

MYERSCOUGH COLLEGE

**Report and Financial Statements
for the Year Ended 31st July 2017**

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2016/17:

Ann Turner	Chief Executive and Principal; Accounting officer
Alison Robinson	Vice Principal & Deputy Chief Executive
Paula Lister	Deputy Principal Finance & Corporate Services (until 29 May 2017)
John Wherry	Deputy Principal Resources

Board of Governors

A full list of Governors is given on pages 14 & 15 of these financial statements.

Ron Matthews acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial Statement Auditor and Regularity Reporting Accountant:

RSM UK Audit LLP
9th Floor
3 Hardman Street
Manchester M3 3HF

Internal Auditors

RSM Risk Assurance Services LLP
9th Floor
3 Hardman Street
Manchester M3 3HF

Bankers:

Barclays Bank PLC
Navigation Way
Preston PR2 2XY

NatWest Bank PLC
Fishergate,
Preston PR1 3BH

Handelsbanken
Winckley Chambers
30 Winckley Square
Preston PR1 3JJ

Lloyds Bank PLC
1st Floor, 5 St Paul's Square
Old Hall Street
Liverpool L3 9SJ

Solicitors:

Napthens LLP
7 Winckley Square
Preston PR1 3JD

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MYERSCOUGH COLLEGE

Strategic Report

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31st July 2017.

Myerscough is a specialist land-based and sports college based in the North West of England. The main campus is in Bilsborrow, eight miles from Preston, with other centres of learning in Liverpool, Blackburn, Manchester and Lynwood in Dorset. Myerscough actively supports the land-based and sports sectors with close links with employers, professional bodies and funding organisations. Established in 1894, the College has a long history as a key provider of further and higher education in the land-based and sport sectors.

The range and depth of courses within these specialist areas is extensive, providing learners with opportunities from pre-entry level to postgraduate degrees in a wide range of qualifications, with progression up the academic ladder or into related employment.

Myerscough is a responsive college, with a proven track record in meeting, if not exceeding, the expectations of individuals and organisations accessing the education, training and services provided. It is a caring, supportive organisation where every individual matters.

Since 2007, Myerscough has been recognised as an outstanding College by Ofsted for the care provided to under 18 residential students (latest inspection 2014), having comprehensive information advice and guidance systems across all areas of the College recognised by Matrix (re-accredited December 2014) assessed as 'positive' about disabled people and a leader in diversity (accredited in February 2017).

In the 2017 Ofsted inspection, Myerscough was recognised as a 'good' College with 'outstanding' features. In 2014, the Quality Assurance Agency (QAA) awarded Myerscough two commendations and highlighted 10 areas of good practice, with no recommendations for further action, the leading report within the sector. In 2017 Myerscough was awarded silver in the teaching excellence awards for higher education and recognised by the Department of Education and companies house as the University Centre Myerscough.

Legal Status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Myerscough College. The College is an exempt charity for the purposes of the Charities Act 2011.

Public Benefit

Myerscough College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are also Trustees of the charity are listed on pages 15-16.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commissioner's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

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In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Excellent progression within education
- Strong student support systems
- Strong Links with employers, industry and commerce
- Excellent resources available to the public
- Strong student involvement in wider community activity
- Upskilling of the current workforce
- Identifying and meeting the needs of the land based and sports sectors

Mission

The College's mission statement is:

To become the leading provider of education in the land-based and sports sectors and the natural choice for research, industrial partners and students who aspire to success.

Vision

The College's vision is:

*Myerscough will be the college of choice in the land-based and sports sectors.
"Providing Opportunities for All to Succeed"*

Values

The College values are:

Respect for yourself, each other and the environment
Welcoming, honest and inclusive
Happy, safe and supportive culture
Inspiring learners & staff to be the best they can be
Positive and innovative

Strategic Plan

The strategic plan for 2012-2022 will take the College forward, ensuring that our staff and learners will work together to ensure that opportunities are provided for all to succeed.

The strategic plan has four clear objectives:

We will continue to build and enhance our brand and reputation for excellence within the land-based & sports sectors.

- We will be recognised as a centre of excellence in all that we do.
- We will be the college and partner of choice.
- We will inspire an innovative and entrepreneurial approach.
- We will reinforce our academic activities with a culture of learning and a growing body of research

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We will provide an outstanding teaching & learning experience

- We will inspire learners to exceed their aspirations.
- We will deliver a student experience which constantly exceeds expectations.
- We will deliver a campus to provide outstanding resources.
- We will be an outstanding employer.

We will create opportunities for all to succeed

- We will be judged outstanding by all external inspection or assessment bodies.
- We will help today's raw talent become tomorrow's skilled workers.
- We will lead our peers in promoting equality of educational opportunity and outcome for all.
- We will provide a learning environment and experience that inspires learners to exceed their expectations and achieve what they never felt possible.

We will deliver great value for money.

- We will maintain finances that are amongst the most stable and cost effective in the land-based sector, as a firm basis to promote high quality research and effective learning.
- We will commit to sustainable development which meets the needs of the present without compromising the needs of future generations.

Each statement has a series of targets and milestones, which are cascaded down through the organisation and subject to regular monitoring by the Governing body. These provide the basis of all target setting and performance management throughout the College.

Performance indicators

FE Choices has four key performance indicators:

- Success Rates
- Learner Destinations
- Satisfaction survey (formerly "Learner Views")
- Satisfaction survey (formerly "Employer Views")

The College is committed to observing the importance of the measures and indicators within the Framework and is monitoring these through the completion of the annual Finance Record for the Education and Skills Funding Agency. The financial health rating for Myerscough College is 'Good' which is as planned as investment continues in the campus. The financial forecast shows Myerscough remaining good for 2017/18 and returning to outstanding in 2018/19.

FINANCIAL POSITION

The College has had a good year financially, considering the challenges facing the sector, with additional funds being invested in campus improvements. The College generated a surplus in the year of £131k (2015/16 £362k) after a loss on the disposal of assets of £4k (2015/16 loss of £50k). The surplus before pension movements or actual trading surplus for the year was £1.24m (2015/16 surplus of £1.09m). The impact of the local government pension scheme has been a charge of £1,106k (2015/16 £732k) to the statement of comprehensive income.

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College income has grown from £28.5m in 2015/16 to £30.0m in 2016/17 due to increases in funding body grants, notably for high needs funded students, despite a fall in HE income.

Staffing costs has seen an increase to £17.9m in 2016/17 (£16.6m in 2015/16) as a result of planned investment to support Maths and English in the curriculum and an increasing number of students with additional learning requirements. This has been accompanied by a significant increase in employer on-costs, National Insurance has risen from £857k in 2015/16 to £1,073k in 2016/17 and pension contributions from £2,167k in 2015/16 to £2,695k in 2016/17.

Cash balances at the end of the year had risen to £4.9m (2015/16 £4.3m), these balances will be invested in the continuation of the capital investment plan. The Colleges accumulated reserves, which have decreased during the year, now stand at £23.23m (2015/16 £23.29m).

Tangible fixed asset additions during the year amounted to £5.6m. This is building work of £4.8m and equipment / vehicles purchased of £0.8m. Expenditure on buildings during the year has been significant with the completion of student residential accommodation, a livestock innovation centre and the food & farming innovation and technology centre (FFIT completed in August 2017) and part funded by Lancashire Local Enterprise Partnership. In addition work has commenced on an animal and equine science centre in Croxteth Park in Liverpool, part funded by Liverpool City Region and Liverpool City Council through the granting of a long term lease, 99 years, and due for completion in February 2018.

The College has reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2016/17 the education sector funding bodies (including indirect funding and associated tuition fees) amounted to 75.5% of college income (2015/16 74.0%). At the end of the year total borrowings were 32.6% of income.

The College has two subsidiary companies, Myerscough Ltd and Myerscoll Ltd, both of which remain dormant.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place. Short term borrowing for temporary revenue purposes is authorised by the Principal. Such arrangements are restricted by limits in the Financial Memorandum with the Education and Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum of the Education and Skills Funding Agency. The College undertook additional borrowing during the year, to part finance the next stage in the capital plan and the completion of the residential accommodation.

At the end of the year £976k was placed in a deposit account at Nat West, £1.02m invested with Handelsbanken and £2.8m being held on deposit with Barclays. These funds will be utilised in accordance with the College property strategy to further improve learner facilities and resources. As a result of prudent investment and despite

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very low interest rates, the College earned interest on its short term investments of £14.5k (£23.8k in 2015/16).

Cash flows

With cash balances of £4.9m (2015/16 £4.3m), the cash flow from operating activities at £3.0m (2015/16 £3.1m) was strong. The cashflows from investing activities included capital expenditure of £5.3m (2015/16 £6.6m).

Liquidity

The College currently has long term loans totalling £9.8m (2015/16 £8.7m) the first of which was drawn down in July 2005 and a second loan during 2012. Interest on both loans is partly on a fixed rate with the remainder on variable, thus ensuring the Colleges risk is minimised, whilst able to enjoy the current reduced level of interest rates. A further £5m of borrowing was approved by the Corporation in 2015 and agreed with NatWest bank for investment in a sports centre, sportsturf technology centre and additional residential accommodation. These are now completed and the final draw down will occur in September 2017.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Reserves Policy

The College retains levels of reserves which it feels are appropriate to ensure that it can continue to support and invest in the aims and objectives set by Corporation but provides sufficient protection from future uncertainties.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2016/17 the College had FE contracts (including apprenticeships and adult skills) with the education sector funding bodies totalling £13.1m (2015/16 – £13.1m). The College had 1601 FE students aged 16-18, 716 adult, 1061 HE students and 1169 apprentices.

The Further Education students are based on the Preston Centre at Bilsborrow and at the other centres in Merseyside, Manchester and Blackburn, which supports Myerscough's regional focus and provides opportunities for the non-traditional learner to access the specialist provision. In addition to mainstream FE, the College has many students on apprenticeship programmes nationwide based in the workplace.

Higher Education is delivered in partnership with UCLAN, of which Myerscough is an Associate School. Myerscough now holds a direct contract with HEFCE, in addition, further numbers are delivered via indirect funding with UCLAN.

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Higher Education partnerships for research are also in place with Lancaster University, University of Reading, Liverpool University, University of Manchester, Anglia Ruskin University and Coimbra University in Portugal.

Curriculum Developments

The recruitment of students to the College's centres in Liverpool, Manchester and Blackburn continues and supports Myerscough's regional focus. Methods of teaching and learning are under continuous review and development in order to ensure that the curriculum meets the needs of the communities it serves. The College has seen an increase in the number of students wishing to study either on-line or via distance learning. New courses are being developed to increase the range available to students. In support of the College's regional focus work is underway to look at developing new partnerships to deliver the curriculum.

The College was inspected by Ofsted in March 2017 and confirmed as 'good' following a short inspection. Many strengths and areas of good practice were identified.

Retention of FE students remains high at 95.4% and overall achievement under the new formula including functional skills, GCSE and all long and short courses at 88.5%. HE success at 87% remains high with strong in year retention of 96%. Student satisfaction also remains very high with 94% of FE students enjoying their course and 94% willing to recommend to a friend. On HE overall student satisfaction stands at 85% (84% 2015/16). Similarly in work placed learning the external satisfaction survey identifies a score of 84.2% making Myerscough, the highest performing specialist land based college nationally. Internal surveys show that 97% of apprentices were happy with the College and their scheme of study.

The 14-16 curriculum link courses remain very popular with an increasing number of home educated students, with a high degree of customer satisfaction as well as excellent results. The College has a flexible way of working with schools with the start of short courses and a partnership with Work Based to support delivery of courses by school staff. These foundations will again be built upon to provide courses supporting the changing needs of pre-16 education providers and learners. The College achieved enhanced accreditation at every level for PECS2 (Personalised Curriculum Education Standard) for 14-16 provision in July 2015. The first College in Lancashire to be accredited.

Myerscough works closely with employers to ensure that the qualifications, practical competence and life skills of a student, match and exceed their future employer's expectations. A range of employer information sharing and support mechanisms are available to ensure the College is aware of the needs of industry but also employers are aware of the opportunities available. Surveys indicate that the employer satisfaction rate is 97%.

The Higher Education provision was subject to Quality Assurance Agency (QAA) Higher Education Review in May 2014. The published QAA Review Report for the College commended the quality and enhancement of student learning opportunities at the College and identified 10 areas of good practice. This is the best report of any university or college nationally and confirms Myerscough as one of the best places to study higher education in land-based and sports subjects in the UK. This has been confirmed the 2017 award of silver under the teaching excellence framework.

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The College recognises the importance of research in underpinning the higher education curriculum and continues to foster a strong research ethos among staff and students. A number of staff and postgraduate students are actively engaged in research. Research at Myerscough is structured under three centres:

- Sustainable Agriculture and Arboriculture
- Welfare of Managed Animals
- Sports Performance

During the past year, staff and students have presented at a number of national and international conferences and published their work in a range of peer reviewed publications and industry press.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. The College produces two payment runs per month, all authorised invoices are paid in the next available run after it's due date and the 'creditor days' at the end of the period was around 30 days. The College has incurred no interest charges in respect of late payment for this period.

Post Balance Sheet Events

There are no reportable post balance sheet events.

Environmental Issues

The College is committed to reducing its carbon footprint and has embraced a number of sustainability initiatives, including the promotion of energy efficiency, reducing water usage, the introduction of recycling stations across campus and in all offices and embedding the principles of sustainability into the curriculum. Champions have been nominated in all areas and will help promote sustainability in their local work areas, to share best practice and to facilitate the effective communication of news, advice and ideas. In addition, we are part of the Carbon Trust carbon management scheme. All new capital projects are designed to BREAAAM excellence and the foundation learning centre and animal studies centre are certified as excellent.

Future Developments

The total FE funding contract for 16-18 learners excluding apprenticeships has been confirmed at £9.68m for 2017/18 (£8.94m in 2016/17) with high needs funded learners increasing from £840k in 2016/17 to £1,092k in 2017/18.

Plans have been formulated and funding sought to address the issues identified in the Property Strategy and to ensure that a 21st century learning environment meeting the expectation of students and employers is provided. During the year additional student residential accommodation and livestock innovation centre were completed with the food and farming innovation and technology (FFIT) centre completed in August 2017. These were part funded by Lancashire LEP. The signing of a long term lease for Croxteth Park in Liverpool facilitated a successful grant application to the Liverpool City Region for an animal and equine centre within the Park. This is due for completion in February 2018.

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RESOURCES

The College has various high quality, specialist, employer standard resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include the Preston centre which is owned, agricultural land plus two farms locally and sites in Merseyside and East Lancashire all of which are leased.

Financial

The College has £23.2m of net assets, including £13.8m pension liability (£12.5m in 2015/16).

People

The College employs 575 people (expressed as full time equivalents), of whom 337 are teaching staff.

Reputation

The College has a strong reputation locally, nationally and increasingly internationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken work during the year to further embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed weekly by the Principalship, quarterly by the Audit Committee and appropriate Governor committee and Corporation. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The register is also reviewed annually by the Senior Management of the College. The process is subject to annual scrutiny by Internal Auditors.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Government Funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and from HEFCE (via UCLAN and directly). In 2016/17 54% of the College's revenue was ultimately public funded and this level of

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requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding,

- Continued potential reduction in the funding rates per student, particularly for apprenticeships.
- Significant reduction in HEFCE funding, and the impact of removal of student number controls.
- Local Authority funding cuts impacting on College services and the wider economy
- Reduction in staffing levels at funding bodies and Government offices
- Removal of further grant funded places for students aged 19+ repeating level three and the expansion of Advanced Learner Loans
- Falling demographics
- Impact of the decision to exit the European Union

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- Constantly seeking new sources of income and contracts
- By ensuring the College is rigorous in delivering high quality education and training in the most efficient manner.
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with the education sector funding bodies / UCLAN

2. Implementation of the Property Strategy

The College Property Strategy identifies that a significant portion of the original 1960's estates requires either rebuilding or refurbishing. A capital plan is in place, whereby the College will deliver the required improvements over an extended timescale.

Other similar Colleges have been successful in securing high levels of funding to deliver their property strategies, and hence there is a risk that Myerscough could lose its market share as students and employers are attracted to other institutions with more modern facilities.

This risk is mitigated in a number of ways:

- Significant new builds and refurbishment works have been completed.
- External funds have been secured.
- Further campus developments are planned to deliver a number of the identified improvements.
- Other sources of funding are being investigated.

3. Maintain Adequate Funding of Pension Liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS102. This has increased during the year, due to the change in assumptions and life expectancy. This is outside the control of the College management and is dependent on the ongoing performance

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of the national and international financial markets, hence the College is unable to mitigate the risk.

4. Tuition Fee Policy

The change of policy for funding students aged 19 and above studying a level three programme has resulted in more students who are now expected to apply for a student loan and potentially paying fees of up to £11,000 for an extended diploma. Despite publicity this is likely to have a detrimental impact on demand.

Myerscough College will increase tuition fees each year, but has significant concerns regarding the levels of increases required and has therefore not increased all fees to the level expected by the Education and Skills Funding Agency.

In Higher Education, fees are up to £9,000 for both Foundation Degrees and for Honours Degrees. Likewise, part-time course fees have increased.

The risk for the College is that demand falls off as fees are increased. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
- Close monitoring of the demand for courses as prices change
- Prompt debt collection

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, Myerscough College has many stakeholders. These include:

- Students;
- Staff;
- Other HE / FE institutions;
- Sector Skills Councils;
- Education sector funding bodies
- FE Commissioner
- Government departments e.g. DfE, BIS, DEFRA
- Local employers (with specific links);
- Local Authorities;
- Local Enterprise Partnerships;
- Local community;
- Professional bodies.

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The College recognises the importance of these relationships and engages in regular communication with them through meetings, social media, the College Internet site and other methods.

Equal Opportunities and the Employment of Disabled Persons

Myerscough College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, religion or belief, disability and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat discrimination, harassment or victimisation. This policy will be resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy is published on the College's Internet site.

The College publishes an Annual Equality and Diversity Report for Corporation to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results.

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

Following the successful award of Investors in Diversity in 2013, the College was awarded Leaders in Diversity in February 2017.

The College seeks to achieve the objectives set down in the Equalities Act 2010, the following systems are embedded in to College practice:

- a) Admissions & Support Advisory Panel is in place to review applications with disclosures relating to a complex disability, learning difficulty or where exceptional support is required. The Panel also reviews support arrangements arising for existing students throughout the year. An appeals process is in place.
- b) Head of Inclusive Learning is in post to coordinate additional learning support provision for students with learning difficulties and disabilities.
- c) Continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- d) Myerscough Code is in place to raise awareness of the standards expected by staff and students at the College.
- e) Equality and Diversity Policy is in place.
- f) The Equality and Diversity Strategy Group oversees the strategic direction of the College to meet our equality objectives.
- g) The Equality and Diversity Good Practice Group led by the Equality and Diversity Coordinator ensures staff have a forum for upward communication around the equality objectives and supports the implementation of the strategic objectives.

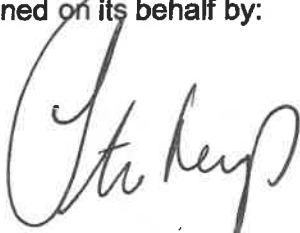
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Disclosure of Information To Auditors

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

Approved by order of the members of the Corporation on 12 December 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Stuart Heys', written over a faint circular stamp.

Stuart Heys - Chairman to the Corporation

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Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2016 to 31st July 2017 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the ten principles previously agreed by the College. These build on the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) which have been expanded by amalgamating honesty and integrity and adding respect for others, personal judgement, stewardship and duty to uphold the law;
- ii. in full accordance with the guidance to colleges from the Association of Colleges in the Code of Good Governance for English Colleges ("the Code") formally adopted in July 2015; and
- iii. having due regard to the UK Corporate Governance Code insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our corporate governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

The Governing body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011 and listed below, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements. The College has also taken recognisance of the Charity Governance Code of 2017.

The Corporation

The Corporation conducts its business through a number of committees and each has terms of reference that have been approved by the full Corporation.

COMMITTEES

The Committees in 2016/17 were as follows:

Finance & Resources Committee	=	F&R
Audit & Governance Committee	=	A&G
Remuneration Committee	=	REM
Quality & Standards Committee	=	Q&S
Appeals Committee	=	APPEALS
Nominations Committee	=	NOM

Following a review in March 2014, the Corporation agreed not to fill current and anticipated vacancies thus reducing the number of Independent Governors from fifteen

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Statement of Corporate Governance and Internal Control

down to twelve. No changes were made to the number of staff and student representatives.

Corporation Members

Members who served on the Corporation during the year and up to the date that this report was signed, together with details of the Committees upon which they served and their attendance thereat in 2016/17 was as follows:

MEMBER	DATE of APPOINTMENT	TERM of OFFICE	DATE of RESIGNATION	STATUS of APPOINTMENT	COMMITTEES SERVED and ATTENDANCE No / out of	CORPORATION MEETINGS ATTENDED No / out of
Adrian BOREHAM	01/04/2010	8	-	SUPPORT STAFF	A&G 2/3	8/9
Jane BOOKER	01/01/2015	4	-	INDEPENDENT	A&G 2/3	9/9
Sarah BURDAKY	01/08/2016	4	-	INDEPENDANT	F&R 3/6	4/9
Gerry CORLESS	01/08/2013	4	-	INDEPENDENT	A&G 3/3 NOM 1/1 REM 2/2	7/9
Ian DOUGLASS	01/04/2012	8	-	INDEPENDENT	F&R 4/6 Q&S 1/3 NOM 1/1 REM 2/2	4/9
Libby DUSTAN	01/09/2017	1	30/09/16	STUDENT	A&G 0/0	0/0
Rebecca FITZSIMMONS	01/08/2016	1	31/07/2017	STUDENT	Q&S 0/3	2/9
Allan FOSTER	01/10/2012	4	-	INDEPENDENT	Q&S 3/3 NOM 1/1 REM 1/1	9/9
Richard FUERNIVAL	01/08/2016	4	-	INDEPENDENT	F&R 3/6	5/9
David HALL	01/04/2017	4	-	INDEPENDENT	A&G 1/1	2/3
Stuart HEYS	01/10/2012	4	-	INDEPENDENT	F&R 5/6 NOM 1/1 REM 2/2	7/9
Ian HIGGINBOTHAM	01/07/2008	12	-	INDEPENDENT	F&R 5/6 REM 1/1	6/9
Julie HUGHES	01/01/2017	4	-	INDEPENDENT	Q&S 2/2 NOM 0/1	5/5
Richard HUGHES	04/07/2017	4	-	TEACHING STAFF	Q&S 0/1	0/2
Marion NUTTALL	01/01/2009	8	31/12/2016	INDEPENDENT	Q&S 1/1 A&G 1/1 REM 1/1	4/4

MYERSCOUGH COLLEGE

Statement of Corporate Governance and Internal Control

MEMBER	DATE of APPOINTMENT	TERM of OFFICE	DATE of RESIGNATION	STATUS of APPOINTMENT	COMMITTEES SERVED and ATTENDANCE No / out of	CORPORATION MEETINGS ATTENDED No / out of
Garry PAYNE	01/10/2013	4	-	INDEPENDENT	A&G 3/3 NOM 1/1	7/9
Grace POWER	01/08/2016	1	31/07/2017	STUDENT	A&G 0/3	1/7
Clare PLATT	01/01/2010	8	-	INDEPENDENT	F&R 3/6 NOM 1/1	5/9
Stephen RIGBY	01/01/2005	12	31/03/2016	INDEPENDENT	Q&S 2/2 REM 2/2	6/6
Rob ROBINSON	01/08/2014			STAFF	Q&S 2/2	7/7
Ann TURNER	01/03/2006	N/A	-	PRINCIPAL	F&R 6/6, Q&S 3/3	9/9
Ron MATTHEWS, Clerk to the Corporation.						24/24

Co-opted Committee Members

ATTENDING	COMMITTEE	APPOINTED	RESIGNED	MEETINGS ATTENDED No / out of
Ishwer TAILOR	A&G	01/08/2013	31/07/2017	0/3

The following persons also acted as directors of the College's wholly owned subsidiaries, Myerscough Ltd and Myerscoll Ltd, both having been dormant throughout the year ended 31st July 2017.

Directors: Ian Higginbotham (retired 6 June 2017)
Steve Rigby (retired 6 June 2017)
Ian Douglas (appointed 7 June 2017)
Stuart Heys (appointed 7 June 2017)
Ann Turner (Company Secretary and Director)

The composition of the Corporation is set out on page 13-15. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation will continue to bring added value to the social, physical and economic well-being of the various communities served by the College by striving to become the leading provider of education in the land-based and sports sectors and the natural choice for research, industrial partners and students who aspire to succeed.

MYERSCOUGH COLLEGE

Statement of Corporate Governance and Internal Control

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 human resources related matters such as health and safety and environmental issues. The Corporation meets a minimum of four times per year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. In 2061/17 these committees are Audit & Governance, Finance & Resources, Quality & Standards, Remuneration, Nomination and Appeals. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available online at www.myerscough.ac.uk or from the Clerk to the Corporation at:

Myerscough College
Bilsborrow
Preston
PR3 0RY

The Clerk to the Corporation maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

All Governors are able to seek 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 Corporation 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 Corporation meetings using e-governance and a governors portal. 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.

There is a clear division of responsibility in that the roles of the Chair of the Corporation and the Chief Executive & 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. During the year the Corporation had an Audit & Governance Committee which was 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. However, they are eligible for re-election for a further term of four years. Those Governors who have served as either Chair or Vice Chair of the Corporation are eligible to serve for a third term.

MYERSCOUGH COLLEGE

Statement of Corporate Governance and Internal Control

The Corporation undertakes an annual self-assessment process which feeds into the overall College Self-Assessment Report which are both included in agendas in the autumn term. Individual reviews of the Corporation and Committee meetings are undertaken during the summer cycle which also includes a review of the performance of each individual chair.

Remuneration Committee

The Committee comprises a total of five Governors made up from the Chair and Vice Chair of the Corporation and the three other Committee Chairs, some of whom were involved in the appraisal process. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Senior Post Holders, currently the Chief Executive & Principal, the Clerk to the Corporation, the Vice Principal & Deputy Chief Executive, the Deputy Principal – Finance and Corporate Services and the Deputy Principal – Resources. Details of remuneration for the year ended 31st July 2017 is set out in note 8 to the financial statements.

Audit & Governance Committee

The Audit & Governance Committee comprises of six members of the Corporation (excluding the Principal and Chair of the Corporation) and one Co-opted member. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit & Governance Committee meets up to four times per year and provides a forum for reporting by the College's internal, and financial statements 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 relevant funding agencies as they affect the College's business.

The College's internal auditors review 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 & Governance Committee.

Management is 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 & Governance Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

Finance and Resources Committee

The Finance and Resources Committee comprises at least six members of the Corporation none of whom serve on the Audit and Governance Committee but does include the Principal. The Committee operates in accordance with written terms of reference approved by Corporation.

The Committee meets up to five times per year and provides a forum for reviewing all College finances, financial policy, control and strategy, strategic planning relating to finance, capital development plan, human resources, health and safety and sustainability. The Committee also receives and considers reports from the relevant funding agencies as they affect the College's business.

Quality and Standards Committee

The Quality and Standards Committee comprises at least six members including the Principal meets up to three times per year. The Committee reviews and monitors all

MYERSCOUGH COLLEGE

Statement of Corporate Governance and Internal Control

aspects of academic performance in particular the quality strategy for improving academic standards and the quality of teaching and learning, education policies and procedures. The College SAR. The learner involvement strategy, the responsiveness to employers, safeguarding, equality, diversity and inclusion policies and the availability of continuous professional development for employees.

Nominations Committee

Established this year the Nominations Committee is responsible for seeking and arranging and all details in relation to vacancies of Senior Post Holders. The Committee is authorised to undertake all arrangements for advertising, testing and interviewing of candidates and making recommendations of an appointment to the Corporation.

Appeals Committee

The Committee is established to hear appeals from staff when required. The Committee did not meet during 2016/2017 or since 31 July 2017.

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.

The Corporation has delegated the day to day responsibility to the Principal, as Chief 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 in accordance with the responsibilities assigned to her in the Financial Memorandum/Financial Agreement between Myerscough College and the funding bodies. The Principal 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 all policies, aims and objectives; it is therefore only 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 Myerscough College for the year ended 31st July 2017 and up to the date of the 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 31st July 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

MYERSCOUGH COLLEGE

Statement of Corporate Governance and Internal Control

The risk and control framework

The system on 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 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.

Myerscough College has an internal audit service, which operates in accordance with the Education and Skills Funding Agency *Post-16 Audit Code of Practice 2016 - 2017*. 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 internal audit plans are endorsed by the Corporation on the recommendation of the Audit & Governance Committee. The Internal Auditors undertake three visits per annum and report to the next Audit & Governance Committee. The report includes independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

- the work of 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 in their management letters and other reports.

The Chief Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit & Governance Committee which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Management Team 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 all areas of the College and reinforced by risk awareness training. The Senior Management Team and the Audit & Governance Committee also receive regular reports from internal audit, and other sources of assurance, which include recommendations for improvement. The Audit & Governance Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit & Governance Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2017 meeting, the Corporation carried out the annual assessment for the

MYERSCOUGH COLLEGE

Statement of Corporate Governance and Internal Control

year ended 31st July 2017 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31st July 2017.

Based on the advice of the Audit & Governance Committee and the Chief Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for *“the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets”*.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members report. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying notes. The College currently has £9.7m of loans outstanding with bankers on terms negotiated in 2005, 2011 and 2017. The terms of the existing agreements are for 18-20 years. A further £1.5m of borrowing has been has been drawn down with NatWest bank for investment in new residential accommodation which is complete terms are to be agreed in 2018.

The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Approved by order of the members of the Corporation on 12th December 2017 and signed on its behalf by:



Stuart Heys
Chairman to the Corporation



Ann Turner
Chief Executive and Principal

MYERSCOUGH COLLEGE

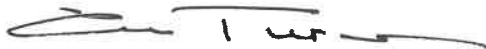
Corporation Statement on the College's regularity, propriety and compliance with Funding Bodies terms and conditions of funding

Corporation Statement on the College's regularity, propriety and compliance with the Funding Bodies terms and conditions of funding

The Corporation has considered its responsibilities to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with the Education and Skills Funding Agency terms and conditions of funding, under the financial memorandum in place between the College and the funding body. As part of its considerations the Corporation has had due regard to the requirements of the financial memorandum.

We confirm, on behalf of the Corporation, that after due enquiry, and **to the best of our knowledge**, we are able to identify any material irregularities or improper use of funds by the College, or material non-compliance with the Education and Skills Funding Agency's terms and conditions of funding under the College's financial memorandum.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date, nor have any been notified to the Education and Skills Funding Agency. If any instances are identified after the date of this statement, these will be notified to the Education and Skills Funding Agency.



Ann Turner
Principal and Chief Accounting Officer

Date: 12 December 2017



Stuart Heys
Chair of the Corporation

Date: 12 December 2017

MYERSCOUGH COLLEGE

Statement of the Responsibilities of Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum / Funding Agreement with the Education and Skills Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction for 2016 to 2017 issued jointly by the Education and Skills Funding Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and 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 assume that the College will continue in operation.

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

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

The maintenance and integrity of the College website is the responsibility of the Corporation 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.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the Financial Memorandum / Financial Agreement with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources

MYERSCOUGH COLLEGE

Statement of the Responsibilities of Members of the Corporation

and expenditure, so that the benefits that should be derived from the application of public funds from the Education and Skills Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 12th December 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Stuart Heys', written in a cursive style.

Stuart Heys
Chairman to the Corporation

Date: 12 December 2017

MYERSCOUGH COLLEGE

Independent Auditors Report to the Corporation of Myerscough College

Opinion

We have audited the financial statements of Myerscough College (the "College") for the year ended 31 July 2017 which comprise the college statement of comprehensive income, the college balance sheet, the college statement of changes in reserves, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as set out in our engagement letter dated 12 October 2017.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2017 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The governors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MYERSCOUGH COLLEGE

Statement of the Responsibilities of Members of the Corporation

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2016 to 2017 issued by the Department for Education requires us to report to you if, in our opinion:

- adequate 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 required for our audit.

Responsibilities of the Corporation of Myerscough College

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 26 to 50, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities> this description forms part of our auditor's report.

This report is made solely to the Corporation, as a body, in accordance with the Financial Memorandum published by the Skills Funding Agency and our engagement letter dated 12 October 2017. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required under our engagement letter dated 12 October 2017 to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

Date: *19 December 2017*

MYERSCOUGH COLLEGE

Statement of Comprehensive Income for the year ended 31 July 2017

	Notes	2017	2016
		£	£
INCOME			
Funding body grants	2	13,976,710	13,320,918
Tuition fees and education contracts	3	8,664,107	7,761,935
Other grants and contracts	4	312,019	201,563
Other income	5	7,037,908	7,164,969
Endowment and investment income	6	14,492	23,787
Total income		30,005,236	28,473,172
EXPENDITURE			
Staff costs	7	17,922,535	16,572,483
Fundamental restructuring costs	7	45,310	40,430
Other operating expenses	8	9,438,560	9,156,076
Depreciation	10	1,825,416	1,675,668
Interest and other finance costs	9	639,207	616,880
Total expenditure		29,871,028	28,061,537
Surplus before other gains and losses		134,208	411,635
(Loss) on disposal of assets	10	(3,645)	(49,690)
Surplus before tax		130,563	361,945
Taxation		-	-
Surplus for the year		130,563	361,945
Actuarial loss in respect of pensions schemes		(142,000)	(2,998,000)
Other Comprehensive Income for the year		(142,000)	(2,998,000)
Total Comprehensive Income for the year		(11,437)	(2,636,055)
Represented by:			
Unrestricted comprehensive income		(13,651)	(2,636,536)
Restricted comprehensive income		2,214	481
		(11,437)	(2,636,055)

MYERSCOUGH COLLEGE

Balance sheet as at 31 July

	Notes	2017 £	2016 £
Fixed assets			
Tangible fixed assets	10	51,899,036	48,157,781
		<u>51,899,036</u>	<u>48,157,781</u>
Current assets			
Stocks	12	792,062	693,806
Debtors	13	2,114,151	1,917,006
Cash and cash equivalents	19	4,865,163	4,266,965
		<u>7,771,376</u>	<u>6,877,777</u>
Less: Creditors – amounts falling due within one year	14	(6,291,507)	(5,650,528)
Net current assets		<u>1,479,869</u>	<u>1,227,249</u>
Total assets less current liabilities		53,378,905	49,385,030
Less: Creditors – amounts falling due after more than one year	15	(16,348,150)	(13,590,837)
Provisions			
Defined benefit obligations	17	(13,756,000)	(12,508,000)
Total net assets		<u>23,274,755</u>	<u>23,286,193</u>
Unrestricted reserves			
Income and expenditure account		19,967,033	19,884,053
Revaluation reserve		3,286,730	3,383,362
Total unrestricted reserves		<u>23,253,763</u>	<u>23,267,415</u>
Restricted Reserve		20,992	18,778
Total Reserves		<u>23,274,755</u>	<u>23,286,193</u>

The financial statements on pages 26 to 50 were approved and authorised for issue by the Corporation on 12th December 2017 and were signed on its behalf on that date by:


Stuart Heys
Chairman to the Corporation


Ann Turner
Accounting Officer
Chief Executive & Principal

MYERSCOUGH COLLEGE

Statement of Changes in Reserves for the year ended 31 July 2017

	Income and Expenditure account	Revaluation Reserve	Restricted Reserve	Total
	£	£	£	£
College				
Balance at 1st August 2015	22,380,384	3,523,567	18,297	25,922,248
Surplus from the income and expenditure account	361,945	-	-	361,945
Other comprehensive income - pension charge	(2,998,000)	-	-	(2,998,000)
Transfers between revaluation and income and expenditure reserves	140,205	(140,205)		-
Transfers between restricted and income and expenditure reserves	(481)		481	-
Total comprehensive income for the year	(2,496,331)	(140,205)	481	(2,636,055)
Balance at 31st July 2016	19,884,053	3,383,362	18,778	23,286,193
Surplus from the income and expenditure account	130,563	-		130,563
Other comprehensive income - pension charge	(142,000)	-		(142,000)
Transfers between revaluation and income and expenditure reserves	96,632	(96,632)		-
Transfers between restricted and income and expenditure reserves	(2,214)		2,214	-
Total comprehensive income for the year	82,981	(96,632)	2,214	(11,437)
Balance at 31st July 2017	19,967,033	3,286,730	20,992	23,274,755

MYERSCOUGH COLLEGE

Statement of Cash Flows for the year ended 31 July 2017

	Notes	2017 £	2016 £
Cash inflow from operating activities			
Surplus/(deficit) for the year		130,563	361,945
Depreciation		1,825,416	1,675,668
(Increase) / decrease in stocks		(98,256)	22,334
(Increase)/decrease in debtors		(197,145)	(669,350)
Increase/(decrease) in creditors		343,227	660,707
Pensions costs less contributions payable		1,106,000	732,000
Investment income		(14,492)	(23,787)
Interest payable		328,207	299,880
Loss / (Profit) on sale of fixed assets		3,645	49,690
Donation Land & Buildings		(420,000)	-
Net cash flow from operating activities		3,007,165	3,109,087
Cash flows from investing activities			
Proceeds from sale of fixed assets		46,450	5,255
Investment income		14,492	23,787
Payments made to acquire fixed assets		(5,296,872)	(6,635,091)
Capital grants received		2,050,700	663,315
		(3,185,230)	(5,942,734)
Cash flows from financing activities			
Interest paid		(321,647)	(289,291)
Interest element of finance lease rental payments		(3,898)	(4,070)
New loans		1,508,527	3,574,185
Repayments of amounts borrowed		(387,282)	(373,991)
Repayments of obligations under finance leases		(19,437)	88,083
		776,263	2,994,916
Increase / (decrease) in cash and cash equivalents in the year		598,198	161,269
Cash and cash equivalents at beginning of the year	19	4,266,965	4,105,696
Cash and cash equivalents at end of the year	19	4,865,163	4,266,965

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

1 ACCOUNTING POLICIES

General information

Myerscough College is a corporation established under the Further and Higher Education Act 1992 as an English specialist land-based and sports college of further education. The address of the College's principal place of business is given on page 16. The nature of the College's operations are set out in Strategic Report.

Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2015 to 2016* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members report. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying notes. The College currently has £9.7m of loans outstanding with bankers on terms negotiated in 2005, 2011 and 2017. The terms of the existing agreements are for 18-20 years. A further £1.5m of borrowing has been drawn down with NatWest bank for investment in new residential accommodation which is complete terms are to be agreed in 2018.

The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future. Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Basis of consolidation

The financial statements have not been consolidated on the basis of materiality. Both subsidiary companies are dormant. Accordingly, the financial statements present information about the College as an individual entity only. The financial statements do not consolidate the College's investment in The Lancashire Colleges Limited or the National Landbased College as it is not deemed to be material, further information is shown in notes 12 and 26. In accordance with FRS 102 the activities of the student union have not been consolidated because the College does not control these activities.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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Notes to the Financial Statements for the year ended 31 July 2017

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Fee income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Investment income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension. See note 24.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Lancashire Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in other comprehensive income.

Tangible fixed assets

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 as the open market value for existing use is not readily obtainable. Land and buildings acquired since 1996 are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite life. Freehold buildings are depreciated over their expected useful economic life to the college of between 20 and 50 years. Long leasehold land and building will be depreciated over the life of the lease (99 years). The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years. Leasehold land and buildings are depreciated over the life of the lease. Where parts of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Where carrying value is found to be more than recoverable value, an impairment loss is recognised to write down the asset to its recoverable value. Impairment losses are recognised in the Income and Expenditure account in the period in which they are incurred.

On adoption of FRS102, the college followed the transitional provision to retain the book value of land and buildings as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance
- Buildings owned by third parties

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to ongoing future economic benefit. These assets are then depreciated over their expected useful economic life.

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

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Notes to the Financial Statements for the year ended 31 July 2017

All assets are depreciated over their useful economic life as follows:

Infrastructure	5%
Motor Vehicles	20%
Fixtures and fittings	10%
Teaching equipment	10%
Kitchen equipment	10%
Computer equipment	33⅓% / 50%
Plant and Machinery	10% / 20%
Special Teaching equipment	20%

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 to the Statement of Comprehensive Income and Expenditure.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

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

Stocks

Farm stocks are valued by an external value in accordance with the current RCIS Valuation Standards (Global and UK) and also in accordance with Central Association of Agricultural Valuers 'Guidance Notes on Agricultural Stock Valuations for Tax Purposes', HMRC Help sheet HS232 'Farm Stock Valuation' (previously BEN 19) and the FRS102 section 34. Stocks have been valued at cost or, if lower, net realisable value, deemed cost has been used where actual cost is not accurately ascertainable. Any increase or decrease in the value of farm or shop stock is written off to income and expenditure account in the period to which it relates.

Raw materials and goods for resale are stated at the lower of their cost and net realisable value.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period.

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred. The College has adopted the provisions of FRS102 section 21 and only makes a provision where there is a legal or constructive obligation to transfer economic benefit as a result of past events.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, here the inputs themselves are tangible fixed assets by nature.

Liquid resources

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

Provisions and contingent liabilities

Provisions are recognised when

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Financial Instruments

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

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Notes to the Financial Statements for the year ended 31 July 2017

2 Funding body grants

	Year Ended 31 July 2017 £	Year Ended 31 July 2016 £
Recurrent grants		
Education and Skills Funding Agency - adult	983,951	983,951
Education and Skills Funding Agency - 16-18	10,106,722	10,456,695
Education and Skills Funding Agency - apprenticeships	1,902,403	1,622,355
Education and Skills Funding Agency - other	123,037	-
Higher Education Funding Council	786,894	179,650
Specific Grants		
Releases of government capital grants	73,703	78,267
Total	13,976,710	13,320,918

3 Tuition fees and education contracts

	Year Ended 31 July 2017 £	Year Ended 31 July 2016 £
Adult education fees	143,251	213,967
Apprenticeship fees and contracts	268,156	228,688
Fees for FE loan supported courses	601,478	470,295
Fees for HE loan supported courses	5,315,729	4,254,259
International students fees	149,590	262,490
Total tuition fees	6,478,204	5,429,699
Higher Education Contract Income	984,529	1,446,238
Other contracts (including indirect funding from the funding bodies)	1,201,374	885,998
Total Educational Contracts	2,185,903	2,332,236
Total	8,664,107	7,761,935

4 Other grants and contracts

	Year Ended 31 July 2017 £	Year Ended 31 July 2016 £
European Commission	32,511	14,593
Other Funds	49,530	34,655
Other grants and contracts	130,113	91,600
Releases of non funding body government capital grants	99,865	60,715
Total	312,019	201,563

5 Other income

	Year Ended 31 July 2017 £	Year Ended 31 July 2016 £
Catering and residences	3,358,926	3,771,601
Other income generating activities	1,900,633	1,794,896
Farming activities	779,260	887,393
Full cost courses	417,146	550,892
Other income	161,943	160,187
Donation of land & buildings	420,000	-
Total	7,037,908	7,164,969

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

6 Investment income

	Year Ended 31 July 2017 £	Year Ended 31 July 2016 £
Other interest receivable	<u>14,492</u>	<u>23,787</u>

7 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was:

	Year Ended 31 July 2017	Year Ended 31 July 2016
Teaching staff	337	304
Non teaching staff	<u>238</u>	<u>252</u>
	<u>575</u>	<u>556</u>

Staff costs for the above persons

	Year Ended 31 July 2017	Year Ended 31 July 2016
Wages and salaries	13,499,042	13,029,489
Social security costs	1,073,309	856,502
Other pension costs (including FRS102 Adjustments of a £ 795k charge (2015/16 £415 k charge)) see note 25	<u>2,694,680</u>	<u>2,166,584</u>
Payroll sub total	17,267,031	16,052,575
Contracted out staffing services	<u>655,504</u>	<u>519,908</u>
	17,922,535	16,572,483
Fundamental restructuring costs - contractual	43,231	40,430
- non contractual	2,079	-
	<u>17,965,766</u>	<u>16,612,913</u>

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

7 Staff costs - continued

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Principal, Vice Principal, Deputy Principal Finance and Corporate Services and Deputy Principal Resources. The Deputy Principal Finance and Corporate Services left the College on 26th May 2017. The post was vacant at the year end.

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	2017 No.	2016 No.
The number of key management personnel including the Accounting Officer was:	4	4

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	Senior post-holders		Other Staff	
	2017 No.	2016 No.	2017 No.	2016 No.
£ 0 to £ 40,000	-	-	N/A	N/A
£ 40,001 to £ 50,001	1	-	N/A	N/A
£ 50,001 to £ 60,000	-	-	N/A	N/A
£ 60,001 to £ 70,000	1	2	-	-
£ 70,001 to £ 80,000	1	1	-	-
£110,001 to £120,000	-	1	-	-
£120,001 to £130,000	1	-	-	-
	<u>4</u>	<u>4</u>	<u>0</u>	<u>0</u>

The Deputy Principal Finance and Corporate Services left the College on 26th May 2017. The position was vacant for the remainder of the year.

Key management personnel emoluments are made up as follows:

	Year Ended 31 July 2017 £	Year Ended 31 July 2016 £
Salaries	316,451	314,835
Benefits in kind	1,736	1,780
Employers national insurance contributions	<u>38,468</u>	<u>36,367</u>
	356,655	352,982
Pension contributions	<u>50,427</u>	<u>48,095</u>
Total emoluments	<u>407,082</u>	<u>401,077</u>

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	Year Ended 31 July 2017 £	Year Ended 31 July 2016 £
Salaries	120,821	120,320
Benefits in kind	868	890
Employers national insurance contributions	<u>15,794</u>	<u>14,956</u>
	137,483	136,166
Pension contributions	<u>18,792</u>	<u>17,643</u>

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

8 Other operating expenses

	Year Ended 31 July 2017 £	Year Ended 31 July 2016 £
Teaching costs	4,254,999	3,048,983
Non teaching costs	3,252,865	4,220,417
Premises costs	1,930,696	1,886,676
Total	9,438,560	9,156,076

Management have reviewed the classification of expenditure in the year, costs have been reallocated to better reflect activities.

Other operating expenses include:

	Year Ended 31 July 2017 £	Year Ended 31 July 2016 £
Auditors' remuneration:		
Financial statements audit and regularity assurance work	18,940	18,400
Internal audit	14,080	13,856
Other services provided by the financial statements auditors	770	3,500
Other services provided by the internal auditors	3,000	2,000
Hire of assest under operating leases	34,685	29,621
Stock adjustment	98,256	(22 334)
Property leases	525,469	466,080

9 Interest payable

	Year Ended 31 July 2017 £	Year Ended 31 July 2016 £
On bank loans, overdrafts and other loans:	324,309	295,810
	324,309	295,810
On finance leases	3,898	4,070
Pension finance costs (note 25)	311,000	317,000
Total	639,207	616,880

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

10 Tangible fixed assets

	Assets in the Course of Construction				
	Freehold Land and Buildings	Long leasehold Land and Buildings	Freehold Land and Buildings	Equipment	Total
	£		£	£	£
Cost or valuation					
At 1 August 2016	55,593,653	-	2,527,333	8,412,650	66,533,636
Additions	171,861	-	4,261,420	763,485	5,196,767
Transfers / donations in kind	-	420,000	-	-	420,000
Disposals	(34,710)	-	-	(154,104)	(188,814)
Transfers	3,970,831	-	(3,970,831)	-	-
At 31 July 2017	59,701,635	420,000	2,817,922	9,022,031	71,961,589
Depreciation					
At 1 August 2016	12,158,143	-	-	6,217,712	18,375,855
Charge for the year	1,263,142	-	-	562,275	1,825,416
Elimination in respect of disposals	(13,501)	-	-	(125,218)	(138,719)
At 31 July 2017	13,407,784	-	-	6,654,769	20,062,552
Net book value at 31 July 2017	46,293,851	420,000	2,817,922	2,367,262	51,899,036
Net book value at 31 July 2016	43,435,510	-	2,527,333	2,194,938	48,157,781
Inherited	3,286,730	-	-	-	3,286,730
Financed by capital grant	5,688,293	-	1,328,346	244,803	7,261,442
Other	37,318,829	420,000	1,489,576	2,122,459	41,350,864
Net book value at 31 July 2017	46,293,852	420,000	2,817,922	2,367,262	51,899,036

Included in land and buildings is land with the value of £1,022,880 (2016: £1,022,880) which is not depreciated.

Included within assets under construction is long lease hold land valued at £420,000 at depreciated replacement cost by an independent valuer Eckersley Property Ltd. The land will be depreciated over the 99 year lease duration from Liverpool City Council.

Inherited land and buildings were valued in 1993 for the purpose of incorporation at depreciated replacement cost (buildings only) by Storey Sons & Parker, 13 Chapel Street, Preston.

Other tangible fixed assets inherited from the Local Education Authority at incorporation were valued by the corporation on a depreciated replacement cost basis.

The net book value of equipment includes an amount of £88,717 (2015/16 – £113,475) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £24,758 (2015/16 – £10,316).

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

11 Non current Investments

The College is one of fourteen members of The Lancashire Colleges Limited, a company limited by guarantee and registered in England and Wales. The principal business of The Lancashire Colleges Limited is to co-ordinate bids for ESF and other external funding. The College's investment is not considered to be material to consolidate. Further details are given in note 26.

The College is a member of 'TUCO Ltd' a catering purchasing consortium for Universities and Colleges, the company is limited by guarantee and registered in England and Wales. The College is a member of The Crescent Purchasing Consortium, which is also a company limited by guarantee and registered in England and Wales, whose principal business activity is procurement.

The College is a member of Cultiva Limited a consortium of five colleges established to enhance education, training and research programmes in land based studies and where appropriate to share resources. Further details are given in note 26.

The College is one of twenty eight members of the National Landbased College, a company limited by guarantee and registered in England and Wales. A development board has been formed chaired by Sir Don Curry on which the Principal sits as a Director. The College's investment is not considered to be material to consolidate.

Subsidiary Undertakings

The College owns 100% of the issued ordinary share capital of Myerscough Limited, a company incorporated in Great Britain and registered in England and Wales. This company is now dormant. The College owns 100% of the issued ordinary share capital of Myerscoll Limited, a dormant company.

Consolidated amounts have not been prepared as these subsidiaries have not traded during the year and their assets and liabilities are insignificant.

12 Stocks

	Year Ended 31 July 2017	Year Ended 31 July 2016
	£	£
Raw materials	226,768	178,895
Livestock	462,479	427,831
Goods for resale	102,815	87,080
Total	792,062	693,806

13 Debtors

	Year Ended 31 July 2017	Year Ended 31 July 2016
	£	£
Amounts falling due within one year:		
Trade debtors	1,019,533	914,938
Other debtors	47,965	37,026
Prepayments and accrued income	373,486	241,933
Amounts owed by the ESFA	113,481	87,308
Other taxation and social security	40,180	131,920
Capital grant debtor	519,506	503,881
Total	2,114,151	1,917,006

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

14 Creditors: amounts falling due within one year

	Year Ended 31 July 2017 £	Year Ended 31 July 2016 £
Bank loans and overdrafts	530,485	381,644
Obligations under finance leases	20,513	19,437
Trade creditors	1,393,757	1,092,340
Other creditors	689,194	652,314
Other taxation and social security	501,140	484,626
Holiday pay accrual	162,576	168,216
Accruals and deferred income	2,585,196	2,576,299
Deferred income - government capital grants	221,344	134,010
Amounts owed to the ESFA	187,302	141,642
Total	6,291,507	5,650,528

15 Creditors: amounts falling due after one year

	Year Ended 31 July 2017 £	Year Ended 31 July 2016 £
Bank loans	9,259,919	8,287,516
Obligations under finance leases	48,133	68,646
Deferred income - government capital grants	7,040,098	5,234,675
Total	16,348,150	13,590,837

16 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Year Ended 31 July 2017 £	Year Ended 31 July 2016 £
In one year or less	530,485	381,644
Between one and two years	596,219	401,077
Between two and five years	1,910,482	1,329,208
In five years or more	4,893,328	2,983,046
New loans	1,859,890	3,574,185
Total	9,790,404	8,669,160

Bank loans totalling £5.0m were taken out in July 2005 for a period of 20 years ending 31st July 2025. Interest is charged on the fixed rate element at 6.25% per annum. The interest rate payable on the variable rate element of the loan is 2.25% above LIBOR. This bank loan is secured on the self-catering residential accommodation.

A further bank loan totalling £2.9m was taken in 2013, the fixed rate element of £1.74m is repayable over 19 years from June 2013 at 6.18%. The variable rate element is repayable over up to 20 years from January 2013 at 2.45% over LIBOR. This bank loan is also secured on the self-catering residential accommodation.

A loan totalling £3.14m was taken in 2017, the variable rate element is payable over 20 year from December 2017 at 1.5% over LIBOR

A further £1.5m of borrowing has been fully drawn down in the year with NatWest bank for investment in additional residential accommodation. Twelve months following the loan drawdown the loan repayment period will be agreed.

Two interest free SALIX energy efficient loans have been obtained during the period totalling £82,711, repayable to 2022

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

16 Maturity of debt

(b) Finance leases

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

	31 July 2017	31 July 2016
	£	£
In one year or less	20,513	19,437
Between two and five years	48,133	68,646
In five years or more	-	-
Total	68,646	88,083

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

17 Provisions

	Defined benefit Obligations £'000
At 1 August 2016	12,508,000
Expenditure in the period	(939,000)
Additions in period	2,187,000
At 31 July 2017	13,756,000

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 24.

18 Financial Instruments

	31 July 2017	31 July 2016
	£	£
Financial assets		
Financial assets measured at fair value through profit and loss	1,829,926	1,582,670
Financial liabilities		
Financial liabilities measured at fair value through profit and loss	13,571,830	12,154,252

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

19 Cash and cash equivalents

	At 1 August 2016 £	Cash flows £	Other changes £	At 31 July 2017 £
Cash and cash equivalents	4,266,965	598,198	-	4,865,163
Total	4,266,965	598,198	-	4,865,163

20 Capital commitments

	31 July 2017 £	31 July 2016 £
Commitments contracted for at 31 July	2,847,000	1,905,000
Commitments authorised by Corporation at 31 July	-	5,445,000
	<u>2,847,000</u>	<u>7,350,000</u>

21 Lease Obligations

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

	31 July 2017 £	31 July 2016 £
Future minimum lease payments due		
Land and buildings		
Not later than one year	281,972	273,275
Later than one year and not later than five	373,548	526,360
later than five years	1,023,510	108,000
	<u>1,679,030</u>	<u>907,635</u>

The College leases land and property under an Agricultural Holding Act Agreement with the Duchy of Lancaster, the terms of this agreement are to perpetuity, annual costs are £28k.

The College leases land and property under a Farm Business Tenancy Agreement from the Duchy of Lancaster, the terms of these agreements are to 2032, annual costs are £85k.

The costs of the above leases are excluded from the analysis above due to the length of the agreements and the right of the College to give 12 months notice.

	31 July 2017 £	31 July 2016 £
Other		
Not later than one year	-	9,721
Later than one year and not later than five	209,265	47,760
later than five years	9,326	-
	<u>218,591</u>	<u>57,481</u>

22 Contingent liabilities

There are no contingent liabilities

23 Events after the reporting period

There are no events after the reporting period

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

24 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Lancashire Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lancashire County Council. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Total pension cost for the year	2017		2016	
	£'000	£'000	£'000	£'000
Teachers Pension Scheme: contributions paid	957		915	
Local Government Pension Scheme:				
Contributions paid	943		837	
FRS 102 (28) charge	795		415	
Charge to the Statement of Comprehensive Income		2,695		2,167
Actuarial loss		142		2,998
Total Pension Cost for Year		2,837		5,165

There were no outstanding or prepaid contributions at either the beginning or end of the financial year. Contributions amounting to £236,121 (2015:£ 221,241) were payable to the schemes and are included in creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. 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 Budgeting and Valuation 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 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

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

24 Defined benefit obligations (continued)

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,437k (2016: £1,379k)

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Lancashire County Pension Fund. The total contribution made for the year ended 31 July 2017 was £1,321k, of which employer's contributions totalled £943k and employees' contributions totalled £378k. The agreed contribution rates for future years are 14.2% for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary

	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	3.70%	3.20%
Future pensions increases	2.20%	1.80%
Discount rate for scheme liabilities	2.60%	2.60%
Inflation assumption (CPI)	2.20%	1.70%
Commutation of pensions to lump sums	50%	50%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	At 31 July 2017 years	At 31 July 2016 years
<i>Retiring today</i>		
Males	22.60	23.00
Females	25.20	25.60
<i>Retiring in 20 years</i>		
Males	24.90	25.20
Females	27.90	27.90

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

24 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	Fair Value at 31 July 2017	Fair Value at 31 July 2016
	£'000	£'000
Equities	13,098	10,852
Government Bonds	567	-
Other Bonds	686	703
Property	3,103	2,671
Cash	1,372	984
Other Bonds	11,009	12,904
Total market value of assets	29,835	28,114
Actual return on plan assets	3,345	4,548

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	2017 £'000	2016 £'000
Fair value of plan assets	29,835	28,114
Present value of plan liabilities	(43,591)	(40,622)
Net pensions (liability)	(13,756)	(12,508)

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

	2017 £'000	2016 £'000
Amounts included in staff costs		
Current service cost	1,704	1,243
Administration	30	23
Past service cost		
Total	1,734	1,266
Amounts included in interest payable		
Net interest cost (note 9)	311	317
	311	317
Amounts recognised in Other Comprehensive Income		
Actuarial loss	142	2,998

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

24 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined benefit (liability)/asset during the year

	2017 £'000	2016 £'000
(Deficit) in scheme at 1 August	(12,508)	(8,778)
Movement in year:		
Current service cost	(1,704)	(1,243)
Administration expenses	(30)	(23)
Employer contributions	939	851
Net interest on the defined (liability)/asset	(311)	(317)
Actuarial gain or loss	(142)	(2,998)
Net defined benefit (liability) at 31 July	(13,756)	(12,508)

Asset and Liability Reconciliation

	2017 £'000	2016 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	40,622	31,684
Current service cost	1,704	1,243
Interest cost	1,052	1,200
Contributions by Scheme participants	373	350
Experience gains and losses on defined benefit obligations	403	6,664
Estimated benefits paid	(563)	(519)
Defined benefit obligations at end of period	43,591	40,622

Change in fair value of plan assets

Fair value of plan assets at start of period	28,114	22,906
Interest on income	741	883
Return on plan assets	261	3,666
Administration expenses	(30)	(23)
Employer contributions	939	851
Contributions by Scheme participants	373	350
Estimated benefits paid	(563)	(519)
Assets at end of period	29,835	28,114

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

25 Related party transactions

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest.

The total expenses paid to or on behalf of the Governors during the year was £550 ; 2 governors (2016: £378; 2 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2016: None).

Stuart Heys (from June 17), Ian Douglass (from June 17), Stephen Rigby (to June 17), Ian Higginbotham (to June 17), and Ann Turner, College Governors, are also Directors of Myerscoll Limited and Myerscough Limited, both dormant companies, the directors have no beneficial interest in the share capital of the company.

The College invoiced The Lancashire Colleges Limited £250 (2016 - £10) as at 31st July 2016 £ Nil was outstanding (2015 - £Nil). Payments of £7,140 were made to The Lancashire Colleges Limited (2016 - £7,140).

The College invoiced Cultiva Limited £750 (2016 - £1,500) as at 31st July 2017 £750 was outstanding (2015 - £750). Payments of £3,310 were made to Cultiva Limited (2016 - £3,595). Ann Turner – College Principal and Allan Gerald Corless - College Governor- are directors of Cultiva Limited, the directors have no beneficial interest in the share capital of the company.

Governor Jane Booker is a Director of Preston City Trampoline Club. Payments of £ 856 (2016 - £1,062) were made to Preston City Trampoline Club.

Governor Richard Furnival is a Partner of Armistead Barnett LLP a regional firm of chartered surveyors & estate agents. Payments of £300 (2016 - £300) were made to Armistead Barnett

College Principal Ann Turner is joint chair of Landex - Land Based Colleges Aspiring to Excellence, a subscriber organisation supporting landbased college's and universities nationally

College Principal Ann Turner is a director of the National Landbased College. The College is one of twenty eight members of the National Landbased College, a company limited by guarantee and registered in England and Wales.

Transactions with the funding bodies are detailed in notes 2, 14, 15 and 16.

Key management compensation disclosure is given in note 7

MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2017

26 Amounts disbursed as agent

SFA – Adult Discretionary Support

	2017 £'000	2016 £'000
Funding body grants – DLS	-	165
Funding body grants – 24+	75	70
	<u>75</u>	<u>235</u>
Disbursed to students	(71)	(224)
Administration costs / staffing	(4)	(11)
	<u>-</u>	<u>-</u>
Balance unspent as at 31 July, included in creditors	-	-

EFA – 16-19 Bursary Funds

	2017 £'000	2016 £'000
Unspent balance brought forward	16	-
Funding body grants – hardship support	213	252
Funding body grants – residential bursaries	407	407
Funding body grants – vulnerable learners	20	28
	<u>656</u>	<u>687</u>
Disbursed to students	(601)	(638)
Administration costs / staffing	(31)	(33)
	<u>24</u>	<u>16</u>
Balance unspent as at 31 July, included in creditors	24	16

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF MYERSCOUGH COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 12 October 2017 and further to the requirements of the financial memorandum with Skills Funding Agency, to obtain limited assurance about whether the expenditure disbursed and income received by Myerscough College during the period 1 August 2016 to 31 July 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice 2016 to 2017 issued by the Department for Education. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which Education and Skills Funding Agency has other assurance arrangements in place.

We are independent of the Myerscough College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion

Responsibilities of Corporation of Myerscough College for regularity

The Corporation of Myerscough College is responsible, under the financial memorandum and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The corporation of Myerscough College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Post-16 Audit Code of Practice 2016 to 2017.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the financial memorandum with Skills Funding Agency and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

This report is made solely to the corporation of Myerscough College and the Secretary of State for Education acting through the Department for Education in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Myerscough College and the Secretary of State for Education acting through the Department for Education those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation of Myerscough College and the Secretary of State for Education acting through the Department for Education for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

Date: *19 December 2017*

