased its Higher Education enrolments; however the College has continued to see a decline in Higher Education full-time learners largely due to MaSN limitations and the constraints associated with managing recruitment within this system. The College has addressed the recruitment and admission process to reverse this trend and has applied for additional MaSN.

The College has continued to see a decline in part time higher education provision and believes this is a result of economic circumstances for working professionals. Local companies, who would have historically supported the cost of learning in some part, have been less inclined to support staff fees, resulting in a reduction in application numbers. The College believes that the relevancy of the Foundation Degree curriculum offer and the new range of part-time Higher Education courses will address some of these issues.

The College continues to provide a broad range of higher education provision (the widest of all the regional colleges in Northern Ireland), meeting local and regional skill demands. The College has developed a number of Foundation Degrees and will continue its programme of converting Higher National Diplomas to Foundation Degrees. The College has converted a significant number of Higher education qualifications to Foundation Degrees and by 2016 will have converted all existing High National qualifications to this qualification type. This is a substantial programme of work, which is on track to complete within the specified time scale.

The new Apprenticeship Strategy sets out a fresh focus for Higher Level Apprenticeships which Belfast Met is leading the way on. The College is about to launch one of its first Higher Level Apprenticeship programmes in Accountancy and with 20 employers already committed to this initiative this pilot will, not only herald the introduction of apprenticeships at Post Level 3 in Belfast Met, but more importantly will position the College and its work-based learning provision as a very viable and sought after alternative to the traditional education route (post- secondary) to university. This will be supported by two additional Higher Level Apprenticeship programmes launched later in the year in Aeronautical Engineering and IT and developments are also underway for launching a Higher Level Apprenticeship in Science in 2015.

## Essential Skills

|                                  |              | 2011-12 Final Lift |                         | 2012-13 Final Lift |                         | 2013 / 2014 Final Lift |                         |
|----------------------------------|--------------|--------------------|-------------------------|--------------------|-------------------------|------------------------|-------------------------|
|                                  |              | Enrols             | % Allocation by Funding | Enrols             | % Allocation by Funding | Enrols                 | % Allocation by Funding |
| Total Essential Skills Provision | 16-19 yr old | 1,852              | 44%                     | 1,997              | 48%                     | 2,086                  | 47.3%                   |
|                                  | >19 yr old   | 2,498              | 56%                     | 2,139              | 52%                     | 2,322                  | 52.7%                   |
|                                  | <b>Total</b> | <b>4,350</b>       | <b>100%</b>             | <b>4,136</b>       | <b>100%</b>             | <b>4,402</b>           | <b>100%</b>             |

The College has increased its Essential Skills provision on the previous year. The College is the largest provider of Essential Skills in Northern Ireland.

It is worth noting that the College continues to exceed its target in the provision of Essential Skills to adult learners, being the largest provider of post 19 Essential Skills in Northern Ireland. The reintroduction of Learner Access and Engagement contracts has played a significant role in this, but the College also has continued to develop other links with community providers. This can be partly attributed to innovation in delivery methods, targeted marketing and communication campaigns and working directly with local communities to engage adults in Essential Skills courses.

### School Partnership (Entitlement Framework and Vocational Enhancement for the Post Primary Sector)

Belfast Met's School Partnership Programme attracts school based learners aged 14-19 into vocational education and practical training. The College has a collaborative working relationship with schools and successfully delivers a broad and economically viable curriculum to over 24 participating schools in Belfast.

The table below details the Colleges performance in relation to its School Partnership provision from 2009-2014:

| School Partnership Programme | 2009/10      | 2010/11      | 2011/12      | 2012/13    | 2013-2014  |
|------------------------------|--------------|--------------|--------------|------------|------------|
| <b>Total</b>                 | <b>1,432</b> | <b>1,712</b> | <b>1,346</b> | <b>934</b> | <b>964</b> |

The College has seen a reverse of the sectoral decline in School Partnership numbers in the past year and this is a result of new interventions and partnerships in its 14-19 provision. Over the past few years, the College has adapted its School Partnership curriculum developing a more diverse and applied curriculum for this sector as well as enhancing its STEM related curriculum and qualifications.

The College is leading the way in employer engagement and in the delivery of an economically relevant curriculum and the impact of this is evidenced in the development of a number of new contracts.

The College hopes that the implementation phase of the Entitlement Framework will see a consolidation of the School Partnership provision for those schools who are currently engaged with Belfast Met, and that the benefits of a shared approach to the delivery of an increasingly demanding curriculum may be experienced by many more schools in Belfast and beyond.

The College is concerned about recent changes to the Entitlement Framework funding and believes that this may significantly impact on recruitment in future years. To address this situation, the College will continue to seek alternative and innovative ways to engage with schools and successful examples of this include the 'STEM in Action' pilot developed in collaboration with the three of the Education & Library Boards during 2013/14.

## Training

The College is engaged in delivering an extensive range of vocational training, working side by side with employers to provide outstanding training and apprenticeships. Belfast Met is committed to enhancing the skill base of young people in Northern Ireland through the provision of high quality vocational training across 14 occupational skill areas.

The table below provides an overview of training performance for the period 2010-2014:

| Training     | 2010/11    | 2011/12    | 2012/13    | 2013/14    |
|--------------|------------|------------|------------|------------|
| <b>Total</b> | <b>860</b> | <b>952</b> | <b>980</b> | <b>744</b> |

The decrease in enrolments during 2013-14 can largely be attributed to the release of the new ApprenticeshipNI contract in August 2014 and in particular the new sub-contracting arrangements. Under the new contract these organizations who would have worked with the College on a sub-contractor basis were awarded a new contract allowing them to deliver their own contract and this has had an adverse effect on apprenticeship enrolments.

The 2013/14 academic year was a challenging year for training programmes. The economic downturn has had a continued and obvious direct impact on sectors such as Construction and Building Services; however towards the end of the academic year, there was evidence of signs of improvement with the Construction and Engineering companies seeking to work with the College. Over the past year, the College has worked closely with key employers such as Windsor Park, Ravenhill, Casement Park, Girdwood and Ulster Hospital to identify work placements for its traineeship programmes.

Belfast Met is at the forefront of delivering apprenticeship training in a number of priority skill areas including ICT, Financial Services, Tourism, Advanced Engineering including Renewables and Creative Industries. This year has seen Belfast Met branch into apprenticeships in retail and community banking with a leading bank in addition to launching a new Professional Chef apprenticeship with an award winning restaurant. The College has expanded its apprenticeship provision in Motor Vehicle and had a strong performance in Hair and Beauty. The College is also working with a major financial services employer in the development of an apprenticeship programme in household and car insurance and continues to seek out opportunities in growth industries.

During 2013/14, the College successfully completed the delivery of a Public / Private ICT Apprenticeship pilot initiative that aims to address the skill shortages being experienced by the local ICT sector. This pilot has been highly acclaimed and will be expanded in the coming academic year. Based on actual student numbers, the College is now the largest single provider of Level 3 ICT education in Northern Ireland.

## STAKEHOLDER ENGAGEMENT

One of the essential foundations for the successful delivery of Belfast Met's KPIs includes effective stakeholder engagement. The College's mission is to become a centre of learning excellence, committed to transforming lives and contributing to the social and economic wellbeing of Belfast and the wider region. In achieving this Belfast Met relies on meaningful engagement and productive partnerships with a wide range of stakeholders.

Belfast Met has continued to inform and influence government decision making at various levels, both through the formal public consultation process and in wider political/stakeholder engagement. During the 2013/2014 academic year, the College prepared and submitted 14 official policy responses; each of which clearly articulated the corporate position and set out recommendations for change. Areas covered over the course of the year included Apprenticeships and Training (DEL), a draft Innovation Strategy for NI (DETI) and Belfast City Council's 2013-2020 Masterplan.

The College also strengthened contact with each of the main NI Executive Departments - most notably at Ministerial level, NI Assembly Committees, individual political and local government representatives and key business groups such as the NI Chamber of Commerce and Industry. Individual tracked engagements total some 134 contacts. Highlights over the course of the year include hosting a DEL Committee visit and evidence session on Special Education Needs provision, numerous visits by Minister Farry to each of the various ICT academies, hosting a BBC Talkback outside broadcast on the theme 'West Belfast' which included contributions from the local MP/MLAs, business and community partners, etc.

Stakeholder engagement and policy positions were fully supported by, and integrated within, Belfast Met's media relations strategy. This in turn worked to create a better, fuller and more accurate understanding of the College's role and significance as well as its current and planned contribution.

In relation to key stakeholders, the College has excellent relationships with its parent, the Department for Employment and Learning and continues to build strong relationships with other Government Departments and key business support agencies such as Invest NI, CBI, Northern Ireland Chamber of Commerce, Sector Skills and Awarding bodies.

The College had developed strategic relationships with key employers in the city such as Bombardier, Caterpillar, Deloitte, PWC and Belfast Health and Social Services Trust as well as key schools and training partners through its delivery of the Entitlement Framework and ApprenticeshipsNI / Training for Success programmes.

Belfast Met continues to strengthen its relationships with voluntary and community groups through its community outreach programmes. A range of Good Relations events were held throughout the year which were referred to in an earlier section of this report.

Over the past year, Belfast Met has become the first College outside England to join the influential 157 Group. The 157 Group represents 29 of the most influential colleges in the Further Education sector; its members are strategic leaders committed to leading on policy development and improving the quality and reputation of further education.

As a new member of the 157 Group, the College will utilise this Group to play a greater role in policy making as well as providing support for the deployment of its Stakeholder Engagement Strategy.

## ECONOMIC ENGAGEMENT

The College places significant value on its partnerships with employers and the integral role it plays in supporting economic development in the City of Belfast and across Northern Ireland.

The College is absolutely tuned into the needs of businesses and its approach is one of giving employers the opportunity to shape the education and skills solutions on offer. This is evident across both new and traditional sectors of the economy and covers areas as diverse as cloud computing, data analytics, wind turbine and marine welding, connected care and financial services.

The College has a dedicated team which works out of e3 to support business development and a number of specialist technical advisers working across key growth sectors including ICT, Renewables, Life Sciences, Tourism and Hospitality. This team works on a number of business programmes to support SMEs, including the Innovateus Programme, DEL Assured Skills, Invest NI Business Launchpad, and Apprenticeship NI.

Samples of key economic engagement highlights from the 2013/14 period are detailed below:

- Winning a successful contract to deliver education and training programmes to the Northern Ireland Prison Service;
- Winning the contract to deliver the Energy Skills Supply Chain Programme for 60 companies in partnership with Lisburn, Castlereagh and Belfast Councils;
- In terms of innovative collaborations with business, the College has worked with Deloitte to establish the Data Analytics Training Academy in partnership with Deloitte. This bespoke programme gives learners a unique opportunity to gain highly sought after skills in the exciting and cutting edge field of data analytics which ensures that companies and organizations make the best business decisions. In a similar way the College has also collaborated with PWC in developing a new bespoke qualification for Trainee Developers who will help design and implement IT-enabled research programmes as part of PwC's global centre of excellence for research;
- The Software Testers Academy is another innovative approach developed by the College. Testing is increasingly recognised as a critical element within software and product development. The programme has been inspired and designed by Belfast Met working with 20 of Northern Ireland's Top IT companies with support from the Department for Employment and Learning and Invest NI under the Department's Assured Skills Initiative;
- Delivery of the Business Launchpad enterprise programme (funded by Invest NI to 40 students) and Kainos Codecamp, a coding programme for 60 young people;
- Delivery of the Caterpillar Material Handlers Project as part of the Assured Skills project and ongoing work with Harland and Wolff in relation to skills development and training opportunities in welding;
- Delivery of HARTE and Learn to Earn (projects focusing on assisting the long term unemployed to gain skills in the hospitality and tourism sectors);
- Delivery of the Connected programme focusing on the key areas of Cloud Computing, Connected Care and Composites.

The quality of the College's employer engagements has helped the College to develop award winning approaches to enhance the competitiveness of our business partners and the employability of our learners. Growing numbers of students now benefit from learning and placements that help them to prepare for employment post-graduation.

There is an increasing demand in all vocational areas for qualifications that enable learners to enter the workforce successfully, and the College is building on its excellent reputation with employers to offer relevant and high quality qualifications.

Throughout the history of Belfast Met, the College has delivered on both academic and vocational solutions. It has been part of the fabric of the City of Belfast and is taking responsibility for driving forward developments and delivering innovative skills solutions in key sectors.

## EQUALITY, DIVERSITY AND INCLUSION IN SERVICE DELIVERY AND EMPLOYMENT

### Disability statement

Belfast Met celebrates the diversity of its students and staff and work hard to ensure an environment where everyone is treated with dignity and respect. The following sections provide an overview on how the College strives to deliver equality, diversity and inclusion in its service delivery and employment.

Under the Disability Discrimination Act (DDA) 1995 Belfast Metropolitan College (Belfast Met) as a public authority has a responsibility in carrying out its functions, to have due regard to the need to promote positive attitudes towards people with a disability and encourage the participation of people with a disability in public life.

Under an amendment to the Disability Discrimination Act, Belfast Metropolitan College is required to have a Disability Action Plan to promote positive attitudes towards people with a disability. This plan relates to all people with a disability who come in contact with our services including employees, customers, clients and service users as well as students. The second Disability Action Plan was agreed with the Equality Commission in 2013. The College also adheres to its obligations under the Special Education Needs and Disability Order 2005 (SENDO).

The College seeks to achieve its legal obligations as set out in the above legislation and in doing so the following has been achieved in this academic year. Additional information is also contained in the next two sections in relation to the College's work in equality and good relations:

- a) The College continues to make significant investment in the appointment of specialist lecturers to support students with learning difficulties and or disabilities. Support for learners is tailored to meet individual, and often complex, needs and is delivered by highly professional staff who are committed to ensuring learners' aspirations and outcomes are met.  
The College has its own dedicated Centre for Supported Learning. It is the first choice specialist provider of educational opportunity for school leavers and adults with moderate, severe and complex learning difficulties in the greater Belfast area and has been offering comprehensive provision for over 30 years. The Centre attained a grade 2 in the inspection of 2013.  
Belfast Met is a recognised leader in this field and its dynamic centre delivers ground breaking, innovative and creative educational vocational and training programmes tailored to meet individual learner needs.
- b) Our Centre for Inclusive Learning provides specialist equipment and technologies to each student based on their disability. Each student is assessed and suitable technology identified. The Centre also identifies all reasonable adjustments required to support the student during their studies and examinations.
- c) Over the last 4 years, the College has developed and delivers a tailored suite of courses (600 learning hours) in partnership with NIAMH (Northern Ireland Association of Mental Health) to re-engage learners with chronic mental ill health. 2013/14 was the final year of a 5 year project and further funding is being sought to continue this work. In 2014 Belfast Met and NIAMH partnership was awarded the All Ireland Aontas STAR Award for excellence in adult learning.
- d) The College and NIAMH (Northern Ireland Association for Mental Health) held a celebration event in October 2013 to mark the achievements of its 2012-13 Live and Learn participants. This special occasion saw around 60 Beacon members from Aspen, Bracken and Willowtree, who completed courses provided by the College in the last academic year, celebrate their success. During the celebration event, which was held in October 2013 in Belfast Met's Titanic Quarter Campus, Beacon members received their individual Certificates of Achievement in front of family, friends and staff from Belfast Met and NIAMH.
- e) The Centre for Inclusive Learning and our Centre for Supported Learning attended the Disability Exhibition Event in the Kings Hall in May to promote the support service available in the college for students with a disability to encourage more people with a disability into special, further and higher education.
- f) Specialist training on a variety of disabilities is provided to all staff during the academic year in addition to general SENDO training designed to raise awareness of our legal obligations to students with a disability.

- g) The College's online access guide through Disabled Go was reviewed this year and more detailed information on our premises is now available. A link to the Disabled Go site is available through the Belfast Met site which is also promoted through our literature.
- h) Our Disability Action Plan identifies a series of actions for various staff in the College to meet our legal obligations under the amended Disability Discrimination Act 1995 as stated above.
- i) Our Student Support Handbook sets out the support available to students at the start of the year. The Handbook encourages students to disclose their disability, it makes it clear that the support is tailored to suit the individual and that their information will be kept confidential and only disclosed to those who need to know.
- j) A separate graduation is held biannually for the supported learning students in recognition of their achievements.
- k) The Centre for Supported Learning also organised a very successful Disability Awareness event at its Millfield Campus in conjunction with key stakeholders in June 2014.
- l) Positive imagery is used in our promotional materials including College prospectuses and publications of people with a disability to encourage greater participation of those with a disability and to demonstrate the inclusivity of the College.

### Equality of Opportunity

Under section 75 of the Northern Ireland Act 1998 (section 75) the 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.

Additionally under the same section, the College also has a legal responsibility to promote good relations between persons of different religious beliefs, political opinions and racial groups.

In taking forward these legal obligations, the College has streamlined its actions into an Equality Improvement Plan which has been incorporated into College business plans. A series of identified actions are monitored throughout the year and progress reported internally through the business planning process and ultimately to the Equality Commission from the Governing Body by the 31 August each year.

## Equality and Good Relations

The College recognises its responsibility to provide a positive and inspiring experience in terms of equality of opportunity. The College continues to raise awareness about its legal obligations to promote equality of opportunity and good relations and embed this into the curriculum. During 2013/14, this has been achieved in a number of ways such as:-

- Hosting of events for Homeless Awareness, World Suicide Prevention and Remembrance.
- Hosting of key events to celebrate Chinese New Year and St Patrick's Day.
- Anti-bullying campaign during NI Anti-bullying week.
- For Community Relations Week, the College hosted a panel event with a number of speakers addressing 'The Pieces Process – Engaging 'Comm-Unity'. Key note speaker was Peter Osborne (Chair of Community Relations Council) who spoke about the challenges for and role of, communities in moving the peace process forward.
- A Let's Talk type event was held with a panel of MLAs addressing students on 'Effective Leadership in a Divided Society'. Over one hundred students had the opportunity to hear the MLA's views and to quiz them on their various perspectives and responsibilities.
- The College has worked closely with communities over the years to deliver educational opportunities within communities to meet local needs. Recently a Threshold Scheme was developed to attract young people into education and skills training and provide them with mentor support for the duration of the 12 week development programme. Further outreach work in communities has seen the development of new partnerships with community organisations and the College has sought out ways in which it can work together with community groups to attract those not in education, employment or training into education.
- Our Princes Trust 12 week personal development course goes from strength to strength with more than 70% of participants moving into employment, training or education within three months of completing the course.
- Outreach projects with communities in North Belfast saw the delivery of a film about the interface walls in the area. The film 'Breaking the Barriers' was managed by the College in conjunction with Northern Visions TV and funded by the NI Housing Executive, Belfast City Council and Community Relations Council. The film is available on Belfast Met YouTube and was premiered at a Gala Dinner in our e3 Campus in March 2014.
- A DJing event was organised in conjunction with Giga Training and community groups in North and West Belfast which enabled young people to receive an OCN Level 1 qualification in Music Technology on completion of the week long course.
- The College and community groups in North and West Belfast have worked together on funding bids which had the potential to address skill and educational gaps in provision within those areas.
- A widening participation programme runs in the College which helps to attract the groups identified in the Equality Commissions Key Inequalities in Education into education. Two events are run in February each year and community and Section 75 representative groups are invited into the College to learn more about our courses and the support systems in place.
- The College's Centre for Learner Services acted on previous recommendations and introduced a Welcome Club where various activities were developed to encourage the migration of students into the College Community particularly non-UK national students.
- Links have been established with Bryson Intercultural to help identify support for students who are seeking asylum. There have been an increasing number of students seeking asylum enrolling in ESOL courses. It is hoped that this link with Bryson will provide these students with the support they need on social, economic and health issues while we deal with the educational element.

## Equality, Diversity and Inclusion in Employment

Under the Fair Employment and Treatment Order (Amendment) Regulations (NI) 2003 and Fair Employment(Monitoring) Regulations (Northern Ireland) 1989 employers must monitor its workforce composition and employment practices, including the community background of the employees, applicants for jobs, leavers, appointees, promotes and apprentices (where relevant). Monitoring reports are produced annually and submitted by the College to the Equality Commission. Every three years under Article 55 of the Fair Employment Order, the Governing Body must provide a comprehensive report of employment trends in the College, identifying any gaps and actions to address the imbalance.

The Return was submitted to the Equality Commission this year covering the period 2010 to 2013, evidencing improvements with regard to under representation in applicant rates. It has been agreed with the Equality Commission that the College will keep the situation under review and if necessary, affirmative action measures will be undertaken to address any under representation.

The College continuously reviews its policies and procedures to ensure that they do not breach other anti-discrimination legislation e.g. age, sexual orientation in employment. By virtue of Section 75 of the Northern Ireland Act 1998 (Section 75) the 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 built this legal obligation into its corporate planning process.

The College is committed to the fulfilment of its Section 75 obligations in all parts of its organisation and submits an annual review of its progress in this regard to the Equality Commission. The College informs the Governors through the Resources Committee of its progress on a regular basis. 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 and good relations are implemented effectively and on time.

The College's Equality Action Plan (developed to implement our obligations under our Equality Scheme and Disability Action Plan) continues to be incorporated into local Business Plans and reported on through the College's Business Planning Process.

In recognising its obligations under the Disability Discrimination Act 1995, the College makes reasonable adjustments for staff to enable access to the workplace, facilities and opportunities. The College also has in place a Disability Action Plan to ensure compliance with the positive attitudes and participation aspects of this amended legislation. Actions in respect of staff, student and the Governing Body are included in this Plan.

Awareness training for staff on all equality legislation (including Section 75 and anti-discrimination) continued throughout the year with various Special Educational Needs training sessions delivered to relevant staff. Specific training has been delivered on Equality Screening to senior management which reinforced the duties under Section 75 and the mechanism for ensuring that we promote equality of opportunity and good relations in our decision making. In 2013/14 College staff attended a variety of Equality and Safeguarding related training including Section 75 equality obligations, safeguarding training, autism awareness, dyslexia in the classroom, transgender awareness, equality in recruitment and selection practices, widening participation and training on the implications of recruiting people with criminal convictions onto courses and into employment (NIACRO training).

The College is developing an e-learning system which will incorporate an equality and good relations element. This will increase the number of staff who will receive equality training.



# Our Governors

## OUR GOVERNORS

### Belfast Metropolitan College Governing Body

Our governors are drawn from a wide range of backgrounds and bring extensive experience to the management of our business. The governors of Belfast Met are all unpaid volunteers and in addition to serving on the Governing Body and its sub committees (Audit and Risk, Curriculum, Quality and Engagement, and Resources) the governors give freely of their time in support of a whole range of College activities and initiatives.

### 2013/14 Governing Body Members

During 2013/14, the Chairman of the Governing Body was reappointed for a further four year tenure.

The members who served the Governing Body during the 2013/14 year were as follows:

| Name  | Date of appointment | Term of office                                   | Status of appointment * | Standing Committees** |
|---|---------------------|--|-------------------------|-----------------------|
| Mr Richard O'Rawe                             | 01/09/2010          | 31/08/2018***                                    | BIP                     | Chair                 |
| Mr Frank Bryan                                | 01/08/2011          | 31/07/2015                                       | BIP                     | ARC, CQEC             |
| Mr Joseph Eagleson                            | 01/08/2011          | 31/07/2015                                       | BIP                     | RC                    |
| Mrs Patricia Haren                            | 01/08/2011          | 31/07/2015                                       | BIP                     | CQEC                  |
| Mr Ivor Johnston                              | 01/08/2011          | 31/07/2015                                       | BIP                     | ARC                   |
| Miss Wendy Langham                            | 01/08/2011          | 31/07/2015                                       | BIP                     | RC, CQEC              |
| Mr John McGrillen                             | 01/08/2011          | 31/07/2015                                       | BIP                     | ARC                   |
| Professor Ken O'Neill                         | 01/08/2011          | 31/07/2015                                       | BIP                     | ARC, CQEC             |
| Ms Lindsey Smith                              | 01/08/2011          | 31/07/2015                                       | BIP                     | RC, CQEC              |
| Dr Ian Walters                                | 01/08/2011          | 31/07/2015                                       | BIP                     | ARC                   |
| Mr Sam Hagen                                  | 27/11/2012          | 26/11/2016                                       | Co-opted                | RC                    |
| Mr David Taylor                               | 03/12/2012          | 02/12/2016                                       | Co-opted                | RC                    |
| Very Rev Dr Norman Hamilton                   | 16/05/2012          | 15/05/2016                                       | BELB nominee            | ARC                   |
| Mr Ciaran O'Grady                             | 03/04/2012          | 02/04/2016                                       | BELB nominee            | CQEC                  |
| Mr Jergus Baca                                | 17/10/2012          | 30/09/2013                                       | Student elected         |                       |
| Miss Eimhear Macfarlane                       | 04/11/2013          | 30/09/2014                                       | Student elected         |                       |
| Mr Kevin McKeaveney                           | 10/06/2013          | 09/06/2017                                       | Staff elected           |                       |
| Mr Michael McCamley                           | 10/06/2013          | 09/06/2017                                       | Staff elected           | RC                    |
| Ms Marie-Thérèse McGivern                     | 01/11/2009          | N/A  | Ex officio P&CE         |                       |
|   |                     |  |                         |                       |
| * Status of appointment                       |                     | ** Standing Committees                           |                         |                       |
| BIP Business, Industry, Professional Category |                     | ARC Audit and Risk Committee                     |                         |                       |
| BELB Belfast Education and Library Board      |                     | CQE Curriculum, Quality and Engagement Committee |                         |                       |
| *** Reappointed 01/09/2014                    |                     | RC Resources Committee                           |                         |                       |

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# **Finance** and Operating Review

## FINANCE AND OPERATING REVIEW

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

### Legal Status

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

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

### Financial Objectives

The College's financial objective is to achieve a sustainable financial position that facilitates a trading surplus. Associated objectives are that the College will:

1. Meet financial targets agreed through the CDP process
2. Manage funds within the limit of the College's borrowings
3. Increase the percentage of non-flu income as a proportion of total income.

### Finance 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.

### Financial Results

The College had a historic cost surplus of £2.2m for 2013/14 (2012/13 surplus of £0.2m). However this was after accounting for the profit on sale of the College Square East building of £2m and the realisation of the associated revaluation gains of £1.5m.

The College's total income for the year was £57.9m, an increase of £0.9m from 2012/13.

Expenditure was above 2012/13 levels at £60.4m compared to £58.1m in the prior year. Within expenditure, staff costs have increased by £0.7m compared to the prior year. This reflects the cost of contractual increments and posts within the structure being filled and in place for the whole year. Premises expenditure is £0.5m higher than 2012/13, direct teaching costs £0.2m higher and direct support £0.5m higher than the prior year.

Depreciation has remained consistent with 2012/13. The application of the LPS indices at 31 July 2014 did not result in any impairments in the year.

The College reports an historic surplus outturn of £2.2m, the original budget in the College Development Plan for the year had forecast a historic surplus outturn of £20k, but this did not include the profit on disposal of College Square East.

The College has significant reliance on DEL for its principal funding source, largely from recurrent grants. In 2013/14, DEL provided 57% of the College's total income through allocated recurrent grant (2012/13 60%). This represented 23% of the total recurrent grant available to the sector.

## Subsidiaries

Belfast Met operates two wholly owned subsidiary companies, Springvale Educational Village Ltd (SEV Ltd) and Belfast Metropolitan Trust. Both companies are limited by guarantee. Belfast Metropolitan Trust is also a registered charity.

SEV Ltd's income is generated mainly from letting income raised from the Community Learning Centre situated on the College's Springvale campus. The company's objective is to widen access to education and training with a strong community ethos. The main objectives and activities of Belfast Metropolitan College Trust are to promote and facilitate charitable projects including activity which will advance the education and training of Belfast Metropolitan College students and graduates, to provide funding to students for enhancement activities not funded by statutory funds and to attract charitable donations from former students and business to support student enhancement activity.

SEV Limited has achieved a surplus of £25k for the year ending 31 July 2014 (2012/13 surplus £6k). The Trust reported a net decrease in funds of £7k for the year ending 31 July 2014 (2012/13 increase of £2k).

## Reserves

The College has accumulated reserves of £71.5m (Group), £69.6 m (College) including FRS 17 pension reserves. Revaluation reserves have accumulated through revaluations on land and buildings inherited on incorporation at no cost from the Education and Library Boards.

The College has cash balances of £10.1m at the year end. Cash reserves were built up:

- To facilitate repayment of the loan taken by the College during 2012 to manage cashflow issues in the College which were identified in 2009/10;
- Due to the £3.5m sale proceeds for the disposal of College Square East which were received in July 2014. A request has been made to DEL for retention of these funds to support capital investment over the next 3 years.

## Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, its money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College experienced an operating cash inflow of £1.7m during the year compared to an inflow of £0.8m in the prior year. The overall cash balance as at 31 July 2014 is £10.1m, which is an increase of £3.9m on last year, mainly representing the £3.5m sale proceeds for the disposal of College Square East.

## Liquidity

The cash balance of £10.1m represents a Key Performance Indicator of 64 days, which is above the DEL target of 20-40 days. Taking the repayment of the loan into account and the £3.5m sale proceeds from College Square East the adjusted balance is £4.6m, and represents 29 days cash requirement which is in line with the DEL target. The loan of £2m was repaid in full on 30<sup>th</sup> August 2014.

The Current Ratio KPI for the sector is in the range of 1.5 – 2.5 and for 2013/14 the College current ratio was 1.4 (2012/13 1.7), this was due to the £2m repayment of the loan being included within current liabilities at the year end. Adjusting for this brings the current ratio to 1.6.

#### **Debts Written Off**

The College wrote off debts during the year totalling £68,359. No one debt is deemed material and all write offs were completed in line with College Policy.

#### **Payment Performance**

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

During the accounting period 1 August 2013 to 31 July 2014, the College paid 91% of its invoices within 30 days (2012/13 74%). The College incurred no interest charges in respect of late payment for this period.

The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2013 to 31 July 2014, the college paid 77% of its invoices within 10 days.

#### **Land and Buildings**

Land and buildings were subject to a full professional valuation by Land and Property Services (LPS) on 31 July 2012. That full valuation was updated using indices supplied by LPS to provide the valuations as at 31 July 2014. This has resulted in a net upward revaluation of £10.8m on buildings.

#### **Development Projects**

The College's College Square East building was sold in July 2014 and Brunswick Street premises sold in August 2014.

#### **Resources**

The College has various resources (estates, financial and people) at its disposal that it can deploy in pursuit of its objectives.

## Estate

The College's consolidated estate as at 31 July 2014 consists of freehold land valued at £13.5m and buildings valued at £108.5m. The estate includes campuses at:

| Campus   | Net Book Value |
|--|----------------|
| Titanic Quarter – building under a PFI agreement | £50.1m         |
| Millfield – building under a PFI agreement       | £37.7m         |
| Castlereagh                                      | £11.2m         |
| E3   | £15.4m         |
| Brunswick Street                                 | £2m            |
| Tower Street                                     | £3m            |
| Whiterock  | Rented         |
| Springvale Road                                  | £2m            |
| Parkmore   | £0.4m          |
| Riddell  | £0.2m          |

The College also operates a number of outreach centres across Belfast and the wider area. The College's estates strategy seeks to consolidate activity on 4 main campuses, TQ, Millfield, Springvale and Castlereagh, supported by up to 6 satellite sites and work towards this model is ongoing.

## Financial

Net assets at 31 July 2014 were £71.5m (2012/13 £74.8m). This includes £17.7m pension liability (2012/13 £5.3m), and a debtor of £1.3m on PFI prepayments (2012/13 £1.4m).

## People

The College employs 827 staff (expressed as full-time equivalents), of whom 431 are teaching staff. Staff absenteeism for the period 1 August 2013 to 31 July 2014 was 5.44%, which equates to an average per FTE of 13.9 days.

## Reputation

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

## Principal Risks and Uncertainties

The College's system of internal control, including financial, operational and risk management, which is designed to protect the College's assets and reputation has been undergoing continuous review and improvement over the recent years and this continued during the year ended 31 July 2014.

The College's Audit and Risk Committee, chaired by an independent non-executive, is responsible for providing assurance to the Governing Body that effective risk management, governance and control arrangements are in place.

The College risk policy provides guidance on all key aspects of risk including risk appetite, the roles and responsibilities of the Governing Body, Audit and Risk Committee, Directorate, Managers, Staff and the Risk and Compliance Manager. This document has been signed off at both Governing Body and Executive level. The strategy also includes a guide to assist managers with risk assessment, a RAG system for recording level of risk and a 4X4 numerical assessment system. The constituent parts of the risk register are also detailed i.e. summary, matrix (appetite) and additional information for individual risks.

The College has identified and responded to changes in the risk environment effectively during the year. At the corporate level, the Risk and Compliance Manager meets quarterly with individual Directors to review the risks for which they are responsible. This review is holistic and includes the nature of the risk, the level of the risk, the risk factors, links with the College Development Plan and Key Performance Indicators, current controls and their effectiveness, progress made in relation to previous identified actions and any new actions arising.

#### **Post Balance Sheet Events**

No post balance sheet events have occurred that require changes to amounts or disclosures in the financial statements.



## **Other** Disclosures

## OTHER DISCLOSURES

### Disclosure of Information to Auditors

These accounts are subject to audit 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 the year 2013/14.

### Charitable and Taxation Status

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

### Charitable/Political Donations

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

### Professional Advisers

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

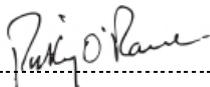
Internal Auditors: KPMG  
Stokes House  
College Square East  
Belfast, BT1 6DH

Bankers: Bank of Ireland  
4-8 High Street  
Belfast, BT1 2BA

Solicitors: Carson McDowell  
Murray House  
4 Murray Street  
Belfast, BT1 6DN

For and on behalf of the members of the Governing Body

Chairman

  
.....

Date

26 November 2014.....



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# Financial Statements

Further Education College Remuneration Report  
Statement of the Responsibilities of the Governing Body  
Governance Statement  
Certificate and report of the Comptroller and Auditor General to the Northern Ireland Assembly  
Consolidated Income and Expenditure Account  
Consolidated Statement of Historical Cost Surpluses and Deficits  
Consolidated Statement of Total Recognised Gains and Losses  
Balance Sheets  
Consolidated Cash Flow Statement  
Notes to the Financial Statements

## FINANCIAL STATEMENTS

### BELFAST METROPOLITAN COLLEGE

#### REMUNERATION REPORT

##### Remuneration policy

##### **Members of the governing body**

Members of the governing body and the Chairperson 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 Chairperson 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 Chairperson 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/Director and Senior Management Team**

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

The Principal/Director and Senior Management Team hold permanent appointments. The normal retiring age is 65, although staff may retire at any time after age 60 with no diminution of earned pension benefits. 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/Directors as they are paid on a one-point scale according to college size. However, if the college size changes they will automatically move to that new salary point.

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

##### **Performance pay**

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

### Total reward package

Senior staff within colleges have access to the Northern Ireland Teachers' Pension 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 twelve 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.

### Salary and pension entitlements

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

#### Remuneration (Audited)

| Senior Management  | 2013/14         |                       | 2012/13         |                       |
|--|-----------------|-----------------------|-----------------|-----------------------|
|  | Salary<br>£'000 | Benefits in kind<br>£ | Salary<br>£'000 | Benefits in kind<br>£ |
| <b>M T McGivern</b><br>Director  | 115-120         | 0                     | 115-120         | 160.23                |
| <b>J Edwards</b><br>Assistant Chief Executive/<br>Director of Curriculum | 80-85           | 0                     | 80-85           | 142.75                |
| <b>E Hartin</b><br>Chief Operating Officer                               | 75-80           | 0                     | 80-85           | 162.35                |
| <b>D Duffy</b><br>Director of Development and<br>Learner Services        | 80-85           | 0                     | 80-85           | 0                     |

|   | 2013/14 | 2012/13 |
|---|---------|---------|
|   | £'000   | £'000   |
| Band of highest paid directors total remuneration | 115-120 | 115-120 |
| Median total remuneration                         | 34.0    | 35.0    |
| Ratio   | 3.5     | 3.39    |

#### 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.

### Pension entitlements (Audited)

| Senior Management                      | Accrued pension at age 60 as at 31/7/14 and related lump sum | Real increase in pension and related lump sum at age 60 | CETV at 31/7/14 | CETV at 31/7/13 | Real increase in CETV |
|--|--|---|-----------------|-----------------|-----------------------|
|  | £'000  | £'000   | £'000           | £'000           | £'000                 |
| M T McGivern<br>Director               | 75-80  | -   | 1,292           | 1,217           | 29                    |
| J Edwards<br>Deputy<br>Director        | 0-5<br>Lump sum of 5-10                                      | -   | 28              | 26              | 1                     |
| E Hartin<br>Chief Operating<br>Officer | 0-5  | -   | 47              | 32              | 5                     |
| D Duffy<br>Deputy<br>Director          | 0-5  | -   | 47              | 29              | 7                     |

### Pension arrangements

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

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

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

**Enhanced pensions (if applicable)**

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 Skills and Funding Agency (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 account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

**Real increase in CETV**

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

**BELFAST METROPOLITAN COLLEGE  
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY  
FOR THE YEAR ENDED 31 JULY 2014**

The governing body of the College is required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the Department for Employment and Learning (the Department) and the governing body of the College, the governing body through its Chairperson, 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.

Approved by order of the governing body members on 26 November 2014 and signed on its behalf by:



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**Chairman**  
**26 November 2014**

## **BELFAST METROPOLITAN COLLEGE GOVERNANCE STATEMENT**

### **For the year ended 31 July 2014**

#### **Introduction**

This is the Governance Statement for Belfast Metropolitan College (Belfast Met) which sets out the governance structures, risk management and internal control procedures that operated within Belfast Met during the 2013-14 financial year and up to the date of approval of the Annual Report and Accounts. This Governance Statement has been prepared in accordance with guidance issued by the Department of Finance and Personnel (DFP) and is aimed at supporting better governance and driving more consistent, coherent and transparent reporting.

#### **Scope of Responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of 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.

My responsibilities as Chief Executive and Accounting Officer are set out in Managing Public Money (Northern Ireland) issued by DFP and the Financial Memorandum between DEL and the Regional Further Education Colleges; I am accountable to the Department's Accounting Officer and the Northern Ireland Assembly.

In order to manage the College efficiently, the Chief Executive and Accounting Officer has been supported by formal governance structures with clear remits, details of which are provided below.

#### **College Governance and Management Structure**

The Further Education (Northern Ireland) Order 1997 established Further Education Corporations in Northern Ireland including the Belfast Institute and Castlereagh College. These institutions merged in August 2007 to become Belfast Metropolitan College. In October 2013, the office of National Statistics reclassified further education colleges from Non-Profit Institutions Serving Households to Central Government, which 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 (DEL) and required to accord with the same budgeting and reporting disciplines as other Non-Departmental Public Bodies.

The Articles and Instruments established the Governance Framework. Further information on the Governance arrangements is provided below.

#### **Membership of the Governing Body**

In the main, the College's Governing Body comprises persons appointed by the Department for Employment and Learning (DEL) under Article 10 and paragraph 2 of schedule 3 of the "Order", following a public competition. The Chair is appointed by the Minister, again following a public competition. DEL is largely responsible for recruiting governors with the final decision resting with the Minister.

The membership of the Governing Body is drawn from the following constituencies

- Business, Industry, Professional (10 members);
- Nominees of the Education and Library Board (2 members);
- Co-optees (2 members);
- Staff by election (2 members);
- Student Body by election (1 member); and
- Principal and Chief Executive Officer (ex officio).

The Belfast Met College Governing Body is supported by three permanent committees comprising the Audit & Risk Committee (A&R), the Curriculum, Quality and Engagement Committee (CQE), and the Resources Committee (RES). The Governing Body also has governors sitting on the Board of Belfast Metropolitan College Trust and the Board of

Springvale Educational Village Ltd. The Trust and Springvale Education Village are both separate legal entities and wholly owned companies of Belfast Met.

As the need arises the Governing Body also makes use of ad hoc groups e.g. a Stakeholder Engagement Committee, an e governance Committee, and a personnel panel. Each permanent committee has its own terms of reference and business cycle.

#### Attendance at the Belfast Met College Governing Body

Attendance during the year at the Governing Body and the permanent committees was as follows:

|  | Governing Body   | A&R Committee | CQE Committee | RES Committee |
|--|--|---------------|---------------|---------------|
| Mr Richard O'Rawe (Chair)                                    | 5/5 i.e. 5 meetings attended out of a possible 5 meetings which the governor was eligible to attend during the year. |               |               |               |
| Mr Frank Bryan   | 4/5  | 4/4           | 4/4           |               |
| Mr Joseph Eagleson   | 3/5  |               |               | 3/4           |
| Mrs Patricia Haren   | 3/5  |               | 4/4           |               |
| Mr Ivor Johnston   | 1/6  | 3/4           |               |               |
| Miss Wendy Langham   | 5/5  |               | 1/1           | 3/4           |
| Mr John McGrillen  | 4/6  | 1/4           |               |               |
| Professor Ken O'Neill  | 5/6  | 4/4           | 1/4           |               |
| Ms Lindsey Smith   | 6/6  |               | 4/4           | 4/4           |
| Dr Ian Walters (vice Chair)                                  | 6/6  | 4/4           |               |               |
| Mr Sam Hagen   | 4/5  |               |               | 3/4           |
| Mr David Taylor  | 2/5  |               |               | 3/4           |
| Very Rev Dr Norman Hamilton                                  | 5/6  | 2/3           |               |               |
| Mr Ciaran O'Grady  | 6/6  |               | 3/4           |               |
| Mr Jergus Baca   | 0/1  |               |               |               |
| Miss Eimhear Macfarlane                                      | 1/4  |               |               |               |
| Mr Kevin McKeaveney  | 3/5  |               |               |               |
| Mr Michael McCamley  | 4/5  |               |               | 3/3           |
| Ms Marie-Thérèse McGivern, P&CE                              | 5/5  |               |               |               |
| Mr Justin Edwards, ACE, DC                                   | 4/5  |               | 4/4           |               |
| Mr Damian Duffy, DDLS  | 3/5  |               | 4/4           |               |
| Mrs Elaine Hartin, COO                                       | 5/5  | 4/4           |               | 4/4           |
| Mr Andy Cole, DEL or deputy                                  |  | 4/4           |               |               |
| Mr Stephen McCormick NIAO, Mrs Suzanne Walsh, NIAO or deputy |  | 4/4           |               |               |
| Mr Arthur O'Brien, KPMG or deputy                            |  | 4/4           |               |               |

Other attendees included Tier 3 and 4 officers where significant items pertaining to their business area was discussed. All meetings were quorate.

### **Information presented to the Governing Body**

Information presented to the Board is normally prepared by the appropriate business area and reviewed by the Executive team, and in the case of governance issues prepared by the Secretary and cleared by the Chair. This ensures a high quality of reliable and up to date information is presented to the Board. The Board is content with the quality and reliability of the information presented in 2013/14 and has commented favourably on the continuing improvements made in presentation and ease of use. There is an ongoing project led by one member of the Governing Body to develop a paperless system for dealing with all papers which it is hoped will result in continuing improvements in efficiency.

### **Role of the Chair, the P&CE and the Governing Body**

The role of the Chair of the Governing Body is separate from the role of the College Principal and Chief Executive (P&CE), with the Governing Body over which the Chair presides, being responsible for the ongoing strategic direction of the College, and the P&CE responsible for its operational management. The Chair provides leadership, strategic support, and direction.

The main business of the Belfast Met Governing Body, in line with its Articles of Government, is to determine the educational character of the college and to ensure its overall wellbeing and financial solvency and to those ends the Governing Body approves all major developments and receives regular reports on the activities of the College and its subsidiary companies. All meetings were quorate. Belfast Met operates within a strong framework of regulation; however not only does it comply with all mandatory requirements, it also operates that guidance which represents best practice.

### **The College's Management Structure**

The College management structure is based on principles of good organisational design and established a tripartite structure comprising Directorates led by the Director of Curriculum, the Chief Operating Officer and the Director of Development and Learner Services, all reporting to the Principal and Chief Executive. This structure enables a compact Executive Team to exercise strategic and operational oversight on the College by means of clear lines of accountability. Each manager's job description includes a statement on the limits of their authority. If this limit is exceeded without proper authorisation, staff members are aware that they will be subject to disciplinary procedures.

### **Board performance and effectiveness**

During the year the Board continued to commit to improving board performance and effectiveness by:

- Receiving reports from the Board Development Co-ordinator (a member of the Board) including an analysis of a questionnaire to governors based on the DEL framework of competencies required in the FE Sector;
- Approving a Board Development Plan;
- Following up on a visit to two Grade 1 Colleges in England;
- Attending a range of internal and external training events, workshops and planning days;
- Receiving mentoring in enhanced effectiveness; and
- Regularly evaluating the effectiveness of the meetings of the Governing Body and its Committees.

All board members are given induction training provided by both DEL and Belfast Met, the former focuses on issues including accountability, corporate governance, and the challenge function while the latter focuses on college specific matters including the structure, vision, values and objectives of the organisation, and Belfast Met strategies including those relating to the curriculum, estates, IT, stakeholder engagement and HR.

The Governing Body has an annual strategy workshop which involves a review of the organisation's performance against objectives and targets, a strategic forward look and in depth presentations and discussions on specific topics.

### **Audit and Risk Committee**

The Audit and Risk Committee operates as an advisory body to the College's Governing Body and the Accounting Officer. The Audit and Risk Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The Audit and Risk Committee met 4 times during the 2013/14 year to discuss reports from the External and Internal Auditors and the relevant management responses. It reviewed the College's annual financial statements to ensure compliance with legislation and accounting standards.

The key issues discussed at the Audit & Risk Committee during the year 2013/14 were as follows:

- Internal Audit planning;
- Internal Audit reports including reviews of core financial controls, payroll, procurement, IT Strategy, operational schemes including Work Based Learning, and corporate planning;
- NIAO matters including NIAO strategy (encompassing the identified significant risks concerning regularity, a going concern, and funding in the current economic climate), audit planning, Report To Those Charged with Governance (RTTCWG), and year end accounts ;
- Risk management and opportunity;
- Follow up on outstanding recommendations from all sources;
- A&R Committee annual report;
- Single Tender Action notifications;
- Fraud, losses, and special payments ;
- DFP and DEL and other third party correspondence including DEL circulars, DAO letters, Audit Handbook;
- A&R Committee meeting evaluation.

The Internal Audit annual report 13/14 provided a "Substantial" assurance overall in relation to the adequacy of the systems of control within the College, and six individual reviews resulted in a "Substantial" assurance.

In addition to governors, auditors and DEL representatives three executive officers namely the Chief Operating Officer, the Head of Finance and the Risk and Compliance Manager are always in attendance.

### **Audit Committee: Item of special significance – Belfast Met College Titanic Quarter PPP Project**

The NI Assembly Public Accounts Committee met in June 2014 to receive evidence on the "Belfast Met College Titanic Quarter PPP Project" element of its inquiry into the future impact of borrowing and private finance commitments. The inquiry was based on a report produced earlier in the year by the Northern Ireland Audit Office (NIAO). The Committee took evidence from representatives of DEL and Belfast Met. The PAC met again in September 2014 and took further evidence. It is expected that the PAC will publish a report on the hearing which will then be fully considered by DEL, and a DFP Memorandum of Reply will be laid before the Assembly. As protocol requires the Belfast Met Audit and Risk Committee will await the conclusion of the Assembly scrutiny and the Committee plans to examine the report and reply, seek assurances from management, and invite an NIAO representative to attend its committee in late 2014. The Chair will then report to the Governing Body on the lessons to be learned.

Following each meeting The Chair of the Audit & Risk Committee gives a verbal update to the full Governing Body as well as circulating the minutes of the meeting. The Governing Body also take assurance from the annual report provided by the Audit & Risk committee.

## Corporate Governance and Register of Interests

Belfast Met in the year 2013/14 was in compliance with the following key pieces of guidance and best practice:

- Managing Public Money (NI);
- DEL and DFP guidance;
- Nolan Principles; and
- Good Governance Standards for Public Services.

The Governing Body's Instrument of Government and the aforementioned best guidance requires the establishment and maintenance of a Register of Interests. The Register is compiled by the Secretary to the Governing Body from individual Governor and Officer Returns and circulated. At each meeting the Chair asks for any conflicts or potential conflicts of interest to be declared; where these have been declared these have been managed in accordance with best practice. The Register is available for public inspection by contacting the Secretary, c/o the Directorate, Belfast Metropolitan College, Titanic Quarter Campus, Level 2, 7 Queen's Road, Belfast BT3 9DT. There is an agreed Code of Conduct which incorporates the Principles of Public Life.

### The Executive Team

The Executive Team consists of:

- Principal & Chief Executive
- Assistant Chief Executive & Director of Curriculum
- Chief Operating Officer
- Director of Development and Learner Services

The Head of Corporate Development is in attendance at the Executive Team meetings for the purpose of a challenge function given this individual's responsibility for monitoring College performance and quality. The Executive Team meets weekly to consider a pre-determined agenda. The purpose of the Executive Team is to provide strategic and operational leadership to the College for which it is directly accountable to the Governing Body.

### Risk Management

The College places significant emphasis on risk management as one of the key elements in ensuring good corporate governance. The introduction of improved business planning and performance monitoring across the College incorporates risk planning and monitoring at its heart.

The College risk management function was not audited by its Internal Auditors during 2013/14. However, under the plan agreed with KPMG for 2014/15, the risk management function will be audited.

The College creates and maintains a Corporate Risk Register each year. The definition of key risks is informed by the College Corporate Plan 2013-16, a SWOT analysis as part of the College planning process, a review of sectoral risks as defined by the Regional Colleges and challenge by the Executive Team.

It was determined that the following risks faced the College during 2013/14:

- Failure to recruit planned student numbers (Business Target)
- Failure to be relevant to the needs of Government Departments, other educational institutions and employers (Stakeholders/External Relations)
- Failure to provide a good quality of service and failure to meet external assessor requirements (External Regulation)
- Failure to be relevant to the needs of community groups (Social)
- Failure to achieve shared organisational goals by optimising the skills, talent, enthusiasm and experience of our people (Human Resources)
- Failure to respond to changing DEL agenda i.e. Training for Success, MASN numbers, reclassification as a Non Departmental Public Body (NDPB) (Political)
- Failure to provide suitable accommodation and infrastructure to enhance student learning environment (Estate)

- Failure to be compliant with all legislation, directives and recommended good practice (Corporate Governance)
- Failure to ensure our financial sustainability within current economic and political pressures (Financial)

The Corporate risk register is compiled annually as part of the high level business planning process to ensure that there is a strong alignment with business objectives. It is reviewed quarterly by the Directors. Towards the end of 2013/14 the Directors determined that the level of seriousness of 3 corporate risks should be downgraded. The table below provides further information.

| RISK NO. | RISK NARRATIVE   | PREVIOUS SCORE | NEW SCORE | RATIONALE  |
|----------|--|----------------|-----------|--|
| 3        | Failure to provide a good quality of service and failure to meet external assessor requirements. | Medium         | Low       | Decrease in probability of risk due to all external assessor requirements met during year.                     |
| 8        | Failure to be compliant with all relevant legislation, directives and recommended good practice. | High           | Medium    | Decrease in probability of risk due to demonstrated compliance.  |
| 9        | Failure to ensure our financial sustainability within current economic pressures.                | High           | Medium    | Decrease in probability of risk due to year end budget forecast falling within NDPB accepted levels of +/- 2%. |

However, another corporate risk materialised near the end of 2013/14 academic year i.e. failure to recruit planned numbers of students. Future occurrence of this risk will be mitigated by factoring in attrition levels to individual course recruitment targets and greater targeting of teaching and pastoral support based on detailed analysis of retention rates.

The Corporate Risk Register is also scrutinised by the Audit & Risk Committee at its quarterly meeting. The Governing Body then receives assurances from the Chair of the Audit and Risk Committee at its regular meetings. Each year the Audit and Risk Committee submits a detailed report to the Governing Body on its activities including assurances on the satisfactory condition of the risk and internal control arrangements.

Each business unit i.e. curriculum school and business support department creates and maintains an operational risk register for its own area. This information is captured as part of the planning and performance management processes. The information is reviewed in two ways i.e. with teams at departmental level and independently by the Principal and Head of Corporate Development. However, the College recognises that more work is required in 2014/15 to better integrate the management of risk with these key processes.

### Information Risk

The College has complied with the requirements of the relevant legislation during 2013/14 i.e. Freedom of Information Act and Data Protection Act. A staff member alleged a breach of data protection in October 2013. This was investigated by the information Commissioners Office (ICO) in November 2013. Following their investigation the ICO concluded that no breach of the legislation had taken place.

### Fraud Reporting

The college has a Fraud Policy and Fraud Response Plan. The policy sets out responsibilities regarding the prevention of fraud and the procedures to be followed where a fraud is detected or suspected. The Response Plan is designed to reinforce the College's robust stance on fraud and corruption by setting out the ways in which staff can also voice their concerns about suspected fraud or corruption. During 2013/14 the College reported 6 suspected or actual frauds to DEL and the college's Audit Committee. Investigations were carried out in all cases, and where appropriate processes and controls were tightened.

### Whistleblowing

The College has arrangements in place to deal with whistleblowing. There were no whistleblowing incidents reported during 2013-14. A whistleblowing allegation was made in September 2014, this is currently being investigated by the College.

### The Control Environment

The Chief Executive and Accounting Officer has responsibility for reviewing the effectiveness of the governance structures and the system of internal control. Her review is informed by the work of the internal auditors (KPMG), based on a pre-agreed risk based annual plan approved by the Governing Body.

The College Internal Auditors (KPMG) gave the College an overall assurance rating of Substantial for 2013/14. They examined the following areas and provided the following individual assurances:

| Review Area                                     | Assurance Rating       |
|---|------------------------|
| Core Financial controls – Treasury Management   | Substantial assurance  |
| Core Financial controls – Payments to Creditors | Satisfactory assurance |
| Payroll   | Substantial assurance  |
| Procurement                                     | Satisfactory assurance |
| Contract management                             | Substantial assurance  |
| Review of IT Strategy & Migration to IT Assist  | Substantial assurance  |
| Apprenticeships/Work Based Learning             | Substantial assurance  |
| Quality Improvement Plan – Implementation       | Substantial assurance  |

### The work of DEL Financial Audit and Support Team (FAST)

There were two FAST reports received by the College in 2013/14 i.e. Inspection of Work Based Learning Programmes (qualified) and Inspection of the Hardship Fund (satisfactory). Following receipt of the Work Based Learning Programmes Inspection, the College developed a comprehensive action plan to address all the issues raised by FAST.

### Education and Training Inspectorate (ETI)

In April 2013, the Education and Training Inspectorate carried out an Inspection of the College's further education and work-based learning provision. In March 2014, the Inspectorate carried out an interim follow up visit in relation to those curriculum areas which had been awarded a Grade 4 or a Grade 5. The outcome of the follow up visit in relation to the six areas judged satisfactory i.e. Grade 4 and the one area judged inadequate i.e. Grade 5 will be published later in the year. This will take the form of either a satisfactory or non-satisfactory assessment.

In January 2014, The Education and Training Inspectorate (ETI) publishes the results of its scrutiny inspection of the self-evaluation and quality improvement planning processes in Belfast Met. The outcome was that the ETI has confidence in the self-evaluation and quality improvement planning processes in the College. The ETI identified six main strengths, three areas for improvement and two key priorities for development which the College is now addressing.

DEL notified the College in August 2014 that due to responses to the recent College Environment and Control Questionnaire, the results of the previous FLU Funding Audit for 2012/13 and the results of internal audit work there would be no audit of College FLU data for 2013/14.

#### **Quality Assurance Agency (QAA).**

In March 2014, the Quality Assurance Agency for Higher Education (QAA) published its Integrated Quality and Enhancement Review Northern Ireland (IQER NI) Summative Review for Belfast Met.

As a result of its investigations, QAA considers that there can be **confidence** in the College's management of its responsibilities, as set out in its partnership agreements, for the standards of the awards it offers on behalf of its awarding bodies and organisations. QAA also considers that there can be **confidence** in the College's management of its responsibilities, as set out in its partnership agreements, for the quality of learning opportunities it offers. QAA also considers that reliance **can** be placed on the accuracy and /or completeness of the information that the College is responsible for publishing about itself and the programmes it delivers.

QAA also identified four areas of good practice for dissemination and made one advisable recommendation and four desirable recommendations.

#### **British Council**

The British Council also carried out an Inspection in March 2014 and recommended continued accreditation. The Accreditation Scheme assesses the standards of management, resources and premises, teaching, welfare and care of under 18s and accredits organisations which meet the overall standard in each area inspected.

#### **Monitoring of Audit Recommendations**

In addition to the scrutiny of individual audit reports by managers and members of the Audit and Risk Committee, the Risk and Compliance Manager is responsible for compiling quarterly reports which track progress against all outstanding audit recommendations. These reports combine the above sources into one document and focus particular attention on priority one outstanding recommendations. The reports are reviewed by the Directors before being scrutinised by the Audit and Risk Committee.

There is one internal audit priority one recommendation outstanding. This is Technical Aspects of IT Data Protection Controls. There are only two of the six original recommendations still outstanding and College Management have prioritised these to ensure as early a resolution as possible.

#### **Assurance Statements**

The College provides a mid-year and an annual assurance statement to the Department.

#### **Review of effectiveness of the system of internal governance**

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, together with comments made by the external auditors in their management letter and other reports.

A plan is in place to address weaknesses and ensure continuous improvement of the system in place.

My review of effectiveness of the system of internal control is informed by:

- A strong accountable management structure and processes,
- Receiving reports from the Chair of the Audit and Risk Committee concerning internal control, governance and risk
- Reports submitted by the College's Internal Auditors and DEL's Fast team identifying recommendations for improvement which College management have accepted and are addressing.
- The Internal Auditors have provided a substantial rating in relation to the systems of internal control
- The Corporate Risk Register and improvements made to risk management processes during the year
- Comments made by the Northern Ireland Audit Office in their Report to Those Charged with Governance.

### **Significant Internal Control Issues**

I consider that no instances of significant internal control issues, or non-compliance with the Financial Memorandum have arisen over the period from August 2013 to July 2014 which should be disclosed in this statement with the exception of the Pay Remit issue set out below.

### **Pay Remits**

The College is required to comply each year with Department of Finance and Personnel (DFP) guidance on the approval of pay remits.

During 2012-13, it was identified that pay progression increments had been made to staff without receiving the required approval from DFP. Despite the payments being made in line with contractual obligations, the absence of DFP approval represented a breach of controls and resulted in the payments being deemed irregular.

DFP provided approval for the 2013-14 (April 2013 – March 2014) non-teaching staff pay remit on 21 February 2014, however DFP supply considers a portion of the progression payment for 2013-14, which was paid prior to the submission to DFP, to be irregular spend.

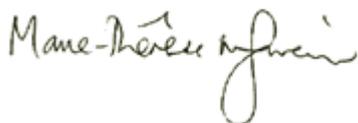
The value of the payments in the current year that were paid before approval was £215,221. This issue affects all six Colleges in the FE Sector.

The College now withholds progression increments until DFP approval is received.

The FE Sector continues to work with Colleges NI, DEL and DFP to establish an effective and efficient process for the payment of contractual pay progression increments.

### **Outstanding Audit Recommendation**

The College continues to work on a single priority 1 recommendation raised by Internal Audit. This relates to the Technical Aspects of IT Data Protection Controls, with key issues outstanding being in relation to disaster recovery and business continuity planning. This is being addressed in the College IT strategy.



Marie-Thérèse McGivern  
Chief Executive and Accounting Officer  
26 November 2014

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

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

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

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

#### **Opinion on regularity**

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

#### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of Belfast Metropolitan College's affairs as at 31<sup>st</sup> July 2014 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 Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for Employment and Learning directions issued thereunder.

## Opinion on other matters

In my opinion:

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

## Matters on which I report by exception

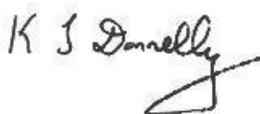
I have nothing to report in respect of the following matters which I report to you if, in my opinion:

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

## Report

### Contractual salary increments paid to staff without prior DFP approval

In 2012-13, I qualified my opinion on regularity of the Belfast Metropolitan College's financial statements on the basis of contractual salary increments that were paid to staff without having received the required approval from DFP. This issue affected all six colleges in the Further Education sector in Northern Ireland. The appropriate approvals have now been obtained from DFP but a residual irregular amount is included in the 2013-14 financial statements of £215,221. I have not qualified my opinion on regularity in 2013-14 in respect of this residual figure.



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

*28<sup>th</sup> November 2014*

**BELFAST METROPOLITAN COLLEGE  
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2014**

|   | Notes | 2014           | 2013           |
|---|-------|----------------|----------------|
|   |       | £'000          | £'000          |
| <b>INCOME</b>   |       |                |                |
| Department for Employment and Learning grants   |       |                |                |
|   | 2     | 43,740         | 43,889         |
| Education contracts   | 3     | 3,920          | 3,770          |
| Tuition fees and charges  | 4     | 7,632          | 7,358          |
| Other grant income  | 5     | 872            | 612            |
| Other operating income  | 6     | 1,352          | 1,358          |
| Investment income   | 7     | 393            | 71             |
| <b>Total income</b>   |       | <b>57,909</b>  | <b>57,058</b>  |
| <b>EXPENDITURE</b>  |       |                |                |
| Staff costs   | 8     | 34,123         | 33,397         |
| Other operating expenses  | 10    | 21,775         | 19,975         |
| Interest payable  | 11    | 63             | 180            |
| Depreciation and Impairment   | 14    | 4,483          | 4,529          |
| <b>Total expenditure before exceptional items</b>   |       | <b>60,444</b>  | <b>58,081</b>  |
| <b>(Deficit) on continuing operations after depreciation of assets at valuation and before tax and before exceptional items</b> |       | <b>(2,535)</b> | <b>(1,023)</b> |
| <b>Exceptional Items</b>  |       |                |                |
| Exceptional costs - staff   |       | 0              | 0              |
| Exceptional costs - non staff   |       | 0              | 0              |
| <b>(Deficit) on continuing operations after depreciation of assets at valuation and before tax</b>                              |       | <b>(2,535)</b> | <b>(1,023)</b> |
| Profit on disposal of assets  |       | 1,958          | 0              |
| <b>(Deficit) on continuing operations after depreciation of assets at valuation and disposal of assets but before tax</b>       |       | <b>(577)</b>   | <b>(1,023)</b> |
| Taxation  | 12    | 0              | 0              |
| <b>(Deficit) on continuing operations after depreciation of assets at valuation and tax</b>                                     | 13    | <b>(577)</b>   | <b>(1,023)</b> |

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*

**BELFAST METROPOLITAN COLLEGE  
CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS  
FOR THE YEAR ENDED 31 JULY 2014**

|  | Notes | 2014<br>£'000       | 2013<br>£'000     |
|--|-------|---------------------|-------------------|
| (Deficit) on continuing operations after depreciation of assets at valuation and tax                                 |       | (577)               | (1,023)           |
| Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount | 23    | 1,281               | 1,190             |
| Realisation of property revaluation gains of previous years  | 23    | <u>1,509</u>        | <u>0</u>          |
| <b>Historical cost surplus for the year</b>  |       | <u><u>2,213</u></u> | <u><u>167</u></u> |

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

**BELFAST METROPOLITAN COLLEGE  
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 JULY 2014**

|  |       | 2014                  | 2013                 |
|--|-------|-----------------------|----------------------|
|  | Notes | £'000                 | £'000                |
| (Deficit) on continuing operations after depreciation of assets at valuation and tax | 13    | (577)                 | (1,023)              |
| Unrealised surplus on revaluation of fixed assets                                    | 23    | 10,770                | 2,337                |
| Actuarial (loss)/gain in respect of pension scheme                                   | 25    | <u>(12,313)</u>       | <u>4,885</u>         |
| <b>Total recognised (losses)/gains since last report</b>                             |       | <b><u>(2,120)</u></b> | <b><u>6,199</u></b>  |
| <b>Reconciliation</b>  |       |                       |                      |
| Opening reserves   |       | 41,814                | 35,615               |
| Total recognised (losses)/gains for the year   |       | <u>(2,120)</u>        | <u>6,199</u>         |
| <b>Closing reserves</b>  |       | <b><u>39,694</u></b>  | <b><u>41,814</u></b> |

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

**BELFAST METROPOLITAN COLLEGE  
BALANCE SHEET AS AT 31 JULY 2014**

|  | Notes | Group<br>2014<br>£'000 | College<br>2014<br>£'000 | Group<br>2013<br>£'000 | College<br>2013<br>£'000 |
|--|-------|------------------------|--------------------------|------------------------|--------------------------|
| <b>Fixed assets</b>  |       |                        |                          |                        |                          |
| Tangible assets  | 14    | 123,775                | 121,729                  | 118,331                | 116,270                  |
| Investments  | 15    | 0                      | 0                        | 0                      | 0                        |
| <b>Total fixed assets</b>                                      |       | <b>123,775</b>         | <b>121,729</b>           | <b>118,331</b>         | <b>116,270</b>           |
| <b>Endowment assets</b>  | 22    | 281                    | 0                        | 290                    | 0                        |
| <b>Current assets</b>  |       |                        |                          |                        |                          |
| Stocks   |       | 0                      | 0                        | 0                      | 0                        |
| Debtors  | 16    | 5,933                  | 6,328                    | 5,652                  | 6,066                    |
| Assets held for resale   |       | 0                      | 0                        | 0                      | 0                        |
| Cash at bank and in hand                                       |       | 10,120                 | 10,045                   | 6,204                  | 6,132                    |
| <b>Total current assets</b>                                    |       | <b>16,053</b>          | <b>16,373</b>            | <b>11,856</b>          | <b>12,198</b>            |
| Less: Creditors – amounts falling due within one year          | 17    | 11,844                 | 11,813                   | 7,768                  | 7,732                    |
| <b>Net current assets/ (liabilities)</b>                       |       | <b>4,209</b>           | <b>4,560</b>             | <b>4,088</b>           | <b>4,466</b>             |
| <b>Total assets less current liabilities</b>                   |       | <b>128,265</b>         | <b>126,289</b>           | <b>122,709</b>         | <b>120,736</b>           |
| Less: Creditors – amounts falling due after more than one year | 18    | 39,063                 | 39,063                   | 42,574                 | 42,574                   |
| Less: Provisions for liabilities                               | 20    | 0                      | 0                        | 0                      | 0                        |
| <b>Net Assets excluding pension liability</b>                  |       | <b>89,202</b>          | <b>87,226</b>            | <b>80,135</b>          | <b>78,162</b>            |
| Net pension liability  | 25    | (17,673)               | (17,673)                 | (5,313)                | (5,313)                  |
| <b>Net Assets including pension liability</b>                  |       | <b>71,529</b>          | <b>69,553</b>            | <b>74,822</b>          | <b>72,849</b>            |
| <b>Deferred capital grants</b>                                 | 21    | 31,551                 | 29,771                   | 32,725                 | 30,930                   |
| <b>Endowments</b>  |       | 284                    | 0                        | 283                    | 0                        |
| <b>Reserves</b>  |       |                        |                          |                        |                          |
| Income and expenditure account excluding pension reserve       | 24    | 3,930                  | 3,799                    | 1,670                  | 1,556                    |
| Pension reserve  | 25    | (17,673)               | (17,673)                 | (5,313)                | (5,313)                  |
| Income and expenditure account including pension reserve       | 24    | (13,743)               | (13,874)                 | (3,643)                | (3,757)                  |
| Revaluation reserve  | 23    | 53,437                 | 53,656                   | 45,457                 | 45,676                   |
| <b>Total reserves</b>  |       | <b>39,694</b>          | <b>39,782</b>            | <b>41,814</b>          | <b>41,919</b>            |
| <b>Total</b>   |       | <b>71,529</b>          | <b>69,553</b>            | <b>74,822</b>          | <b>72,849</b>            |

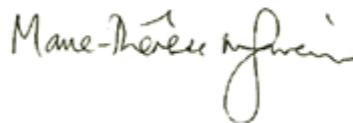
The financial statements on pages 56 to 94 were approved by the Governing Body of Belfast Metropolitan College on 26 November 2014 and were signed on its behalf on that date by:



**Richard O'Rawe**

**Chair of Governing Body**

**Belfast Metropolitan College**



**Marie-Therese McGivern**

**Accounting Officer**

**Belfast Metropolitan College**

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

**BELFAST METROPOLITAN COLLEGE  
CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JULY 2014**

|   | Notes | 2014<br>£'000       | 2013<br>£'000       |
|---|-------|---------------------|---------------------|
| <b>Cash inflow from operating activities</b>    | 26    | 1,719               | 837                 |
| Returns on investments and servicing of finance | 27    | (20)                | 71                  |
| Taxation  | 12    | 0                   | 0                   |
| Capital expenditure and financial investment    | 28    | 3,567               | 15,023              |
| Management of liquid resources                  | 29    | 9                   | 4                   |
| Financing                                       | 30    | <u>(1,359)</u>      | <u>(16,157)</u>     |
| <b>Increase/(decrease) in cash in the year</b>  |       | <u><b>3,916</b></u> | <u><b>(222)</b></u> |

**Reconciliation of net cash flow to movement in net funds/(debt)**

|   | 2014<br>£'000          | 2013<br>£'000          |
|---|------------------------|------------------------|
| Increase/(Decrease) in cash in the period     | 3,916                  | (222)                  |
| Movements in endowments                       | (9)                    | 4                      |
| Cash outflow from repayment of finance leases | 1,359                  | 16,157                 |
| Movement in net funds in the period           | <u>5,266</u>           | <u>15,939</u>          |
| Additions to lease creditor for PFI           | (94)                   | (743)                  |
| Net funds at 1 August 2013                    | <u>(37,344)</u>        | <u>(52,540)</u>        |
| <b>Net funds at 31 July 2014</b>              | <u><b>(32,172)</b></u> | <u><b>(37,344)</b></u> |

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

**BELFAST METROPOLITAN COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014**

**1. ACCOUNTING POLICIES**

**Statement of Accounting Policies**

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

**Basis of preparation**

These financial statements have been prepared 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 (DEL).

**Basis of accounting**

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

**Going concern**

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

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.

However, in light of the fact the draft NI Executive budget for 2015/16 proposes a 10% plus cut in the Department for Employment and Learning's budget allocation, the funding levels assumed in Year 2 and 3 of the College's CDP are expected to be reduced. This is likely to have a significant impact on provision, and the college is working on proposals to address these potential funding cuts.

**Basis of consolidation**

The consolidated Financial Statements include the College and its subsidiaries, Springvale Educational Village Limited (SEV Ltd) and Belfast Metropolitan College Trust Limited. Intra-group balances are eliminated on consolidation. All Financial Statements are made up to 31 July 2014.

**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.

The PFI grant from DEL represents its contribution to the total unitary charge payments made under PFI contracts and is credited directly to the Income and Expenditure Account in the year to which it relates.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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 scheme which is externally funded and contracted out of the second state Pension Scheme. The Funds are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the basis of the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the College benefits from the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

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

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Tangible Fixed Assets

- Land and buildings

Land and buildings (including those inherited from the Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost (inclusive of non-recoverable VAT), as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. Where land and buildings have been identified as surplus to the College's requirements they are valued at market value. 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 between 9 to 50 years.

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

- Assets 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 | - | five 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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Private Finance Initiative

At the 31st July 2014 the College had two buildings under PFI contract. The fair value of each building, and accompanying fixtures and fittings, is recognised as an asset in the financial statements, together with corresponding finance lease obligations. Subsequently, the asset is depreciated over its useful economic life and the associated liability is reduced as payments for the properties are made. An imputed finance charge on the liability is recorded in subsequent years using a property-specific rate. The remainder of the PFI payments (i.e. the full payments, less the capital repayment and the imputed financing charge) are recorded as an operating cost. Other college obligations in relation to PFI contracts are accounted for in accordance with FRS 12 Provisions, Contingent Liabilities and Contingent Assets.

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

### Leased Assets

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

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

### Investments

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

### Foreign currency translation

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

### 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 the majority of the 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 39.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS

|  | <b>2014</b>   | <b>2013</b>   |
|--|---------------|---------------|
|  | <b>£'000</b>  | <b>£'000</b>  |
| Recurrent grant                                | 33,255        | 34,168        |
| Release of deferred capital grants             | 1,846         | 1,949         |
| Additional Support funds                       | 357           | 267           |
| Discrete Support Funds                         | 534           | 467           |
| Education Maintenance Allowance administration | 45            | 44            |
| Learner access and engagement                  | 150           | 11            |
| Essential skills                               | 0             | 0             |
| Care to Learn                                  | 37            | 20            |
| Private Finance Initiative (PFI)               | 6,491         | 6,465         |
| Innovation Fund                                | 335           | 257           |
| Other  | 690           | 241           |
| <b>Total</b>                                   | <b>43,740</b> | <b>43,889</b> |

The College was a member of a consortium to deliver the DEL Innovation Fund in Northern Ireland in 2013/14 and the income received was as follows:

|                        | <b>2014</b>  | <b>2013</b>  |
|------------------------|--------------|--------------|
|                        | <b>£'000</b> | <b>£'000</b> |
| Innovation Fund Income | 335          | 257          |
| <b>Net Income</b>      | <b>335</b>   | <b>257</b>   |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. EDUCATION CONTRACTS

|                                    | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|------------------------------------|-----------------------------|-----------------------------|
| VEP School Link Course             | 645                         | 494                         |
| Jobskills and Training for Success | 3,275                       | 3,276                       |
|                                    | <hr/>                       | <hr/>                       |
| <b>Total</b>                       | <b>3,920</b>                | <b>3,770</b>                |
|                                    | <hr/> <hr/>                 | <hr/> <hr/>                 |

### 4. TUITION FEES AND CHARGES

|                               | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|-------------------------------|-----------------------------|-----------------------------|
| Home and other European Union | 3,333                       | 3,064                       |
| Non-European Union            | 58                          | 46                          |
| Higher Education (HE) income  | 4,241                       | 4,248                       |
|                               | <hr/>                       | <hr/>                       |
| <b>Total</b>                  | <b>7,632</b>                | <b>7,358</b>                |
|                               | <hr/> <hr/>                 | <hr/> <hr/>                 |

#### **Tuition fees funded by bursaries**

Included within the above amounts are tuition fees funded by bursaries of £54,792 (2012/13: £57,571).

### 5. OTHER GRANT INCOME

|                | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|----------------|-----------------------------|-----------------------------|
| European funds | 351                         | 368                         |
| Other funds    | 521                         | 244                         |
|                | <hr/>                       | <hr/>                       |
| <b>Total</b>   | <b>872</b>                  | <b>612</b>                  |
|                | <hr/> <hr/>                 | <hr/> <hr/>                 |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. OTHER OPERATING INCOME

|                                    | <b>2014</b>  | <b>2013</b>  |
|------------------------------------|--------------|--------------|
|                                    | <b>£'000</b> | <b>£'000</b> |
| Catering and residence operations  | 465          | 488          |
| Other income generating activities | 718          | 635          |
| Other income                       | 169          | 235          |
|                                    | <hr/>        | <hr/>        |
| <b>Total</b>                       | <b>1,352</b> | <b>1,358</b> |
|                                    | <hr/> <hr/>  | <hr/> <hr/>  |

### 7. INVESTMENT INCOME

|                                  | <b>2014</b>  | <b>2013</b>  |
|----------------------------------|--------------|--------------|
|                                  | <b>£'000</b> | <b>£'000</b> |
| Pension finance income (note 25) | 350          | 0            |
| Other investment income          | 22           | 32           |
| Other interest receivable        | 21           | 39           |
|                                  | <hr/>        | <hr/>        |
| <b>Total</b>                     | <b>393</b>   | <b>71</b>    |
|                                  | <hr/> <hr/>  | <hr/> <hr/>  |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8. STAFF COSTS

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

|                | <b>2014</b> | <b>2013</b> |
|----------------|-------------|-------------|
|                | <b>No.</b>  | <b>No.</b>  |
| Teaching       | 431         | 435         |
| Support        | 132         | 150         |
| Administration | 223         | 209         |
| Premises       | 41          | 36          |
| <b>Total</b>   | <b>827</b>  | <b>830</b>  |

#### Staff costs for the above persons

|                   | <b>2014</b>   | <b>2013</b>   |
|-------------------|---------------|---------------|
|                   | <b>£'000</b>  | <b>£'000</b>  |
| Teaching          | 18,211        | 18,281        |
| Support           | 4,056         | 3,696         |
| Administration    | 9,746         | 9,230         |
| Premises          | 1,702         | 1,874         |
| FRS 17 Adjustment | 408           | 316           |
| <b>Total</b>      | <b>34,123</b> | <b>33,397</b> |

|  | <b>2014</b>   | <b>2013</b>   |
|--|---------------|---------------|
|  | <b>£'000</b>  | <b>£'000</b>  |
| Wages and salaries   | 28,388        | 27,871        |
| Social security costs  | 1,744         | 1,727         |
| Other pension costs - including FRS 17 adjustments of £408k, (2013: £316k) | 3,991         | 3,799         |
| <b>Total</b>   | <b>34,123</b> | <b>33,397</b> |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

|                      | Senior post-holders |             | Other staff |             |
|----------------------|---------------------|-------------|-------------|-------------|
|                      | 2014<br>No.         | 2013<br>No. | 2014<br>No. | 2013<br>No. |
| £60,001 to £70,000   | 0                   | 0           | 6           | 7           |
| £70,001 to £80,000   | 0                   | 0           | 3           | 1           |
| £80,001 to £90,000   | 1                   | 1           | 0           | 0           |
| £90,001 to £100,000  | 2                   | 2           | 0           | 0           |
| £100,001 to £110,000 | 0                   | 0           | 0           | 0           |
| £110,001 to £120,000 | 0                   | 0           | 0           | 0           |
| £120,001 to £130,000 | 0                   | 0           | 0           | 0           |
| £130,001 to £140,000 | 1                   | 1           | 0           | 0           |
| £140,001 to £150,000 | 0                   | 0           | 0           | 0           |
| £150,001 to £160,000 | 0                   | 0           | 0           | 0           |
| £160,000 to £170,000 | 0                   | 0           | 0           | 0           |
|                      | <b>4</b>            | <b>4</b>    | <b>9</b>    | <b>8</b>    |
|                      | <b>4</b>            | <b>4</b>    | <b>9</b>    | <b>8</b>    |

### 9. SENIOR POST HOLDERS EMOLUMENTS

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

|   | 2014<br>No. | 2013<br>No. |
|---|-------------|-------------|
| The number of senior post-holders including the Principal / Director was: | 4           | 4           |
|   |             |             |

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

|                         | 2014<br>£'000 | 2013<br>£'000 |
|-------------------------|---------------|---------------|
| Salaries                | 360           | 360           |
| Benefits in kind        | 0             | 0             |
| Pension contributions   | 49            | 50            |
|                         |               |               |
| <b>Total emoluments</b> | <b>409</b>    | <b>410</b>    |
|                         | <b>409</b>    | <b>410</b>    |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

|                       | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|-----------------------|-----------------------------|-----------------------------|
| Salaries              | 119                         | 119                         |
| Benefits in kind      | 0                           | 0                           |
|                       | <hr/> 119                   | <hr/> 119                   |
| Pension contributions | 16                          | 16                          |
|                       | <hr/> 16                    | <hr/> 16                    |
| <b>Total</b>          | <b>135</b>                  | <b>135</b>                  |

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

### Compensation for loss of office to a former senior post-holder

|  | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|--|-----------------------------|-----------------------------|
| Compensation paid to the former post-holder                                  | 0                           | 0                           |
| Estimated value of other benefits, including provisions for pension benefits | 0                           | 0                           |
|  | <hr/> 0                     | <hr/> 0                     |
| <b>Total</b>   | <b>0</b>                    | <b>0</b>                    |

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 10. OTHER OPERATING EXPENSES

|   | <b>2014</b>   | <b>2013</b>   |
|---|---------------|---------------|
|   | <b>£'000</b>  | <b>£'000</b>  |
| Direct Teaching                                       | 1,245         | 1,042         |
| Direct Support  | 4,520         | 4,006         |
| Administration  | 2,536         | 2,173         |
| Consultancy Fees                                      | 10            | 7             |
| Premises  | 4,146         | 3,658         |
| Planned maintenance                                   | 592           | 272           |
| Unitary payments under PFI contract - operating costs | 4,908         | 4,671         |
| Interest element of PFI contract                      | 3,818         | 4,146         |
| <b>Total</b>  | <b>21,775</b> | <b>19,975</b> |

| <b>Other operating expenses include:</b>   | <b>2014</b>  | <b>2013</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Auditors' remuneration:  |              |              |
| Financial statements audit (includes £21,000 in respect of the College, 2012/13 £48,000) | 21           | 48           |
| Internal audit (includes £21,305 in respect of the College 2012/13 £22,941)              | 21           | 23           |
| Other services provided by the internal auditors   | 2            | 2            |
| Hire of plant and machinery - operating leases   | 191          | 221          |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11. INTEREST PAYABLE

|   | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|---|-----------------------------|-----------------------------|
| On bank loans, overdrafts and other loans:<br>Repayable within five years, not by instalments | <u>63</u>                   | <u>61</u>                   |
|   | 63                          | 61                          |
| Pension finance costs (note 25)   | <u>0</u>                    | <u>119</u>                  |
| <b>Total</b>  | <b><u>63</u></b>            | <b><u>180</u></b>           |

### 12. TAXATION

The members do not believe the College was liable for any corporation tax arising out of its activities during this period. SEV Ltd had a liability of £nil in 2013/14.

### 13. (DEFICIT)/SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR

|  | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|--|-----------------------------|-----------------------------|
| The (deficit) on continuing operations for the year is made up as follows: |                             |                             |
| College's (deficit) for the year   | (594)                       | (1,032)                     |
| Retained by subsidiary undertakings  | <u>17</u>                   | <u>9</u>                    |
|  | <b><u>(577)</u></b>         | <b><u>(1,023)</u></b>       |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**14. TANGIBLE FIXED ASSETS**

**Group**

|                                       | <b>Land and Buildings</b> | <b>PFI</b>    | <b>Plant and Equipment</b> | <b>Computers</b> | <b>Fixtures and Fittings</b> | <b>Motor Vehicles</b> | <b>Total</b>   |
|---------------------------------------|---------------------------|---------------|----------------------------|------------------|------------------------------|-----------------------|----------------|
|                                       | <b>£'000</b>              | <b>£'000</b>  | <b>£'000</b>               | <b>£'000</b>     | <b>£'000</b>                 | <b>£'000</b>          | <b>£'000</b>   |
| <b>Cost or valuation</b>              |                           |               |                            |                  |                              |                       |                |
| At 1 August 2013                      | 42,706                    | 76,148        | 1,565                      | 4,337            | 31                           | 222                   | 125,009        |
| Additions & transfer from AUC         | 33                        | 94            | 299                        | 150              | 57                           | 44                    | 677            |
| Impairment                            | 0                         | 0             | 0                          | 0                | 0                            | 0                     | 0              |
| Surplus/(deficit) on revaluation      | 2,943                     | 7,827         | 0                          | 0                | 0                            | 0                     | 10,770         |
| Disposals                             | (1,509)                   | 0             | (196)                      | (279)            | 0                            | 0                     | (1,984)        |
| <b>At 31 July 2014</b>                | <b>44,173</b>             | <b>84,069</b> | <b>1,668</b>               | <b>4,208</b>     | <b>88</b>                    | <b>266</b>            | <b>134,472</b> |
| <b>Depreciation</b>                   |                           |               |                            |                  |                              |                       |                |
| At 1 August 2013                      | 842                       | 2,184         | 667                        | 2,861            | 6                            | 118                   | 6,678          |
| Charge for the year                   | 890                       | 2,268         | 317                        | 958              | 12                           | 38                    | 4,483          |
| Impairment                            | 0                         | 0             | 0                          | 0                | 0                            | 0                     | 0              |
| Revaluation                           | 0                         | 0             | 0                          | 0                | 0                            | 0                     | 0              |
| Elimination in respect of disposals   | 0                         | 0             | (185)                      | (279)            | 0                            | 0                     | (464)          |
| <b>At 31 July 2014</b>                | <b>1,732</b>              | <b>4,452</b>  | <b>799</b>                 | <b>3,540</b>     | <b>18</b>                    | <b>156</b>            | <b>10,697</b>  |
| <b>Net book value at 31 July 2014</b> | <b>42,441</b>             | <b>79,617</b> | <b>869</b>                 | <b>668</b>       | <b>70</b>                    | <b>110</b>            | <b>123,775</b> |
| Net book value at 31 July 2013        | 41,864                    | 73,964        | 898                        | 1,476            | 25                           | 104                   | 118,331        |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**14. TANGIBLE FIXED ASSETS**

**College**

|                                       | <b>Land and Buildings</b> | <b>PFI</b>    | <b>Plant and Equipment</b> | <b>Computers</b> | <b>Fixtures and Fittings</b> | <b>Motor Vehicles</b> | <b>Total</b>   |
|---------------------------------------|---------------------------|---------------|----------------------------|------------------|------------------------------|-----------------------|----------------|
|                                       | <b>£'000</b>              | <b>£'000</b>  | <b>£'000</b>               | <b>£'000</b>     | <b>£'000</b>                 | <b>£'000</b>          | <b>£'000</b>   |
| <b>Cost or valuation</b>              |                           |               |                            |                  |                              |                       |                |
| At 1 August 2013                      | 40,630                    | 76,148        | 1,415                      | 4,336            | 31                           | 222                   | 122,782        |
| Additions & Transfer from AUC         | 33                        | 94            | 299                        | 150              | 57                           | 44                    | 677            |
| Impairment                            | 0                         | 0             | 0                          | 0                | 0                            | 0                     | 0              |
| Surplus/(deficit) on revaluation      | 2,943                     | 7,827         | 0                          | 0                | 0                            | 0                     | 10,770         |
| Disposals                             | (1,509)                   | 0             | (196)                      | (279)            | 0                            | 0                     | (1,984)        |
| <b>At 31 July 2014</b>                | <b>42,097</b>             | <b>84,069</b> | <b>1,518</b>               | <b>4,207</b>     | <b>88</b>                    | <b>266</b>            | <b>132,245</b> |
| <b>Depreciation</b>                   |                           |               |                            |                  |                              |                       |                |
| At 1 August 2013                      | 827                       | 2,184         | 517                        | 2,860            | 6                            | 118                   | 6,512          |
| Charge for the year                   | 875                       | 2,268         | 317                        | 958              | 12                           | 38                    | 4,468          |
| Impairment                            | 0                         | 0             | 0                          | 0                | 0                            | 0                     | 0              |
| Revaluation                           | 0                         | 0             | 0                          | 0                | 0                            | 0                     | 0              |
| Elimination in respect of disposals   | 0                         | 0             | (185)                      | (279)            | 0                            | 0                     | (464)          |
| <b>At 31 July 2014</b>                | <b>1,702</b>              | <b>4,452</b>  | <b>649</b>                 | <b>3,539</b>     | <b>18</b>                    | <b>156</b>            | <b>10,516</b>  |
| <b>Net book value at 31 July 2014</b> | <b>40,395</b>             | <b>79,617</b> | <b>869</b>                 | <b>668</b>       | <b>70</b>                    | <b>110</b>            | <b>121,729</b> |
| Net book value at 31 July 2013        | 39,803                    | 73,964        | 898                        | 1,476            | 25                           | 104                   | 116,270        |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 14. TANGIBLE FIXED ASSETS

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

|   | <b>2014</b>  |
|---|--------------|
|   | <b>£'000</b> |
| If inherited land and buildings had not been revalued they would have been included at the following amounts: |              |
| Cost  | <b>0</b>     |
| Aggregate depreciation based on cost  | <b>0</b>     |
| Net book value based on cost  | <b>0</b>     |

The net book value of tangible fixed assets includes an amount of £79,617k (2012/13: £73,964k) in respect of assets held under PFI contract.

|  | <b>2014</b>  | <b>2013</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| The depreciation charge for the year is analysed as follows:                 |              |              |
| Owned assets   | 2,215        | 2,107        |
| Assets held under PFI contract, finance lease and hire purchase arrangements | 2,268        | 2,184        |

### 15. INVESTMENTS

Springvale Educational Village Ltd and Belfast Metropolitan Trust are companies registered by guarantee without share capital.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 16. DEBTORS

|  | <b>Group<br/>2014<br/>£'000</b> | <b>College<br/>2014<br/>£'000</b> | <b>Group<br/>2013<br/>£'000</b> | <b>College<br/>2013<br/>£'000</b> |
|--|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Amounts falling due within one year:         |                                 |                                   |                                 |                                   |
| Trade debtors                                | 3,242                           | 3,199                             | 2,796                           | 2,772                             |
| Amounts owed by subsidiary                   | 0                               | 479                               | 0                               | 462                               |
| Prepayments and accrued income               | 874                             | 833                               | 762                             | 738                               |
| Other Debtors                                | 473                             | 473                               | 646                             | 646                               |
| Advance payments in respect of PFI Contracts | 1,344                           | 1,344                             | 1,448                           | 1,448                             |
| <b>Total</b>                                 | <b>5,933</b>                    | <b>6,328</b>                      | <b>5,652</b>                    | <b>6,066</b>                      |

### 16a. PFI ADVANCE PAYMENTS

|                                      | <b>Group<br/>2014<br/>£'000</b> | <b>College<br/>2014<br/>£'000</b> | <b>Group<br/>2013<br/>£'000</b> | <b>College<br/>2013<br/>£'000</b> |
|--------------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Advance payments of the PFI contract | 1,344                           | 1,344                             | 1,448                           | 1,448                             |
| <b>Total</b>                         | <b>1,344</b>                    | <b>1,344</b>                      | <b>1,448</b>                    | <b>1,448</b>                      |

### Repayable as follows:

|                       |       |       |       |       |
|-----------------------|-------|-------|-------|-------|
| In one year or less   | 103   | 103   | 103   | 103   |
| In more than one year | 1,241 | 1,241 | 1,345 | 1,345 |

### 16b. DEBTORS – INTRA-GOVERNMENT BALANCES

|   | <b>Group<br/>2014<br/>£'000</b> | <b>College<br/>2014<br/>£'000</b> | <b>Group<br/>2013<br/>£'000</b> | <b>College<br/>2013<br/>£'000</b> |
|---|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Amounts falling due within one year:        |                                 |                                   |                                 |                                   |
| Balances with central government bodies     | 1,406                           | 1,406                             | 1,284                           | 1,284                             |
| Balances with local authorities             | 63                              | 63                                | 2                               | 2                                 |
| Subtotal: intra-government balances         | 1,469                           | 1,469                             | 1,286                           | 1,286                             |
| Balances with bodies external to government | 4,464                           | 4,859                             | 4,366                           | 4,780                             |
| <b>Total</b>                                | <b>5,933</b>                    | <b>6,328</b>                      | <b>5,652</b>                    | <b>6,066</b>                      |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

|                                | <b>Group<br/>2014<br/>£'000</b> | <b>College<br/>2014<br/>£'000</b> | <b>Group<br/>2013<br/>£'000</b> | <b>College<br/>2013<br/>£'000</b> |
|--------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Payments received in advance   | 2,069                           | 2,069                             | 2,032                           | 2,032                             |
| Trade creditors                | 55                              | 55                                | 6                               | 6                                 |
| Loans and Overdraft            | 2,000                           | 2,000                             | 0                               | 0                                 |
| Other Creditors                | 64                              | 64                                | 62                              | 62                                |
| PFI lease creditor             | 1,510                           | 1,510                             | 1,264                           | 1,264                             |
| Taxation and social security   | 1,038                           | 1,034                             | 1,023                           | 1,023                             |
| Accruals                       | 3,409                           | 3,382                             | 2,090                           | 2,054                             |
| Amounts owed to the Department | 1,699                           | 1,699                             | 1,291                           | 1,291                             |
| <b>Total</b>                   | <b>11,844</b>                   | <b>11,813</b>                     | <b>7,768</b>                    | <b>7,732</b>                      |

In April 2009 the College signed a PPP contract with Ivywood Colleges Ltd to design, build and maintain, for 25 years, a new College Building on the Titanic Quarter site. Capital repayments will be made over a 25 year period and will be funded by DEL.

At the same time that the College entered into the PFI agreement for the Titanic Quarter campus with Ivywood Colleges Limited the College also entered into a further agreement with a company connected to Ivywood Colleges Limited, Ivywood Car Parks Limited. Under this further agreement Ivywood Car Parks Limited constructed at its own cost (£5.3m), a sub-basement car park underneath the TQ campus which it is entitled to operate as a car park for 40 years, after which it reverts to the College. The College is entitled to income of £10k per annum indexed at 5% per annum in respect of this arrangement. The income is recognised on a straight line basis over the 40 year period.

### 17b. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR – INTRA GOVERNMENT BALANCES

|   | <b>Group<br/>2014<br/>£'000</b> | <b>College<br/>2014<br/>£'000</b> | <b>Group<br/>2013<br/>£'000</b> | <b>College<br/>2013<br/>£'000</b> |
|---|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Balances with central government bodies     | 4,764                           | 4,764                             | 2,347                           | 2,347                             |
| Subtotal: intra-government balances         | 4,764                           | 4,764                             | 2,347                           | 2,347                             |
| Balances with bodies external to government | 7,080                           | 7,049                             | 5,421                           | 5,385                             |
| <b>Total creditors less than one year</b>   | <b>11,844</b>                   | <b>11,813</b>                     | <b>7,768</b>                    | <b>7,732</b>                      |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 18a. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

|                    | <b>Group</b>  | <b>College</b> | <b>Group</b>  | <b>College</b> |
|--------------------|---------------|----------------|---------------|----------------|
|                    | <b>2014</b>   | <b>2014</b>    | <b>2013</b>   | <b>2013</b>    |
|                    | <b>£'000</b>  | <b>£'000</b>   | <b>£'000</b>  | <b>£'000</b>   |
| Other Loans        | 0             | 0              | 2,000         | 2,000          |
| PFI lease creditor | 39,063        | 39,063         | 40,574        | 40,574         |
|                    | <hr/>         | <hr/>          | <hr/>         | <hr/>          |
| <b>Total</b>       | <b>39,063</b> | <b>39,063</b>  | <b>42,574</b> | <b>42,574</b>  |
|                    | <hr/> <hr/>   | <hr/> <hr/>    | <hr/> <hr/>   | <hr/> <hr/>    |

### 18b. CREDITORS: AMOUNTS FALLING AFTER ONE YEAR – INTRA GOVERNMENT BALANCES

|   | <b>Group</b>  | <b>College</b> | <b>Group</b>  | <b>College</b> |
|---|---------------|----------------|---------------|----------------|
|   | <b>2014</b>   | <b>2014</b>    | <b>2013</b>   | <b>2013</b>    |
|   | <b>£'000</b>  | <b>£'000</b>   | <b>£'000</b>  | <b>£'000</b>   |
| Balances with central government bodies     | 0             | 0              | 2,000         | 2,000          |
| Subtotal: intra-government balances         | 0             | 0              | 2,000         | 2,000          |
| Balances with bodies external to government | 39,063        | 39,063         | 40,574        | 40,574         |
|   | <hr/>         | <hr/>          | <hr/>         | <hr/>          |
| <b>Total creditors less than one year</b>   | <b>39,063</b> | <b>39,063</b>  | <b>42,574</b> | <b>42,574</b>  |
|   | <hr/> <hr/>   | <hr/> <hr/>    | <hr/> <hr/>   | <hr/> <hr/>    |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 19. BORROWINGS

#### (a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

|                           | <b>Group<br/>2014<br/>£'000</b> | <b>College<br/>2014<br/>£'000</b> | <b>Group<br/>2013<br/>£'000</b> | <b>College<br/>2013<br/>£'000</b> |
|---------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| In one year or less       | 2,000                           | 2,000                             | 0                               | 0                                 |
| Between one and two years | 0                               | 0                                 | 2,000                           | 2,000                             |
| <b>Total</b>              | <b>2,000</b>                    | <b>2,000</b>                      | <b>2,000</b>                    | <b>2,000</b>                      |

The College entered into an agreement with Southern Regional College to borrow £2m to fund working capital. This loan was repaid in full on 30 August 2014.

#### (b) PFI Lease Creditor

The net PFI lease obligations to which the college is committed are:

|                            | <b>Group<br/>2014<br/>£'000</b> | <b>College<br/>2014<br/>£'000</b> | <b>Group<br/>2013<br/>£'000</b> | <b>College<br/>2013<br/>£'000</b> |
|----------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| <b>PFI Lease</b>           |                                 |                                   |                                 |                                   |
| In one year or less        | 1,510                           | 1,510                             | 1,264                           | 1,264                             |
| Between two and five years | 6,776                           | 6,776                             | 6,202                           | 6,202                             |
| In five years or more      | 32,287                          | 32,287                            | 34,372                          | 34,372                            |
| <b>Total</b>               | <b>40,573</b>                   | <b>40,573</b>                     | <b>41,838</b>                   | <b>41,838</b>                     |

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**20. PROVISIONS FOR LIABILITIES AND CHARGES**

|   | <b>Restructuring<br/>£'000</b> | <b>Group and College<br/>Litigation<br/>£'000</b> | <b>Other<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---|--------------------------------|---|------------------------|------------------------|
| At 1 August 2013                                | 0                              | 0   | 0                      | 0                      |
| Expenditure in the period                       | 0                              | 0   | 0                      | 0                      |
| Transferred from income and expenditure account | 0                              | 0   | 0                      | 0                      |
| <b>At 31 July 2014</b>                          | <b>0</b>                       | <b>0</b>  | <b>0</b>               | <b>0</b>               |

**21. DEFERRED CAPITAL GRANTS**

|   | <b>DEL<br/>grants<br/>£'000</b> | <b>Group and College<br/>Other<br/>grants<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---|---------------------------------|---|------------------------|
| At 1 August 2013                                  |                                 |   |                        |
| Land and buildings                                | 24,025                          | 6,387   | 30,412                 |
| Other assets                                      | 2,313                           | 0   | 2,313                  |
| Cash received                                     |                                 |   |                        |
| Land and buildings                                | 124                             | 0   | 124                    |
| Other assets                                      | 548                             | 0   | 548                    |
| Released to income and expenditure account        |                                 |   |                        |
| Land and buildings                                | (667)                           | (15)  | (682)                  |
| Other assets                                      | (1,164)                         | 0   | (1,164)                |
| Grant release re impairment of land and buildings | 0                               | 0   | 0                      |
| <b>Total</b>                                      | <b>25,179</b>                   | <b>6,372</b>  | <b>31,551</b>          |
| At 31 July 2014                                   |                                 |   |                        |
| Land and buildings                                | 23,482                          | 6,372   | 29,854                 |
| Other assets                                      | 1,697                           | 0   | 1,697                  |
| <b>Total</b>                                      | <b>25,179</b>                   | <b>6,372</b>  | <b>31,551</b>          |

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. ENDOWMENTS

31 July 2014

|  | Unrestricted<br>Permanent | Restricted<br>Permanent | Total<br>Permanent | Restricted<br>expendable | Total      |
|--|---------------------------|-------------------------|--------------------|--------------------------|------------|
|  | £'000                     | £'000                   | £'000              | £'000                    | £'000      |
| At 1 August 2013                               | 281                       | 0                       | 281                | 9                        | 290        |
| Net additions/(disposals)                      | 0                         | 0                       | 0                  | 0                        | 0          |
| Appreciation of endowment asset<br>investments | 11                        | 0                       | 11                 | 0                        | 11         |
| Income for year                                | 3                         | 0                       | 3                  | 0                        | 3          |
| Expenditure for year                           | (22)                      | 0                       | (22)               | (1)                      | (23)       |
| <b>At 31 July 2014</b>                         | <b>273</b>                | <b>0</b>                | <b>273</b>         | <b>8</b>                 | <b>281</b> |

|  | Unrestricted<br>Permanent | Restricted<br>Permanent | Total<br>Permanent | Restricted<br>expendable | Total      |
|--|---------------------------|-------------------------|--------------------|--------------------------|------------|
|  | £'000                     | £'000                   | £'000              | £'000                    | £'000      |
| At 1 August 2012                               | 276                       | 0                       | 276                | 10                       | 286        |
| Net additions/(disposals)                      | 0                         | 0                       | 0                  | 0                        | 0          |
| Appreciation of endowment asset<br>investments | 21                        | 0                       | 21                 | 0                        | 21         |
| Income for year                                | 2                         | 0                       | 2                  | 0                        | 2          |
| Expenditure for year                           | (18)                      | 0                       | (18)               | (1)                      | (19)       |
| <b>At 31 July 2013</b>                         | <b>281</b>                | <b>0</b>                | <b>281</b>         | <b>9</b>                 | <b>290</b> |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 23. REVALUATION RESERVE

|   | <b>Group<br/>2014<br/>£'000</b> | <b>College<br/>2014<br/>£'000</b> | <b>Group<br/>2013<br/>£'000</b> | <b>College<br/>2013<br/>£'000</b> |
|---|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| At 1 August   | 45,457                          | 45,676                            | 44,310                          | 44,379                            |
| Revaluations in the period (note 14)                                | 10,770                          | 10,770                            | 2,337                           | 2,487                             |
| Transfer from revaluation reserve to general reserve in respect of: |                                 |                                   |                                 |                                   |
| Disposals   | (1,509)                         | (1,509)                           | 0                               | 0                                 |
| Impairment  | 0                               | 0                                 | 0                               | 0                                 |
| Depreciation on revalued assets                                     | (1,281)                         | (1,281)                           | (1,190)                         | (1,190)                           |
| <b>At 31 July</b>   | <b>53,437</b>                   | <b>53,656</b>                     | <b>45,457</b>                   | <b>45,676</b>                     |

### 24. MOVEMENT ON GENERAL RESERVE

|  | <b>Group<br/>2014<br/>£'000</b> | <b>College<br/>2014<br/>£'000</b> | <b>Group<br/>2013<br/>£'000</b> | <b>College<br/>2013<br/>£'000</b> |
|--|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| <b>Income and expenditure account reserve</b>                    |                                 |                                   |                                 |                                   |
| At 1 August  | (3,643)                         | (3,757)                           | (8,695)                         | (8,800)                           |
| (Deficit) retained for the year                                  | (577)                           | (594)                             | (1,023)                         | (1,032)                           |
| Transfer from revaluation reserve                                | 2,790                           | 2,790                             | 1,190                           | 1,190                             |
| Actuarial loss/gain in respect of pension scheme                 | (12,313)                        | (12,313)                          | 4,885                           | 4,885                             |
| <b>At 31 July</b>  | <b>(13,743)</b>                 | <b>(13,874)</b>                   | <b>(3,643)</b>                  | <b>(3,757)</b>                    |
| Balance represented by:  |                                 |                                   |                                 |                                   |
| Pension reserve  | (17,673)                        | (17,673)                          | (5,313)                         | (5,313)                           |
| Income and expenditure account reserve excluding pension reserve | 3,930                           | 3,799                             | 1,670                           | 1,556                             |
| <b>At 31 July</b>  | <b>(13,743)</b>                 | <b>(13,874)</b>                   | <b>(3,643)</b>                  | <b>(3,757)</b>                    |

Of the group operating deficit for the year of £577k an operating deficit of £594k has been dealt with in the accounts of the holding company.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 25. PENSIONS 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.

| <b>Total pension cost for the year</b>                                     | <b>2014<br/>£'000</b> | <b>2013<br/>£'000</b> |
|--|-----------------------|-----------------------|
| NITPS: Contributions paid  | 2,176                 | 2,191                 |
| NILGOSC: contributions paid  | 1,407                 | 1,292                 |
| NILGOSC: FRS 17<br>charge  | 408                   | 316                   |
| Charge to the Income and Expenditure Account (staff costs)                 | <u>3,991</u>          | <u>3,799</u>          |
| Enhanced pension charge to Income and Expenditure Account<br>(staff costs) | 0                     | 0                     |
| <b>Total pension cost for<br/>year</b>                                     | <b><u>3,991</u></b>   | <b><u>3,799</u></b>   |

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

#### 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](http://www.deni.gov.uk).

The Government Actuary's Department values the scheme every 5 years with an interim valuation in the intervening 2-year period using the projected accrued benefit method.

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:-

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 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 2013 updated to 31 July 2014 by a qualified actuary.

#### Principal actuarial assumptions

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

|                               | At 31 July<br>2014 | At 31 July<br>2013 |
|-------------------------------|--------------------|--------------------|
|                               | %                  | %                  |
| Pension Increase Rate         | 2.7                | 2.8                |
| Salary Increase Rate          | 4.2                | 5.1                |
| Expected Return on Assets     | 5.9                | 5.8                |
| Discount rate for liabilities | 4                  | 4.6                |

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

|                      | As at 31<br>July 2014 | As at 31<br>July 2013 |
|----------------------|-----------------------|-----------------------|
| Retiring today       |                       |                       |
| Males                | 22                    | 22.9                  |
| Females              | 24.5                  | 25.7                  |
| Retiring in 20 years |                       |                       |
| Males                | 24.2                  | 24.9                  |
| Females              | 27.7                  | 27.7                  |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

|                                     | Long-term rate of<br>return expected at<br>31 July 2014 | Value at 31<br>July 2014 | Long-term<br>rate of<br>return<br>expected<br>at 31 July<br>2013 | Value at 31<br>July 2013 |
|-------------------------------------|---|--------------------------|--|--------------------------|
|                                     |   | £'000                    |  | £'000                    |
| Equities                            | 6.6%  | 33,333                   | 6.4%   | 37,860                   |
| Bonds                               | 3.3%  | 5,405                    | 4.0%   | 5,978                    |
| Property                            | 4.7%  | 5,406                    | 4.6%   | 3,985                    |
| Cash                                | 3.6%  | 901                      | 3.4%   | 1,992                    |
| <b>Total market value of assets</b> |   | <b>45,045</b>            |  | <b>49,815</b>            |
| Present value of scheme liabilities |   | (62,718)                 |  | (55,128)                 |
| <b>Deficit in the scheme</b>        |   | <b>(17,673)</b>          |  | <b>(5,313)</b>           |

### Amounts recognised in the balance sheet

|                                       | 2014<br>£'000   | 2013<br>£'000  |
|---------------------------------------|-----------------|----------------|
| Present value of funded obligations   | (62,530)        | (54,935)       |
| Fair value of plan assets             | 45,045          | 49,815         |
| Present value of unfunded obligations | (17,485)        | (5,120)        |
| Unrecognised past service cost        | (188)           | (193)          |
|                                       | 0               | 0              |
| <b>Net liability</b>                  | <b>(17,673)</b> | <b>(5,313)</b> |

### Analysis of the amount charged to income and expenditure account:

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Employer service cost (net of employee contributions) | 1,814         | 1,644         |
| Past service cost                                     | 0             | 0             |
| <b>Total operating charge</b>                         | <b>1,814</b>  | <b>1,644</b>  |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Analysis of pension finance income / (costs):**

|  | <b>2014</b>  | <b>2013</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Expected return on pension scheme assets | 2,919        | 2,021        |
| Losses on curtailments and settlements   | 0            | (41)         |
| Interest on pension liabilities          | (2,569)      | (2,099)      |
|  | <hr/>        | <hr/>        |
| <b>Pension finance income / (costs)</b>  | <b>350</b>   | <b>(119)</b> |
|  | <hr/> <hr/>  | <hr/> <hr/>  |

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

|   | <b>2014</b>     | <b>2013</b>  |
|---|-----------------|--------------|
|   | <b>£'000</b>    | <b>£'000</b> |
| Actuarial (losses)/gains on pension scheme assets | (8,816)         | 6,215        |
| Actuarial (losses)/gains on scheme liabilities    | (3,497)         | (1,330)      |
|   | <hr/>           | <hr/>        |
| <b>Actuarial (loss)/gain recognised in STRGL</b>  | <b>(12,313)</b> | <b>4,885</b> |
|   | <hr/> <hr/>     | <hr/> <hr/>  |

**Movement in surplus/(deficit) during year**

|   | <b>2014</b>     | <b>2013</b>    |
|---|-----------------|----------------|
|   | <b>£'000</b>    | <b>£'000</b>   |
| Deficit in scheme at 1 August                         | (5,313)         | (9,773)        |
| Movement in the year:                                 |                 |                |
| Employer Service Cost (net of employee contributions) | (1,814)         | (1,644)        |
| Employer Contributions                                | 1,417           | 1,338          |
| Past service cost                                     | 0               | 0              |
| Net interest/return on assets                         | 350             | (119)          |
| Actuarial gain or loss                                | (12,313)        | 4,885          |
|   | <hr/>           | <hr/>          |
| <b>Deficit in scheme at 31 July</b>                   | <b>(17,673)</b> | <b>(5,313)</b> |
|   | <hr/> <hr/>     | <hr/> <hr/>    |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Asset and Liability reconciliation:

|  | 2014<br>£'000 | 2013<br>£'000 |
|--|---------------|---------------|
| <b>Reconciliation of present value of scheme liabilities</b> |               |               |
| <b>Liabilities at start of period</b>                        | 55,128        | 50,697        |
| Service cost   | 1,814         | 1,644         |
| Interest cost  | 2,569         | 2,099         |
| Employee contributions                                       | 454           | 430           |
| Experience gains and losses on scheme liabilities            | 0             | 0             |
| Actuarial (gain)/loss  | 3,497         | 1,330         |
| Benefits paid  | (733)         | (1,102)       |
| Unfunded Benefits Paid                                       | (11)          | (11)          |
| Curtailments and settlements                                 | 0             | 41            |
|  | <u>62,718</u> | <u>55,128</u> |
| <b>Liabilities at end of period</b>                          | <b>62,718</b> | <b>55,128</b> |

|                                  | 2014<br>£'000 | 2013<br>£'000 |
|----------------------------------|---------------|---------------|
| <b>Reconciliation of assets</b>  |               |               |
| <b>Assets at start of period</b> | 49,815        | 40,924        |
| Expected return on assets        | 2,919         | 2,021         |
| Actuarial (loss)/gain            | (8,816)       | 6,215         |
| Employer contributions           | 1,406         | 1,338         |
| Employee contributions           | 454           | 430           |
| Benefits paid                    | (733)         | (1,113)       |
|                                  | <u>45,045</u> | <u>49,815</u> |
| <b>Assets at end of period</b>   | <b>45,045</b> | <b>49,815</b> |

The estimated value of employer contributions for the year ended 31 July 2015 is £1,395,000.

### History of experience gains and losses

|   | 2014     | 2013  | 2012    | 2011   | 2010  |
|---|----------|-------|---------|--------|-------|
| Difference between the expected and actual return on assets |          |       |         |        |       |
| Amount £'000  | (8,816)  | 6,215 | (1,465) | 7,631  | 2,938 |
| Experience gains and losses on scheme liabilities           |          |       |         |        |       |
| Amount £'000  | (2,932)  | (11)  | (365)   | 4,872  | 17    |
| Total amount recognised in STRGL                            |          |       |         |        |       |
| Amount £'000  | (12,313) | 4,885 | (6,615) | 12,460 | (131) |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 26. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS/(DEFICIT) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

|  | <b>2014</b>  | <b>2013</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| (Deficit) on continuing operations after depreciation of assets at valuation | (577)        | (1,023)      |
| Depreciation and Impairment (note 14)  | 4,483        | 4,529        |
| Deferred capital grants released to income (note 21)                         | (1,846)      | (1,949)      |
| Interest payable (note 11)   | 63           | 0            |
| Interest receivable (note 7)   | (43)         | (71)         |
| Profit on disposal of tangible fixed assets                                  | (1,958)      |              |
| FRS 17 Pension cost less contributions payable (note 25)                     | 397          | 425          |
| FRS 17 Pension finance income (note 25)                                      | (350)        | 0            |
| (Increase)/Decrease in debtors   | (281)        | (1,096)      |
| Increase/(Decrease) in creditors   | 1,831        | 22           |
|  | <hr/>        | <hr/>        |
| <b>Net cash inflow from operating activities</b>                             | <b>1,719</b> | <b>837</b>   |
|  | <hr/> <hr/>  | <hr/> <hr/>  |

### 27. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

|  | <b>2014</b>  | <b>2013</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Other interest received  | 43           | 71           |
| Interest paid  | (63)         | 0            |
|  | <hr/>        | <hr/>        |
| <b>Net cash inflow from returns on investment and servicing of finance</b> | <b>(20)</b>  | <b>71</b>    |
|  | <hr/> <hr/>  | <hr/> <hr/>  |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 28. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

|  | <b>2014</b>  | <b>2013</b>   |
|--|--------------|---------------|
|  | <b>£'000</b> | <b>£'000</b>  |
| Purchase of tangible fixed assets  | (583)        | (811)         |
| Sales of tangible fixed assets   | 3,478        | 0             |
| Deferred capital grants received   | 672          | 15,834        |
|  | <hr/>        | <hr/>         |
| <b>Net cash inflow/(outflow) from capital expenditure and financial investment</b> | <b>3,567</b> | <b>15,023</b> |
|  | <hr/> <hr/>  | <hr/> <hr/>   |

### 29. MANAGEMENT OF LIQUID RESOURCES

|  | <b>2014</b>  | <b>2013</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Movement in endowment assets   | 9            | 4            |
|  | <hr/>        | <hr/>        |
| <b>Net cash inflow/(outflow) from management of liquid resources</b> | <b>9</b>     | <b>4</b>     |
|  | <hr/> <hr/>  | <hr/> <hr/>  |

### 30. FINANCING

|   | <b>2014</b>    | <b>2013</b>     |
|---|----------------|-----------------|
|   | <b>£'000</b>   | <b>£'000</b>    |
| Debt due beyond a year:                         |                |                 |
| Capital element of PFI lease rental payments    | (1,359)        | (16,157)        |
|   | <hr/>          | <hr/>           |
| <b>Net cash (outflow)/inflow from financing</b> | <b>(1,359)</b> | <b>(16,157)</b> |
|   | <hr/> <hr/>    | <hr/> <hr/>     |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 31. ANALYSIS OF CHANGES IN NET FUNDS

|                                      | At 1 August<br>2013    | Cash flows          | Other changes      | At 31 July<br>2014     |
|--------------------------------------|------------------------|---------------------|--------------------|------------------------|
|                                      | £'000                  | £'000               | £'000              | £'000                  |
| Cash in hand, and at bank            | 6,204                  | 3,916               | 0                  | 10,120                 |
| Endowment asset investments (note15) | 290                    | (9)                 | 0                  | 281                    |
| Overdrafts                           | 0                      | 0                   | 0                  | 0                      |
|                                      | <u>6,494</u>           | <u>3,907</u>        | <u>0</u>           | <u>10,401</u>          |
| Debt due within 1 year               | 0                      | 0                   | (2,000)            | (2,000)                |
| Debt due after 1 year                | (2,000)                | 0                   | 2,000              | 0                      |
| Finance leases                       | (41,838)               | 1,359               | (94)               | (40,573)               |
| Current asset investments            | 0                      | 0                   | 0                  | 0                      |
|                                      | <u>0</u>               | <u>0</u>            | <u>0</u>           | <u>0</u>               |
| <b>Total</b>                         | <b><u>(37,344)</u></b> | <b><u>5,266</u></b> | <b><u>(94)</u></b> | <b><u>(32,172)</u></b> |

### 32. CASHFLOW RELATING TO EXCEPTIONAL ITEMS

|                                       | 2014<br>£'000   | 2013<br>£'000   |
|---------------------------------------|-----------------|-----------------|
| Provision as at 1 August              | 0               | 0               |
| Income and expenditure account charge | 0               | 0               |
| Operating cash outflow                | 0               | 0               |
|                                       | <u>0</u>        | <u>0</u>        |
| <b>Provision as at 31 July</b>        | <b><u>0</u></b> | <b><u>0</u></b> |

### 33. MAJOR NON CASH TRANSACTIONS

There were no provisions made during the period 1 August 2013 to 31 July 2014.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 34. POST BALANCE SHEET EVENTS

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

### 35. CAPITAL COMMITMENTS

|  | Group and College |               |
|--|-------------------|---------------|
|  | 2014<br>£'000     | 2013<br>£'000 |
| Commitments contracted for at 31 July    | 0                 | 0             |
| Authorised but not contracted at 31 July | 0                 | 0             |

### 36. FINANCIAL COMMITMENTS

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

|  | Group and College |               |
|--|-------------------|---------------|
|  | 2014<br>£'000     | 2013<br>£'000 |
| Land and buildings                           |                   |               |
| Expiring within one year                     | 0                 | 0             |
| Expiring within two and five years inclusive | 0                 | 0             |
| Expiring in over five years                  | 0                 | 0             |
| <b>Total</b>                                 | <b>0</b>          | <b>0</b>      |
| Other  |                   |               |
| Expiring within one year                     | 0                 | 0             |
| Expiring within two and five years inclusive | 111               | 111           |
| Expiring in over five years                  | 0                 | 0             |
| <b>Total</b>                                 | <b>111</b>        | <b>111</b>    |

### 37. CONTINGENT LIABILITY

The College had no contingent liabilities at 31 July 2014.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 38. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

| Governor/ Senior Manager    | Company                             | Transactions 2014 | Transactions 2013 | Amount outstanding at 31 July 2014 | Amount outstanding at 31 July 2013 |
|-----------------------------|-------------------------------------|-------------------|-------------------|------------------------------------|------------------------------------|
|                             |                                     | £'000             | £'000             | £'000                              | £'000                              |
| Very Rev Dr Norman Hamilton | Belfast Education and Library Board | 98                | 63                | 4                                  | 0                                  |
| John McGrillen, Governor    | Belfast City Council                | 39                | 44                | 0                                  | 0                                  |
| Wendy Langham, Governor     | Landmark East                       | 33                | 36                | 0                                  | 0                                  |
| Richard O'Rawe, Governor    | Association of Colleges NI Ltd      | 72                | 2                 | 6                                  | 2                                  |

The College has transactions with its subsidiaries Springvale Educational Village (SEV) Ltd and Belfast Metropolitan Trust.

The College provides accountancy services to NIRAN Ltd which is owned and managed by the 6 Northern Ireland FE colleges and 4 HE institutions.

The College also has transactions with its sponsor Department, the Department for Employment and Learning.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

39. SUPPORT FUNDS

|                                   | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|-----------------------------------|-----------------------------|-----------------------------|
| DEL Grants                        | 742                         | 1037                        |
|                                   | <hr/> 742                   | <hr/> 1037                  |
| Disbursed to students             | (604)                       | (986)                       |
|                                   | <hr/>                       | <hr/>                       |
| <b>Balance unspent at 31 July</b> | <b>138</b>                  | <b>51</b>                   |

40. LOSSES AND SPECIAL PAYMENTS

In the period 1 August 2013 to 31 July 2014 £68,359 of bad debts (mainly student fees) was written off. In addition a £2,636 fruitless payment was made.



**Elaine Hartin**

**Chief Operating Officer**

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