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# Annual Report

and Financial Statements

**2015**  
**16**

**Belfast Metropolitan College**

**Annual Report and Accounts**  
**for the year ended 31 July 2016**

*The Accounting Officer authorised these  
financial statements for issue*

*on*

*24 November 2016*

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

*on*

*12<sup>th</sup> December 2016*

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**Foreword by**  
Chair of Governing Body

## FOREWORD BY CHAIR OF GOVERNING BODY



I am delighted to report that over the 2015-16 Academic Year, Belfast Metropolitan College continued to go from strength to strength. This is an incredible achievement in itself given the seismic changes across the Further Education landscape which included a new government strategy '*Further Education Means Success*', the transition to a new Department for the Economy and embedding a new curriculum strategy '*Creating Higher Expectations*', alongside the now normal budgetary pressures.

In many respects, I believe this past year will come to be recognised as a pivotal milestone in the College's journey '*from Good to Great*'. Reflecting briefly on the last 12 months, Belfast Met has much to be proud of:

- *Our Learners* - who continue to win accolades at both National and WorldSkills level.
- *Our Teachers* - who are recognised as some of the best in Northern Ireland.
- *Our Quality* - securing a confident rating by the Education and Training Inspectorate in terms of our capacity for continuous improvement, receiving 'Substantial' assurance ratings in our internal audit reports, and being recognised as 'excellent' in the annual Accountability meeting with our sponsoring Department.
- *Our Change Programme* - we underwent fundamental restructuring to a new five Academic Department structure while successfully managing a voluntary exit scheme (VES) resulting in the departure of 170 staff in the process.
- *Our Opportunities* - the development of the new Belfast Business School to better support business growth, alongside advanced discussions nurturing new strategic partnerships with Queen's University, British Council, Belfast Trust, and others.

These few examples are but the tip of the iceberg, as this Annual Report can only hope to reference a small proportion of the powerful stories, successes and life changing experiences supported by the College. However, none of this would have been possible without the total dedication and commitment of our amazing staff to the success of our learners in realising their potential, developing their self-esteem and securing jobs. Thanks to the strong foundations we build upon, Belfast Met continues to consolidate its position as a vital cog in the delivery of the relevant skills essential to securing future economic prosperity for Northern Ireland, and the ability to compete internationally.

This Annual Report marks the end of our previous three year Corporate Plan, '*Leading the City to Work 2013-16*', and particular recognition must go to the Principal and Chief Executive Marie-Thérèse McGivern, her executive team, and our staff throughout the college, for these many achievements and whose endeavours ensure we have the talent and capability to surmount the many challenges that lie ahead.

Looking forward, Belfast Met's new Corporate Plan 2016-20 sets out our ambitions for the future of the College, ambitions which are closely and inevitably intertwined with those of the city itself. Our College was founded as the Belfast Municipal Technical Institute in 1906 at the height of the city's industrial might and in direct response to the demands of industry. It provided the knowledge, creativity and innovation that drove industry forward, equipping the workforce with the technical skills on which the city thrived. Beginning in September 2016, the College will mark this significant historical milestone as it celebrates its 110<sup>th</sup> anniversary, and I look forward to the exciting programme of events planned to recognise our heritage, our outstanding alumni, and the College's

impact on the economic and social success of individuals, businesses and communities in Belfast, Northern Ireland, and beyond. This proud heritage and ambition still endures today in our increasingly agile, employer-led approach to meeting current and future skills demands, as Belfast Met continues to play its full part in *'Leading the City to Work'*.

The College will deliver against this ambitious strategy by championing our dual mandate of economic development and social inclusion that so epitomises the Belfast Met ethos. Through dedication, innovation and creativity the College is determined to provide the range of skills necessary to help our learners get a job, or get a better job, and in doing so support employers in competing locally, nationally and internationally.

This new corporate plan will see Belfast Met drive forward equipped with a fresh vision: *'To be a world-class college that nurtures the talent and ambition of the city of Belfast and beyond'*, alongside a clear mission: *'To make a fundamental impact on the economic and social success of the city of Belfast and beyond by equipping its people, employers and communities with the education and skills for work'*. The Plan embeds our core values of *Collaboration, Ambition, Respect* and *Excellence* into the very fabric of our college, shaping everything we do. And at the heart of that plan is the total professionalism and commitment of our staff to the success of our learners.

A critical component of our success will ultimately be predicated upon building ever more strategic and effective partnerships with key stakeholders, not least our sister organisations within the new Department for the Economy (Invest NI and Tourism NI), Belfast City Council, and the business community. 2016/17 will also mark the launch of the Belfast Business School where we will deliver creative and innovative learning experiences to skill individuals and workforces in support of improving business productivity, enabling companies to become more competitive internationally.

I wish to pay tribute to my colleagues on the Governing Body of Belfast Met, who along with the senior management team and staff throughout the college continue to give generously of their time and talents in support of building a world-class college of which our learners, business partners and local communities can be proud. Many challenges lie ahead, and although much has been achieved, there is much yet to do. Belfast Met will therefore continue to embrace the ever quickening pace of change, to realise our ambition of standing proudly alongside the best colleges in the UK and internationally. Together with my fellow governors, I look forward to working with the Principal and Chief Executive, her senior executive team and all our teaching and support staff throughout the college, on this transformational journey.

We are on a mission to make Belfast Met a truly great college, one that transforms lives and delivers opportunity. Building on the notable achievements to date, the 2016-20 Corporate Plan will empower Belfast Met to make a full and effective contribution to realising the strategic objectives of the Department for the Economy and the new Programme for Government. The College will do this by providing the skills that will serve to broaden opportunity, narrow inequality and create an economy that works for everyone. . . an economy for the common good.



Frank Bryan  
Chair of the Governing Body

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**Principal and Chief Executive  
Message**



## PRINCIPAL AND CHIEF EXECUTIVE MESSAGE

This year has been a period of significant change, transformation, progress and celebration and it has not been without its challenges. The past year has also given me many reasons to feel proud. Having accomplished so much, I wanted to take this opportunity to highlight a number of key milestones and to reflect on a selection of College developments and achievements.

### Time of Change

Looking back over 2015/16, it was a challenging year for the College. The move to a new Department for the Economy brings with it a New Minister, new people, new regime, and new processes.

The new Further Education Strategy has presented us with challenges that are radical. We have been pushed to have a clear economic purpose and demonstrate how what we do does, in fact, lead people to work.

We continue to operate in an era of public funding challenges. We can no longer take public funding as a given. We therefore need to be more creative, more entrepreneurial and more imaginative in bringing in the resources we need to do the work we want to do.

We also have greater competition and the use of technology by students is creating demand for a more flexible delivery, driven by what the student needs rather than what has worked for us in the past.

These are only some of the major challenges we have had to address and I appreciate that it can be unsettling for all of us. I recognise this and throughout this transitional period I am proud that the College has remained resilient and responsive to the many requirements that govern our business and to the needs of our learners.

### Good to Great

At the start of last year the College set out its visionary, challenging and radical agenda for how things might be different and better in the future. The College was at a turning point and took stock of what really counted in its business and subsequently pinpointed seven 'action areas' to focus on during 2015/16.

Significant progress has been made in relation to these projects and we have achieved much, but our journey is not over yet and there is more work to be done to futureproof our college to ensure our vision of moving Belfast Met from being a good college to a great college becomes a reality.

### Quality Curriculum

Significant progress was again made in relation to the quality of the curriculum with the Education Training Inspectorate (ETI) and the Department for Employment and Learning recognising the substantial work by the College in the roll-out of the new Youth Training pilots in Hair and Beauty, Health and Social Care and Engineering, in the Change Fund Essential Skills project and in its Higher Level Apprenticeships.

The College also achieved a 'confident' grade in our Whole College Quality Improvement Plan.

Ulster University recognised the quality of the College's engagement with industry in the validation of two new Higher Education (HE) programmes and the revalidation of three existing HE programmes.



### **Award Winning College**

Our talented staff and students have once again excelled, receiving local and national awards, providing us with many reasons to celebrate their outstanding achievements. These awards highlight the new educational standards that position the College as an exemplar to further education across the UK and Ireland.

The essence of our business is transforming lives and as we continue to place our learners at the centre of everything that we do, it is with much pride that I reflect on their overwhelming achievements over the past year. Some noteworthy student successes included BEST awards in Entrepreneurial and Software categories, the prestigious outstanding Public Services Student of the Year at the BTEC Awards, multiple IFEX Awards, the AoC Gold Award for Further Education Alumni, the AoC Future Star Award and the AIB UK & International Business and Skills Awards 2015.

Our reputation is built on the success of our students and the hard work and dedication of teaching and support staff. These awards represent a mere snapshot of the energy and talent which features in abundance at Belfast Met.

### **Connecting Education with the World of Work**

This is an important time for Belfast Met as we continue to forge ahead in delivering a vocationally and academically relevant curriculum. One of Belfast Met's main strengths is its ability to react quickly to shifting industry requirements and train, retrain and upskill people for a competitive dynamic work environment.

The quality of the College's employer engagements has helped the College to develop award winning approaches.

### **Going forward**

It's going to be a big year for Belfast Met and one in which many of the changes that were planned during 2015/16 begin to take effect. It will be one of transitioning into our reshaped curriculum and new structure while all the time ensuring that everything runs seamlessly for our students as well as our industry and community partners and funders.

Whilst there are challenges of moving to a new Department and of finding other ways to resource what we do, there are rewarding times too.

For the last 110 years we have led this city to work. We have transformed dreams to reality. We have found the talent in everyone. And in all that we have been at the heart of success in this city.

Our founding mission was to feed the skills demands of a city at the height of its industrial might and this mission remains as relevant today as it did back in 1906. We were to do it by offering an environment of quality for learning and enquiry and to open our doors to everyone.


This tradition lives on today as we reach out across the city – offering opportunity for everyone, providing knowledge and skills, building confidence, optimism and self-esteem and, ultimately, opening the door to life based on connections, participation and productivity – one of meaning. We do not accept that people are limited in what they can achieve. We do not believe in wasting talent.

In Belfast and Northern Ireland we know we can no longer afford to waste young people and their lives. They are a crucial asset to a successful future and we have a pivotal role to play in animating them to become part of that success.

The common denominator in all our successes is our people. The skills of our people and our ability to develop innovative and relevant education and training programmes remain critical to our success

to achieving our business objectives. Our challenge is to draw on all that we have learned and created and continue to shape new opportunities for growth and innovations.

I would like to close by offering my most sincere gratitude for the tireless effort, energy and enthusiasm displayed by each and every staff member of the Belfast Met team. We look forward to working with all our learners, partner organisations and stakeholders to build a successful and prosperous future and to being a major contributor to the success of the city of Belfast and the region of Northern Ireland.

A handwritten signature in black ink, reading "Marie-Thérèse McGivern". The signature is written in a cursive style with a large, stylized initial 'M'.

Marie-Thérèse McGivern  
Principal and Chief Executive

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**Strategic** Report  
**2015/16**

## NATURE, OBJECTIVES AND STRATEGIES

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

### Legal Status

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

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

### Mission statement

Governors of the College adopted the following mission statement in 2013/14:

**“To provide outstanding education and skills that will transform lives and contribute to the economic success of Belfast and Northern Ireland”.**

### Implementation of strategic plan

Belfast Metropolitan College has in place a Corporate Plan, entitled ‘Leading the City’, for the period 2013-16.

Leading the City to Work is the main strategic planning document for the College. This Plan outlines the strategic direction of the College, through an ambitious mission statement and supporting 4 Point Plan.

Through our 4 Point Plan we established four key strategic priorities:

1. **To put the learner at the centre of everything we do.**
2. **To deliver the highest quality possible in all we do.**
3. **To achieve the highest possible impact we can on the economic and social wellbeing of Greater Belfast and Northern Ireland.**
4. **To strive to be an excellent organisation, growing sustainably, innovating and investing.**

The 4 Point Plan is illustrated overleaf.

**Figure 1: The Belfast Met 4 Point Plan**



Individual corporate objectives and measurable outcomes have been identified in respect of each of these key points. Each of our four strategic priorities are supported by a total of 13 corporate objectives and these are summarised as follows:

**Strategic Priority 1: To 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.

Corporate objectives:

1. Create a successful learning environment that places the learner and their success at the heart of our work.
2. Deliver an excellent curriculum that is aligned to the needs of employers.
3. Deliver skills and qualifications that create opportunities for sustainable employment.

**Strategic Priority 2: To 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.

Corporate objectives:

1. Maintain a focus on what the College (skills, education, economic relevance and social impact) does best that is central to its overall Mission.
2. Sustain and improve our responsiveness to learners, employers and communities.
3. Be recognised regionally, nationally and internationally as outstanding in all our main curriculum areas, in all modes and contracts of delivery.

**Strategic Priority 3: To 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.

Corporate objectives:

1. Deliver the skills the economy needs and ensure our offer is consistent with the nature and level of demand.
2. Work in partnership with higher and further education, schools, local government and employers in ways that support collaboration and achievement of common goals.
3. Enhance existing collaboration with Belfast's extensive neighbourhood and community structures to secure participation in College provision.

**Strategic Priority 4: To 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.

Corporate objectives

1. Invest in the skills, tools and support to empower our people to be excellent.
2. Provide a service that is flexible, relevant and adds real value to local employers.
3. Provide an inclusive culture in which all individuals are encouraged to participate fully and are treated on the basis of their abilities.

4. Maximise income and utilise it to deliver an excellent curriculum as efficiently as possible.

The College has implemented a number of initiatives during 2015/16 to encourage continuous improvement and monitor attainment of corporate objectives throughout all areas of the College. These include:

### **Organisational Restructure**

We began an internal recruitment exercise for Heads of Academic Departments in early December 2015, with all five post-holders being appointed and in place by the end of February 2016. This coincided with the appointment of the Head of Training and the Head of Excellence earlier in the same month.

We also began an internal trawl for Curriculum Area Managers (CAMs) in January 2016 and announced all 26 post-holders in mid-June.

Work in reorganising the College's support structures commenced before the summer and will continue into the new academic year.

### **Centre for Excellence**

In January 2016 Belfast Met launched an exciting, new Centre for Excellence ensuring that all staff would have access to internally provided and quality assured appropriate training, development and support across a wide range of knowledge, skills and competencies.

### **Leaders for Excellence – Leadership Development**

The College acknowledges that the operational front line management will be critical to our continued success. With that in mind we have introduced a leadership and management programme for our 40 plus middle front line managers to provide them with the leadership skills and capacity to take the organisation on its journey from good to great.

### **QlikView – Management Information for Decision Making**

To ensure transparent access to live performance data the College invested during 2014/15 in QlikView, a software tool which consolidates relevant data from multiple sources into a single application and presents data through graphics and dashboards.

During 2015/16 the College continued to develop curriculum and support reporting requirements and widened the access of QlikView to all members of staff. Qlikview is now the only source of management information to be used by the College.

### **Good to Great – Leadership Development**

The College, in its determination to continue to improve, had a second successful year of Good to Great. The Good to Great team comprises of all senior managers within the College and it meets for a full day each month to review performance and to identify strategies for going forward.

### **Monthly Performance Reviews**

The College is committed to developing a robust performance management framework across all parts of the College and implementing a culture of openness, transparency and high expectation. In doing so the College continued to facilitate curriculum and support monthly performance reviews throughout the course of the 2015/16 academic year which helped the College maintain and improve its performance across all curricular and support areas.

### Formal reporting to the Governing Body

At each quarterly meeting the Governing Body is presented with a detailed update against corporate objectives (key performance indicators) and corporate risks. The key Performance Indicators reported to Governing are clearly aligned to the College 4 Point Plan and underpinning objectives and targets.






### Performance indicators

As outlined in an earlier section the College is committed to collecting and reporting performance data including performance relating to:

- Student success rates
- Student attendance
- Student retention
- Student progression
- Customer satisfaction
- Quality of teaching and learning

Leading the City to Work 2013/16 sets out a total of 15 corporate outcomes/key performance indicators (KPIs) for 2013/14, 2014/15 and 2015/16 which reflect local labour market issues and internal College issues. These corporate outcomes/KPIs are closely linked to the Department's objectives and targets as well as Programme for Government and the Northern Ireland Economic Strategy.

Our performance indicators are monitored each quarter against the following 5 level colour systems to review progress towards achieving our corporate objectives.

	On Track / Achieved / Completed
	Slippages / Areas Being Monitored
	Significantly behind Schedule / Low Level Monitoring
	Not Yet Started / Reports or Data Not Yet Available
	Exceeded / Over Achieved

A detailed breakdown of the College key performance indicators for 2015/16 is detailed below.

Strategic Priority	Corporate outcomes	Target 2015/16	Actual 2015/16
1. Put the learner at the centre of everything we do	Successful learners into employment or further study	75%	80%
	Success in all substantive qualifications	76%	77%
	Training and education provision in priority skills areas	28%	30%



Strategic Priority	Corporate outcomes	Target 2015/16	Actual 2015/16
	Provide a safe, secure, supportive learning environment for all	87%	87%
2. Deliver the highest quality possible in all we do	At least nine out of 10 learners recommend Belfast Met to others	90%	89%
	Stakeholder (employer and opinion former) satisfaction levels	85%	85%
	Every teacher provides 'Good or better' teaching and learning experiences	100%	100%
	External quality benchmarks and national / international staff and student awards	20	25
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	7,000	4,314
	Income from training contracts	£3.3m	£3.0m
	Schools Partnership contracts and income	£0.42m	£0.34m
	Income from alternative sources	£3.7m	£3.6m
4. Strive to be an excellent organisation, growing sustainably, innovating and investing in learning	Staff who are proud to work for Belfast Met	72%	Not yet available
	External quality benchmarks and national / international staff and student awards	10	10
	Achieve financial breakeven by maximizing the use of public funds and securing income from alternative sources <sup>1</sup>	Breakeven	Live within budget

In summary at the end of 2015/16:

- 9 targets (60%) have been achieved or exceeded.
- 5 targets (33%) have not been achieved or were marginally behind schedule.
- 1 target (7%) have not yet started as data is unavailable.

Two of the targets listed above were not achieved (**red**). The removal of FLU funded leisure courses impacted upon our ability to achieve the target of 7,000 people aged 26-45 engaged in vocational and accredited learning and policy changes in the Department for Education (DE) resulted in a lower level of engagement and year-end income is expected to amount to £0.33mn.

<sup>1</sup> Target superseded by the new Financial Memorandum and Management Statement introduced in August which requires College to live within budget allocation.

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

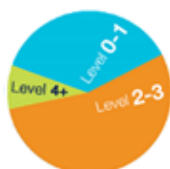
### Our students

Our students are at the heart of everything we do and our wide range of provision ensures there is a study programme for everyone. The following section provides information on the types of course and levels of study our students take. Details of their demographic profile are provided in the Equal Opportunities section of this report (page 26).

In 2015-16 we had **16,271** learners enrolled on **28,793** courses



## Enrolments



### Level of Study

29.0% of enrolments were Levels 0 and 1 with a further 59.9% at Levels 2 and 3, and 11.1% were Level 4 and above

### Study Mode

80.5% of enrolments were part-time and 19.5% were full-time



### STEM

27.1% of enrolments were on STEM courses

### Study Location

86.5% of enrolments were based on a main campus



### Our FLU performance against College Development Plan (CDP)

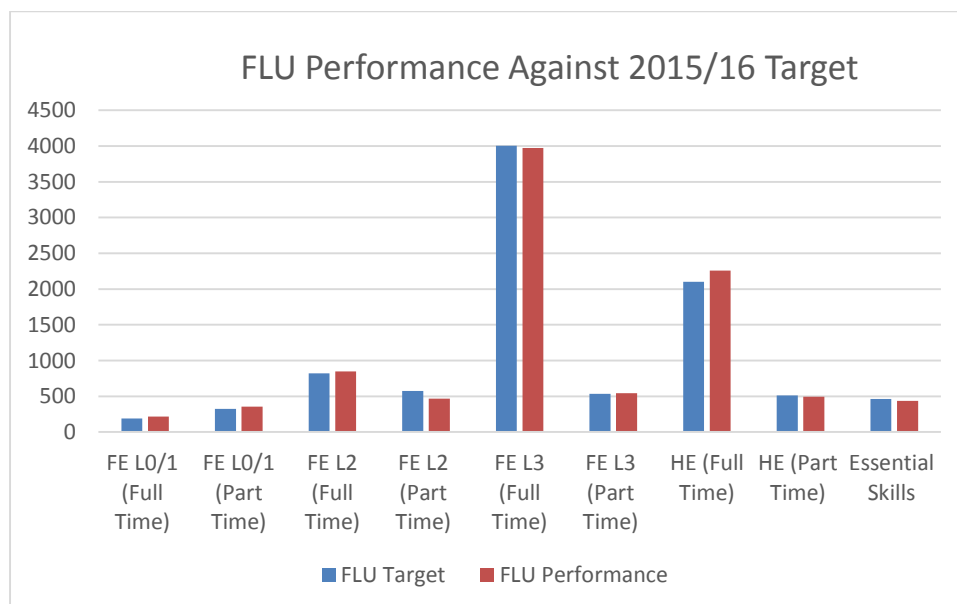
College enrolments are measured, reported and funded by the Department for the Economy through the Funded Learning Unit (FLU). The FLU mechanism converts all eligible student enrolments and activity into standard units, known as Funded Learning Units or FLU; the number of

FLU generated by each enrolment being determined by the mode of attendance (i.e. full-time or part-time), duration, level and economic priority of the study, and the appropriate disadvantage weighting.

Targets for enrolments are therefore presented as FLUs.

A breakdown of our 2015/16 FLUs by FE full time/part time, HE full time/part time and Essential Skills is provided below.

	FLU Target	FLU Performance
FE L0/1 (Full Time)	188	218
FE L0/1 (Part Time)	325	355
FE L2 (Full Time)	822	846
FE L2 (Part Time)	576	469
FE L3 (Full Time)	4,004	3,974
FE L3 (Part Time)	535	542
HE (Full Time)	2,100	2,260
HE (Part Time)	513	496
Essential Skills	464	434
<b>Total FE + HE + Essential Skills</b>	<b>9,527</b>	<b>9,594</b>



As at the end of 19 August, 2016 a total of 9,594 FLUs were enrolled against a target of 9,527. End of year position was 67 FLUs ahead of full year CDP target.

### What our students say

Belfast Met conducts two major surveys in each academic year that are open to all College students. The aim of the surveys is to gather feedback at course level, in order to identify areas for improvement and also highlight areas of good practice at both College and course level.

This year's summer survey ran from the end of April 2016 to mid May 2016 with the majority of respondents completing an online survey. Paper versions of the survey were also made available.

Each learner was invited to give us their feedback for their main course for each of the following themes:

- Overall satisfaction with the College
- Quality of teaching and learning
- College staff communications and future plans
- Assessment and feedback
- IT and Learning Resources
- Travel to College
- The best thing about my course/ what could be improved.

Additionally a short survey was also made available for full time learners at Level 4 and above asking key questions on their selection of Belfast Met as their preferred College.

**In summary, 1,433 learners responded to the main summer survey giving a response rate of 12.2%. The sample was representative of all campuses and Schools. 62% were on an FE course, 34% were on an HE course and 4% were on training programmes.**

### Overall satisfaction with Belfast Met

Overall satisfaction with Belfast Met has been monitored consistently across each main survey since November 2012. The summer 2016 survey indicated:



### Student achievements

Significant progress was again made in 2015/16 in relation to the quality and relevancy of the curriculum and the College's improved position in its learner retention, achievement and success rates is evident from the following statistics.

Table: College Performance Data 2013/14-2015/16

Year	Retention %	Performance Level %	Achievement %	Performance Level %	Success %	Performance Level %
2013/14	87.47	Very Good	84.04	Very Good	73.51	Good
2014/15	86.92	Very Good	86.21	Very Good	74.93	Good
2015/16	88.90	Very Good	87.08	Very Good	77.42	Good

(Sourced from QlikView October 2016)

The Table above demonstrates that retention rates have increased by 3 percentage points (pp) to almost 89% in 2015/16; this retention rate is at a three year high and is on the cusp of outstanding.

Achievement rates have increased year on year and remain very good at 87%, having increased by just under 1pp in the last year and having increased year on year for the last three years.

Success rates also increased again in 2015/16 and remain good; they are now 77% representing a 2.5pp improvement in the last year and are at a three year high having improved by 4pp over the three year period

#### Student awards

The essence of our business is transforming lives and as we continue to place our learners at the centre of everything that we do, it is with much pride that we reflect on their overwhelming achievements over the past year.

The College has had a particularly successful year in 2015/16 with a number of notable achievements and learner successes.

Noteworthy successes at WorldSkills include NI & Ireland's First Escoffier Diploma for Professionalism and Silver medal for skills in Culinary Arts, 1st in Fitness Instructing and runner up in Personal Training.

Belfast Met students excelled once again at the BEST awards and secured 1<sup>st</sup> place in both the Entrepreneurial and Software categories.

The College also secured 1<sup>st</sup> place for British Classic Student and 3<sup>rd</sup> in British Creative Student Barber of the Year 2016 awards.

Two students received the CCEA French and German Awards and for the first time one of our learners secured the prestigious Outstanding Public Services Student of the Year at the BTEC Awards 2016.

Our talented culinary students have excelled in a range of Hospitality competitions including the prestigious IFEX Awards picking up Junior Chef of the Year, Student Chef of the Year Bronze Medal, Classical Junior Poultry Bronze Medal, Bronze in Decorated Celebration Cake, Bronze in Novelty Cake and Merit in Novelty Cake Gold best in class at the Great Northern Ireland Bake Off.

Additionally culinary awards include scooping the prestigious Lecturer of the Year title at the Janus Awards and runner up in Cook South Africa as well as securing two awards in the prestigious AoC National Gold Awards including the Gold Award for Further Education Alumni and AoC Future Star awards.

One Belfast Met learner became the first and only competitor from the island of Ireland to qualify in the Adobe UK & Ireland ACA global competition which identifies and honours the next generation of design professionals using Adobe Software. Two Belfast Met learners were shortlisted in the Apprentice of the Year Awards 2016 with College learners being recognised at both Level 3 and Level 5 Apprenticeship categories.

In relation to Belfast Business School learners, Belfast Met won the Gold Centre Award at the IAB UK & International Business and Skills Awards 2015 and two of its learners were finalists in the CIPD Northern Ireland Awards. In addition three students were shortlisted for the FSB Future Student of Business Awards, with one of the students winning the overall award which recognises learners with exceptional business and entrepreneurial skills.

These awards highlight the new educational standards that position the College as an exemplar to further education across the UK and Ireland and in 2016/17 we will continue to strengthen and build on these learner, staff and corporate awards.

### **Curriculum developments**

Belfast Met conducted a comprehensive and robust review of its curriculum provision in 2014/15 and developed and launched a new curriculum strategy 'Creating Higher Expectations' in 2015/16.

This strategy sets out Belfast Met's collective ambition to be a 'Great' college with continued focus to be one of Belfast's key anchor institutions in shaping and developing a city-wide approach to skills and employability. However 2015/16 has also been a very challenging year for the College as this curriculum review was undertaken against the backdrop of budgetary cuts in a challenging public sector finance environment with strong competition for decreasing resources.

The College opened a Voluntary Exit Scheme in March 2015. 74 staff exited in August 2014 and a further 67 left by the end of March 2016. Whilst this created challenges in terms of planning for knowledge transfer it also offered an opportunity to see the revised curriculum remapped into five new schools through a strategic transition change management process.

During the year a new Director of Curriculum and five new Heads of Department strategically designed and mapped out the College's curriculum to match that of sector requirements. This exercise led to the development of new curriculum offerings including:

- Accounting and Digital Marketing Higher Level Apprenticeships;
- Development of Bio Medical Engineering in conjunction with University of Ulster; launch of the first ever summer Space Camp;
- A range of new training solutions to support large service providers within the Health and Care industry;
- Collaborative development of Youth Training pilots and foundation degree within the Care industry; and
- Extensive ESOL engagement with refugees.

A significant amount of work has been completed in preparation of the launch of Belfast Business School in October 2016, which offers bespoke and innovative courses to employers, and also planning

the relaunch of Titanic Quarter's Linen Lounge giving students the most up-to-date hospitality and catering industry ready experience.

Belfast Met's achievements in pioneering new approaches to learning through, for example, our graduate conversion Academy-style collaborations with employers, demonstrate our effectiveness in offering flexible, responsive and relevant skills solutions. Delivered as part of the highly successful Assured Skills programme, we have provided approximately 30 academies to date.

There will be continuous curriculum development planned throughout the next academic year.

## **Future developments**

### **Northern Ireland Economic Strategy**

There is a direct correlation between the ambition of the new Northern Ireland Executive and Belfast Met's own mission of working to strengthen the economic and social success of the city of Belfast and beyond. As such, we believe we can make a full and effective contribution in ensuring that the Executive successfully delivers on its stated commitment of *"improving the wellbeing of all – by tackling disadvantage, and driving economic growth."*

With the revised Northern Ireland Economic Strategy and Programme for Government in mind Belfast Met will continue to design and deliver the skills and employability initiatives and programmes that will help secure sustained and inclusive economic growth for the city of Belfast and the wider region.

### **Non- Departmental Public Bodies (NDPBs)**

Our dual mandate is one of enhancing economic development and social inclusion, with one inextricably linked to the other. In essence, we make an important contribution to:

- Promoting economic growth
- Creating a highly skilled workforce
- Generating job opportunities
- Widening economic participation

The sector's move to join Executive agencies Invest NI, Tourism NI and Northern Ireland Screen in the new Department for the Economy provides exactly the right context for this contribution to flourish and grow.

### **Government Policies**

Belfast Met will be a vital component in delivering a wide range of key Government policies including FE Means Success, The NI Apprenticeship Strategy, The NI Youth Training Strategy, A Strategy to Address Economic Inactivity in Northern Ireland and Belfast City Council's Corporate Plan.

### **Belfast Met's New Corporate Plan 2016-20**

Leading the City to Work, the College's Corporate Plan 2013-16 has recently come to an end and the Governing Body, Senior Management Team and staff have worked closely together to develop our new Corporate Plan 2016-20 which plots the next chapter for Belfast Met.

Following its official launch in September 2016 the College will put in place an effective and ambitious employee engagement programme to ensure that every employee feels fully informed about the College and that they feel that they belong to something they believe in; that they are valued for what they do and that their working lives have a sense of importance and purpose.

### **110<sup>th</sup> Anniversary – Leading the City to work for 110 years**

Belfast Met will celebrate its 110<sup>th</sup> Anniversary on 11 September 2016. In order to acknowledge this milestone, a yearlong celebration will be delivered that will see a series of key events and PR activity running for the academic year September 2016 – June 2017. All activity will engage staff, key stakeholders, funders and alumni.

Ten signature events will take place alongside high level PR activity to support the College and its celebration including:

- Launch of the new Belfast Business School and four year Corporate Plan
- Launch of the Linen Lounge and Cookery Book
- Launch of the Belfast Met Alumni

### **Belfast Business School**

2017 will see the launch of the Belfast Business School where our mission is to develop and deliver creative and innovative learning experiences that skill individuals and workforces to challenge and fulfil future industry needs.

We will continue to develop and provide innovative lifelong learning programmes (education and training programmes at both Further and Higher Education levels) that are accessible, flexible and industry endorsed.

The Belfast Business School will deliver a wide range of dynamic and respected full and part-time programmes in a variety of curriculum areas:

- Business
- Management
- Finance and Accounting
- Marketing
- Hospitality
- Events
- Travel & Tourism
- Retail
- Hair & Beauty.

The School will deliver programmes out of three modern campuses – the flagship campus located in the Titanic Quarter, the Millfield Campus and the innovative e3 Building located in Springvale. All campuses enable the Belfast Business School to deliver bespoke day and evening programmes for further and higher education students, school pupils, start-up companies, local businesses and community organisations. These modern facilities coupled with the Belfast Business School's ambition and commitment to continuous improvement through collaborating with industry, engaging industry based lecturers/trainers to complement permanent staff expertise and our accredited programme portfolio will ensure students achieve their optimum potential.

### **Restructuring**

Following the successful curriculum restructure implemented during 2015/16 the College is now actively reorganising the College's support structures. This exercise began before the summer and will continue into the new academic year.



## Centre for Excellence

In January 2016 Belfast Met launched an exciting, new Centre for Excellence ensuring that all staff would have access to relevant, internally provided, quality assured training, development and support across a wide range of knowledge, skills and competencies.

The Centre developed and rolled out a comprehensive, targeted induction programme which is tailored to address induction needs of different staff including Full Time Lecturer, Part Time Lecturer, Support Staff, Agency/Internships/ Placements & Management induction. This includes appropriate Technology Enhanced Learning (TEL) training and support to ensure that we have a workforce skilled, adaptable and future proofed workforce as well as a targeted range of management and leadership programmes to meet the needs of all levels across the organisation.

We also developed a comprehensive health and wellbeing programme addressing employee resilience building, and a range of physical, spiritual/emotional and relational programmes. In the next academic year we will continue to create a culture of excellence by delivering a new 12 month staff development programme as well as a new induction programme across the college for all staff which is mapped to a competency framework.

## Principal Risks and Uncertainties

The College has in place a comprehensive corporate risk register and a series of operational risk registers, all of which are monitored and managed by Governing Body, Audit & Risk Committee and senior management on a quarterly basis. Our Corporate Risk Register records details of all the risks identified for the College including:

- A description of each risk and their causes and effects;
- An assessed risk score based upon the probability and impact of the risk;
- Name of the individual who has been given the authority to manage a particular risk;
- Actions and controls that currently exist to mitigate risks;
- Direction of travel since previous quarter; and
- Current risk status.

The most recent review of our corporate risk register was undertaken in summer 2016. This register contained a total of 18 corporate risks which were categorised into five main categories including:

1. Funding, Legal and Related
2. Economic, Social and Political
3. Infrastructure
4. Operations
5. Reputation

Where possible the risks are eliminated, but where this is not possible, actions are taken to ensure these risks are controlled and the likelihood of them being realised are reduced as far as is reasonably practical.

In 2015 the College was subject to an internal audit review of Corporate Governance and Risk Management. The objective of this assignment was to assess the appropriateness and effectiveness of key processes and controls over Corporate Governance and Risk Management at Belfast Metropolitan College. Following this audit the College received a substantial assurance rating confirming that there is a robust system of risk management, control and governance in place.

## Stakeholder Relationships

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

- students;
- the Department for the Economy (previously the Department for Employment and Learning);
- staff;
- media;
- politicians/elected representatives;
- local employers (with specific links);
- local authorities;
- Government Offices / Regional Development Agencies;
- the local community;
- other FE institutions;
- trade unions; and
- professional bodies.

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

The College considers good communication with students, staff and key stakeholders to be fundamental to its success. In June 2015 Belfast Met delivered a programme of primary research with a total of 200 of Belfast Met's key stakeholders, covering all of the categories listed above. The main aim of the research project was to monitor the College's performance against a number of stakeholder engagement indicators. Findings from the updated stakeholder satisfaction survey indicates Belfast Met continues to be very well regarded by its wider stakeholder group with over four out of five of our stakeholders having a favourable opinion of the contribution we make.

We also listened to the views of key stakeholders when consulting on the new Corporate Plan 2016-20, and consulted proactively with staff when developing our core values.

There is one student representative and two staff representatives on the Governing Body. Throughout the year students are invited to give feedback through enrolment, induction and customer satisfaction surveys. We also recently launched a new student communication, Met Life. The first edition was disseminated in May 2016 and there will be four such communications going out across the 2016/17 academic year. The aim of this Bulletin is to share and celebrate our student successes and to take a snapshot of student life at Belfast Met.

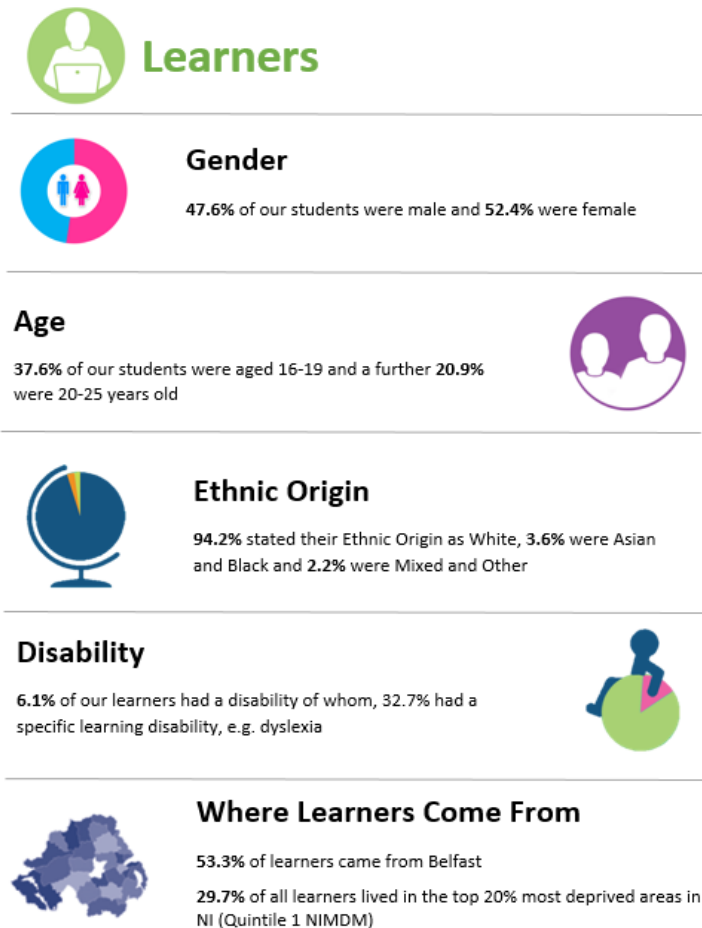
## Equal opportunities and employment of disabled persons

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

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

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

The college is committed to the fulfilment of its Section 75 obligations in all parts of its organisation. The college is committed to allocating necessary resources to ensure that the statutory duties are complied with and that the measures within the Equality Scheme to promote equality of opportunity are implemented effectively and on time. The College recognises its responsibility to provide a positive and inspiring experience in terms of equality of opportunity. The infographic overleaf provides information on the demographic profile of our learners.



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 2015/16, this has been achieved in a number of ways such as:-

- Belfast Met is an anchor tenant at the recently opened Girdwood Community Hub, located in one of the city's most deprived wards.
- Through this new facility Belfast Met is delivering a range of courses from five dedicated classrooms within the hub. This includes the Prince's Trust Team Programme and Essential Skills in numeracy, literacy, ICT and entry level ICT, and we are already working closely with community organisations to plan additional provision.
- The College engaged with a number of large employers to deliver Essential Skills in the workplace to adults who have poor literacy and do not have a GCSE in English or equivalent qualification.

- Belfast Met is committed to advancing equality of opportunities to all students. The College ensures that information in relation to its courses of study is made available to the widest possible audience.
- The student admissions procedure takes account of the protected characteristics of all applicants. Curriculum areas identify and monitor any equality and diversity factors, including protected characteristics, which may impact on their student profile to inform future policy and development.
- In 2015-16 Belfast Met developed a separate and new enrolment process for non-English speaking students enrolling on English for Speakers of Other Languages (ESOL) courses, making the process much more accessible than before.
- During the year the College also developed a separate enrolment process for enrolling transgender students in the college. We developed new literature to students promoting this service and the support we could provide.
- Throughout 2015-16 students played an important role in the organisation and participation of bi-annual events, workshops and promotions including the first 'City of Learning' event, the purpose of which was to encourage everyone regardless of age, gender, religious belief, racial group, marital status, sexual orientation, political opinion, disability or caring responsibility to participate in learning. Other events included an Autism Diagnostic Event for those with Asperger's and Autism to identify their individual strengths and support requirements within education and employment, and hosting a Chinese New Year event in the Ulster Hall in conjunction with Success Lion Dance.
- During 2015-16 the College introduced a number of equality and diversity e-learning modules and made it a mandatory requirement for all staff to have undertaken the generic module.
- The College has put in place a comprehensive programme of Continuing Professional Development (CPD) courses and events, including a wide variety of activities which contribute to advancing equality of opportunity. This included a series of Health and Well Being initiatives, demonstrations and workshops that all staff could avail of.
- During this period the College developed or reviewed a number of policies which promote Equality of Opportunity. A new Code of Conduct policy was introduced for all staff which aims to promote respect amongst staff and the Equal Opportunities Policy was reviewed and shared with all staff in January 2016, via MetaCompliance, new policy management software which the College invested in during the year. The College also commenced a review of other policies which would apply on an organisation wide basis including the Whistleblowing policy.

### **Disability statement**

Belfast Met celebrates the diversity of its students and staff and works 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 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.

#### **Corporate activities**

- The College continues to make significant investment in the appointment of specialist lecturers to support students with learning difficulties and or disabilities
- 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.
- The College's online access guide through Disabled Go was reviewed this year and more detailed information on our premises is now available.
- 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.
- 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.

#### **Student activities**

- 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.
- 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.
- Our Student Support Handbook sets out the support available to students at the start of the year.
- A separate graduation is held biannually for the supported learning students in recognition of their achievements.
- The Centre for Supported Learning has been working with the Belfast Met Charitable Trust to establish a Creative Alumni Academy within Belfast Met College which will enhance the learning and skills of people with moderate, severe and complex learning disability.
- A second component of the project will be an internship scheme which will source and manage a minimum of 10 'supported' work placements for student 'leavers' with severe learning difficulties.

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# Financial Review

### Significant Changes in Year

During the 2015/16 financial year two significant changes have taken place from a financial management and reporting perspective, namely:

- The introduction of a new Financial Memorandum/ Management Statement (FM/MS) for FE colleges in Northern Ireland – effective from 1 August 2015; This new FM/MS reflects all college obligations as NDPBs and revised budgetary processes requiring colleges to meet NDPB budget to 31 March year end rather than the obligation to deliver a year end position of breakeven plus or minus 2%; and
- The introduction of a new Financial Reporting Standard in the UK and Republic of Ireland – FRS102, the impact of which is set out in Note 30 of the accounts.

### Mission Statement and Strategic Plan

Details of the College’s mission statement and Corporate Plan 2013-16, “Leading the City to Work” are included within the Strategic Report.

### Financial Objectives

The mission of the Finance Department is to provide effective financial and procurement services and professional financial advice in support of the objectives of the College. The financial objectives flow from the fourth overarching strategic aim set out in “Leading the City to Work” which is to strive to be an excellent organisation, growing sustainably, innovating and investing.

The high level objectives are:

- To provide a professional financial advisory service to the College budget holders to protect the college, manage risk, inform decisions on financial planning and assist in achieving College objectives and targets.
- To ensure the College financial and IT systems are maintained and developed to provide timely, accurate, reliable financial information to facilitate strategic decision making.
- To ensure internal controls conform to the requirements of regularity, propriety and sound financial management; and ensure that the obligations of the FM/MS in place with the Department for the Economy are met.
- To provide a transparent and fair procurement service that promotes Value for Money, adopts best practise and complies with the Northern Ireland Public Procurement Policy.
- To recruit, retain and motivate suitably skilled staff to provide a professional service delivery.
- To comply with Departmental guidance as necessary and to advise the Directorate on specific instructions that are relevant to the College.

A series of performance indicators have been agreed for each functional area within Finance to monitor the successful implementation of the policies.

## FINANCIAL POSITION

### Financial Results

The College generated an operating deficit of £1.3m for 2015/16 (2014/15 deficit of £3.8m as restated under FRS 102). The College deficit of £1.3m compares with the estimated deficit as per the College Development Plan of £1.2m, therefore the variance in year-end performance is not considered significant.

The College's total income for the year was £59.6m, a decrease of £4m (6%) from 2014/15. This variance is explained by reductions in Grant in aid of £1.6m, VES support of £2.6m, Education contracts and Other Operating Income of £0.4m, these are offset by an increase of £0.6m in tuition fees.

The College's total expenditure for the year was £60.9m, a decrease of £6.5m (10%) from 2014/15. This variance is explained by reductions in Staff costs of £1.5m due to savings and unfilled vacancies as a result of restructuring, Fundamental Restructuring costs of £4.8m (£5.4m in 2014/15 compared to £0.6m in the current year) and Depreciation and Interest reductions of £1.4m. These are offset by an increase in Other Operating expenses of £1.2m due to investment in Premises.

The College has significant reliance on the Department for the Economy (DfE) and previously the Department for Employment and Learning (DEL) for its principal funding source, largely from recurrent grants. In 2015/16, DfE/DEL provided 57% of the College's total income through allocated recurrent grant (2014/15 56%). This represented 23% of the total recurrent grant available to the sector.

### **Subsidiaries**

Belfast Metropolitan College 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 owns the Community Learning Centre (CLC) on the Springvale site and the land on which it sits. Operations centre around renting out space to organisations on both a long and short term basis. Tenants and customers include publically funded and charitable institutions, many of whom provide outreach programmes which support people and help strengthen relations with the wider community.

SEV Ltd has achieved a surplus of £10k for the year ending 31 July 2016 (2014/15 surplus £8k).

The Belfast Metropolitan College Trust was established to secure and manage donations from former students and benefactors; to establish an alumni; and to develop enhanced opportunities and facilities for College students. The Trust reported a net decrease in funds of £17k for the year ending 31 July 2016 (2014/15 decrease of £9k).

### **Reserves**

The College group has accumulated reserves of £20m and cash balances of £6m. The balance on reserves has reduced from £28.4m in 2014/15, a net reduction of £8.4m. An increase in the revaluation reserve of £2.7m has been offset by decreases of £10.8m made up of the operating deficit of £1.3m and the actuarial loss in respect of the pension schemes of £9.5m. The implementation of FRS 102 has led to a significant increase in the pension expense as interest on the Plan's assets is calculated using a lower rate of return and declining economic conditions have also had a negative impact.

### **Land and Buildings**

Land and buildings were subject to a full professional valuation by Land and Property Services (LPS) on 31 July 2012 which was updated by way of an interim valuation as at 31 July 2015, again carried out by LPS. The interim valuation was updated using indices as at 31 July 2016. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.



### **Cash Flows**

The College experienced an operating cash outflow of £5m during in 2015/16 compared to an inflow of £0.7m in 2014/15. The overall cash balance as at 31 July 2016 is £5.9m, which is a decrease of £5m on last year, due to the College self-financing the first tranche of VES and investing in capital in 2015/16. These payments were made based on agreements with the Department to reduce cash balances to target levels set out for colleges. The operating cash flow for the College for the year was stable as reflected in the movement of net funds in the Cash Flow Statement.

### **Liquidity**

The cash balance of £5.9m represents a Cash days ratio of 36 days, which is within the DfE suggested range of 20-40 days, (2014/15 ratio was 66 days, which when adjusted to take account of the proceeds from sale of buildings was 32 days).

The ratio of current assets: current liabilities is 1.1, (2014/15 ratio restated was 1.2).

### **Debts Written Off**

The College wrote off debts during the year totalling £98,905 which were mainly student fees. No single 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 2015 to 31 July 2016, the College paid 95% of its invoices within 30 days (2014/15 95%). 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 2015 to 31 July 2016, the College paid 77% of its invoices within 10 days (2014/15 84%).

### **Post Balance Sheet Events**

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

### **Going Concern**

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

### **Treasury policies and objectives**

Treasury management is the management of the College's cash flows, its banking, 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 has a treasury policy the objectives of which are:

- to optimise returns to the College taking into account the College's working capital and cash flow requirements;

- to protect the capital value of College funds taking due regard for the related risks, specifically security and liquidity risk;
- to ensure the College has proper financial controls in place to safeguard its assets; and
- to ensure that processes are in place to secure value for money.

## 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 2016 consists of freehold land valued at £11m and buildings valued at £20m. The estate includes campuses at:

Campus	Net Book Value
Titanic Quarter – building under a PFI agreement	£41.8m
Millfield – building under a PFI agreement	£28.1m
Castlereagh	£6.9m
e3	£12.6m
Tower Street*	£0.2m
Whiterock	Rented
Parkmore*	£0.1m
Riddell	£0.1m
SEV Ltd	£0.4m

\* Marked for divestment

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

The consolidated net assets at 31 July 2016 were £20m (2014/15 £28.4m). This includes £23.4m pension liability (2014/15 £12.9m), and a debtor of £1.1m on PFI prepayments (2014/15 £1.2m). The reported pension liabilities have significantly increased due to the impact of FRS 102 which requires the use of a lower discount rate to calculate future cash flows, as well as a decline in economic conditions which have adversely affected the market.

### People

The College employs 761 staff (expressed as full-time equivalents), of whom 381 are teaching staff. Staff absenteeism for the period 1 August 2015 to 31 July 2016 was 3.48% (2014/15 4.74%), which equates to an average per FTE of 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.

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## 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 2015/16.

## 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 24 November 2016

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# Our Governors

## Our Governors

The members who served the governing body during the year were as follows:

Name	Date of Appointment Re-appointment	Term of Office	Date of Resignation	Status of Appointment *	Committees Served **	Governing Body Attendance ***
<b>Ian Walters</b> Interim Chair	A 02/07/15		25/10/15	BIP		2/2
<b>Frank Bryan</b> Governor	A 01/08/11 R 01/08/15	31/07/15 31/07/19	25/10/15	BIP	A&R	2/2
<b>Frank Bryan</b> Chair	A 26/10/15	25/10/19		BIP		8/8
<b>Catherine Burns</b>	A 01/08/15	31/07/19		BIP	CQE, HR	10/10
<b>Kate Burns</b>	A 01/08/15	31/07/19		BIP	A&R, CQE, RES	9/10
<b>Kay Collins</b>	A 01/08/15	31/07/19		BIP	A&R	8/10
<b>Sam Hagen</b>	A 27/11/08 R 27/11/12	26/11/12 26/11/16		Co-opted	A&R, HR, RES	7/10
<b>Norman Hamilton</b>	A 16/05/12 R 16/05/16	15/05/16 31/03/17		BELB Nominee EA Nominee	A&R, CQE	9/10
<b>Wendy Langham</b>	A 01/08/11 R 01/08/15	31/07/15 31/07/19		BIP	RES	10/10
<b>Jim McCall</b>	A 01/08/15	31/07/19		BIP	A&R, HR	8/10
<b>Kevin McKeaveney</b>	10/06/13	09/06/17		Staff elected	CQE, HR, RES	3/10
<b>Michael McCamley</b>	10/06/13	09/06/17		Staff elected	RES	7/10
<b>John McGrillen</b>	A 01/08/11 R 01/08/15	31/07/15 31/07/19		BIP	RES	6/10
<b>Ciarán O'Grady</b>	A 03/04/12 R 03/04/16	02/04/16 31/03/17		BELB Nominee EA Nominee	CQE, HR	10/10
<b>Kathleen O'Hare</b>	A 01/08/15	31/07/19		BIP	CQE, RES	7/10
<b>Olivia Potter Hughes</b>	A 28/10/15	30/09/16		Student elected	CQE	7/10
<b>Sam Snodden</b>	A 9/12/15	8/12/19		BIP	A&R, HR	6/7
<b>David Taylor</b>	A 03/12/08 R 03/12/12	02/12/12 02/12/16		Co-opted	RES	7/10
<b>Brian Wilson</b>	A 01/08/15	31/07/19		BIP	CQE, HR	9/10
<b>Marie Therese McGivern</b>	Ms Marie-Thérèse McGivern by virtue of office of Principal and Chief Executive is a member of the Governing Body.					10/10
* <b>Status of Appointment:</b> BIP - Business, Industry Professional Category; BELB - Belfast Education and Library Board; EA - Education Authority						
** <b>Committees Served:</b> A&R (Audit & Risk); CQE (Curriculum, Quality and Engagement); HR (Human Resources); RES (Resources). The memberships of these committees were rebalanced in year.						
**** <b>Governing Body Attendance:</b> 1 <sup>st</sup> Figure shows attendance, 2 <sup>nd</sup> figure shows number of meetings which the person was eligible to attend.						

For and on behalf of the members of the governing body



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**Chair**

24 November 2014

**Date**



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# Financial Statements

Further Education College Remuneration Report  
Statement of the Responsibilities of the Governing Body  
Statement of Corporate Governance and Internal Control  
Certificate and report of the Comptroller and Auditor General to the Northern Ireland Assembly  
Consolidated Statement of Comprehensive Income and Expenditure  
Consolidated and College Statement of Changes in Reserves  
Balance Sheets  
Consolidated Cash Flow Statement  
Statement of Accounting Policies  
Notes to the Financial Statements



## REMUNERATION REPORT

### Remuneration policy

#### Members of the governing body

There are normally 18 members of the college Governing Body, most of whom are appointed in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland. Of these, six members are appointed in line with statutory requirements. The majority of members are appointed for a fixed period of up to four years and thereafter they may be re-appointed in accordance with the Code of Practice.

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

The remuneration of the Chairman and Board members is as follows (Audited):

Name	2015-16				2014-15			
	Salary & allowances £'000	Benefits in Kind £'000	Pension benefits £'000	Total £'000	Salary & allowances £'000	Benefits in Kind £'000	Pension benefits £'000	Total £'000
Frank Bryan (Chair)	10-15	0	0	10-15	N/A			
Catherine Burns	0-5	0	0	0-5	N/A			
Kate Burns	0-5	0	0	0-5	N/A			
Kay Collins	0-5	0	0	0-5	N/A			
Jim McCall	0-5	0	0	0-5	N/A			
Kathleen O'Hare	0-5	0	0	0-5	N/A			
Sam Hagen	0-5	0	0	0-5	N/A			
Norman Hamilton	0-5	0	0	0-5	N/A			
Wendy Langham	0-5	0	0	0-5	N/A			
Ciaran O'Grady	0-5	0	0	0-5	N/A			
David Taylor	0-5	0	0	0-5	N/A			
Samuel Snodden	0-5	0	0	0-5	N/A			
Olivia Hughes	0-5	0	0	0-5	N/A			

### **The Principal/Director and Senior College Staff**

The Principal/Director and the Senior College Staff appointments [*i.e. those who are in a position with authority or responsibility for directing or controlling the major activities of the entity*] 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 College Staff 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 (including salary) and pension entitlements (*Audited*)

2015/16

2014/15

Senior Management	Salary £'000	Benefits in kind £'000	Pension benefits £'000*	Total £'000	Salary £'000	Benefits in kind £'000	Pension benefits £'000	Total £'000
<b>MT McGivern</b> (Director)	120 - 125	0	35-40	155-160	120- 125	0	25-30	150- 155
<b>E Hartin</b> (Chief Operating Officer)	80-85	0	20-25	105-110	80-85	0	20-25	105- 110
<b>D Duffy</b> (Director of Development and Learner Services)	85-90	0	20-25	105-110	85-90	0	15-20	105- 110
<b>J Heggarty</b> <sup>1</sup> (Director of Curriculum)	80-85	0	0	80-85	N/A	N/A	N/A	N/A
<b>G Magee</b> <sup>2</sup> (Interim Director of Transition)	75-80	0	70-75	145-150	5-10	0	0-5	5-10
<b>P O'Connor</b> <sup>3</sup> Acting Director of Curriculum	N/A	N/A	N/A	N/A	5-10	0	0	5-10

1 Jonathan Heggarty (Director of Curriculum) was appointed 1 Aug 15

2 G Magee (Interim Director of Transition) was appointed on 1 Jul 15

3 P O'Connor (Acting Director of Curriculum) was appointed on 1 Dec 14, died in service 21 Dec

14

\* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

**Relationship between Remuneration of the highest paid director and median remuneration of workforce**

	<b>2015/16</b>	<b>2014/15</b>
	<b>£'000</b>	<b>£'000</b>
<b>Band of highest paid directors total remuneration</b>	120-125	120-125
<b>Median total remuneration</b>	34,746	34,893
<b>Ratio</b>	3.48	3.48

**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)**

<b>Senior Management</b>	<b>Accrued pension at pension age as at 31/7/16 and related lump sum</b>	<b>Real increase in pension and related lump sum at pension age</b>	<b>CETV at 31/7/16</b>	<b>CETV at 31/7/15</b>	<b>Real increase in CETV</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>MT McGivern</b> (Director)	85-90 plus lump sum of 0	2-2.5 plus lump sum of 0	1,445	1,355	90
<b>E Hartin</b> (Chief Operating Officer)	5-10 plus lump sum of 0	1.5-2 plus lump sum of 0	72	62	10
<b>D Duffy</b> ( Director of Development and Learner Services)	5-10 plus lump sum of 0	1.5-2 plus lump sum of 0	84	63	21
<b>J Heggarty</b> (Director of Curriculum)	5-10 plus lump sum of 21	N/A	131	N/A	N/A
<b>G Magee</b> ( Interim Director of Transition)	10-15 plus lump sum of 15	3.5-4 plus lump sum of 2.5-3	162	119	43

### **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). To comply with auto enrolment legislation the college joined the National Employment Savings Trust (NEST). Where an employee has previously opted out of NILGOSC or NIPTS the college still has a duty to enrol them in a qualifying pension scheme if certain earnings criteria are met. NEST was set up by Government to assist with this requirement. The College's contributions to NEST are made on a defined contribution basis at 1%.

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.

## **STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY FOR THE YEAR ENDED 31 JULY 2016**

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

Within the terms and conditions of the Management Statement/Financial Memorandum agreed between the Department for the Economy (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 Strategic 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 Management Statement/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 24 November 2016 and signed on its behalf by:



**Chair**  
**Belfast Metropolitan College**

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

### **For the year ended 31 July 2016**

#### **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 2015/16 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), now called the Department of Finance (DoF) and is aimed at supporting better governance and driving more consistent, coherent and transparent reporting. It should also be noted that following the 2016 Assembly elections the newly formed Department for the Economy (DfE) encompassed the functions of the former Department of Employment and Learning (DEL) and former Department of Enterprise, Trade and Investment (DETI).

#### **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 DOF and the Financial Memorandum between DfE 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 DfE 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. DfE 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 Authority (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).

Belfast Metropolitan College Governing Body is supported by four permanent committees comprising the Audit & Risk Committee (A&R), the Curriculum, Quality and Engagement Committee (CQE), the Resources Committee (RES) and the Human resources (HR) Committee. The Governing Body also has governors sitting on the Board of Belfast Metropolitan College Trust as Trustees and the Board of Springvale Educational Village Ltd as Directors. 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 specific project boards and personnel panels. Each permanent committee has its own terms of reference and business cycle.

#### **Attendance at Belfast Metropolitan 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	HR Committee	RES Committee
Mr Frank Bryan (Chair)	8/8	8/8 i.e. 8 meetings attended out of a possible 8 meetings which the governor was eligible to attend during the year.			
Mr Frank Bryan (member of Governing Body)	2/2	2/2			
Dr Ian Walters (interim Chair)	2/2				
Mrs Catherine Burns MBE	10/10	1/1	4/4	4/4	
Ms Kate Burns	9/10	1/1	2/4		2/2
Mrs Kay Collins	8/10	3/4			
Sam Hagen	7/10	3/4		3/4	1/1
Norman Hamilton	9/10	2/4	4/4		
Wendy Langham	10/10				6/6
Jim McCall	8/10	1/4		3/4	
Kevin McKeaveney	3/10		2/4		0/6
Michael McCamley	7/10				2/6
John McGrillen	6/10				4/6
Ciarán O'Grady	10/10		4/4	3/3	
Kathleen O'Hare	7/10		3/4		3/3
Olivia Potter Hughes	7/10		1/2		
Sam Snodden	6/7	2/2		2/2	
David Taylor	7/10				6/6
Brian Wilson	9/10		2/4	3/4	
Marie Therese McGivern	10/10	3/4			

\* Other attendees included Tier 2, 3 and 4 officers where significant items pertaining to their business area was discussed. All meetings were quorate.

### **Chair succession and intake of new governors**

Following the resignation of Mr Richard O’Rawe due to ill health in May 2015, Dr Ian Walters was appointed as interim Chair until a competition was run for the appointment of a new Chair of the Governing Body. Mr Frank Bryan was subsequently appointed Chair with effect from 26/10/2016. Six new governors were appointed with effect from 01/08/2015 1<sup>st</sup> August 2015, and a further new governor on 09/12/2015.

### **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 2015/16 and has commented favourably on the continuing improvements made in presentation and ease of use.

### **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 and guidance; it complies with all mandatory requirements and also aims to comply with established best practice.

### **The College’s Management Structure**

The College management structure is based on principles of good organisational design and an established 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 was strengthened in year by the addition of a fixed term Director position. The new Directorate led by the Director of Transition will *inter alia* oversee significant organisational change and will be responsible for the portfolios of HR including Voluntary Exit and Restructuring, Staff Development, Strategic Planning, Knowledge and Information Management, Quality Assurance and Compliance and Communications. This structure enables a compact Executive Team to exercise strategic and operational oversight on the College by means of clear lines of accountability.

### **Board performance and effectiveness**

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

- Preparing for the succession of several members and the induction of new members;
- Attending a range of internal and external training events, workshops and planning days; 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 DfE 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.

### **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 four times during the 2015/16 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 2015/16 were as follows:

- Internal Audit planning;
- Internal Audit reports including reviews of core finances, payroll, procurement, management of VES, complaints, management information, student admissions.
- NIAO matters including NIAO strategy (encompassing the identified significant risks of irregularity in relation to pay remit and incremental pay rises, and funding in 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;
- Direct Award contracts;
- Fraud, losses, and special payments ;
- DFP/DoF and DEL/DfE and other third party correspondence including DfE circulars and DAO letters; and
- A&R Committee meeting, and A&R Committee effectiveness evaluation.

As a result of the Internal Audit work during 2015/16, KPMG provided 'Substantial' assurance as to the internal control environment at Belfast Met.

In addition to governors, auditors and Department representatives four Executive officers namely the Chief Operating Officer, the Head of Finance, the interim Director of Transition and the Centre Manager for Strategic Planning are always in attendance.

Following each meeting the Chair of the Audit & Risk Committee gives an oral update on audit and risk matters to the full Governing Body as well as circulating the draft 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 2015/16 was in compliance with the following key pieces of guidance and best practice:

- Managing Public Money (NI);
- DEL and DFP guidance including the FE Code of Governance;
- 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.

### Control Environment

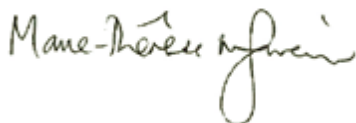
Progress against plan in 2015/16	Date due	Assurance
Core Financial Processes	June	Substantial
Payroll	June	Substantial
Procurement	February	Substantial
Administration of exams	September	Satisfactory
Management of VES	June	Substantial
Complaints	February	Substantial
Energy Use	September	Scheduled 16/17
Management Information	June	Substantial
Student Admissions	June	Substantial

### Monitoring of Audit Recommendations

In addition to the scrutiny of individual audit reports by managers and members of the Audit and Risk Committee, the Centre Manager for Strategic Planning 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 scrutinized by the Audit and Risk Committee.

The College's internal auditors have not identified any new priority one recommendations during the past three academic years. A single historic priority one recommendation remains and relates to accrued expenditure for PFI work at Titanic Quarter. It is classified as a Priority 1 due to the need for senior management to be involved in the resolution rather than the potential for it to result in a material weakness in internal control. Ongoing activity is underway including regular meetings of senior staff through TQ Advisory Group, client liaison meetings with contractor and the commissioning of legal advice to outline the optimum way forward.

Seven outstanding audit recommendations remain, all priority 2 or 3 and are in the process of being implemented.



.....  
 Marie-Thérèse McGivern  
 Chief Executive and Accounting Officer  
 24 November 2016

## **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 Belfast Metropolitan College for the year ended 31 July 2016 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. The financial statements comprise: the Consolidated Statement of Comprehensive Income and Expenditure, Consolidated and College Statement of Changes in Reserves, Balance Sheet, Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 July 2016 and of its deficit the year then ended; and
- the financial statements have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and

the Department for the Economy (formerly Department for Employment and Learning) directions issued thereunder.

### **Opinion on other matters**

In my opinion:

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

### **Matters on which I report by exception**

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

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

### **Report**

I have no observations to make on these financial statements.



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

*25th November 2016*

**BELFAST METROPOLITAN COLLEGE  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
AND EXPENDITURE  
FOR THE YEAR ENDED 31 JULY 2016**

	Notes	2016 £'000	2015 Restated £'000
<b>INCOME</b>			
Department for the Economy/ Department for Employment and Learning income	1	45,429	49,619
Education contracts	2	3,373	3,485
Tuition fees and charges	3	8,857	8,264
Other grant income	4	527	508
Other operating income	5	1,360	1,722
Investment income	6	28	44
<b>Total income</b>		<b>59,574</b>	<b>63,642</b>
<b>EXPENDITURE</b>			
Staff costs	7	33,309	34,797
Fundamental restructuring costs	7	567	5,423
Other operating expenses	9	22,939	21,727
Depreciation	12	3,647	4,777
Interest and other finance costs	10	426	682
<b>Total expenditure</b>		<b>60,888</b>	<b>67,406</b>
<b>Surplus/(deficit) before other gains/losses and share of operating surplus/deficit of joint ventures and associates</b>		<b>(1,314)</b>	<b>(3,764)</b>
Gain/(loss) on disposal of assets		0	11
(Loss)/gain on investments		0	0
Share of operating surplus/(deficit) in joint venture		0	0
Share of operating surplus/(deficit) in associate		0	0
<b>Surplus/(deficit) before tax</b>		<b>(1,314)</b>	<b>(3,753)</b>
Taxation		0	0
<b>Surplus/(deficit) for the year</b>		<b>(1,314)</b>	<b>(3,753)</b>
Unrealised gain/(deficit) on revaluation of land and buildings		2,382	(15,609)
Actuarial (loss)/gain in respect of pension scheme		(9,517)	6,206
Change in fair value of hedging financial instruments		17	9
<b>Total comprehensive income for the year</b>		<b>(8,432)</b>	<b>(13,147)</b>
Represented by:			
Endowment comprehensive income for the year		0	0
Restricted comprehensive income for the year		0	0
Unrestricted comprehensive income for the year		(8,432)	(13,147)

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 AND COLLEGE STATEMENT OF CHANGES IN  
RESERVES  
FOR THE YEAR ENDED 31 JULY 2016**

GROUP	Income and expenditure account			Revaluation reserve	Total excluding Non Controlling Interest	Non controlling interest	Total
	Endowment	Restricted	Unrestricted				
	£'000	£'000	£'000				
<b>Balance at 1 August 2014</b>	277	0	(13,640)	54,935	0	0	41,572
Surplus/(deficit) from income and expenditure statement	0	0	(3,753)	0	0	0	(3,753)
Other comprehensive income	0	0	6,206	(15,609)	0	0	(9,403)
Transfers between revaluation and income and expenditure account	0	0	3,585	(3,585)	0	0	0
Transfer due to endowment asset investment	(9)	0	9	0	0	0	0
<b>Balance at 1 August 2015</b>	<b>268</b>	<b>0</b>	<b>(7,593)</b>	<b>35,741</b>	<b>0</b>	<b>0</b>	<b>28,416</b>
Surplus/(deficit) from income and expenditure statement	0	0	(1,314)	0	0	0	(1,314)
Other comprehensive income	0	0	(9,517)	2,382	0	0	(7,135)
Transfers between revaluation and income and expenditure account	0	0	0	0	0	0	0
Transfer due to endowment asset investment	(17)	0	17	0	0	0	0
<b>Total comprehensive income for the year</b>	<b>(17)</b>	<b>0</b>	<b>(10,814)</b>	<b>2,382</b>	<b>0</b>	<b>0</b>	<b>(8,449)</b>
<b>Balance at 31 July 2016</b>	<b>251</b>	<b>0</b>	<b>(18,407)</b>	<b>38,123</b>	<b>0</b>	<b>0</b>	<b>19,967</b>



**BELFAST METROPOLITAN COLLEGE  
CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN  
RESERVES  
FOR THE YEAR ENDED 31 JULY 2016**

COLLEGE	Income and expenditure account			Revaluation reserve	Total excluding Non Controlling Interest	Non controlling interest	Total
	Endowment	Restricted	Unrestricted				
	£'000	£'000	£'000				
<b>Balance at 1 August 2014</b>	0	0	(13,288)	53,655	0	0	40,367
Surplus/(deficit) from income and expenditure statement	0	0	(3,753)	0	0	0	(3,753)
Other comprehensive income	0	0	6,206	(15,757)	0	0	(9,551)
Transfers between revaluation and income and expenditure account	0	0	3,585	(3,585)	0	0	0
Transfer due to endowment asset investment	0	0	0	0	0	0	0
<b>Balance at 1 August 2015</b>	<b>0</b>	<b>0</b>	<b>(7,250)</b>	<b>34,313</b>	<b>0</b>	<b>0</b>	<b>27,063</b>
Surplus/(deficit) from income and expenditure statement	0	0	(1,308)	0	0	0	(1,308)
Other comprehensive income	0	0	(9,517)	2,307	0	0	(7,210)
Transfers between revaluation and income and expenditure account	0	0	0	0	0	0	0
Transfer due to endowment asset investment	0	0	0	0	0	0	0
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>(10,825)</b>	<b>2,307</b>	<b>0</b>	<b>0</b>	<b>(8,518)</b>
<b>Balance at 31 July 2016</b>	<b>0</b>	<b>0</b>	<b>(18,075)</b>	<b>36,620</b>	<b>0</b>	<b>0</b>	<b>18,545</b>

**BELFAST METROPOLITAN COLLEGE  
BALANCE SHEET AS AT 31 JULY 2016**

	Notes	Group 2016 £'000	College 2016 £'000	Group 2015 Restated £'000	College 2015 Restated £'000
<b>Non Current Assets</b>					
Tangible fixed assets	12	103,695	101,773	102,253	100,398
Endowment Assets	20	251	0	268	0
		<b>103,946</b>	<b>101,773</b>	<b>102,521</b>	<b>100,398</b>
<b>Current assets</b>					
Stock		0	0	0	0
Trade and other receivables	16	6,542	6,912	8,476	8,924
Investments		0	0	0	0
Cash and cash equivalents	21	5,859	5,795	10,822	10,704
<b>Total current assets</b>		<b>12,401</b>	<b>12,707</b>	<b>19,298</b>	<b>19,628</b>
Less: Creditors – amounts falling due within one year	17	10,992	10,957	15,771	15,742
<b>Net current assets</b>		<b>1,409</b>	<b>1,750</b>	<b>3,527</b>	<b>3,886</b>
<b>Total assets less current liabilities</b>		<b>105,355</b>	<b>103,523</b>	<b>106,048</b>	<b>104,284</b>
Less: Creditors – amounts falling due after more than one year	18	61,970	61,560	64,692	64,281
<b>Provisions:</b>		0	0	0	0
Pension provisions	22	23,418	23,418	12,940	12,940
Other provisions		0	0	0	0
<b>Net assets including pension liability</b>		<b>19,967</b>	<b>18,545</b>	<b>28,416</b>	<b>27,063</b>
<b>Restricted Reserves</b>					
Income and expenditure account –restricted reserve		0	0	0	0
<b>Unrestricted Reserves</b>					
Income and expenditure – unrestricted reserves		(18,407)	(18,075)	(7,593)	(7,250)
Endowment Reserves	20	251		268	
Revaluation reserve		38,123	36,620	35,741	34,313
<b>Total reserves</b>		<b>19,967</b>	<b>18,545</b>	<b>28,416</b>	<b>27,063</b>
<b>Total</b>		<b>19,967</b>	<b>18,545</b>	<b>28,416</b>	<b>27,063</b>

The financial statements on pages 55 to 96 were approved by the governing body of Belfast Metropolitan College 24 November 2016 and were signed on its behalf on that date by:



**Frank Bryan**  
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 2016**

		<b>2016</b>	<b>2015</b>
	<b>Note</b>	<b>£'000</b>	<b>Restated £'000</b>
<b>Cash inflow/(outflow) from operating activities</b>			
Deficit for the year		(1,314)	(3,753)
<b>Adjustment for non-cash items</b>			
Depreciation	12	3,647	4,777
Deferred Capital Grant released to income	1	(1,244)	(1,972)
(Loss)/gain on investments		0	0
Decrease/(increase) in stock		0	0
Decrease/(increase) in debtors	16	1,934	(2,545)
Increase/(decrease) in creditors	17	(5,423)	4,302
Increase/(decrease) in pension provision	22	961	1,473
Increase/(decrease) in other provisions		0	0
Adjustment for investing or financing activities		0	0
Investment income	6	(28)	(44)
Interest payable		0	5
Endowment income		0	0
Profit on sale of fixed assets		0	(11)
<b>Net cash inflow from operating activities</b>		<b>(1,467)</b>	<b>2,232</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		0	2,011
Proceeds from sales of intangible assets		0	0
Deferred Capital Grants received		233	780
Withdrawal of deposits		0	0
Investment income	6	28	44
Payments made to acquire fixed assets		(2,019)	(780)
Payments made to acquire intangible assets		0	0
Movement in endowment reserve	20	17	9
<b>Cash inflows from financing activities</b>			
Interest paid		0	(5)
Capital element of PFI lease rental payments		(1,755)	(1,589)
New secured loans		0	0
Repayment of amounts borrowed		0	(2,000)
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<b>(4,963)</b>	<b>702</b>
Net funds at 1 August		10,822	10,120
<b>Net funds at 31 July</b>		<b>5,859</b>	<b>10,822</b>

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

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

**BELFAST METROPOLITAN COLLEGE  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 JULY 2016**

**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 2015 and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit entity requirements of FRS 102.

The financial statements are prepared in accordance with the historical cost convention except that certain freehold properties are shown at their revalued amounts. They also conform to the Accounts Direction issued by the Department for the Economy (DfE).

**Transition to the 2015 FE HE SORP**

This is the first year that the accounts have been prepared under the 2015 SORP and FRS 102. Some of the FRS 102 recognition, management, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. Details of changes arising due to the transition are included at note 30.

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

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

**Basis of accounting**

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

**Going concern**

The activities of the college, together with factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the college, its cash flow, liquidity and borrowings are described in the financial statements and accompanying Notes.

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

The College is satisfied that the organisation is a going concern on the basis that there is no reason to believe that the department's future sponsorship and future Assembly approval will not be forthcoming

to meet the College's liabilities as they fall due. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

### **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 sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2016.

### **Recognition of Income**

#### **Government Grants [accruals model]**

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

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

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

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

#### **Capital Grants (non land grants) [accruals model]**

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

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

#### **Capital Grants (land grants)**

Capital government grants for land are accounted for in accordance with the performance model as required under FRS 102.

The PFI grant from DEL/DfE 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.

#### **Donations and Endowments**

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the income. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer. Donations with no restrictions are recognised in income when the College is entitled to the funds.

## STATEMENT OF ACCOUNTING POLICIES (continued)

### 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 Statement of Comprehensive Income.

To comply with auto enrolment legislation, the college has also joined the National Employment Savings Trust (NEST). Contributions by the college are made on a defined contribution basis.

## STATEMENT OF ACCOUNTING POLICIES (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. 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, these are accounted for in accordance with the revenue recognition policies above.

- **Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2016. They are not depreciated until they are brought into use.

- **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

### Private Finance Initiative

Where it is concluded that the college has an asset of the property and therefore a liability to pay for it, these are recorded on the balance sheet. The initial amount recorded for each is the fair value of the property or if lower, the present value of the minimum lease payments determined at the inception of the lease. Subsequently, the asset is depreciated over its useful economic life.

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

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



## **STATEMENT OF ACCOUNTING POLICIES (continued)**

### **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 substantial 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.

### **Intangible Assets**

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

### **Foreign currency translation**

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

### **Taxation**

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

The college is exempted from levying VAT on most of the services it provides to students. For this reason the college is partially exempt in respect of VAT, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

### **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.

## **STATEMENT OF ACCOUNTING POLICIES (continued)**

### **Agency arrangements**

The college acts as an agent in the collection and payment of Support Funds and Care to Learn payments. Related payments received from DfE/ DEL and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and Expenditure and are shown separately in Note 28.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. DEPARTMENT FOR EMPLOYMENT AND LEARNING INCOME

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>Restated £'000</b>
<b>Grant In Aid Received from DfE/DEL</b>		
Recurrent grant	34,086	35,427
Release of deferred capital grants	1,244	1,632
Additional Support funds	463	465
Minor works	0	0
Learner access and engagement	0	185
Students with Learning Difficulties and/or Disabilities (SLDD)	471	504
Higher Level Apprenticeships	608	63
Innovation Fund	166	279
Private Finance Initiative (PFI)	6,502	6,508
Other	1,275	1,310
Total	<u>44,815</u>	<u>46,373</u>
<b>Non-Grant in Aid received from DfE/ DEL</b>		
Voluntary Exit Scheme income	581	3,203
Education Maintenance Allowance Administration	33	43
Non-grant in aid items	<u>614</u>	<u>3,246</u>
<b>Total DfE/DEL income</b>	<u><u>45,429</u></u>	<u><u>49,619</u></u>

The college was a member of a consortium to deliver the DEL Innovation Fund in Northern Ireland in 2014/15 and the income received was as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>Restated £'000</b>
Innovation Fund income	<u>166</u>	<u>279</u>
<b>Net income</b>	<u><u>166</u></u>	<u><u>279</u></u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. EDUCATION CONTRACTS

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>Restated £'000</b>
Entitlement Framework (VEP school link course)	338	404
Training for Success*	<u>3,035</u>	<u>3,081</u>
<b>Total</b>	<b><u>3,373</u></b>	<b><u>3,485</u></b>

*\*TfS income is currently treated as revenue due to the commercial nature of the award of contracts.*

### 3. TUITION FEES AND CHARGES

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>Restated £'000</b>
Higher Education (HE) income	4,726	4,519
Home and other European Union	4,081	3,698
Non-European Union	<u>50</u>	<u>47</u>
<b>Total</b>	<b><u>8,857</u></b>	<b><u>8,264</u></b>

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

Included within the above amounts are amounts which fund bursaries of £68,590 (2015: £70,068)

### 4. OTHER GRANT INCOME

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>Restated £'000</b>
European funds	203	162
Other funds	<u>324</u>	<u>346</u>
<b>Total</b>	<b><u>527</u></b>	<b><u>508</u></b>

### 5. OTHER OPERATING INCOME

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>Restated £'000</b>
Catering and residence operations	548	497
Other income generating activities	583	754
Other income	<u>229</u>	<u>471</u>
<b>Total</b>	<b><u>1,360</u></b>	<b><u>1,722</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. INVESTMENT INCOME

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>Restated £'000</b>
Income from endowments	0	0
Net return on pension scheme	0	0
Other investment income	10	14
Other interest receivable	18	30
<b>Total</b>	<b>28</b>	<b>44</b>

### 7. STAFF COSTS

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

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>Restated No.</b>
Teaching	381	430
Support	143	145
Administration	206	223
Premises	31	38
<b>Total</b>	<b>761</b>	<b>836</b>

#### Staff costs for the above persons

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>Restated £'000</b>
Teaching	17,493	18,520
Support	4,136	4,372
Administration	9,595	9,286
FRS 102 adjustment	535	796
Premises	1,550	1,823
	<b>33,309</b>	<b>34,797</b>
Exceptional staff costs- VES	567	5,423
Exceptional staff costs- other	0	0
<b>Total</b>	<b>33,876</b>	<b>40,220</b>

Wages and salaries	26,853	28,348
Social security costs	1,825	1,767
Movement in pension	0	0
Other pension costs	<u>4,631</u>	<u>4,682</u>
	<b>33,309</b>	<b>34,797</b>
Contracted out staffing services	0	0
Exceptional staff costs –VES	567	5,423
Exceptional staff costs- other	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>33,876</u></b>	<b><u>40,220</u></b>

During 2015 the college participated in the NI Civil Service wide voluntary exit scheme. At 31 August 2015 60 academic staff (including 15 Part time lecturers) and 14 support staff availed of the exit scheme at a cost of £2.2m. An accrual was made for a further £3.2m for 35 academic staff and 33 support staff who had been approved to leave within the scheme and exited in 2015/16. An additional 18 academic staff (including 11 Part time lecturers) and 9 support staff were approved to exit under the scheme in 2015/16 at a cost of £0.6m.

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

	Senior post-holders		Other staff	
	2016 No.	2015 No.	2016 No.	2015 No.
£60,001 to £70,000	0	0	9	12
£70,001 to £80,000	0	0	4	3
£80,001 to £90,000	0	0	0	0
£90,001 to £100,000	3	2	0	0
£100,001 to £110,000	1	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	0	1	0	0
£140,000 to £150,000	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<b><u>5</u></b>	<b><u>3</u></b>	<b><u>13</u></b>	<b><u>15</u></b>

## 8. KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the college Governing Body and the Executive Team which comprises the Principal/Director/Chief Executive and Deputy Directors.

	2016 No.	2015 No.
The number of senior post-holders including the Principal was:	<u>5</u>	<u>3</u>

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

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	450	289
Benefits in kind	0	0
Pension contributions	<u>82</u>	<u>44</u>
<b>Total emoluments</b>	<b><u>532</u></b>	<b><u>333</u></b>

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

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	122	121
Benefits in kind	<u>0</u>	<u>0</u>
	122	121
Pension contributions	<u>22</u>	<u>18</u>
<b>Total</b>	<b><u>144</u></b>	<b><u>139</u></b>

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. OTHER OPERATING EXPENSES

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>Restated £'000</b>
Direct Teaching	1,294	1,067
Direct Support	4,192	4,275
Administration	2,949	2,912
Consultancy Fees	63	15
Premises	5,929	4,849
Unitary payments under PFI contract	4,887	4,903
Interest Payable	0	0
Interest element of finance lease (PFI Contract)	3,625	3,706
	<u>22,939</u>	<u>21,727</u>
Exceptional costs	<u>0</u>	<u>0</u>
<b>Total</b>	<b>22,939</b>	<b>21,727</b>

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>Restated £'000</b>
<b>Other operating expenses include:</b>		
Auditors' remuneration:		
Financial statements audit (includes £28,500 in respect of the college – 2014/15 £21,000)	29	27
Internal audit (includes £10,327 in respect of the college – 2014/15 £25,814)	10	26
Other services provided by the financial statements Auditors	0	0
Other services provided by the internal auditors	0	41
(Profits)/losses on disposal of tangible fixed assets (where not material)	0	0
Hire of plant and machinery – operating leases	257	226
Hire of other assets – operating leases	0	0

### 10. INTEREST AND OTHER FINANCE COSTS

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>Restated £'000</b>
On bank loans, overdrafts and other loans	<u>0</u>	<u>5</u>
	<b>0</b>	<b>5</b>
On finance leases	0	0
Net charge on pension scheme	<u>426</u>	<u>677</u>
<b>Total</b>	<b><u>426</u></b>	<b><u>682</u></b>



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11. 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 2015/16.

### 12. TANGIBLE FIXED ASSETS

Group	Freehold land & buildings £'000	Assets under construction £'000	PFI £'000	Plant & equipm't £'000	Computers £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>								
At 1 August 2015	32,688	0	68,120	2,153	4,373	147	233	107,714
Additions	0	0	688	1,791	228	0	0	2,707
Transfers	0	0	0	0	0	0	0	0
Surplus/(deficit) on revaluation	(948)	0	3,189	0	0	0	0	2,241
Disposals	0	0	0	0	0	0	(4)	(4)
<b>At 31 July 2016</b>	<b>31,740</b>	<b>0</b>	<b>71,997</b>	<b>3,944</b>	<b>4,601</b>	<b>147</b>	<b>229</b>	<b>112,658</b>
<b>Depreciation</b>								
At 1 August 2015	0	0	0	1,111	4,149	41	160	5,461
Charge for the year	844	0	2,100	489	148	29	37	3,647
Revaluation	(141)	0	0	0	0	0	0	(141)
Impairment	0	0	0	0	0	0	0	0
Elimination in respect of disposals	0	0	0	0	0	0	(4)	(4)
<b>At 31 July 2016</b>	<b>703</b>	<b>0</b>	<b>2,100</b>	<b>1,600</b>	<b>4,297</b>	<b>70</b>	<b>193</b>	<b>8,963</b>
<b>Net book value at 31 July 2016</b>	<b>31,037</b>	<b>0</b>	<b>69,897</b>	<b>2,344</b>	<b>304</b>	<b>77</b>	<b>36</b>	<b>103,695</b>
Net book value at 31 July 2015	32,688	0	68,120	1,042	224	106	73	102,253

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12. TANGIBLE FIXED ASSETS

#### College

	Freehold land & buildings £'000	Assets under construction £'000	PFI £'000	Plant & equipm't £'000	Computers £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>								
At 1 August 2015	30,833	0	68,120	2,005	4,373	147	233	105,711
Additions	0	0	688	1,791	228	0	0	2,707
Transfers	0	0	0	0	0	0	0	0
Surplus/(deficit) on revaluation	(1,023)	0	3,189	0	0	0	0	2,166
Disposals	0	0	0	0	0	0	(4)	(4)
<b>At 31 July 2016</b>	<b>29,810</b>	<b>0</b>	<b>71,997</b>	<b>3,796</b>	<b>4,601</b>	<b>147</b>	<b>229</b>	<b>110,580</b>
<b>Depreciation</b>								
At 1 August 2015	0	0	0	963	4,149	41	160	5,313
Charge for the year	836	0	2,100	489	148	29	37	3,639
Revaluation	(141)	0	0	0	0	0	0	(141)
Impairment	0	0	0	0	0	0	0	0
Elimination in respect of disposals	0	0	0	0	0	0	(4)	(4)
<b>At 31 July 2016</b>	<b>695</b>	<b>0</b>	<b>2,100</b>	<b>1,452</b>	<b>4,297</b>	<b>70</b>	<b>193</b>	<b>8,807</b>
<b>Net book value at 31 July 2016</b>	<b>29,115</b>	<b>0</b>	<b>69,897</b>	<b>2,344</b>	<b>304</b>	<b>77</b>	<b>36</b>	<b>101,773</b>
Net book value at 31 July 2015	30,833		68,120	1,042	224	106	73	100,398

Land and buildings were last subject to a full revaluation at 31/07/12 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service. An interim revaluation has been carried out by Land and Property Service in 03/09/15 providing the valuation as at 31 July 2015. Subsequently that revaluation was updated using indices supplied by the Land and Property Service to provide valuations as at 31 July 2016. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12. TANGIBLE FIXED ASSETS

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

	<b>£'000</b>
Cost	0
Aggregate depreciation based on cost	<u>0</u>
<b>Net book value based on cost</b>	<b><u>0</u></b>

The net book value of tangible fixed assets includes an amount of £69,897k (2015: £68,120k) in respect of assets held under PFI contract.

	<b>2016</b>	<b>2015</b>
The depreciation charge for the year is analysed as follows:	<b>£'000</b>	<b>£'000</b>
Owned assets	1,547	1,973
Assets held under PFI contract, finance leases and hire purchase arrangements	2,100	2,478

### 13. SERVICE CONCESSION ARRANGEMENTS (PFI)

The College has two on balance sheet arrangements (PFI buildings) where service delivery has commenced.

#### Movement in service concession arrangement assets (PFI)

The asset value of the service concession included in the balance sheet as at 31 July 2016 is £69,897k (2015:£68,120k). The increase of £1,777k is due to depreciation being offset by additions and indexation.

#### Movement in service concession liabilities (PFI)

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2016 were £37,997k (2015: £39,063k). The sum of £1,066k was repaid during the year.

#### Future Commitments

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

	<b>Payable in 1 year</b>	<b>Payable 2-5 years</b>	<b>Payable 6-10 years</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Liability repayments	1,731	7,696	28,570	37,997
Finance charge	0	0	0	0
Service charge	0	0	0	0
	<b><u>1,731</u></b>	<b><u>7,696</u></b>	<b><u>28,570</u></b>	<b><u>37,997</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 14. NON CURRENT INVESTMENTS

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

### 15. INVESTMENTS IN ASSOCIATES

The college does not have any investments in associates.

### 16. TRADE AND OTHER RECEIVABLES

	<b>Group 2016 £'000</b>	<b>College 2016 £'000</b>	<b>Group 2015 Restated £'000</b>	<b>College 2015 Restated £'000</b>
Amounts falling due within one year:				
Trade receivables	3,383	3,333	2,146	2,117
Deposits and advances				
Amounts owed by group undertakings:				
Subsidiary undertakings	0	422	0	505
Amounts due from Department	493	493	4,011	4,011
Advance payments in respect of PFI contracts	1,137	1,137	1,241	1,241
Other receivables	0	0	0	0
Prepayments and accrued income	<u>1,529</u>	<u>1,527</u>	<u>1,078</u>	<u>1,050</u>
<b>Total receivables</b>	<b><u>6,542</u></b>	<b><u>6,912</u></b>	<b><u>8,476</u></b>	<b><u>8,924</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	<b>Group 2016</b>	<b>College 2016</b>	<b>Group 2015 Restated</b>	<b>College 2015 Restated</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	0	0	0	0
Obligations under finance leases	0	0	0	0
Service concession arrangements	1,731	1,731	1,067	1,067
Payments received in advance	2,171	2,168	1,629	1,629
Trade payables	172	170	210	210
Amounts owed to group undertakings:				
Subsidiary undertakings	0	0	0	0
Associate undertakings	0	0	0	0
Taxation and social security	1,061	1,055	1,073	1,067
Accruals and deferred income	5,834	5,810	10,557	10,534
Other payables	5	5	12	12
Amounts owed to the Department	18	18	1,223	1,223
<b>Total</b>	<b><u>10,992</u></b>	<b><u>10,957</u></b>	<b><u>15,771</u></b>	<b><u>15,742</u></b>

In April 2009 the College signed a PPP contract with Ivywood College Ltd (ICL) 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 the College entered into the PFI agreement for the Titanic Quarter campus with ICL the College also entered into a further agreement with a company connected to ICL, 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.

#### Deferred income

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

	<b>Group 2016</b>	<b>College 2016</b>	<b>Group 2015 Restated</b>	<b>College 2015 Restated</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Donations	0	0	0	0
Grant income	1,201	1,193	1,221	1,206
Other income	0	0	0	0
	<b><u>1,201</u></b>	<b><u>1,193</u></b>	<b><u>1,221</u></b>	<b><u>1,206</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	<b>Group 2016</b>	<b>College 2016</b>	<b>Group 2015 Restated</b>	<b>College 2015 Restated</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Deferred income	25,704	25,294	26,695	26,284
Service concession liabilities due after one year	<u>36,266</u>	<u>36,266</u>	<u>37,997</u>	<u>37,997</u>
<b>Total creditors after one year</b>	<b><u>61,970</u></b>	<b><u>61,560</u></b>	<b><u>64,692</u></b>	<b><u>64,281</u></b>

### 19. BORROWINGS

#### (a) Bank loans and overdrafts

Bank loans and overdrafts are payable as follows:

	<b>Group 2016</b>	<b>College 2016</b>	<b>Group 2015 Restated</b>	<b>College 2015 Restated</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	0	0	0	0
Between one and two years	0	0	0	0
Between two and five years	0	0	0	0
In five years or more	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

#### (b) PFI Lease Creditor

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

	<b>Group 2016</b>	<b>College 2016</b>	<b>Group 2015 Restated</b>	<b>College 2015 Restated</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	1,731	1,731	1,067	1,067
Between two and five years	7,696	7,696	7,386	7,386
In five years or more	<u>28,570</u>	<u>28,570</u>	<u>30,610</u>	<u>30,610</u>
<b>Total</b>	<b><u>37,997</u></b>	<b><u>37,997</u></b>	<b><u>39,063</u></b>	<b><u>39,063</u></b>

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

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

**20. ENDOWMENT RESERVES**

	<b>Restricted permanent</b>	<b>Unrestricted permanent</b>	<b>Restricted expendibles</b>	<b>2016 Total</b>	<b>2015 Total Restated £'000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
At 1 August Capital	0	261	7	268	277
Accumulated income	0	261	7	268	277
	0	0	0	0	0
New endowments	0	0	0	0	0
Income for year	0	2	0	2	2
Expenditure for year	0	(28)	(1)	(29)	(26)
(Decrease)/increase in market value of investments		10		10	15
<b>At 31 July</b>	<b>0</b>	<b>245</b>	<b>6</b>	<b>251</b>	<b>268</b>

**21. CASH AND CASH EQUIVALENTS**

	<b>As 1 August 2015</b>	<b>Cash Flows</b>	<b>At 31 July 2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and Cash equivalents	10,822	(4,963)	5,859
<b>At 31 July</b>	<b>10,822</b>	<b>(4,963)</b>	<b>5,859</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 22. 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) scheme for non-teaching staff. Both are defined-benefit schemes.

#### Total pension cost for the year

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>Restated £'000</b>
NITPS: contributions paid	2,534	2,407
NILGOSC: contributions paid	1,555	1,465
NILGOSC: FRS 102 adjustments	535	796
NEST: contributions paid	<u>7</u>	<u>14</u>
NILGOSC: charge to the Statement of Comprehensive Income (staff costs)	4,631	4,682
Enhanced pension charge to the Statement of Comprehensive Income (staff costs)	<u>541</u>	<u>106</u>
<b>Total pension cost for the year</b>	<b><u>5,172</u></b>	<b><u>4,788</u></b>

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



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NITPS

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. Until 1 April 2015 the scheme operated under the Teachers' Superannuation Regulations (NI) 1998 (as amended). Further information about the scheme is given in the explanatory booklet dated November 2007, and on the Department of Education's website at [www.deni.gov.uk](http://www.deni.gov.uk)

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

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

From 1 April 2012 the employers' contribution rate was 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:-

Salary \*                              2014/15

\*contributions are based on full-time equivalent (FTE) pay levels.

Below £15,000	6.4%
£15,000 to £25,999	7.2%
£26,000 to £31,999	8.3%
£32,000 to £39,999	9.5%
£40,000 to £44,999	9.9%
£45,000 to £74,999	11.0%
£75,000 to £99,999	11.6%
£100,000 and above	12.4%

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

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

Salary                                      2015/16

Up to £25,999	7.4%
£26,000 to £34,999	8.6%
£35,000 to £41,499	9.6%
£41,500 to £54,999	10.2%
£55,000 to £74,999	11.3%
£75,000 and above	11.7%

## NOTES TO THE FINANCIAL STATEMENTS (continued)

The NITPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme, and therefore, as required by FRS 102 (28), accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period. The college has set out above the information available on the scheme and the implications for the college in terms of the anticipated contribution rates.

### NILGOSC

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

The following information is based upon a full actuarial valuation of the 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 2016	At 31 July 2015
Rate of increase in salaries	3.3%	3.6%
Rate of increase for pensions in payment/inflation	1.8%	2.1%
Discount rate for scheme liabilities	2.4%	3.6%
Inflation assumption (CPI)	1.8%	2.1%
Commutation of pensions to lump sums	N/A	75.0%

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

	At 31 July 2016	At 31 July 2015
<i>Retiring today</i>		
Males	22.3	22.2
Females	24.8	24.7
<i>Retiring in 20 years</i>		
Males	24.5	24.4
Females	27.2	27.0

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

	Long-term rate of return expected at 31 July 2016	Value at 31 July 2016 £'000	Long-term rate of return expected at 31 July 2015	Value at 31 July 2015 £'000
Equities	72.1%	43,056	0.0%	38,123
Bonds	11.8%	7,047	0.0%	5,865
Property	12.3%	7,345	0.0%	6,277
Cash	3.8%	2,269	0.0%	1,184
<b>Total</b>		<b>59,717</b>		<b>51,449</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Amounts recognised in the balance sheet

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Scheme assets	59,717	51,449
Scheme liabilities	(83,135)	(64,389)
<b>Deficit in the scheme (net pension liability recorded within pension provisions)</b>	<b>(23,418)</b>	<b>(12,940)</b>

### Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
<b>Amounts included in staff costs</b>		
Employer service cost (net of employee contributions)	2,091	2,285
Curtailment cost	541	106
<b>Total charge</b>	<b>2,632</b>	<b>2,391</b>

### Analysis of pension finance income/(costs)

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Expected return on pension scheme assets	1,885	1,827
Interest cost	(2,311)	(2,504)
Interest on net deficit	0	0
<b>Net charge to other finance income</b>	<b>(426)</b>	<b>(677)</b>

### Analysis of Other Comprehensive Income for pensions

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Actuarial gains on pension scheme assets	4,592	3,314
Actuarial gains/losses on scheme liabilities		
Past service credit arising on change of pension increase assumption in year	(14,109)	2,892
<b>Total Other Comprehensive Income</b>	<b>(9,517)</b>	<b>6,206</b>

### Movement in surplus/(deficit) during the year

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Surplus/(deficit) in scheme at 1 August	(12,940)	(17,673)
Movement in the year:		
Employer service cost (net of employee contributions)	(2,091)	(2,285)
Employer contributions	2,097	1,595
Past service cost	0	0
Curtailments	(541)	(106)
Net interest/return on assets	(426)	(677)
Actuarial gain or loss recognised in Other Comprehensive Income	(9,517)	6,206
<b>Surplus/(deficit) in scheme at 31 July</b>	<b>(23,418)</b>	<b>(12,940)</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Asset and liability reconciliation

	2016 £'000	2015 £'000
<b>Reconciliation of liabilities</b>		
<b>Liabilities at start of period</b>	64,389	62,718
Service cost	2,091	2,285
Interest cost	2,311	2,504
Employee contributions	501	472
Experience gains and losses on scheme liabilities	0	0
Actuarial (gain)/loss	14,109	(2,892)
Benefits paid	(807)	(804)
Past service cost	0	0
Curtailments and settlements	541	106
	<u>83,135</u>	<u>64,389</u>
<b>Liabilities at end of period</b>		
<b>Reconciliation of assets</b>		
<b>Assets at start of period</b>	51,449	45,045
Interest Income	1,885	1,827
Actuarial gain/(loss)	4,592	3,314
Employer contributions	2,097	1,595
Employee contributions	501	472
Benefits paid	(807)	(804)
	<u>59,717</u>	<u>51,449</u>
<b>Assets at end of period</b>		

The estimated value of employer contributions for the year ended 31 July 2017 is £1.6m.

### History of experience gains and losses

	2016	2015	2014	2013	2012
Difference between the expected and actual return on assets	N/A	48%	-19.6%	0%	0%
Amount £'000	N/A	2,447	(8,816)	6,215	(1,465)
Experience gains and losses on scheme liabilities	N/A	0.5%	-4.7%	0%	0%
Amount £'000	N/A	312	(2,932)	(11)	(365)

### National Employment Savings Trust (NEST)

To comply with auto enrolment legislation the College joined the National Employment Savings Trust (NEST). Where an employee has previously opted out of NILGOSC or NIPTS the college still has a duty to enrol them in a qualifying pension scheme if certain earnings criteria are met. NEST was set up by Government to assist with this requirement. The College's contributions to NEST are made on a defined contribution basis at 1%.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 23. POST BALANCE SHEET EVENTS

Details of post balance sheet events are given in the report of the members of the governing body.

### 24. SUBSIDIARY UNDERTAKINGS

The College has two subsidiaries, Springvale Educational Village Ltd and Belfast Metropolitan Trust which are companies registered by guarantee without share capital.

### 25. FINANCIAL COMMITMENTS

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

	Group and College	
	2016	2015
	£'000	Restated £'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	155	151
Expiring within two and five years inclusive	58	185
Expiring in over five years	0	0
<b>Total</b>	<b>213</b>	<b>336</b>

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

	Group and College	
	2016	2015
	£'000	Restated £'000
Land and buildings		
Expiring within one year	2	2
Expiring within two and five years inclusive	7	7
Expiring in over five years	8	10
<b>Total</b>	<b>17</b>	<b>19</b>
Other		
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>

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

### **26. CONTINGENT LIABILITY**

The Department for Employment and Learning (now the Department for the Economy) competitively awarded the College contracts to deliver Programme Led Apprenticeships (PLA) and Training for Success (TfS) programmes in the financial years 2008 and 2013 respectively. This was one of a number of PLA/TfS contracts with contractors being other Colleges within the Northern Ireland Further Education sector and private training providers.

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

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

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

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

<b>Governors</b>	<b>Company</b>	<b>Role</b>	<b>Transactions 2016 £'000</b>	<b>Transactions 2015 £'000</b>	<b>Amount outstanding at 31 July 2016 £'000</b>	<b>Amount outstanding at 31 July 2015 £'000</b>
Very Rev Dr Norman Hamilton	Belfast Education and Library Board	Nominated to Belfast Met GB by Belfast Education and library Board	0	58	0	0
Dr Ian Walters	NI Open College Network	Director	25	39	1	0
Wendy Langham	Landmark East	Employee of East Belfast Partnership which owns Landmark East	24	33	0	0
John McGrillen	Belfast City Council	Director of Development (until 30 June 2015)	17	34	0	0
	Tourism NI	Chief Executive	2	0	0	0
Jim McCall	NI Water	Non Executive Director	123	86	0	N/A
Kathleen O'Hare	CCEA	Member of CCEA Council	85	85	0	N/A
<b>Senior Managers</b>						
Marie-Therese McGivern	Strategic Investment Board	Non-Executive Director	4	16	0	0
	Bombardier PLC	Non-Executive Director	0	151	0	0
Damian Duffy	Centre for Competitiveness	Board member	8	1	0	0
Gillian Magee	RC2020	Executive Director	3	3	0	0

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 the Economy.

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

28. AMOUNTS DISBURSED AS AGENT

SUPPORT FUNDS

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>Restated £'000</b>
DEL Grants	757	710
Interest earned	0	0
	<b>0</b>	<b>710</b>
Disbursed to students	(740)	(674)
Audit fees	0	0
<b>Balance unspent at 31 July</b>	<b>17</b>	<b>36</b>

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>Restated £'000</b>
<u>CARE TO LEARN</u>		
DEL Grants	57	40
	<b>0</b>	<b>40</b>
Disbursed to students	(57)	(40)
Audit fees	0	0
<b>Balance unspent at 31 July</b>	<b>0</b>	<b>0</b>



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 29. LOSSES AND SPECIAL PAYMENTS

In the period 1 August 2015 to 31 July 2016 bad debts totalling £98,905 (14/15 £39,907) were written off, which were mainly student fees.

### 30. TRANSITION TO FRS 102 AND THE 2015 SORP

As explained in the accounting policies, these are the College's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in pages 61 to 66 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102 SORP based Statement of Financial Position, the College has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the College's financial position, financial performance and cash flows is set out in the following tables.

#### FINANCIAL POSITION

	1 August 2014		31 July 2015	
	Consolidated	College	Consolidated	College
	£'000	£'000	£'000	£'000
<b>Total reserves under 2007 SORP</b>	39,978	39,786	26,851	26,512
Short Term Employee Benefits	(848)	(848)	(872)	(872)
Release of Land Capital Grant	1,428	1,428	1,423	1,423
Total effect of transition to FRS 102	580	580	551	551
Prior Period Adjustment	1,014	0	1,014	0
<b>Total reserves under 2015 SORP</b>	<b>41,572</b>	<b>40,366</b>	<b>28,416</b>	<b>27,063</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****30. TRANSITION TO FRS 102 AND THE 2015 SORP****FINANCIAL PERFORMANCE**

	<b>Year ended 31 July 2015</b>	
	<b>Consolidated</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>
<b>Deficit for the year under 2007 SORP</b>	(2,857)	(2,857)
Short term Employee Benefits	(24)	(24)
Release of Land capital Grant	(5)	(5)
Pension restatement under FRS 102	(867)	(867)
Total effect of transition to FRS 102	<u>(896)</u>	<u>(896)</u>
<b>Total comprehensive income for the year under 2015 SORP</b>	<b><u>(3,753)</u></b>	<b><u>(3,753)</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 30. TRANSITION TO FRS 102 AND THE 2015 SORP

#### Group

	2007 SORP	1 August 2014 Prior Period Adjust- ment	Effect of transition	2015 SORP	2007 SORP	Effect of transition	2015 SORP
	£'000	£,000	£'000	£'000	£'000	£'000	£'000
<b>Non Current Assets</b>							
Tangible fixed assets	123,780		0	123,780	102,253	0	102,253
Investments	0		0	0	0	0	0
	<b>123,780</b>		<b>0</b>	<b>123,780</b>	<b>102,253</b>	<b>0</b>	<b>102,253</b>
Endowment assets	277		0	277	268	0	268
<b>Current assets</b>							
Stock	0		0	0	0	0	0
Trade and other receivables	5,931		0	5,931	8,476	0	8,476
Investments	0		0	0	0	0	0
Cash and cash equivalents	10,120		0	10,120	10,822	0	10,822
<b>Total current assets</b>	<b>16,051</b>		<b>0</b>	<b>16,051</b>	<b>19,298</b>	<b>0</b>	<b>19,298</b>
Less: Creditors – amounts falling due within one year	(11,843)		(848)	(12,691)	(13,678)	(2,093)	(15,771)
<b>Service concession liabilities due within one year</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net current assets</b>	<b>4,208</b>		<b>(848)</b>	<b>3,360</b>	<b>5,620</b>	<b>(2,093)</b>	<b>3,527</b>
<b>Total assets less current liabilities</b>	<b>128,265</b>		<b>(848)</b>	<b>127,417</b>	<b>108,141</b>	<b>(2,093)</b>	<b>106,048</b>
Less: Creditors – amounts falling due after more than one year	(39,063)		(29,109)	(68,172)	(37,997)	(26,695)	(64,692)
<b>Provisions:</b>							
Provisions for liabilities	0		0	0	0	0	0
Pension provisions	(17,673)		0	(17,673)	(12,940)	0	(12,940)
Other provisions	0		0	0	0	0	0
<b>Net assets</b>	<b>71,529</b>		<b>(30,971)</b>	<b>41,572</b>	<b>57,204</b>	<b>(29,802)</b>	<b>28,416</b>
<b>Deferred capital grants</b>	31,551	(1,014)	(30,537)	0	29,339	(29,339)	0
<b>Restricted Reserves</b>							
Income and expenditure account –restricted reserve	0		0	0	0	0	0
<b>Unrestricted Reserves</b>							
Income and expenditure – unrestricted reserves	(13,736)	(484)	580	(13,640)	(8,144)	551	(7,593)
Endowment Reserve	277			277	268		268
Revaluation reserve	53,437	1,498	0	54,935	35,741	0	35,741
<b>Total reserves</b>	<b>39,978</b>	<b>0</b>	<b>580</b>	<b>41,572</b>	<b>26,851</b>	<b>551</b>	<b>28,416</b>
<b>Total</b>	<b>71,529</b>	<b>0</b>	<b>(29,957)</b>	<b>41,572</b>	<b>57,204</b>	<b>(28,788)</b>	<b>28,416</b>

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

**30. TRANSITION TO FRS 102 AND THE 2015 SORP**

**PRIOR PERIOD ADJUSTMENT**

In previous accounting periods since 2009/10 a consolidation adjustment relating to the revaluation of land within Springvale Educational Village Ltd has been applied. Following the adoption of FRS 102 and the revised treatment of the Deferred Capital Grant Reserve together with further consideration of why the adjustment was previously considered necessary, has led to the conclusion that this consolidation adjustment is no longer appropriate.

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

30. TRANSITION TO FRS 102 AND THE 2015 SORP

**College**

	1 August 2014			31 July 2015		
	2007 SORP £'000	Effect of transition £'000	2015 SORP £'000	2007 SORP £'000	Effect of transition £'000	2015 SORP £'000
<b>Non Current Assets</b>						
Tangible fixed assets	121,734	0	121,734	100,398	0	100,398
Investments	0	0	0	0	0	0
	<b>121,734</b>	<b>0</b>	<b>121,734</b>	<b>100,398</b>	<b>0</b>	<b>100,398</b>
Endowment assets	0	0	0	0	0	0
<b>Current assets</b>						
Stock	0	0	0	0	0	0
Trade and other receivables	6,328	0	6,328	8,924	0	8,924
Investments	0	0	0	0	0	0
Cash and cash equivalents	10,045	0	10,045	10,704	0	10,704
<b>Total current assets</b>	<b>16,373</b>	<b>0</b>	<b>16,373</b>	<b>19,628</b>	<b>0</b>	<b>19,628</b>
Less: Creditors – amounts falling due within one year	(11,814)	(848)	(12,662)	(13,664)	(2,078)	(15,742)
<b>Service concession liabilities due within one year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net current assets</b>	<b>4,559</b>	<b>(848)</b>	<b>3,711</b>	<b>5,964</b>	<b>(2,078)</b>	<b>3,886</b>
<b>Total assets less current liabilities</b>	<b>126,293</b>	<b>(848)</b>	<b>125,445</b>	<b>106,362</b>	<b>(2,078)</b>	<b>104,284</b>
Less: Creditors – amounts falling due after more than one year	(39,063)	(28,343)	(67,406)	(37,997)	(26,284)	(64,281)
<b>Provisions:</b>						
Provisions for liabilities	0	0	0	0	0	0
Pension provisions	(17,673)	0	(17,673)	(12,940)	0	(12,940)
Other provisions	0	0	0	0	0	0
<b>Net assets</b>	<b>69,557</b>	<b>(29,191)</b>	<b>40,366</b>	<b>55,425</b>	<b>(28,362)</b>	<b>27,063</b>
<b>Deferred capital grants</b>	29,771	(29,771)	0	28,913	(28,913)	0
<b>Restricted Reserves</b>						
Income and expenditure account –restricted reserve	0	0	0	0	0	0
<b>Unrestricted Reserves</b>						
Income and expenditure – unrestricted reserves	(13,869)	580	(13,289)	(7,801)	551	(7,250)
Endowment Reserve	0	0	0	0	0	0
Revaluation reserve	53,655	0	53,655	34,313	0	34,313
<b>Total reserves</b>	<b>39,786</b>	<b>580</b>	<b>40,366</b>	<b>26,512</b>	<b>551</b>	<b>27,063</b>
<b>Total</b>	<b>69,557</b>	<b>(29,191)</b>	<b>40,366</b>	<b>55,425</b>	<b>(28,362)</b>	<b>27,063</b>

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

**30. TRANSITION TO FRS 102 AND THE 2015 SORP**

**Group**

	<b>2007 SORP</b>	<b>STRGL items*</b>	<b>Effect of transition</b>	<b>2015 SORP</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>INCOME</b>				
Department for the Economy/ Department for Employment and Learning grants	46,462	0	3,157	49,619
Education contracts	3,484	0	0	3,485
Tuition fees and charges	8,264	0	0	8,264
Other grant income	508	0	0	508
Other operating income	1,722	0	0	1,722
Investment income	168	0	(124)	44
Donations and endowments	0	0	0	0
<b>Total income</b>	<b>60,608</b>	<b>0</b>	<b>3,034</b>	<b>63,642</b>
<b>EXPENDITURE</b>				
Staff costs	34,707	0	90	34,797
Fundamental restructuring costs	2,220	0	3,203	5,423
Other operating expenses	21,767	0	(40)	21,727
Depreciation	4,777	0	0	4,777
Interest and other finance costs	5	0	677	682
<b>Total expenditure</b>	<b>63,476</b>	<b>0</b>	<b>3,930</b>	<b>67,406</b>
<b>Surplus/(deficit) before other gains/losses and share of operating surplus/deficit of joint ventures and associates</b>	<b>(2,868)</b>	<b>0</b>	<b>(896)</b>	<b>(3,764)</b>
Gain/(loss) on disposal of assets	11	0	0	11
(Loss)/gain on investments	0	0	0	0
Share of operating surplus/(deficit) in joint venture	0	0	0	0
Share of operating surplus/(deficit) in associate	0	0	0	0
<b>Surplus/(deficit) before tax</b>	<b>(2,857)</b>	<b>0</b>	<b>(896)</b>	<b>(3,753)</b>
Taxation	0	0	0	0
<b>Surplus/(deficit) for the year</b>	<b>(2,857)</b>	<b>0</b>	<b>(896)</b>	<b>(3,753)</b>
Unrealised surplus on revaluation of land and buildings	0	(15,609)	0	(15,609)
Actuarial (loss)/gain in respect of pension scheme	0	5,339	867	6,206
Change in fair value of hedging financial instruments	0	9	0	9
<b>Total comprehensive income for the year</b>	<b>(2,857)</b>	<b>(10,261)</b>	<b>(29)</b>	<b>(13,147)</b>

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

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

**30. TRANSITION TO FRS 102 AND THE 2015 SORP**

**College**

	<b>2007 SORP</b>	<b>STRGL items*</b>	<b>Effect of transition</b>	<b>2015 SORP</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>INCOME</b>				
Department for the Economy/ Department for Employment and Learning grants	46,462	0	3,157	49,619
Education contracts	3,484	0	0	3,485
Tuition fees and charges	8,264	0	0	8,264
Other grant income	508	0	0	508
Other operating income	1,262	0	0	1,262
Investment income	154	0	(124)	30
Donations and endowments	0	0	0	0
<b>Total income</b>	<b>60,134</b>	<b>0</b>	<b>3,034</b>	<b>63,168</b>
<b>EXPENDITURE</b>				
Staff costs	34,591	0	90	34,681
Fundamental restructuring costs	2,220	0	3,203	5,423
Other operating expenses	21,752	0	(40)	21,712
Depreciation	4,434	0	0	4,434
Interest and other finance costs	5	0	677	682
<b>Total expenditure</b>	<b>63,002</b>	<b>0</b>	<b>3,930</b>	<b>66,932</b>
<b>Surplus/(deficit) before other gains/losses and share of operating surplus/deficit of joint ventures and associates</b>	<b>(2,868)</b>	<b>0</b>	<b>(896)</b>	<b>(3,764)</b>
Gain/(loss) on disposal of assets	11	0	0	11
(Loss)/gain on investments	0	0	0	0
Share of operating surplus/(deficit) in joint venture	0	0	0	0
Share of operating surplus/(deficit) in associate	0	0	0	0
<b>Surplus/(deficit) before tax</b>	<b>(2,857)</b>	<b>0</b>	<b>(896)</b>	<b>(3,753)</b>
Taxation	0	0	0	0
<b>Surplus/(deficit) for the year</b>	<b>(2,857)</b>	<b>0</b>	<b>(896)</b>	<b>(3,753)</b>
Unrealised surplus on revaluation of land and buildings	0	(15,757)	0	(15,757)
Actuarial (loss)/gain in respect of pension scheme	0	5,339	867	6,206
Change in fair value of hedging financial instruments	0	9	0	9
<b>Total comprehensive income for the year</b>	<b>(2,857)</b>	<b>(10,409)</b>	<b>(29)</b>	<b>(13,295)</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 31. ADDITIONAL DISCLOSURES TO COMPLY WITH FINANCIAL REPORTING MANUAL

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

	Notes	2016 £'000	2015 Restated £'000
<b>INCOME</b>			
DfE/DEL income (non grant-in-aid items)	1	614	3,246
Education contracts		3,373	3,485
Tuition fees and charges		8,857	8,264
Other grant income		527	508
Other operating income		1,360	1,722
Gain on disposal of assets			11
Endowment and Investment income		28	53
<b>Total incoming resources</b>		<b>14,759</b>	<b>17,289</b>
<b>EXPENDITURE</b>			
Staff costs		33,309	34,797
Fundamental restructuring costs		567	5,423
Other operating expenses		22,939	21,727
Depreciation		3,647	4,777
Interest and other finance costs		426	682
<b>Total resources expended</b>		<b>60,888</b>	<b>67,406</b>
<b>Net deficit for the year</b>		<b>(46,129)</b>	<b>(50,117)</b>
Unrealised surplus on revaluation of land and buildings		2,382	(15,609)
Actuarial (loss)/gain in respect of pension scheme		(9,517)	6,206
		<hr/>	<hr/>
<b>Amount transferred to reserves</b>		<b>(53,264)</b>	<b>(59,520)</b>
<b>Analysis of reserves prepared under FReM</b>			
		2016 £'000	2015 Restated £'000
Balance at 1 August		28,416	41,572
Grant-in-aid received in year	1	44,815	46,373
Net Operating Cost for year		(53,264)	(59,520)
Movement in endowment reserve		0	(9)
<b>Balance at 31 July</b>		<b>19,967</b>	<b>28,416</b>



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