



Gower College Swansea  
Coleg Gŵyr Abertawe

Gower College Swansea

# Annual Report

**For the Year Ended**

**31 July 2012**

# **GOWER COLLEGE SWANSEA**

## **ANNUAL REPORT OF THE GOVERNING BODY**

This is the Annual Report for Gower College Swansea for the period from 1 August 2011 to 31 July 2012. **This report contains the Chairman's Report** on Educational and Financial Performance for the year together with the Statutory Financial Statements.

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## GOWER COLLEGE SWANSEA

### The Corporation

The members who served the college during the year and subsequent to the year-end up to the date of signing the Annual Report were as follows :

| <b>Governor</b>       | <b>Year of Appointment/ Reappointment</b>              | <b>Term of Office</b> | <b>Status of Appointment</b> | <b>Committees Served During the Year</b>  |
|-----------------------|--|-----------------------|------------------------------|---|
| Mr C Cornelius        | 2012   | 4 years               | Business                     | Chairman : Corporation, S&G, Rem F&GP, HR |
| Mrs C Green           | 2012   | 4 years               | Community                    | Vice Chair : Corporation, Audit & Rem HR  |
| Dr D Ashelby          | 2010   | 4 years               | Co-opted                     | Chair : C&Q F&GP                          |
| Mr N Bennett          | 2010   | Whilst Principal      | Principal & Chief Executive  | C&Q, LS, F&GP                             |
| Mr J Britton          | 2010   | 4 years               | Community                    | Vice Chair : F&GP & HR                    |
| Mr D Clifford         | 2010   | 4 years               | Staff                        | LS  |
| Alexis Daniel         | 2012   | 1 year                | Student                      | C&Q, LS                                   |
| Cllr A M Day          | Term ended 4 May 2012<br>Reappointed 18 September 2012 |                       | Business                     | C&Q, HR                                   |
| Mr A Donald           | 2010   | 4 years               | Business                     | Chairman : F&GP HR, Rem                   |
| Mr W Haslam           | 2011   | 1 year                | Student                      | C&Q, LS                                   |
| Mr I Jones            | 2011   | 1 year                | Student                      | C&Q, LS                                   |
| Cllr Sue M Jones      | Term ended 4 May 2012                                  |                       | Local Authority              | Audit, S&G                                |
| Mr A R Kirby          | 2010   | 4 years               | Business                     | Chair : LS S&G                            |
| Dr P Padley           | 2010   | 4 years               | Co-opted                     | Vice Chair : C&Q Audit, LS                |
| Mrs C Patel           | 2010   | 4 years               | Community                    | Chair : HR F&GP                           |
| Cllr David Phillips   | 2012   | 4 years               | Local Authority              |   |
| Mrs S Poole           | 2010   | 4 years               | Staff                        | C&Q                                       |
| Ms F Rees             | 2010   | 4 years               | Business                     | Vice Chair : S&G Audit, LS                |
| Sean Rees             | 2012   | 1 year                | Student                      | C&Q, LS                                   |
| Judge R Singh         | 2010   | 4 years               | Co-opted                     | Chair : Audit                             |
| Cllr Mitchell Theaker | 2012   | 4 years               | Local Authority              |   |
| Mr A Thomas           | Resigned 25 May 2010                                   |                       | Business                     | Audit, LS, S&G                            |

## GOWER COLLEGE SWANSEA

| <b>Governor</b> | <b>Date of Appointment/<br/>Reappointment</b> | <b>Term of Office</b> | <b>Status of Appointment</b> | <b>Committees Served During the Year</b> |
|-----------------|---|-----------------------|------------------------------|--|
| Mr B Wanless    | Resigned 15 July 2012                         |                       | Business                     | F&GP, S&G                                |
| Mr G Williams   | 2010  | 4 years               | Business                     | C&Q, S&G                                 |

|       |                                      |     |                                |
|-------|--------------------------------------|-----|--------------------------------|
| Key : |                                      |     |                                |
| F&GP  | Finance & General Purposes Committee | Rem | Remuneration Committee         |
| HR    | Human Resources Committee            | C&Q | Curriculum & Quality Committee |
| S&G   | Search & Governance Committee        | LS  | Learner Support Committee      |

Mrs L Griffiths was the **Clerk to the Corporation** during the year.

During the period **the Executive Team** was as follows:

|                  |   |
|------------------|---|
| Mr N Bennett     | Principal and Chief Executive               |
| Mrs N Williamson | Deputy Principal, Staff & Students          |
| Mr P Harris      | Vice Principal Finance & Management Systems |
| Mrs K Morgan     | Vice Principal Curriculum & Quality         |

During the period **the External Auditors** were Wales Audit Office, **the Internal Auditors** were TIAA Limited, **the Bankers** to the College were HSBC (retail banking) and Barclays Wealth (investment banking), and **the Solicitors** to the College were Morgan Cole.

# **GOWER COLLEGE SWANSEA**

## **CHAIRMAN'S REPORT**

The members present their report and the audited financial statements for the year ended 31 July 2012, which is the second year of the newly merged College.

### **Legal Status**

The Corporation was established under the Further and Higher Education Act 1992. The College is also an exempt charity for the purposes of the Charities Act 1993, and amended by the Charities Act 2010.

### **Vision**

The vision for Gower College Swansea is :

**"To be the best College in Wales".**

To achieve this we will :

- Provide the best leadership
- Provide the best learning experience
- Have the best staff
- Offer the best curriculum
- Provide the best value for money
- Be the best College to work for
- Provide the best services to employers
- Provide the best opportunities

The College recognises that this is a challenging vision for the future. It will be underpinned by the key principle of ensuring that learners are central to everything we do.

### **Introduction**

**Gower College Swansea is one of Wales' largest** colleges with an annual turnover of (£37.3 million and 13,000 enrolments). The college employs (587 FTE academic staff along with 227 business support staff).

Gower College Swansea operates across the city of Swansea on 7 sites: Canolfan Centre, Gorseinon, Kingsway, Llwyn y Bryn, Sandringham Park, Sketty Hall and Tycoch. A large number of students attend the college from outside the city, some travelling considerable distances to do so.

### **Post Merger Activity**

During our second year as a merged college we have continued to refine our organisation and made significant changes to our curriculum offer.

Our aim here is to have progression opportunities from entry to undergraduate level of study with appropriate levels of support for students whatever their starting point. We are determined to support DFES policies in ensuring that vocational learning leads to worthwhile outcomes.

# **GOWER COLLEGE SWANSEA**

## **CHAIRMAN'S REPORT (CONT'D)**

All full time 'A' level courses will, from September 2012 be delivered from our Gorseinon Campus, branded as a 'centre of excellence' for these national examinations. Part time 'A' levels will continue to be offered from the Tycoch campus in the evening. Independent Living Skills learners will, from September be based at Tycoch, the majority of Performing Arts at Gorseinon and the majority of Vocational, Creative Arts at Llwyn y Bryn.

A number of foundation degrees have been developed in partnership with Swansea Metropolitan University and Swansea University, some of which will be available from September 2012.

During the year we have reviewed the structure put in place in 2010/11 and have made some changes to improve services to our learners as well as improve efficiency. The three faculties have been reduced to two and our business development arm has been extended to include entrepreneurship activity. We have also increased resources to provide enhanced academic support to our learners by doubling the number of Faculty Tutors. Deans of Faculty will be assisted by an increased number of Learning Area Managers who will ensure that we use our academic staff efficiently and effectively.

Work on harmonising contracts of employment is suspended pending national negotiations for a single common contract for the FE sector in Wales. It is not at present clear when these negotiations, between Colegau Cymru, representing all the colleges in Wales, and the Joint Trades Unions, representing teaching and business support staff, will conclude.

### **Estates Strategy**

Our vision is that the college will have first class facilities for all its learners. During the last 12 months we have commenced with a completely new estates strategy that includes the acquisition of land adjacent to the Tycoch Campus. The redevelopment of the extended Tycoch site will begin as soon as possible and a phased approach to creating new facilities is likely given constraints on the public purse for funding capital projects. Nevertheless, detailed plans for the development of the site will be completed by January 2013. As these new facilities become available, the College will continue with its strategy of reducing the number of sites.

New catering, student common-room and parking facilities on the Gorseinon campus will be built during the next academic year in time for September 2013. Although these will be major projects, disruption to college life will be kept to a minimum.

# GOWER COLLEGE SWANSEA

## CHAIRMAN'S REPORT (CONT'D)

### Quality and Standards

#### Estyn

Estyn undertook a full inspection of all mainstream FE provision at the college in January 2012. The outcomes of the inspection, our first under the new inspection framework were impressive and are set out below.

|  | <b>College Judgement</b> | <b>Estyn Judgement</b> |
|--|--------------------------|------------------------|
| <b>Key Question 1</b> – How good are outcomes?<br>1.1 Standards<br>1.2 Wellbeing             | Good<br>Good             | Good<br>Good           |
| <b>Key Question 2</b> – How good is provision?   | Good                     | Good                   |
| <b>Key Question 3</b> – How good are leadership and management?                              | Good                     | Good                   |
| <b>Overall Rating</b>  | <b>Good</b>              | <b>Good</b>            |
| In addition Estyn also <b>rated the College's</b> prospects for improvement as <b>"Good"</b> |                          |                        |

Given that this exercise had taken place very soon after merger, the college has just reason to be proud of its achievement.

The improvement in all operations of Gower College Swansea is a continuing priority and focus for Governors and Strategic Managers.

#### ***'The Journey to Successful Completion'***

The college's successful completion rate – the number of students successfully completing their course as a proportion of those starting it, is a key quality indicator. However, the Learner Outcomes Reports (LOR) for the last two years, based on returns made to the DfES indicate a significant underperformance, relative to national benchmarks, in some curriculum areas. In order to address the problem we have this year undertaken a major review of our systems and procedures – ***'The Journey to Successful Completion'*** - to ensure that this measure of our performance improves. **Every aspect of the learner's interaction with the college has been looked at,** our marketing that creates their first impression of the college; the enrolment advice we provide on which course will best suit their needs; how we handle their application and enrolment into their course; the quality of our teaching and learning- their experiences in the classroom; the quality of support we provide to ensure that learners stay on their course and succeed; how well we manage examinations and assessment and finally, the quality of advice we provide on progression into employment or Higher Education.

# GOWER COLLEGE SWANSEA

## CHAIRMAN'S REPORT (CONT'D)

We have also looked carefully at how efficiently and effectively we collect data and how we ensure that this accurately reflects our retention and attainments across all courses. The successful completion rates for Gower College Swansea as recorded in the LOR are as follows (for all qualifications):

|         | <b>College</b> | <b>Sector Average</b> |
|---------|----------------|-----------------------|
| 2009/10 | 77%            | 80%                   |
| 2010/11 | 73%            | 80%                   |

In our operational plan we have identified a target of 80% for successful completion for 2012/13.

## Results

The provisional results of full-time students at Gower College Swansea for 2011/12 can be summarised as follows:

| <b>A Levels</b> | <b>Enrolments</b> | <b>Retention</b> | <b>Attainment</b> | <b>Successful Completion</b> |
|-----------------|-------------------|------------------|-------------------|------------------------------|
| 2010/11         | 1,894             | 94%              | 95%               | 90%                          |
| 2011/12         | 1,723             | 90%              | 98%               | 88%                          |

| <b>AS Levels</b> | <b>Enrolments</b> | <b>Retention</b> | <b>Attainment</b> | <b>Successful Completion</b> |
|------------------|-------------------|------------------|-------------------|------------------------------|
| 2010/11          | 3,217             | 83%              | 79%               | 65%                          |
| 2011/12          | 2,954             | 82%              | 87%               | 71%                          |

| <b>Vocational Level 3</b> | <b>Enrolments</b> | <b>Retention</b> | <b>Attainment</b> | <b>Successful Completion</b> |
|---------------------------|-------------------|------------------|-------------------|------------------------------|
| 2010/11                   | 1,981             | 93%              | 87%               | 81%                          |
| 2011/12                   | 1,867             | 91%              | 92%               | 82%                          |

## Work Based Learning (WBL)

This year has been the first year of a new WBL contract. Under the contract, the College provides a range of training through apprenticeships, traineeships and the Steps to Employment programme.

# **GOWER COLLEGE SWANSEA**

## **CHAIRMAN'S REPORT (CONT'D)**

### **Teaching and Learning**

#### **Literacy Project**

During the academic year 2011-2012 the literacy project developed in a number of ways. Classroom observations from across the college and especially those carried out during the internal inspections of Technology, ESOL, ABE, Health and Care, identified many examples of the embedding of literacy. A number of areas have developed subject-specific glossaries to encourage students to use appropriate vocabulary. A number of classrooms **now have 'literacy wall' which show examples of good literacy and emphasise its importance.**

The majority of course teams included a section on literacy in their student handbooks. This focussed on why literacy was important to their area of study and level of qualification. Some staff extended this to include specific guidance for skills such as extended writing and research work.

The sharing practice day held during the Summer INSET period, included a section specifically devoted to developments in literacy. Stalls in the teaching and learning fair included examples of work such as contextualising literacy for level learners, literacy for ESOL students and assessment for learning activities in English A level.

#### **ColegauCymru Awards 2012**

Gower College Swansea submitted five entries:

- Governance – Leading Transformation
- Investing in Staff Development – Investing in Staff Development in Digital Technology Quality Partnerships – Partnership with Industry (Energybuild/Aberpergwm Mine)
- Investing in Staff Development - Staff Development in Digital Technology
- Higher Education in Further Education – Foundation Diploma in Art & Design
- Teaching & Learning – Embedding Literacy across academic, vocational, adult education and work-based learning settings

Three entries were shortlisted – the finalists for Governance, Quality Partnerships and Investing in Staff Development attended an awards evening at the ColegauCymru Conference in Llandudno last May.

# **GOWER COLLEGE SWANSEA**

## **CHAIRMAN'S REPORT (CONT'D)**

### **Quality Investment Fund (QIF) 2012**

The College intends submitting an application around the area of Teaching and Learning in response to the most recent QIF programme. Successful bids will be informed by November 2012 and will be accompanied by a £5000 grant to undertake the project at the College.

### **Colegau Cymru Teaching & Learning Network**

Peter Reason the College Teaching and Learning Manager has been appointed to Vice Chair of the recently reformed National Teaching and Learning Network. This group discusses initiatives and sharing of good practice around the area of teaching and learning and is seen as a further method by which standards can be raised across the sector.

### **College Sharing Good Practice INSET**

In July 2012 Gower College Swansea held for the first time a Sharing Good Practice day that involved all delivery staff across all aspects of the institution. The day based at the Gorseinon campus and consisted of staff sharing their expertise through demonstration stands, discussion groups and sharing of resources. This event was attended by all delivery staff in all areas of the College and the feedback received reiterated the usefulness of this event.

### **Student Achievements**

Our students have participated in a range of academic and skills competitions:

Hairdressing student Lauren Roberts was the first student from a Welsh college to be selected to compete in a national competition held at the Wella Training Academy in London.

Biology students took part in the annual Biology Olympiad and the college had 7 winners.

Geology students won the South Wales Schools Geology Challenge held by the Geological Society of London.

Digital Technology students competed in the Engineering Education Scheme Wales finals at the Welsh National Convention of Excellence in Engineering and Technology held at the Celtic Manor which involved over 90 contributions from **schools and colleges across Wales. They won the 'Best Vocational FE College Solution' award working on a brief set by Trojan Electronics and won a £500 prize.** The first Minister was invited by the student team leader to view the stand and at the end of the day found time to visit the stand and commend the students on their success.

# GOWER COLLEGE SWANSEA

## CHAIRMAN'S REPORT (CONT'D)

Electro technical student Lewis Riordan scooped first place in the final of the all-Wales Skills Competition for electrical installation, a significant achievement considering he is only 16 years old.

Our IT department organised and hosted the South Wales regional heat for Skills Wales holding three separate competitions. Several college students **took part and achieved a place on the winners' honours board.**

**IT students took part in the 'Money For Life Challenge' in Cardiff which was attended by colleges from across Wales. They were highly commended for 'the best idea' in the competition.**

A group of students from the cross college current affairs/debating society were named as runners up in a national Schools Questions and Answers Challenge run by the BBC. Their prize is a trip to London for a special Parliament experience day at Westminster.

Accountancy students have won the World Skills Welsh final competition and will now proceed to the UK final in London.

2011-2012 has been one of the most successful years in the history of college sport where the merged Gower College Swansea has out-performed both the legacy colleges and there are very few colleges in the UK who are competing as successfully as we now do across a wide range of sports.

**The Men's Football Academy** were this year's winners of English Colleges Football Association Premier Cup and are the first ever Welsh college to achieve this accolade. They were also winners of the Welsh Schools Cup and came third in the English Colleges Football Association premier League. The Ladies Football Academy were winners of Welsh Schools Cup and came second in the Welsh Colleges League.

Our Rugby Academy were winners of British Colleges Rugby Plate Competition, were runners up at Welsh Colleges Sevens and out of 120+ teams reached last 8 of Rosslyn Park 7s.

## Financial Performance

The College's educational performance is backed up with a sound and robust financial performance. The College's underlying financial performance, measured as operating cost surplus can be summarised as follows :

|                                       | <b>2010/11<br/>£000</b> | <b>2011/12<br/>£000</b> |
|---------------------------------------|-------------------------|-------------------------|
| <b>Operating cost surplus</b>         | <b>1,248</b>            | <b>819</b>              |
| Exceptional costs                     | (682)                   | (675)                   |
| Profit/(loss) on disposal of assets   | (2)                     | (16)                    |
| FRS17 pension (charges)               | (450)                   | (437)                   |
| <b>Surplus/(deficit) for the year</b> | <b>114</b>              | <b>(309)</b>            |

# GOWER COLLEGE SWANSEA

## CHAIRMAN'S REPORT (CONT'D)

The College has made a deficit in 2011/12 as it has needed to make additional efficiencies as part of a phased approach to **realign the College's** cost base with its level of income. This has resulted in a review of the efficiency of delivery of education and a decrease in the number of full-time equivalent (FTE) staff employed by the College.

|                           | <b>2010/11<br/>FTE</b> | <b>2011/12<br/>FTE</b> |
|---------------------------|------------------------|------------------------|
| Teaching department staff | 583                    | 587                    |
| Support staff             | 241                    | 227                    |
|                           | <b>824</b>             | <b>814</b>             |

The College received a 1.6% decrease in its funding allocation for 2011/12.

The College also welcomes the Welsh Government decision to provide a three year indicative level of funding. For 2012/13 the College has received a 2.5% increase in its funding, which is welcomed. A further 1% increase is expected for 2013/14.

The College will also strive to achieve further efficiencies through procurement initiatives and collaboration with other public sector institutions. During the year, the College achieved procurement savings of 7.3%, which exceeds the Welsh Government target of 3%.

### *Creditor Payments*

The College is aware of its obligations under The Late Payment of Commercial Debt (Interest) Act 1998. It is the College policy for all suppliers to be paid within the payment terms of each individual supplier. During the year, the College made payments on average within 39 days (2010/11 : 24 days) from the date of the invoice.

The College did not incur any interest under The Late Payment of Commercial Debts (Interest) Act 1998.

### *Fixed Assets*

**The College's continued robust financial performance** has enabled it to make significant investment in resources for the benefit of the learner. In 2011/12 the College invested in excess of £0.8 million in its estate including: -

- Increase and update ILT computer equipment
- Estates development, improvement, refurbishment and maintenance
- Disability Discrimination Act building work and improvements
- Equipment for Divisions and Functional areas.

# **GOWER COLLEGE SWANSEA**

## **CHAIRMAN'S REPORT (CONT'D)**

The College also recognises the need for future investment, including the development of its estate to meet the future needs of the learner. Therefore, the College continues to provide the resources for this future investment.

### **Risk Management**

The college Risk Management Committee meets at least termly and is constituted of senior managers of the college and is chaired by the Vice Principal Finance and Management Systems. At each meeting a review is performed of the risks to which the college is exposed.

The risks are evaluated and reported to each Audit Committee throughout the year with all risks with medium or high risk rating being reported. The risks are prioritised using a consistent scoring system.

The risk management process was reviewed by internal audit during the year and assessed as providing reasonable reassurance.

The significant issues currently facing the College are summarised below :

#### ***Contractual Terms and Conditions for Staff***

The Welsh FE Sector (via Colegau Cymru) is currently negotiating with the Joint Trade Unions (JTUs) for common contracts of employment for academic and business support staff across Wales. The negotiations have been proceeding for over two years and as a result the college has had to continue to operate the pre-merger legacy college terms and conditions for staff. This has resulted in a number of tensions over the period. In addition there is a significant risk that a common contract will lead to an increase in employment costs to the college.

The college is mitigating the risks through ongoing dialogue with local JTU representatives and staff. In addition the College is taking an active role in the national negotiations.

#### ***Welsh Government Funding (WG)***

The college has considerable reliance on WG funding. In the current economic climate WG are reviewing all streams of funding and in particular funding for training for employers.

The college is mitigating the risk by contributing to the WG consultation.

#### ***Transformation Agenda***

Welsh post 16 transformation remains a high priority for WG with clear indications that there is an expectation of fewer colleges in two years' time.

# **GOWER COLLEGE SWANSEA**

## **CHAIRMAN'S REPORT (CONT'D)**

### **Health & Safety**

The college is committed to providing a safe learning environment for students and staff. The college Health & Safety Committee meets monthly to ensure robust processes and procedures are in place for all aspects of college life and particular emphasis is placed on areas such as educational trips and third party premises used by students as part of their work placement.

The number of RIDDORS has decreased with 8 reportable accidents in 2011/12 compared with 12 in 2010/11. A thorough review has not identified any systematic issues and the college remains committed to eliminating all RIDDORS.

The college also operates a comprehensive risk assessment process with all risk assessments being updated annually.

During the year, the college commissioned an independent audit of its health and safety processes from an industry expert. No significant issues were noted and the college is in the process of implementing the recommendations.

### **The Environment**

The college continues to promote sustainability and during the year formed the Environmental, Sustainable Development and Global Citizenship (ESDGC) Group.

In furthering the above aims, the college has developed its :

- Sustainable Development Strategy
- Sustainable Procurement Assessment Framework
- Environmental Policy Statement
- Energy Water Management Policy
- Procurement Strategy

The college has also been successful in retaining its Green Dragon Level 3 Award for Environmental Management.

### ***Energy***

The college has been implementing a number of building management control systems in recent years to reduce ongoing energy consumption.

# GOWER COLLEGE SWANSEA

## CHAIRMAN'S REPORT (CONT'D)

Energy data for the college is as follows :

|  | <b>2010/11</b> | <b>2011/12</b> |
|--|----------------|----------------|
| Electricity consumption (kwh)            | 3,110,000      | 3,124,000      |
| Gas consumption (kwh)                    | 4,020,000      | 2,953,000      |
| CO <sub>2</sub> produced (kg)            | 2,329,000      | 2,264,000      |
| CO <sub>2</sub> (kg per m <sup>2</sup> ) | 57.1           | 55.5           |
| Water consumption (m <sup>3</sup> )      | 15,675         | 12,622         |

### *Waste*

The college encourages all staff to minimise waste in line with reduce, reuse and recycle. Recycling bins are available across all sites and are collected **separately by the college's waste disposal contractor. It is the college aim** to reduce the level of waste sent to landfill.

The college also seeks to reduce paper usage and recent initiatives include:

- All new photocopiers have double-sided printing, copying and scanning functionality
- Non-renewal of desktop printers.
- Introduction of iPads to reduce meetings papers (all governor and management meetings)

As the college looks to further develop its estate it will seek to meet the high BREEAM standards set by WG for public sector new build projects.

### **Governance**

A strong college corporation has developed in a very short period with a fully functioning committee structure and well attended Board meetings. The Board represents a broad range of community and business interests and provides both scrutiny and support for the executive. The Board includes two student representatives and two staff representing each of the main campuses.

Governors are also becoming more actively involved in the link governor scheme where members are encouraged to engage in the activities of faculties and functional areas. Governors also play a leading role in internal college groups: (Marketing, Health & Safety, and Equality & Diversity Committees). A list of Board members together with the committees on which they serve, the internal and external auditors, the College Bankers and solicitors is shown on pages 2 – 3.

# **GOWER COLLEGE SWANSEA**

## **CHAIRMAN'S REPORT (CONT'D)**

Apart from chairing Board meetings, The Chair of Governors has responsibility for the line management of the Principal and the Clerk. In addition there are meetings with strategic partners, inspectors and other external bodies that require his attendance on behalf of the college. He consults regularly with the Principal.

### **External Matters**

The college enjoys a good reputation nationally as well as locally.

Our staff are involved heavily in the Estyn Peer Inspector programme with more staff receiving initial training this year. These staff will visit other FE institutions as part of the Estyn inspection team and be able to work within the college in our own internal inspection exercises and in sharing good practice.

Many staff are involved in the public examination system in Wales and some are senior or chief examiners at A level. This helps us keep abreast of developments in the area of assessment and examination so important for our learners. Other staff act as external verifiers for vocational qualifications which again brings to the organisation valuable insights into best practice and course development.

We are members of the Regional Learning Partnership and sit on its steering and management groups. The RLP has been identified, by the Minister For Education and Skills, as a pioneering model for co-operation across provider sectors and geographical regions. It has overseen the reconfiguration of Higher Education across SW Wales and instituted on-line tools for accessing information about the regions curriculum offer.

The Principal remains chairman of the local principals' group, and also represents the SW Wales region as a vice chair of the ColegauCymru Board and at that level discusses broad FE policy for the sector and is involved in national negotiations with Joint Trades Unions on pay and conditions for FE staff in the Principality.

**The Principal is a member of the Deputy Minister's Review on Qualifications** that has looked closely at Wales qualifications for 14 to 19 year olds. The Committee will present its findings to the Minister for Education and Skills in late 2012.

Gower College Swansea **has been chosen to be Cambridge University's HE+** centre for South Wales, helping to increase the number of talented students gain entry to this world-class university. The move underlines the esteem in which this college is held by **some of the UK's most prestigious HEI's**. 7 Students gained entry to Oxford and Cambridge Universities this year.

# **GOWER COLLEGE SWANSEA**

## **CHAIRMAN'S REPORT (CONT'D)**

The college is the lead partner in an ESF project to deliver skills to employees in companies throughout SW Wales. Partners in this project include Pembrokeshire College, Coleg Sir Gar, Coleg Ceredigion and Neath Port Talbot College.

The college plays an influential role in developing the City and County of **Swansea's planning of secondary education and has contributed** to stakeholder consultations on the way forward for post-16 provision in the area. The Principal is a member of the Swansea Learning partnership where **a range of developments are overseen such as Estyn's impending inspection** of the local authority, approaches to reducing NEETs in Swansea, and work on improving literacy in all Swansea schools.

### **Conclusion**

The college is building on a strong legacy from Gorseinon and Swansea Colleges to provide excellent educational performance and sound finances.

I recognise that this very strong position has been won through the hard work and dedication of all our staff who, I am confident, will take the college forward to ever greater performance in the service of the people of Swansea, South West Wales and beyond.



**C Cornelius**  
**CHAIRMAN, GOWER COLLEGE SWANSEA**

# GOWER COLLEGE SWANSEA

## **CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL**

The College is committed to exhibiting best practice in all aspects of corporate governance.

This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code issued by the London Stock Exchange in June 2010. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the governors, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2012.

### **The Corporation**

The composition of the Corporation is set out on pages 2-3. It is the **Corporation's responsibility to bring independent judgement to bear on** issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College, together with other information such as, performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets at least each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and General Purposes, Human Resources, Remuneration, Search and Governance, Curriculum and Quality, Learner Support and Audit.

All governors are able to take independent professional advice in furtherance **of their duties at the College's expense and have access to** the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation, and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

The Corporation has a strong and independent non-executive element, and no individual or group dominates its decision making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

## **GOWER COLLEGE SWANSEA**

### **CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL (continued)**

There is a clear division of responsibility in that the roles of the Chair and Principal are separate.

#### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee which comprises six governors who are responsible **for the selection and nomination of any new member for the Corporation's** consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years.

#### **Chair of Governors**

The role of the Chair of Governors is to chair the Corporation Board meetings. In addition, the Chair is responsible for responding to any matters affecting the College as they arise. However, the Chair has no authority to act other than in support of the decisions taken by the Corporation Board and The Further Education Corporations (Replacement of Instrument and Articles of Government) (Wales) Order 2006.

#### **Principal**

The Principal is also a member of the Corporation Board. The Principal is responsible as Accounting Officer (a responsibility defined by Act of Parliament) for the day-to-day running of the College.

There is a clear division of responsibility in that the roles of the Chairman and Principal are separate.

No Governor, other than the Principal and the Staff Governors, receives any remuneration from the College.

All Governors and Senior Staff of the College are required to complete a Register of Interests Declaration, which is open to inspection.

#### **Finance and General Purposes Committee**

The Committee comprises seven Governors and meets to consider, advise and **report to the Corporation Board on all aspects of the College's finances,** financial policies and controls, and on other matters such as Estates. The Committee met on six occasions during 2011/12.

# **GOWER COLLEGE SWANSEA**

## **CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL (continued)**

### **Human Resources Committee**

The Committee comprises six Governors and meets to consider, advise and report to the Corporation Board on all matters relating to employee issues. The Committee met on four occasions during 2011/12.

### **Search and Governance Committee**

The Committee comprises six Governors whose purpose is to advise the Corporation on the appointment of new members of the Corporation and recommend policies and procedures for the induction, appraisal and governance development of the Corporation. The Committee convened on three occasions during 2011/12.

### **Curriculum and Quality Committee**

The Committee comprises eight Governors whose purpose is to advise the Corporation Board on the determination of the educational character and mission of the College and to receive and consider internal and external reports on quality assessments following inspections into curriculum areas within the College. The Committee met on four occasions during 2011/12.

### **Learner Support Committee**

The Committee comprises of eight Governors whose purpose is to advise the Corporation Board in the arrangements made to support students during their time at the College. The Committee met on three occasions during 2011/12.

### **Remuneration Committee**

The Committee's responsibilities are to make recommendations to the Board on the remuneration and other terms and conditions of the Principal and other senior post holders. The Committee has three members. The Committee convened on one occasion during 2011/12.

### **Audit Committee**

The Audit Committee comprises six members of the Corporation (excluding the Principal, Chair and Student Governors). The Committee operates in accordance with written terms of reference approved by the Corporation. The members of the Audit Committee are precluded from sitting on the Finance and General Purposes Committee. The Committee convened on four occasions during 2011/12.

# **GOWER COLLEGE SWANSEA**

## **CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL (continued)**

The Committee provides a forum for reporting by the College's internal and financial statement auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the Welsh Government as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management are responsible for the implementation of agreed audit recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and financial statement auditors and their remuneration for both audit and non-audit work.

### **Minutes of Meetings**

Minutes are retained of all Corporation Board and Committee meetings. The minutes of the Committee meetings are provided to all Governors subject to the exclusions described in The Further Education Corporations (Replacement of Instrument and Articles of Government) (Wales) Order 2006 and reports are received by the Corporation Board from the Chairs of the various Committees.

Minutes of the Corporation Board meetings are made available to the public subject to the exclusions described in The Further Education Corporations (Replacement of Instrument and Articles of Government) (Wales) Order 2006. The Board minutes incorporate any significant matters reported by the Committees. The minutes are available from the Clerk to the Corporation.

### **Internal Control**

#### **Scope of responsibility**

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

## **GOWER COLLEGE SWANSEA**

### **CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL (continued)**

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control **that supports the achievement of the College's policies, aims and objectives**, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Gower College Swansea and the Welsh Government. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Gower College Swansea for the year ended 31 July 2012 and up to the date of approval of the annual report and accounts.

#### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2012 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

#### **The risk and control framework**

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- Regular reviews by the governing body of periodic and annual financial reports, which indicate the financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment control guidelines
- The adoption of formal project management disciplines, where appropriate

# **GOWER COLLEGE SWANSEA**

## **CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL (continued)**

Gower College Swansea has an internal audit service, which operates in accordance with the requirements of the Welsh Government. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, Internal Audit provides the governing body with a report **on internal audit activity in the College. The report includes Internal Audit's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.**

### **Review of effectiveness**

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- the work of the Internal Auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- **comments made by the College's Financial Statements auditors and the Welsh Government's auditors in their management letters and other reports.**

The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of Internal Audit, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Strategic Management Group receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Strategic Management Group and the Audit Committee also receive regular reports from Internal Audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation receives reports for consideration of risks and control from the Strategic Management Group and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

# **GOWER COLLEGE SWANSEA**

## **CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL (continued)**

At its December 2012 meeting, the Corporation of Gower College Swansea carried out the annual assessment for the year ended 31 July 2012 by considering documentation from the Strategic Management Group and Internal Audit, and taking account of events since 31 July 2012.

### **Going concern**

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason the Governors continue to adopt the going concern basis in preparing the Financial Statements.

### **Auditors**

The College is subject to the following audits on a regular basis:

#### *Internal Auditors*

The College's internal auditors for 2011/12 were TIAA Ltd. They are responsible for reviewing the College's systems of control and reporting to the Audit Committee. The terms of reference of the internal auditors and the scope of their work is determined by the Audit Committee.

#### *External Auditors*

Currently, the College's external auditors are Wales Audit Office. The external auditors are responsible for providing an independent report to the Corporation Board on whether or not, in their opinion, the financial statements presented for the financial year show a true and fair view.

#### *Welsh Government Internal Auditors*

The internal auditors employed by the Welsh Government visit the College periodically to review aspects of financial control and operating efficiency, depending upon terms of reference provided by the Welsh Government.

#### *Estyn*

Periodically, the teaching provision at the College is subject to quality assessment. This assessment is undertaken to compare the quality performance of the College with a predetermined set of benchmarks. The College underwent an Estyn inspection of its FE recurrent grant funded activity in January 2012.

## **GOWER COLLEGE SWANSEA**

### **CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL (continued)**

#### *Welsh Government Quality Reviews*

As a training provider to the Welsh Government the College is subject to periodic quality reviews for this provision.

#### *Auditor General for Wales*

Although infrequent, the College's financial and operational activities may be subject to review by the Auditor General for Wales.

In the case of the internal and external auditors, the appointment is subject to a tender process. This tender process was last completed during 2010/11.

#### **Whistleblowing Policy**

The Corporation has adopted and operates a Whistleblowing Policy (available on the College Intranet) with the initial contact for any concerns about malpractice being the Clerk to the Corporation who can be contacted confidentially on (01792) 284180.

Correspondence should be sent to the following address:

Private and Confidential: Addressee Only (PID)  
Clerk to the Corporation  
Gower College Swansea  
Tycoch Road  
Sketty  
SWANSEA SA2 9EB



**C Cornelius**  
**CHAIRMAN**



**N Bennett**  
**PRINCIPAL**

**Date: 13 December 2012**

**Date: 13 December 2012**

# GOWER COLLEGE SWANSEA

## STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY

The Members of the Corporation of the College are required to present audited financial statements for each financial year.

Within the terms and conditions of the financial memorandum agreed between the Welsh Government and the Corporation of the College, the Corporation, through its chief officer, 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 surplus for that year.

In preparing the financial statements, the Corporation 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;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation 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.

Members of the Corporation are responsible for ensuring that funds from the Welsh Government are used only in accordance with the Financial Memorandum with the Welsh Government and any other conditions which the Welsh Government may from time to time prescribe. Members of the Corporation 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, members of the Corporation are responsible for securing the economical, efficient and **effective management of the College's resources and expenditure**, so that the benefits that should be derived from the application of public funds by the Welsh Government are not put at risk.

Signed for and on behalf of the Governors by:



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**C Cornelius**  
**Chairman**

# **GOWER COLLEGE SWANSEA**

## **Independent Auditors' Report to the Governing Body of Gower College Swansea**

We have audited the financial statements of Gower College Swansea for the year ended 31 July 2012, which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) the Statement of Recommended Practice – Accounting for Further and Higher Education and the Accounts Direction issued by the Welsh Government.

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

As explained more fully in the Statement of Governing Body's Responsibilities the Governing Body is responsible for the preparation of the Report of the Governing Body and the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to **comply with the Auditing Practices Board's Ethical Standards** for Auditors.

### **Scope of the audit**

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 Institution's circumstances and have been** consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements.

We report to you whether in our opinion, in all material respects, monies expended out of Welsh Government grants and other funds from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation and whether in our opinion, in all material respects, income has been applied in accordance with the financial memorandum with the Welsh Government.

We read the Report of the Governing Body including the corporate governance statement and the statement of internal control and consider the implications for our report if we become aware of any apparent misstatement within it.

# **GOWER COLLEGE SWANSEA**

## **Opinion on financial statements**

In our opinion:

- The financial statements give a true and fair view of the state of the Institution's affairs as at 31 July 2012 and of its deficit of income over expenditure and cash flows for the year then ended;
- The financial statements have been properly prepared in accordance with the Accounts Direction issued by the Welsh Government, the Statement of Recommended Practice – Accounting for Further and Higher Education, and United Kingdom Generally Accepted Accounting Practice.

## **Opinion on other matters**

In our opinion:

- in all material respects, monies expended out of Welsh Government grants and other funds from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation; and
- in all material respects, income has been applied in accordance with the financial memorandum with the Welsh Government.

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

We have nothing to report in respect of the following matters, which we report to you, if in our opinion:

- the Governing Body's Report is not consistent with the financial statements;
- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

**Derwyn Owen**  
**Wales Audit Office**  
**24 Cathedral Road**  
**Cardiff**

Date 21 December 2012

The maintenance and integrity of Gower College Swansea 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.

## GOWER COLLEGE SWANSEA

### INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2012

|   | Notes | 2012<br>£000  | 2011<br>£000  |
|---|-------|---------------|---------------|
| <b>Income</b>   |       |               |               |
| Welsh Government income   | 2     | 30,996        | 31,485        |
| Tuition fees and education contracts  | 3     | 2,119         | 2,664         |
| Other income  | 4     | 3,920         | 4,010         |
| Investment income   | 5     | 243           | 171           |
| Total income  |       | <b>37,278</b> | <b>38,330</b> |
| <b>Expenditure</b>  |       |               |               |
| Staff costs   | 6     | 26,261        | 27,009        |
| Exceptional staff costs   | 6     | 647           | 723           |
| Other operating expenses  | 7     | 8,670         | 8,266         |
| Depreciation  | 11    | 1,695         | 1,804         |
| Interest payable  | 8     | 298           | 412           |
| Total expenditure   |       | <b>37,571</b> | <b>38,214</b> |
| (Deficit)/Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before (loss) on disposal of fixed assets and tax |       | (293)         | 116           |
| (Loss) on disposal of fixed assets  |       | (16)          | (2)           |
| (Deficit)/Surplus on continuing operations after depreciation of tangible fixed assets at valuation and after (loss) on disposal of fixed assets and tax  | 10    | <b>(309)</b>  | <b>114</b>    |

The income and expenditure account is in respect of continuing activities.

## GOWER COLLEGE SWANSEA

### STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 JULY 2012

|   | <b>2012</b> | <b>2011</b> |
|---|-------------|-------------|
|   | <b>£000</b> | <b>£000</b> |
| (Deficit)/surplus on continuing operations after depreciation of assets at valuation and before and after tax         | (309)       | 114         |
| Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount | 235         | 236         |
| Historical cost (deficit)/ surplus for the year before and after taxation   | <b>(74)</b> | <b>350</b>  |

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JULY 2012

|   | <b>2012</b>    | <b>2011</b>  |
|---|----------------|--------------|
|   | <b>£000</b>    | <b>£000</b>  |
| (Deficit)/surplus for the year                                      | (309)          | 114          |
| Actuarial (loss)/gain for the year in respect of the pension scheme | (5,513)        | 2,671        |
| <b>Total recognised (losses)/gains relating to the year</b>         | <b>(5,822)</b> | <b>2,785</b> |

| <b>Reconciliation</b>                        | <b>2012</b>   | <b>2011</b>   |
|--|---------------|---------------|
|  | <b>£000</b>   | <b>£000</b>   |
| Opening Reserves                             | 16,036        | 13,251        |
| Total recognised (losses)/gains for the year | (5,822)       | 2,785         |
| Closing reserves                             | <b>10,214</b> | <b>16,036</b> |

# GOWER COLLEGE SWANSEA

## BALANCE SHEETS AS AT 31 JULY 2012

| College  | Notes | 2012<br>£000  | 2011<br>£000  |
|--|-------|---------------|---------------|
| <b>Fixed Assets</b>                                      |       |               |               |
| Tangible assets  | 11    | 25,180        | 26,055        |
| Investments  | 12    | -             | -             |
| <b>Total Fixed Assets</b>                                |       | <b>25,180</b> | <b>26,055</b> |
| <b>Current Assets</b>                                    |       |               |               |
| Stock  |       | 14            | 16            |
| Debtors  | 13    | 1,647         | 1,816         |
| Investments  | 25    | 8,350         | 6,000         |
| Cash at bank and in hand                                 | 25    | 5,242         | 6,263         |
|  |       | 15,253        | 14,095        |
| <b>Total current assets</b>                              |       | 15,253        | 14,095        |
| Creditors: amounts falling due within one year           | 14    | (4,741)       | (4,267)       |
|  |       | 10,512        | 9,828         |
| <b>Net current assets</b>                                |       | <b>10,512</b> | <b>9,828</b>  |
| <b>Total assets less current liabilities</b>             |       |               |               |
|  |       | <b>35,692</b> | <b>35,883</b> |
| Creditors : amounts falling due after more than one year | 15    | (1,195)       | (1,268)       |
|  |       | 34,497        | 34,615        |
| Provisions for liabilities and charges                   | 16    | (1,549)       | (1,501)       |
| <b>Net assets excluding pension liability</b>            |       | 32,948        | 33,114        |
| Net pension liability                                    | 19    | (16,100)      | (10,150)      |
| <b>NET ASSETS INCLUDING PENSION LIABILITY</b>            |       | <b>16,848</b> | <b>22,964</b> |
| <b>Deferred capital grants</b>                           | 17    | 6,634         | 6,928         |
| <b>Reserves</b>  |       |               |               |
| Income and expenditure account excluding pension reserve |       | 18,405        | 18,042        |
| Pension reserve  | 18    | (16,100)      | (10,150)      |
| Income and expenditure account including pension reserve | 18    | 2,305         | 7,892         |
| Revaluation reserve                                      | 18    | 7,909         | 8,144         |
| <b>Total Reserves</b>                                    |       | 10,214        | 16,036        |
| <b>TOTAL</b>   |       | <b>16,848</b> | <b>22,964</b> |

The financial statements on pages 28 to 55 were approved by the Corporation on 13 December 2012 and were signed on its behalf by:



**C Cornelius**  
CHAIRMAN



**N Bennett**  
PRINCIPAL



**M Glover**  
HEAD OF FINANCE

# GOWER COLLEGE SWANSEA

## CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2012

|   | Notes     | 2012<br>£000          | 2011<br>£000          |
|---|-----------|-----------------------|-----------------------|
| <b>Cash flow from operating Activities</b>      | 20        | 1,910                 | 1,850                 |
| Returns on Investments and Servicing of finance | 21        | 249                   | 26                    |
| Capital expenditure and financial investment    | 22        | (757)                 | (661)                 |
| Management of liquid resources                  | 23        | (2,350)               | (6,000)               |
| Financing                                       | 24        | (73)                  | (73)                  |
| <b>(Decrease) in cash in the period</b>         | <b>25</b> | <b><u>(1,021)</u></b> | <b><u>(4,858)</u></b> |

## RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

|  | 2012<br>£000  | 2011<br>£000         |
|--|---------------|----------------------|
| (Decrease) in cash in the period             | (1,021)       | (4,858)              |
| Change in net debt resulting from cash flows | 73            | 73                   |
|  | <u>(948)</u>  | <u>(4,785)</u>       |
| Increase in short term deposits              | 2,350         | 6,000                |
| Increase in net funds                        | <u>1,402</u>  | <u>1,215</u>         |
| Net funds at 1 August                        | <u>10,918</u> | <u>9,703</u>         |
| <b>Net funds at 31 July</b>                  | <b>25</b>     | <b><u>12,320</u></b> |
|  |               | <b><u>10,918</u></b> |

# GOWER COLLEGE SWANSEA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2012

### STATEMENT OF ACCOUNTING POLICIES

#### ***Basis of Preparation***

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting in Further and Higher Education and in accordance with applicable Accounting Standards and with the Welsh Government Circular No: 012/2012.

#### ***Basis of Accounting***

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

On 20 August 2010, Swansea College and Gorseinon College merged to form Gower College Swansea. The merger has been accounted for using merger accounting principles. Accordingly all the assets and liabilities were transferred to Gower College Swansea at book value for £nil consideration. Also on this date, Swansea College and Gorseinon College were dissolved by the First Minister of the Welsh Government. Therefore, the financial statements have been prepared as a going concern basis and no fair value adjustments to assets or liabilities are required.

#### ***Basis of Consolidation***

The consolidated financial statements include the College and its subsidiary. The subsidiary was dissolved in September 2011. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation.

#### ***Recognition of Income***

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

#### ***Pension Schemes***

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme. Contributions to the TPS are charged to the income and expenditure so as to spread the cost of **pensions over employees'** working lives with the College in such a way that the pension costs 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 TPS 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 TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

# GOWER COLLEGE SWANSEA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2012 (continued)

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

### ***Enhanced Pensions***

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the 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 Welsh Government.

### ***Tangible Fixed Assets***

The transitional arrangements of FRS15 have been adopted and the College does not plan to revalue Fixed Assets in the future.

#### a) ***Land and Buildings***

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost. Land and buildings acquired since incorporation 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 of 50 years. Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease. Enhancements to land and buildings are depreciated over the expected useful economic useful life in the range of 10-20 years.

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

#### b) ***Equipment***

Equipment which has a useful life in excess of one year is capitalised at cost. All other items of equipment are expensed to the income and expenditure account in the period of acquisition. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation, based on its estimated depreciated cost.

# GOWER COLLEGE SWANSEA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2012 (continued)

Equipment is depreciated over its useful economic life using the straight line method as follows:

|                    |           |           |
|--------------------|-----------|-----------|
| Motor vehicles     | 25%       | per annum |
| Computer equipment | 25%       | per annum |
| General equipment  | 10% - 20% | per annum |

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

### ***Leased Assets***

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

### ***Stocks***

Stocks are stated at the lower of cost and net realisable value and represent the stock held at Sketty Hall at the year end.

### ***Maintenance of Premises***

The cost of planned and routine corrective maintenance is charged to the income and expenditure account in the period it is incurred. The College has a ten year planned maintenance programme which is reviewed on an annual basis.

### ***Early Retirements***

Where staff are retired under premature arrangements which include a commitment by the College to supplement their future pensions, a provision has been established in the financial statements in respect of these future costs. Future pension payments are made directly from this provision.

# **GOWER COLLEGE SWANSEA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2012 (continued)**

### ***Financial Contingency Fund***

The institution acts as an agent in the collection and payment of financial contingency funds and educational maintenance allowances. Related payments received from the Welsh Government and subsequent disbursements to students and institutions are excluded from the income and expenditure account and are shown separately in note 30.

## GOWER COLLEGE SWANSEA

### 2) WELSH GOVERNMENT INCOME

|                                    | <b>2012</b>   | <b>2011</b>   |
|------------------------------------|---------------|---------------|
|                                    | <b>£000</b>   | <b>£000</b>   |
| Recurrent grant                    | 26,311        | 26,735        |
| Work based learning                | 3,276         | 3,018         |
| Release of deferred capital grants | 387           | 467           |
| Other Welsh Government grants      | 1,022         | 1,265         |
|                                    | <b>30,996</b> | <b>31,485</b> |

### 3) TUITION FEES AND EDUCATION CONTRACTS

|                     | <b>2012</b>  | <b>2011</b>  |
|---------------------|--------------|--------------|
|                     | <b>£000</b>  | <b>£000</b>  |
| Tuition fees        | 1,575        | 1,871        |
| Education contracts | 544          | 793          |
|                     | <b>2,119</b> | <b>2,664</b> |

### 4) OTHER INCOME

|  | <b>2012</b>  | <b>2011</b>  |
|--|--------------|--------------|
|  | <b>£000</b>  | <b>£000</b>  |
| Catering operations  | 841          | 891          |
| Other grants   | 1,444        | 1,540        |
| Other income generating activities                               | 557          | 533          |
| Release of deferred capital grants (non Welsh Government grants) | 61           | 61           |
| Other income   | 1,017        | 985          |
|  | <b>3,920</b> | <b>4,010</b> |

### 5) INVESTMENT INCOME

|                        | <b>2012</b> | <b>2011</b> |
|------------------------|-------------|-------------|
|                        | <b>£000</b> | <b>£000</b> |
| Interest receivable    | 243         | 171         |
| Pension finance income | -           | -           |
|                        | <b>243</b>  | <b>171</b>  |

### 6) STAFF COSTS

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

|                          | <b>2012</b> | <b>2011</b> |
|--------------------------|-------------|-------------|
|                          | <b>No.</b>  | <b>No.</b>  |
| Teaching departments     | 587         | 583         |
| Non-teaching departments | 227         | 241         |
|                          | <b>814</b>  | <b>824</b>  |

## GOWER COLLEGE SWANSEA

### 6) STAFF COSTS (continued)

#### Staff Costs for the Above:

|  | <b>2012<br/>£000</b> | <b>2011<br/>£000</b> |
|--|----------------------|----------------------|
| Wages and salaries                         | 21,650               | 22,312               |
| Social Security costs                      | 1,567                | 1,640                |
| Other pension costs                        |                      |                      |
| - contributions paid                       | 2,751                | 2,913                |
| - FRS17 adjustment                         | 177                  | 70                   |
| - pension enhancements from previous years | 116                  | 74                   |
|  | <b>26,261</b>        | <b>27,009</b>        |
| Exceptional restructuring costs            | 647                  | 723                  |
|  | <b>26,908</b>        | <b>27,732</b>        |

#### Higher Paid Staff

|                       | <b>2012<br/>£000</b> | <b>2011<br/>£000</b> |
|-----------------------|----------------------|----------------------|
| Emoluments:           |                      |                      |
| Salaries              | 1,034                | 992                  |
| Pension contributions | 146                  | 148                  |
| Benefits in kind      | -                    | -                    |
|                       | 1,180                | 1,140                |

The number of senior post holders and other higher paid staff who received emoluments including pension contributions in the following ranges was:

|                   | <b>2012<br/>No.</b> | <b>2011<br/>No.</b> |
|-------------------|---------------------|---------------------|
| £60,001-£70,000   | 12                  | 11                  |
| £70,001-£80,000   | -                   | 1                   |
| £80,001-£90,000   | 1                   | 1                   |
| £90,001-£100,000  | 1                   | 2                   |
| £100,001-£110,000 | 1                   | 2                   |
| £140,001-£150,000 | -                   | 1                   |
| £160,001-£170,000 | 1                   | 1                   |

The College operated a voluntary redundancy scheme during the year. Under the scheme, three (2011: 1) higher paid staff member accepted voluntary redundancy amounting to £181,000 (2011: £40,000).

## GOWER COLLEGE SWANSEA

|   | <b>2012<br/>No.</b>  | <b>2011<br/>No.</b>  |
|---|----------------------|----------------------|
| The number of Senior Post Holders (including the Principal) during the year was : | 1                    | 7                    |
|   | <b>2012<br/>£000</b> | <b>2011<br/>£000</b> |
| Emoluments:   |                      |                      |
| Salaries  | 145                  | 209                  |
| Benefits in kind  | -                    | -                    |
|   | 145                  | 209                  |
| Pension contributions   | 20                   | 31                   |
|   | <b>165</b>           | <b>240</b>           |

Of the senior post holders above, three retired at the date of the merger and three others ceased to be senior post holders during the year.

|                        | <b>2012<br/>£000</b> | <b>2011<br/>£000</b> |
|------------------------|----------------------|----------------------|
| Principals' emoluments |                      |                      |
| Salaries               | 145                  | 145                  |
| Benefits in Kind       | -                    | -                    |
|                        | 145                  | 145                  |
| Pension contributions  | 20                   | 20                   |
|                        | <b>165</b>           | <b>165</b>           |

During the year end, one former senior post-holder received compensation for loss of office of £10,000.

The members of the Corporation, other than the Principal and Staff Governors, did not receive any payment for services from the College, other than the reimbursement of travel expenses during the year.

### 7) OTHER OPERATING EXPENSES

|                      | <b>2012<br/>£000</b> | <b>2011<br/>£000</b> |
|----------------------|----------------------|----------------------|
| Teaching departments | 3,746                | 3,649                |
| Non-teaching costs   | 2,343                | 2,547                |
| Premises costs       | 2,581                | 2,070                |
|                      | <b>8,670</b>         | <b>8,266</b>         |

## GOWER COLLEGE SWANSEA

Other operating expenses include:

|                                      | <b>2012</b> | <b>2011</b> |
|--------------------------------------|-------------|-------------|
|                                      | <b>£000</b> | <b>£000</b> |
| <b>Auditors' remuneration:</b>       |             |             |
| - external audit (see below)         | 21          | 25          |
| - internal audit                     | 12          | 14          |
| - internal auditors – other services | -           | 3           |
| Hire of equipment – operating leases | 72          | 81          |

The external auditor fee includes fees in relation to review of severance payments. Other services provided by the internal auditors in 2011 (PWC) includes indirect tax advice and accounting services.

Overseas Activities – 2011/12

|                    | Travel &<br>Accom<br>£000 | Subsistence &<br>Hospitality<br>£000 | Other<br>Costs<br>£000 | Number<br>of Visits<br>No. |
|--------------------|---------------------------|--------------------------------------|------------------------|----------------------------|
| Governors          | -                         | -                                    | -                      | -                          |
| Senior Post Holder | -                         | -                                    | -                      | -                          |
| Others             | 32                        | -                                    | 16                     | 32                         |
|                    | 32                        | -                                    | 16                     | 32                         |

Overseas Activities – 2010/11

|                    | Travel &<br>Accom<br>£000 | Subsistence &<br>Hospitality<br>£000 | Other<br>Costs<br>£000 | Number<br>of Visits<br>No. |
|--------------------|---------------------------|--------------------------------------|------------------------|----------------------------|
| Governors          | -                         | -                                    | -                      | -                          |
| Senior Post Holder | -                         | -                                    | -                      | 1                          |
| Others             | 81                        | -                                    | 23                     | 70                         |
|                    | 81                        | -                                    | 23                     | 71                         |

The senior post holder is also a Governor.

### 8) INTEREST PAYABLE

|   | <b>2012</b> | <b>2011</b> |
|---|-------------|-------------|
|   | <b>£000</b> | <b>£000</b> |
| On bank loans repayable in more than five years | 11          | 12          |
| Pension finance costs                           | 260         | 380         |
| Interest payable on early retirements           | 27          | 20          |
|   | 298         | 412         |

### 9) TAXATION

The College is not liable for any corporation tax arising from its activities.

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

|  | <b>2012</b> | <b>2011</b> |
|--|-------------|-------------|
|  | <b>£000</b> | <b>£000</b> |
| College's (deficit)/surplus for the year | (309)       | 114         |
| Retained by subsidiary undertaking       | -           | -           |
|  | (309)       | 114         |

## GOWER COLLEGE SWANSEA

### 11) TANGIBLE FIXED ASSETS as at 31 July 2012

|                           | Freehold<br>Land &<br>Buildings<br>£000 | Leasehold<br>Land &<br>Buildings<br>£000 | Equipment<br>£000 | Motor<br>Vehicles<br>£000 | Total<br>£000 |
|---------------------------|---|--|-------------------|---------------------------|---------------|
| <b>COST/VALUATION</b>     |   |  |                   |                           |               |
| At 1 August 2011          | 33,848                                  | 384                                      | 8,660             | 439                       | 43,331        |
| Additions                 | 240                                     | -  | 599               | -                         | 839           |
| Disposal                  | (142)                                   | -  | (1,364)           | -                         | (1,506)       |
| <b>At 31 July 2012</b>    | <b>33,946</b>                           | <b>384</b>                               | <b>7,895</b>      | <b>439</b>                | <b>42,664</b> |
| <b>DEPRECIATION</b>       |   |  |                   |                           |               |
| At 1 August 2011          | 9,482                                   | 384                                      | 7,023             | 387                       | 17,276        |
| Charge for year           | 893                                     | -  | 781               | 21                        | 1,695         |
| Eliminated upon disposal  | (136)                                   | -  | (1,351)           | -                         | (1,487)       |
| <b>At 31 July 2012</b>    | <b>10,239</b>                           | <b>384</b>                               | <b>6,453</b>      | <b>408</b>                | <b>17,484</b> |
| <b>NET BOOK VALUE</b>     |   |  |                   |                           |               |
| <b>At 31 July 2012</b>    | <b>23,707</b>                           | <b>-</b>                                 | <b>1,442</b>      | <b>31</b>                 | <b>25,180</b> |
| At 1 August 2011          | 24,366                                  | -  | 1,637             | 52                        | 26,055        |
| Inherited                 | 8,143                                   | -  | -                 | -                         | 8,143         |
| Financed by capital grant | 6,240                                   | -  | 382               | 12                        | 6,634         |
| Other                     | 9,324                                   | -  | 1,060             | 19                        | 10,403        |
| <b>At 31 July 2012</b>    | <b>23,707</b>                           | <b>-</b>                                 | <b>1,442</b>      | <b>31</b>                 | <b>25,180</b> |

Land and buildings inherited from the Local Education Authority at 1 April 1993 were valued at depreciated replacement cost by Chartered Surveyors from West Glamorgan County Council, Estates Section, Property Services Department. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis. Should these assets be sold, the College would either have to surrender the sale proceeds to the Welsh Government or use them in accordance with the Financial Memorandum with the Welsh Government.

### 12) INVESTMENTS

The College owned 100% of the issued ordinary £1 shares of Gower College Swansea Enterprises Limited (£2), a company incorporated in England and Wales. This Company was dormant and was dissolved in September 2011.



## GOWER COLLEGE SWANSEA

### 16) THE PROVISION FOR LIABILITIES AND CHARGES

Provision for liabilities relates to the future cost of premature retirement and other provisions.

|                                    | <b>Premature Retirement<br/>£'000</b> | <b>Other<br/>£'000</b> | <b>Total<br/>£'000</b> |
|------------------------------------|---------------------------------------|------------------------|------------------------|
| At 1 August 2011                   | 1,131                                 | 370                    | 1,501                  |
| Transfer from income & expenditure | 27                                    | -                      | 27                     |
| Provision in the year              | 116                                   | 5                      | 121                    |
| Released in the year               | -                                     | -                      | -                      |
| Pension paid in the year           | (100)                                 | -                      | (100)                  |
| <b>At 31 July 2012</b>             | <b><u>1,174</u></b>                   | <b><u>375</u></b>      | <b><u>1,549</u></b>    |

### 17) DEFERRED CAPITAL GRANTS

|  | <b>Welsh Gov't Grants<br/>£000</b> | <b>Other Grants<br/>£000</b> | <b>Total<br/>£000</b> |
|--|------------------------------------|------------------------------|-----------------------|
| <b>At 1 August 2011</b>                          |                                    |                              |                       |
| Land and buildings                               | 4,772                              | 1,500                        | 6,272                 |
| Equipment  | 616                                | 40                           | 656                   |
| <b>Cash Received</b>                             |                                    |                              |                       |
| Land and buildings                               | -                                  | -                            | -                     |
| Equipment  | -                                  | -                            | -                     |
| <b>Released to income and expenditure</b>        |                                    |                              |                       |
| Land and buildings                               | (174)                              | (42)                         | (216)                 |
| Equipment  | (213)                              | (19)                         | (232)                 |
| <b>Transfers from grants received in advance</b> |                                    |                              |                       |
| Land and buildings                               | 154                                | -                            | 154                   |
| Equipment  | -                                  | -                            | -                     |
| <b>At 31 July 2012</b>                           |                                    |                              |                       |
| Land and buildings                               | 4,752                              | 1,458                        | 6,210                 |
| Equipment  | 403                                | 21                           | 424                   |
|  | <b><u>5,155</u></b>                | <b><u>1,479</u></b>          | <b><u>6,634</u></b>   |

### 18) RESERVES

|                              | <b>2012<br/>£000</b> | <b>2011<br/>£000</b> |
|------------------------------|----------------------|----------------------|
| <b>Revaluation reserve</b>   |                      |                      |
| At 1 August                  | 8,144                | 8,380                |
| Contribution to depreciation | (235)                | (236)                |
| <b>At 31 July</b>            | <b><u>7,909</u></b>  | <b><u>8,144</u></b>  |

## GOWER COLLEGE SWANSEA

### 18) RESERVES (CONT'D)

|   | <b>2012</b>            | <b>2011</b>            |
|---|------------------------|------------------------|
|   | <b>£000</b>            | <b>£000</b>            |
| <b>Income and Expenditure Account Reserve</b> |                        |                        |
| Balance at 1 August                           | 7,892                  | 4,871                  |
| (Deficit)/surplus for the year                | (309)                  | 114                    |
| Actuarial (loss)/gain for the year            | (5,513)                | 2,671                  |
| Contribution from depreciation                | 235                    | 236                    |
| <b>Balance at 31 July</b>                     | <b><u>2,305</u></b>    | <b><u>7,892</u></b>    |
|   |                        |                        |
|   | <b>2012</b>            | <b>2011</b>            |
|   | <b>£000</b>            | <b>£000</b>            |
| <b>Pension Reserve</b>                        |                        |                        |
| At 1 August                                   | (10,150)               | (12,371)               |
| FRS17 Movements                               | (5,950)                | 2,221                  |
| <b>At 31 July</b>                             | <b><u>(16,100)</u></b> | <b><u>(10,150)</u></b> |

### 19) PENSIONS AND SIMILAR OBLIGATIONS

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are of the defined benefit type, the assets of the schemes being held in separate trustee-administered funds.

|                                  | <b>2012</b>  | <b>2011</b>  |
|----------------------------------|--------------|--------------|
|                                  | <b>£000</b>  | <b>£000</b>  |
| TPS contributions                | 1,618        | 1,693        |
| LGPS contributions               | 1,133        | 1,220        |
| Total pension contributions paid | <u>2,751</u> | <u>2,913</u> |
| FRS 17 adjustment (LGPS)         |              |              |
| – staff costs                    | 177          | 70           |
| Enhanced pension charge          | 116          | 74           |
| Pension charge for the year      | <u>3,044</u> | <u>3,057</u> |

# GOWER COLLEGE SWANSEA

## 19) PENSIONS AND SIMILAR OBLIGATIONS (continued)

### THE TEACHERS' PENSION SCHEME

#### INTRODUCTION

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

#### THE TEACHERS' PENSION ACCOUNT

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and **expenditure (including the cost of pensions' increases)**. From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

#### VALUATION OF THE TEACHERS' PENSION SCHEME

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

# GOWER COLLEGE SWANSEA

## 19) PENSIONS AND SIMILAR OBLIGATIONS (continued)

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between **employers' and teachers' representatives, the SCR has been assessed at 19.75%**, and the supplementary contribution rate has been assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

A copy of the GA's 2004 valuation report can be found on the TeacherNet website at: [www.teachernet.gov.uk/pensions](http://www.teachernet.gov.uk/pensions). Department for Education, Mowden Hall, DARLINGTON DL3 9BG Tel: 01325 392214 Fax: 01325 392212 TPS financial note – September 2010

Following the implementation of Teachers Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of contributions. A summary of the rates payable are as follows :

|           | <b>1 April 2010 to<br/>31 March 2011</b> | <b>1 April 2011 to<br/>31 March 2012</b> | <b>1 April 2012 to<br/>31 March 2013</b> |
|-----------|--|--|--|
| Employees | 6.4%                                     | 6.4%                                     | see below                                |
| Employers | 14.1%                                    | 14.1%                                    | 14.1%                                    |

On 1 April 2012 the TPS introduced tiered rates for employee rates based on full time equivalent salaries (FTE). The rates are as follows:

| <b>Employee contribution rate</b> | <b>Annual earnings (FTE)</b> |
|-----------------------------------|------------------------------|
| 6.4%                              | £0 - £14,999                 |
| 7.0%                              | £15,000 - £25,999            |
| 7.3%                              | £26,000 - £31,999            |
| 7.6%                              | £32,000 - £39,999            |
| 8.0%                              | £40,000 - £74,999            |
| 8.4%                              | £75,000 - 111,999            |
| 8.8%                              | £112,000 plus                |

The TPS are currently carrying out consultation to inform the employee rate from 1 April 2013. The employer's contribution rate is expected to remain at 14.1%

# GOWER COLLEGE SWANSEA

## 19) PENSIONS AND SIMILAR OBLIGATIONS (continued)

### LGPS

The pension costs in respect of the LGPS are assessed in accordance with the advice of an independent qualified actuary using the projected unit method.

The City & County of Swansea LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds.

The disclosures below relate to the City and County of Swansea Pension Fund (the fund). Gower College Swansea participates in the Local Government Pension Scheme. The Local Government Pension Scheme is a defined benefit scheme based on final pensionable salary.

The LGPS employers rate for Gower College Swansea was 18.6%, from 1 August 2010 to 31 March 2011. From 1 April 2011, the employer rate is 14.1% plus a cash lump sum in relation to the past service deficit.

Over a three year period, the cash lump sum is :

1 April 2011 – 31 March 2012 : £206,000  
 1 April 2012 – 31 March 2013 : £217,000  
 1 April 2013 – 31 March 2014 : £225,000

The employee rates from 1 April 2008 are tiered based on annual earnings as follows:

| Employee contribution rate | 1 April 2012 to 31 March 2013<br>Annual earnings<br>(Full time equivalent) | 1 April 2011 to 31 March 2012<br>Annual earnings<br>(Full time equivalent) | 1 April 2010 to 31 March 2011<br>Annual earnings<br>(Full time equivalent) |
|----------------------------|--|--|--|
| 5.5%                       | £0 - £13,500   | £0 - £12,906   | £0 - £12,600   |
| 5.8%                       | £13,500 - £15,800  | £12,901 - £15,100  | £12,601 - £14,700  |
| 5.9%                       | £15,801 - £20,400  | £15,101 - £19,400  | £14,701 - £18,900  |
| 6.5%                       | £20,401 - £34,000  | £19,401 - £32,400  | £18,901 - £31,500  |
| 6.8%                       | £34,001 - £45,500  | £32,401 - £43,300  | £31,501 - £42,000  |
| 7.2%                       | £45,501 - £85,300  | £43,301 - £81,100  | £42,001 - £78,700  |
| 7.5%                       | £85,301 plus   | £81,101 plus   | £78,701 plus   |

It is expected that this will result in an average employee contribution rate of 6.3%.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme. Based on retirements to date in the scheme we have been advised by the scheme that this assumption remains reasonable.

In accordance with Financial Reporting Standard No 17 – Retirement Benefits (FRS 17) disclosure of certain information concerning assets, liabilities, income and expenditure related to pension schemes is required.

## GOWER COLLEGE SWANSEA

### 19) PENSIONS AND SIMILAR OBLIGATIONS (continued)

The latest actuarial valuation of the City and County of Swansea Pension Fund took place on 31 March 2010 and has been updated to 31<sup>st</sup> July 2012 by a qualified independent actuary. The principal assumptions used by the independent qualified actuaries in updating the latest valuations of the fund for FRS17 purposes were:

#### Main Financial Assumptions

|  | <b>31 July<br/>2012<br/>(% p.a.)</b> | <b>31 July<br/>2011<br/>(% p.a.)</b> | <b>31 July<br/>2010<br/>(% p.a.)</b> |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| Inflation - RPI                                    | 3.1                                  | 3.7                                  | 3.6                                  |
| Inflation – CPI                                    | 2.1                                  | 2.8                                  | 2.9                                  |
| Rate of general long-term increase in salaries     | 4.6                                  | 5.2                                  | 5.1                                  |
| Rate of increase to pensions in payment            | 2.1                                  | 2.8                                  | 2.9                                  |
| Rate of increase to deferred pensions              | 2.1                                  | 2.8                                  | 2.9                                  |
| Discount rate for scheme liabilities               | 4.1                                  | 5.3                                  | 5.4                                  |
| Discount rate for pension cost over following year | 4.1                                  | 5.3                                  | 5.4                                  |

# GOWER COLLEGE SWANSEA

## Principal Demographic Assumptions

| Post Retirement Mortality                                | 31 July 2012   | 31 July 2011   |
|--|--|--|
| <b>Males</b>   | Standard SAPS  | Standard SAPS  |
| Year of Birth Base Table                                 | Normal Health All Amounts (S1NMA)                                | Normal Health All Amounts (S1NMA)                                |
| Rating to above base table* (years)                      | 0  | 0  |
| Scaling to above base table rates **                     | 110%   | 110%   |
| Improvements to Base Rate Tables                         | CMI_2009 with a long term rate of improvement of 1.25% per annum | CMI_2009 with a long term rate of improvement of 1.25% per annum |
| Future lifetime from age 65 (aged 65 at accounting date) | 21.6   | 21.5   |
| Future lifetime from age 65 (aged 45 at accounting date) | 23.4   | 23.3   |

| Post Retirement Mortality                                       | 31 July 2012   | 31 July 2011   |
|---|--|--|
| <b>Females</b>  | Standard SAPS  | Standard SAPS Normal   |
| Year of Birth Base Table  | Normal Health All Amounts (S1NFA)                                | Health All Amounts (S1NFA)                                       |
| Rating to above base table* (years)                             | 0  | 0  |
| Scaling to above base table rates **                            | 110%   | 110%   |
| Improvements to Base Rate Tables                                | CMI_2009 with a long term rate of improvement of 1.25% per annum | CMI_2009 with a long term rate of improvement of 1.25% per annum |
| Future lifetime from age 65 (currently aged 65)                 | 23.8   | 23.7   |
| Future lifetime from age 65 (currently aged 45 accounting date) | 25.7   | 25.6   |

\* A rating of x years means that members of the Fund are assumed to follow the mortality pattern of the base table for an individual x years older than them. The ratings shown apply to normal health retirements.

\*\* The scaling factors shown apply to normal health retirements.

### 31 July 2012

### 31 July 2011

|             |   |   |
|-------------|---|---|
| Commutation | Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2010 pension entitlements for additional lump sum. Each member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2010 pension entitlements for additional lump sum. | Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2010 pension entitlements for additional lump sum. Each member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2010 pension entitlements for additional lump sum. |
|-------------|---|---|

# GOWER COLLEGE SWANSEA

## 19) PENSIONS AND SIMILAR OBLIGATIONS (continued)

The College's share of the assets of the City & County of Swansea Pension Fund is as follows :

|                                     | 31 July 2012                               |                        | 31 July 2011                               |                        | 31 July 2010                               |                        |
|-------------------------------------|--|------------------------|--|------------------------|--|------------------------|
|                                     | Long-term rate of return expected (% p.a.) | Estimated value (£000) | Long-term rate of return expected (% p.a.) | Estimated value (£000) | Long-term rate of return expected (% p.a.) | Estimated value (£000) |
| Equities                            | 7.5  | 15,849                 | 7.9  | 15,383                 | 8.2  | 13,512                 |
| Property                            | 7.0  | 1,124                  | 7.4  | 756                    | 7.7  | 718                    |
| Government Bonds                    | 2.5  | 1,451                  | 3.9  | 1,245                  | 4.2  | 2,344                  |
| Corporate Bonds                     | 3.2  | 257                    | 4.7  | 200                    | 4.9  | 222                    |
| Cash                                | 1.4  | 3,488                  | 1.5  | 3,468                  | 1.2  | 2,566                  |
| Other                               | 7.5  | 1,241                  | 7.9  | 1,178                  | 8.2  | 1,197                  |
| <b>Total</b>                        | <b>6.2</b>                                 | <b>23,410</b>          | <b>6.6</b>                                 | <b>22,230</b>          | <b>6.8</b>                                 | <b>20,559</b>          |
| Present value of scheme liabilities |  | (39,510)               |  | (32,380)               |  | (32,930)               |
| Deficit in the scheme               |  | (16,100)               |  | (10,150)               |  | (12,371)               |

Gower College Swansea of Further Education employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out in this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund as at 31 July 2012.

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

|                               | 2012<br>£000   | 2011<br>£000   |
|-------------------------------|----------------|----------------|
| Current service cost          | (1,310)        | (1,290)        |
| Past service credit           | -              | -              |
| <b>Total operating charge</b> | <b>(1,310)</b> | <b>(1,290)</b> |

### Analysis of pension finance cost

|  | 2012<br>£000 | 2011<br>£000 |
|--|--------------|--------------|
| Expected return on pension scheme assets | 1,490        | 1,430        |
| Interest on pension scheme liabilities   | (1,750)      | (1,810)      |
| <b>Pension finance cost</b>              | <b>(260)</b> | <b>(380)</b> |

## GOWER COLLEGE SWANSEA

### 19) PENSIONS AND SIMILAR OBLIGATIONS (continued)

#### Analysis of amount recognised in Statement of Total Recognised Gains and Losses

|   | <b>2012<br/>£000</b> | <b>2011<br/>£000</b> |
|---|----------------------|----------------------|
| Actual return less expected return on pension scheme assets                   | (1,463)              | (1,020)              |
| Experience gains and losses arising on the scheme liabilities                 | 150                  | 4,100                |
| Changes in assumptions underlying the present value of the scheme liabilities | (4,200)              | (409)                |
| Total actuarial (loss)/gain   | <u>(5,513)</u>       | <u>2,671</u>         |

#### Analysis of movement in pension deficit during the year

|  | <b>2012<br/>£000</b> | <b>2011<br/>£000</b> |
|--|----------------------|----------------------|
| Deficit in scheme at start of year       | (10,150)             | (12,371)             |
| Current service cost                     | (1,310)              | (1,290)              |
| Contributions towards funded liabilities | 1,133                | 1,220                |
| Past service credit                      | -                    | -                    |
| Expected return on pension scheme assets | 1,490                | 1,430                |
| Interest on pension scheme liabilities   | (1,750)              | (1,810)              |
| Actuarial (loss)/gain                    | (5,513)              | 2,671                |
| Deficit in scheme at end of the year     | <u>(16,100)</u>      | <u>(10,150)</u>      |

# GOWER COLLEGE SWANSEA

## 19) PENSIONS AND SIMILAR OBLIGATIONS (continued)

### History of experience gains and losses

|  | For year<br>ending<br>31 July<br>2012 | For year<br>ending<br>31 July<br>2011 | For year<br>ending<br>31 July<br>2010 | For year<br>ending<br>31 July<br>2009 | For year<br>ending<br>31 July<br>2008 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Difference between expected and actual return on scheme assets : |                                       |                                       |                                       |                                       |                                       |
| - Amount (£000)  | (1,463)                               | (1,020)                               | 1,530                                 | (1,510)                               | (2,330)                               |
| - Percentage of scheme assets                                    | (6.2%)                                | (4.6%)                                | 7.4%                                  | (9.1%)                                | (14.8%)                               |
| Experience gains / (losses) on scheme liabilities :              |                                       |                                       |                                       |                                       |                                       |
| - Amount (£000)  | 150                                   | 4,100                                 | 140                                   | (40)                                  | (580)                                 |
| - Percentage of the present value of the scheme liabilities      | 0.4%                                  | 12.7%                                 | 0.4%                                  | (0.1%)                                | (2.5%)                                |
| Change in assumptions  |                                       |                                       |                                       |                                       |                                       |
| - Amount (£000)  | (4,200)                               | (409)                                 | 1,540                                 | (4,740)                               | 720                                   |
| - Percentage of the present value of the scheme liabilities      | (10.6%)                               | (1.3%)                                | 4.7%                                  | (15.2%)                               | 3.1%                                  |
| Total amount recognised in STRGL :                               |                                       |                                       |                                       |                                       |                                       |
| - Amount (£000)  | (5,513)                               | 2,671                                 | 3,210                                 | (6,290)                               | (2,160)                               |
| - Percentage of the present value of the scheme liabilities      | (14.0%)                               | 8.2%                                  | 9.7%                                  | (20.2%)                               | (9.2%)                                |

Changes in the present value of the LGPS scheme liabilities are as follows :

|  | <b>2012</b><br><b>£000</b> | <b>2011</b><br><b>£000</b> |
|--|----------------------------|----------------------------|
| Opening present value of liabilities               | 32,380                     | 32,930                     |
| Current service costs                              | 1,310                      | 1,290                      |
| Past service credit                                | -                          | -                          |
| Interest cost                                      | 1,750                      | 1,810                      |
| Actuarial losses/(gains)                           | 4,050                      | (3,691)                    |
| Contributions by participants                      | 420                        | 431                        |
| Net benefits paid                                  | (400)                      | (390)                      |
| <b>Closing present value of scheme liabilities</b> | <b>39,510</b>              | <b>32,380</b>              |

Changes in the fair value of the LGPS scheme assets are as follows :

|                                | <b>2012</b><br><b>£000</b> | <b>2011</b><br><b>£000</b> |
|--------------------------------|----------------------------|----------------------------|
| Opening value of assets        | 22,230                     | 20,559                     |
| Expected return                | 1,490                      | 1,430                      |
| Actuarial (losses)             | (1,463)                    | (1,020)                    |
| Contributions by participants  | 420                        | 431                        |
| Contributions by employer      | 1,133                      | 1,220                      |
| Net benefits paid              | (400)                      | (390)                      |
| <b>Closing value of assets</b> | <b>23,410</b>              | <b>22,230</b>              |

## GOWER COLLEGE SWANSEA

### 20) RECONCILIATION OF OPERATING (DEFICIT)/SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

|  | <b>2012</b>  | <b>2011</b>  |
|--|--------------|--------------|
|  | <b>£000</b>  | <b>£000</b>  |
| Operating (deficit)/surplus                      | (309)        | 114          |
| Loss on disposal                                 | 16           | 2            |
| Depreciation                                     | 1,695        | 1,804        |
| Deferred capital grants released to income       | (448)        | (528)        |
| Decrease/(Increase) in stock                     | 2            | (2)          |
| Decrease in debtors                              | 152          | 181          |
| Increase/(Decrease) in creditors                 | 549          | (52)         |
| Increase in provisions                           | 21           | 20           |
| Interest receivable                              | (243)        | (171)        |
| Interest payable                                 | 38           | 32           |
| Pension cost less contribution payable           | 437          | 450          |
| <b>Net cash inflow from operating activities</b> | <b>1,910</b> | <b>1,850</b> |

### 21) RETURN ON INVESTMENTS AND SERVICING OF FINANCE

|  | <b>2012</b> | <b>2011</b> |
|--|-------------|-------------|
|  | <b>£000</b> | <b>£000</b> |
| Interest received  | 260         | 38          |
| Interest paid  | (11)        | (12)        |
| <b>Net cash inflow from returns on investment and servicing of finance</b> | <b>249</b>  | <b>26</b>   |

### 22) CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

|   | <b>2012</b>  | <b>2011</b>  |
|---|--------------|--------------|
|   | <b>£000</b>  | <b>£000</b>  |
| Payments to acquire tangible fixed assets                                 | (757)        | (742)        |
| Disposal of fixed assets  | -            | -            |
| Deferred capital grants received  | -            | 81           |
| <b>Net cash outflow from capital expenditure and financial investment</b> | <b>(757)</b> | <b>(661)</b> |

### 23) MANAGEMENT OF LIQUID RESOURCES

|                                      | <b>2012</b> | <b>2011</b> |
|--------------------------------------|-------------|-------------|
|                                      | <b>£000</b> | <b>£000</b> |
| Increase in short term cash deposits | (2,350)     | (6,000)     |

## GOWER COLLEGE SWANSEA

### 24) FINANCING

|                                  | <b>2012</b> | <b>2011</b> |
|----------------------------------|-------------|-------------|
|                                  | <b>£000</b> | <b>£000</b> |
| Repayment of unsecured bank loan | (73)        | (73)        |
|                                  | (73)        | (73)        |

### 25) ANALYSIS OF CHANGES IN NET FUNDS

|                               | <b>At</b>         | <b>Cash</b>  | <b>Other</b>   | <b>At</b>     |
|-------------------------------|-------------------|--------------|----------------|---------------|
|                               | <b>01/08/2011</b> | <b>Flows</b> | <b>Changes</b> | <b>31/07/</b> |
|                               | <b>£000</b>       | <b>£000</b>  | <b>£000</b>    | <b>2012</b>   |
|                               |                   |              |                | <b>£000</b>   |
| Cash in hand and at bank      | 6,263             | (1,021)      | -              | 5,242         |
| Short term deposits           | 6,000             | 2,350        | -              | 8,350         |
|                               | 12,263            | 1,329        | -              | 13,592        |
| Bank loan due within one year | (77)              | 77           | (77)           | (77)          |
| Bank loan due after one year  | (1,268)           | (4)          | 77             | (1,195)       |
|                               | (1,345)           | (3)          | (77)           | (1,425)       |
| <b>Net Funds</b>              | 10,918            | 1,402        | -              | 12,320        |

Short term deposits related to fixed term cash deposits with amounts maturing in October 2012 (£2m), February 2013 (£2m), April 2013 (£2m) and July 2013 (£2.35m)

### 26) CAPITAL COMMITMENTS

|                                       | <b>2012</b> | <b>2011</b> |
|---------------------------------------|-------------|-------------|
|                                       | <b>£000</b> | <b>£000</b> |
| Commitments contracted for at 31 July | 301         | 82          |
|                                       | 301         | 82          |

### 27) FINANCIAL COMMITMENTS

Commitments under operating leases due next year which expire:

|  | <b>2012</b> | <b>2011</b> |
|--|-------------|-------------|
|  | <b>£000</b> | <b>£000</b> |
| Land and Buildings                       |             |             |
| Expiring within 1 year                   | 23          | 23          |
| Expiring between 1 and 2 years inclusive | -           | -           |
| Expiring between 2 and 5 years inclusive | 171         | 171         |
| Expiring in over 5 years                 | -           | -           |
|  | 194         | 194         |
| Other                                    |             |             |
| Expiring within 1 year                   | 27          | 17          |
| Expiring between 1 and 2 years inclusive | 3           | 34          |
| Expiring between 2 and 5 years inclusive | 42          | 30          |
| Expiring in over 5 years                 | -           | -           |
|  | 72          | 81          |

## GOWER COLLEGE SWANSEA

### 28) POST BALANCE SHEET EVENTS

Subsequent to the year end, the College entered into an agreement to purchase land adjacent to the Tycoch Campus. The purchase price for the land is £2,350,000. A 5% deposit was paid in September 2012 and the balance is due between April 2013 and December 2013.

### 29) GOVERNORS' INTERESTS IN CONTRACTS

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.**

Councillor David Phillips is the Leader of the Council of City & County of Swansea.

Carol Green is the Chief Executive of Swansea Council for Voluntary Services.

John Britton is a member of the Planning and Strategic Projects Unit at Swansea University.

Fiona Rees is the Executive Director of Swansea Bay Futures.

Rowland Jones is a Director of Rowland Jones Chartered Surveyors and his brother-in-law is a Director of Meirion Howells Project Management.

The following transactions have occurred between these organisations :

| Organisation                       | Nature of transaction                      | 2011/12        |                     | 2010/11        |                     |
|------------------------------------|--|----------------|---------------------|----------------|---------------------|
|                                    |  | Income<br>£000 | Expenditure<br>£000 | Income<br>£000 | Expenditure<br>£000 |
| Swansea University                 | Educational services and use of facilities | 151            | 27                  | 145            | 8                   |
| City & County of Swansea           | Educational services                       | 124            | 15                  | 154            | 14                  |
| SCVS                               | Educational services                       | -              | 30                  | -              | 46                  |
| Swansea Bay Futures                | Marketing                                  | -              | 5                   | -              | 5                   |
| Rowland Jones Chartered Surveyors  | Estates works                              | -              | 3                   | -              | -                   |
| Meirion Howells Project Management | Estates consultancy                        | -              | 9                   | -              | 5                   |

## GOWER COLLEGE SWANSEA

### 30) FINANCIAL CONTINGENCY FUND

|  | <b>2012</b>     | <b>2011</b>     |
|--|-----------------|-----------------|
|  | <b>£000</b>     | <b>£000</b>     |
| Balance brought forward                      | 49              | 29              |
| Welsh Government grant                       | 557             | 556             |
|  | <hr/>           | <hr/>           |
|  | 606             | 585             |
| Disbursed to students & administration costs | <u>(570)</u>    | <u>(536)</u>    |
| Funds carried forward                        | <hr/> <u>36</u> | <hr/> <u>49</u> |

Financial Contingency Fund grants are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.