

# MYERSCOUGH COLLEGE

**Report and Financial Statements  
for the Year Ended 31st July 2016**

## **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 2015/16:

Ann Turner	Principal and Chief Executive; Accounting officer
Alison Robinson	Vice Principal & Deputy Chief Executive
Paula Lister	Deputy Principal Finance & Corporate Services
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  
9<sup>th</sup> Floor  
3 Hardman Street  
Manchester M3 3HF

#### **Internal Auditors**

RSM Risk Assurance Services LLP  
9<sup>th</sup> 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

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### **NATURE, OBJECTIVES AND STRATEGIES:**

The members present their report and the audited financial statements for the year ended 31<sup>st</sup> July 2016.

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 sector.

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 now working towards 'Leaders in Diversity' accreditation after the successful Investors in Diversity stages 1 and 2 award.

In the 2013 Ofsted inspection, Myerscough was recognised as a 'good' College with 'outstanding' features, including agriculture and countryside management. 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.

#### **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 Business, Innovation and Skills 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

### 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.
- We will achieve what others aspire to do.

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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.

### **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 Skills Funding Agency / Education 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 2016/17 and 2017/18 which is considered an acceptable outcome in the current financial climate.

### **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 £362k (2014/15 restated surplus of £629k) after a loss on disposal of assets of £50k (2014/15 profit of £17k). The surplus before pension movements or actual trading surplus for the year was £1.09m (2014/15 surplus of £1.19m). The impact of the local government pension scheme has been a charge of £732k (2014/15 £562k) to the statement of comprehensive income.

College income has grown from £27.8m in 2014/15 to £28.5m in 2015/16 due to increases in funding body grants.



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Staffing costs has seen an increase to £16.6m in 2015/16 (£15.8m in 2014/15) as a result of planned investment to support Maths and English in the curriculum and students with additional learning requirements.

Cash balances at the end of the year were £4.3m (2014/15 £4.1m), these balances will be invested in the continuation of the capital investment plan. The Colleges accumulated reserves, which have decreased during the year largely due to an actuarial loss of £2.998m on the pension scheme, now stand at £23.3m (2014/15 £25.9m).

Tangible fixed asset additions during the year amounted to £6.7m. This is building work of £6.1m and equipment / vehicles purchased of £0.6m. Expenditure on buildings during the year has been significant with the completion of a new High Performance Centre for Sport and a new Sportsturf Centre. In addition, work commenced on a new livestock building as part of the Food, Farming, Innovation and Technology (FFIT) project and a new student accommodation block, part funded by Lancashire Local Enterprise Partnership.

The College has reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2015/16 the education sector funding bodies (including indirect funding and associated tuition fees) provided over 65% of the College's total income. At the end of the year total borrowings were 30.4% 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 Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum of the Skills Funding Agency. The College undertook additional borrowing during the year, to part finance the next stage in the capital plan, a new Sports centre, Sportsturf technology centre and additional residential accommodation.

At the end of the year £1.04m was placed in a deposit account at Nat West, £1.01m invested with Handelsbanken, £1.01m with Lloyds bank, and £1.15m being held on overnight 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 very low interest rates, the College earned interest on its short term investments of £23.8k (£30.5k in 2014/15).

### **Cash flows**

With cash balances of £4.3m (2014/15 £4.1m), the cash flow from operating activities at £3.1m (2014/15 £2.3m) was strong. The cashflows from investing activities included capital expenditure of £6.6m (2014/15 £4.7m).

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### Liquidity

The College currently has long term loans totalling £8.7m (2014/15 £5.5m) 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 and agreed with NatWest bank for investment in a sports centre, sportsturf technology centre and additional residential accommodation of which £3.6m was drawn down in 2014/15.

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 2015/16 the College had FE contracts (including apprenticeships and adult skills) with the education sector funding bodies totalling £13.1m (2014/15 – £11.9m). The College had 1,579 FE students aged 16-18, 426 adult, 1,202 HE students and 1,116 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.

Higher Education partnerships 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



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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 June 2013 and has been given the grade of 'Good' with two areas - Agriculture and Countryside Management - identified as outstanding, a wide range of good practice identified and a small number of areas for improvement

Retention of FE students remains high at 93% and overall success under the new formula including functional skills, GCSE and all long and short courses at 85%, (90% excluding Maths and English). HE success at 85% remains high with strong in year retention of 96%. Student satisfaction also remains very high with 93% of FE students enjoying their course and 93% willing to recommend to a friend. On HE overall student satisfaction stands at 84% (83% 2014/15). Similarly in work placed learning the external satisfaction survey identifies a score of 8.37 out of 10 making Myerscough the second best scoring college in Landex. Internal surveys show that 97% of students were satisfied with the College.

The 14-16 curriculum link courses remain very popular, with a high degree of customer satisfaction as well as excellent results. 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 98%.

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 external recognition confirms Myerscough as one of the best places to study higher education in land-based and sports subjects in the UK.

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

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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<sup>st</sup> 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 have been no significant 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.

### **Future Developments**

Total FE funding contracts, including Apprenticeships income for 2015/16 has been confirmed at £12.57m, decreasing from £13.85m in 2014/15.

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 a new High Performance Centre for Sport and a new Sportsturf Technology funded by external borrowing were completed. In addition, the next phase of developments including new student accommodation, the Food, Farming Innovation and Technology Centre and specialist facilities at Croxteth partially funded by external borrowings and grant, have been initiated and the funding secured.

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### RESOURCES

The College has various 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 £23.3m of net assets, including £12.5m pension liability (£8.8m in 2014/15).

#### *People*

The College employs 556 people (expressed as full time equivalents), of whom 304 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 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).

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In 2015/16, over 60% of the College's revenue was ultimately public funded and this level of 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

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 FRS 17. 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



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performance 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 £9,000 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 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.

The Two Ticks commitments which were re-accredited August 2015, demonstrates the College's commitment to the employment, retention, training and career development of people with disabilities together with the provision of disability awareness for staff.

Following the successful award of Investors in Diversity in 2013, the College is working towards being recognised as Leaders in Diversity in 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.

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- 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.

### **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 13<sup>th</sup> December 2016 and signed on its behalf by:



Stephen Rigby - Chairman to the Corporation

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## Statement of Corporate Governance and Internal Control

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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 1<sup>st</sup> August 2015 to 31<sup>st</sup> July 2016 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”); 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.

In the opinion of the governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2016. 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. In carrying out its responsibilities, it takes full account of the of The Code of Good Governance for English Colleges issues by the Association of Colleges in March 2015, which it formally adopted in July 2015.

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 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 2015/16 were as follows:

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

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## Statement of Corporate Governance and Internal Control

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 down to twelve. No changes were proposed 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 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	-	STAFF	A&G 1/3	4/4
Jane BOOKER	01/01/2015	4	-	INDEPENDENT	A&G 2/2	2/2
Megan COOK	01/09/2015	1	31/07/2016	STUDENT	Q&S 0/3	2/4
Gerry CORLESS	01/08/2013	4	-	INDEPENDENT	A&G 4/4 REM 0/1	3/4
Jolyon DODGSON	01/01/2008	8	31/12/2015	INDEPENDENT	A&G 2/2	1/2
Ian DOUGLASS	01/04/2012	8	-	INDEPENDENT	F&R 5/6 REM 1/1	2/4
Allan FOSTER	01/10/2012	4	-	INDEPENDENT	Q&S 3/3	3/4
Stuart HEYS	01/10/2012	4	-	INDEPENDENT	F&R 5/6, REM 1/1	4/4
Ian HIGGINBOTHAM	01/07/2008	12	-	INDEPENDENT	F&R 6/6 REM 1/1	4/4
Zoe JONES	01/10/2015	1	31/07/2016	STUDENT	A&G 2/3	1/3
Marion NUTTALL	01/01/2009	8	-	INDEPENDENT	Q&S 3/3, A&G 1/1 REM 1/1	4/4
Garry PAYNE	01/10/2013	4	-	INDEPENDENT	A&G 3/4,	3/4
Clare PLATT	01/01/2010	8	-	INDEPENDENT	F&R 4/6	3/4
Stephen RIGBY	01/01/2005	12	-	INDEPENDENT	Q&S 2/3, REM 1/1	4/4
Rob ROBINSON	01/08/2014			STAFF	Q&S 1/1	2/2
Ann TURNER	01/03/2006	N/A	-	PRINCIPAL	F&R 6/6, Q&S 1/3	4/4
Jean YATES	01/07/2008	8	31/07/2016	INDEPENDENT	A&G 4/4	3/4



# 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
Ron MATTHEWS, Clerk to the Corporation.						17/17

### Co-opted Committee Members

ATTENDING	COMMITTEE	APPOINTED	RESIGNED	MEETINGS ATTENDED No / out of
Sarah ELLIS	F&R	01/11/2015	31/07/2016	3/4
Richard FURNIVAL	F&R	01/01/2016	31/07/2016	2/3
Naveed SHARIFF	Q&S	01/01/2009	31/12/2015	0/1
Ishwer TAILOR	A&G	01/08/2013	-	3/4

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 2016.

Directors: Ian Higginbotham  
 Stephen Rigby  
 Ann Turner (Company Secretary and Director)

The composition of the Corporation is set out on page 13-17. 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.

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 2015/16 these committees are Audit & Governance, Finance & Resources, Quality & Standards, Remuneration and Appeals. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available online at [www.myerscough.ac.uk](http://www.myerscough.ac.uk) or from the Clerk to the Corporation at:



# MYERSCOUGH COLLEGE

## Statement of Corporate Governance and Internal Control

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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 governor's 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.

### **Corporation Performance**

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, no areas of concern were highlighted in the assessment. 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.

# MYERSCOUGH COLLEGE

## Statement of Corporate Governance and Internal Control

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### **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 Principal, the Clerk to the Corporation, the Vice Principal and Deputy Chief Executive, the Deputy Principal – Finance and Corporate Services and the Deputy Principal – Resources. Details of remuneration for the year ended 31st July 2016 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.

### **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

# MYERSCOUGH COLLEGE

## Statement of Corporate Governance and Internal Control

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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 2016 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 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

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

The system 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 EFA and SFA's *Joint Audit Code of Practice*. 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.

# MYERSCOUGH COLLEGE

## Statement of Corporate Governance and Internal Control

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### *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 2016 meeting, the Corporation carried out the annual assessment for the year ended 31st July 2016 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31st July 2016.

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"*.



# MYERSCOUGH COLLEGE

## Statement of Corporate Governance and Internal Control

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### Going Concern

Corporation has been presented with the outcomes of a series of tests, including security of funding streams, political environment, budgets and cashflows all of which have been satisfactorily demonstrated to be in place. No material uncertainties leading to significant doubt about going concern have been identified. Therefore going concern has been assumed when preparing these financial statements

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

Approved by order of the members of the Corporation on 13th December 2016 and signed on its behalf by:



Stephen Rigby  
Chairman to the Corporation



Ann Turner FCMA  
Chief Executive and Principal



# MYERSCOUGH COLLEGE

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

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### 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 Skills Funding Agency of material irregularity, impropriety and non-compliance with the Skills Funding Agency terms and conditions of funding, under the financial memorandum in place between the College and the Skills Funding Agency. 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 Skills Funding Agency 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 Skills Funding Agency. If any instances are identified after the date of this statement, these will be notified to the Skills Funding Agency.

Approved by order of the members of the Corporation on 13<sup>th</sup> December 2016 and signed on its behalf by:



Stephen Rigby  
Chairman to the Corporation



Ann Turner FCMA  
Chief Executive and Principal

# MYERSCOUGH COLLEGE

## Statement of Responsibilities of the Members of the Corporation

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### Statement of Responsibilities of the Members of the Corporation

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

The law applicable to charities in England and the terms and conditions of the Financial Memorandum between the Skills Funding Agency and the Corporation of the College, requires the Corporation of the College to prepare financial statements and the Strategic Report for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions the annual Accounts Direction issued jointly by the Skills Funding Agency and the Education Funding Agency, and applicable United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and which give a true and fair view of the state of affairs of the College and of the College's surplus of income over expenditure for that period.

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 responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the 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.

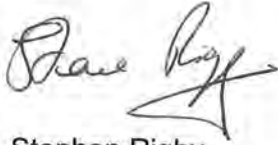
Members of the Corporation are responsible for ensuring that funds from the Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Financial Memorandum with the the Skills Funding Agency and any other conditions that may be prescribed from time to time.

# MYERSCOUGH COLLEGE

## Statement of Responsibilities of the Members of the Corporation

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Approved by order of the members of the Corporation on 13<sup>th</sup> December 2016 and signed on its behalf by:



Stephen Rigby  
Chairman to the Corporation



Ann Turner FCMA  
Chief Executive & Principal

# MYERSCOUGH COLLEGE

## Independent Auditor's Report to the Corporation of Myerscough College

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We have audited the College financial statements ("the Financial Statements") set out on pages 25 to 51. 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 16 October 2014.

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 16 October 2014. 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 16 October 2014 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.

### **Respective Responsibilities of the Corporation of Myerscough College and Auditor**

As explained more fully in the Statement of the Corporation/Governing Body's Responsibilities set out on pages 22 to 23, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with the terms of our engagement letter dated 16 October 2014, Joint Audit Code of Practice issued by the Skills Funding Agency and Education Funding Agency and International Standards on Auditing (UK and Ireland). The International Standards on Auditing (UK and Ireland) require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### **Opinion on financial statements**

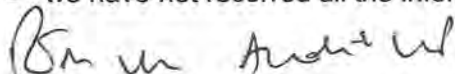
In our opinion the Financial Statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2016 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.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Joint Audit Code of Practice issued jointly by the Skills Funding Agency and the Education Funding Agency 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.



### **RSM UK AUDIT LLP**

Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HF

Date 26 December 2016

# MYERSCOUGH COLLEGE

## Statement of Comprehensive Income for the year ended 31 July 2016

	Notes	2016	2015
		£	£
<b>INCOME</b>			
Funding body grants	2	13,320,918	12,111,522
Tuition fees and education contracts	3	7,761,935	7,896,759
Other grants and contracts	4	201,563	237,038
Other income	5	7,164,969	7,480,706
Endowment and investment income	6	23,787	30,481
<b>Total income</b>		<b>28,473,172</b>	<b>27,756,506</b>
<b>EXPENDITURE</b>			
Staff costs	7	16,572,483	15,848,473
Fundamental restructuring costs	7	40,430	54,015
Other operating expenses	8	9,156,076	9,061,074
Depreciation	11	1,675,668	1,629,313
Interest and other finance costs	9	616,880	552,183
<b>Total expenditure</b>		<b>28,061,537</b>	<b>27,145,058</b>
<b>Surplus before other gains and losses</b>		<b>411,635</b>	<b>611,448</b>
(Loss) / gain on disposal of assets	11	(49,690)	17,390
<b>Surplus before tax</b>		<b>361,945</b>	<b>628,838</b>
Taxation	10	-	-
<b>Surplus for the year</b>		<b>361,945</b>	<b>628,838</b>
Actuarial loss in respect of pensions schemes		(2,998,000)	(1,505,000)
Other Comprehensive Income for the year		(2,998,000)	(1,505,000)
<b>Total Comprehensive Income for the year</b>		<b>(2,636,055)</b>	<b>(876,162)</b>
<b>Represented by:</b>			
Unrestricted comprehensive income		(2,636,536)	(877,143)
Restricted comprehensive income		481	981
		<b>(2,636,055)</b>	<b>(876,162)</b>

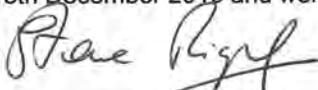


# MYERSCOUGH COLLEGE

## Balance sheet as at 31 July

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Tangible fixed assets	11	48,157,781	43,167,125
		<b>48,157,781</b>	<b>43,167,125</b>
<b>Current assets</b>			
Stocks	13	693,806	716,140
Trade and other receivables	14	1,917,006	1,247,655
Cash and cash equivalents	20	4,266,965	4,105,696
		<b>6,877,777</b>	<b>6,069,491</b>
<b>Less: Creditors – amounts falling due within one year</b>	15	(5,650,528)	(4,736,082)
<b>Net current assets</b>		<b>1,227,249</b>	<b>1,333,409</b>
<b>Total assets less current liabilities</b>		<b>49,385,030</b>	<b>44,500,534</b>
<b>Less: Creditors – amounts falling due after more than one year</b>	16	(13,590,837)	(9,800,286)
<b>Provisions</b>			
Defined benefit obligations	18	(12,508,000)	(8,778,000)
<b>Total net assets</b>		<b>23,286,193</b>	<b>25,922,248</b>
<b>Unrestricted reserves</b>			
Income and expenditure account		19,884,053	22,380,384
Revaluation reserve		3,383,362	3,523,567
<b>Total unrestricted reserves</b>		<b>23,267,415</b>	<b>25,903,951</b>
<b>Restricted Reserve</b>		18,778	18,297
<b>Total Reserves</b>		<b>23,286,193</b>	<b>25,922,248</b>

The financial statements on pages 25 to 51 were approved and authorised for issue by the Corporation on 13th December 2016 and were signed on its behalf on that date by:

  
**Stephen Rigby**  
 Chairman to the Corporation

  
**Ann Turner**  
 Accounting Officer  
 Chief Executive & Principal

# MYERSCOUGH COLLEGE

## Statement of Changes in Reserves for the year ended 31 July 2016

	Income and Expenditure account	Revaluation Reserve	Restricted Reserve	Total
	£	£	£	£
<b>College</b>				
<b>Balance at 1st August 2014</b>	23,034,028	3,747,066	17,316	26,798,410
Surplus from the income and expenditure account	628,838	-	-	628,838
Other comprehensive income - pension charge	(1,505,000)	-	-	(1,505,000)
Transfers between revaluation and income and expenditure reserves	223,499	(223,499)	-	-
Transfers between restricted and income and expenditure reserves	( 981)		981	-
<b>Total comprehensive income for the year</b>	<b>(653,644)</b>	<b>(223,499)</b>	<b>981</b>	<b>(876,162)</b>
<b>Balance at 31st July 2015</b>	<b>22,380,384</b>	<b>3,523,567</b>	<b>18,297</b>	<b>25,922,248</b>
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	-
<b>Total comprehensive income for the year</b>	<b>(2,496,331)</b>	<b>(140,205)</b>	<b>481</b>	<b>(2,636,055)</b>
<b>Balance at 31st July 2016</b>	<b>19,884,053</b>	<b>3,383,362</b>	<b>18,778</b>	<b>23,286,193</b>

# MYERSCOUGH COLLEGE

## Statement of Cash Flows for the year ended 31 July 2016

	Notes	2016 £	2015 £
<b>Cash inflow from operating activities</b>			
Surplus/(deficit) for the year		361,945	628,838
Depreciation		1,675,668	1,629,313
Decrease / (increase) in stocks		22,334	22,556
(Increase)/decrease in debtors		(669,350)	(171,492)
Increase/(decrease) in creditors		660,707	(598,962)
Pensions costs less contributions payable		732,000	562,000
Investment income		(23,787)	(30,481)
Interest payable		299,880	288,183
Loss / (Profit) on sale of fixed assets		49,690	(17,390)
		<u>3,109,087</u>	<u>2,312,565</u>
<b>Net cash flow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		5,255	243,639
Investment income		23,787	30,481
Payments made to acquire fixed assets		(6,635,091)	(4,683,312)
Capital grants received		663,315	1,556,749
		<u>(5,942,734)</u>	<u>(2,852,443)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(289,291)	(290,920)
Interest element of finance lease rental payments		(4,070)	-
New loans		3,574,185	-
Repayments of amounts borrowed		(373,991)	(369,389)
Repayments of obligations under finance leases		88,083	-
		<u>2,994,916</u>	<u>(660,309)</u>
		<u>161,269</u>	<u>(1,200,187)</u>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>			
Cash and cash equivalents at beginning of the year	20	4,105,696	5,305,883
Cash and cash equivalents at end of the year	20	4,266,965	4,105,696

# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

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### 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.

#### Transition to the 2015 FE HE SORP

The College is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 28.

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

The application of first time adoption allows certain exemptions from the full requirements of the FRS 102 and the 2015 FE HE SORP in the transition period. The following exemptions have been taken in these financial statements:

- Revaluation as deemed cost – at 1st August 2014, the College has retained the carrying values of freehold properties as being deemed cost and measured at fair value
- Lease incentives – the College has continued to recognise the residual benefits associated with lease incentives on the same basis as that applied at the date of transition

Comparative figures have been restated to reflect the adjustments made, except to the extent that the College has taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in reserves at the transition date.

The financial statements are presented in sterling which is also the functional currency of the College.

#### 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 Operating and Financial Review. The financial position of the College, its

# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

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cashflow, liquidity and borrowings are described in the Financial Statements and accompanying notes. The College currently has £5.5m of loans outstanding with bankers on terms negotiated in 2005 and 2011. The terms of the existing agreements are for 18-20 years. A further £5m of borrowing has been approved, of which £3.6m has been drawn down during 2015/16, by the Corporation and agreed with NatWest bank for investment in a High Performance Centre for sport and a Sportsturf Technology Centre which are complete. Plus new residential accommodation due to be completed by spring 2017.

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.

### **Recognition of income**

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.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills 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.

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

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

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

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

### **Post retirement benefits**

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS') (until April 2016), and the assets are held separately from those of the College.

The TPS is an unfunded scheme and contributions 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 the Government Actuary on the basis of quadrennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.



# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

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The LGPS is a funded scheme and the assets are held separately from those of College in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured using the projected unit method and discounted at a rate equivalent to 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 gains and losses on settlements and curtailments. They are included as part of staff costs as incurred. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

### **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. Freehold buildings are depreciated over their expected useful economic life to the college of between 20 and 50 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.

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.

# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

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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.

### **Milk quota – intangible assets**

The college operated a milk quota, and purchased additional quota during the year to 1999/2000. The College recognised this in the balance sheet and originally amortised it over a period of five years, one year less than the guaranteed life of the quota system. Following changes in the market place, the fall in value and the fall in demand for quota, the quota was fully amortised in 2007/2008. The milk quota scheme ended on 31 March 2015, the fully amortised cost has been derecognised in the statements.

### **Leased assets**

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

### **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 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.

# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

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### Liquid resources

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

### Provisions

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

### Agency arrangements

The College acts as an agent in the collection and payment of Discretionary Learner Support, National Scholarship Programme and Access to Learning Funds received from the funding bodies. Subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 27, except for the 5 per cent of the Discretionary Support Funds grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Discretionary Support Fund applications and payments.

### 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 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. 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.



# MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2016

## 2 Funding body grants

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
<b>Recurrent grants</b>		
Skills Funding Agency	2,606,306	3,006,124
Education Funding Agency	10,456,695	8,930,349
Higher Education Funding Council	179,650	110,683
<b>Specific Grants</b>		
Releases of government capital grants	78,267	64,366
<b>Total</b>	<b>13,320,918</b>	<b>12,111,522</b>

## 3 Tuition fees and education contracts

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
Adult education fees	213,967	169,293
Apprenticeship fees and contracts	228,688	202,012
Fees for FE loan supported courses	470,295	347,155
Fees for HE loan supported courses	4,254,259	2,102,373
International students fees	262,490	210,345
Total tuition fees	5,429,699	3,031,178
Higher Education Contract Income	1,446,238	3,909,631
Other contracts (including indirect funding from the funding bodies)	885,998	955,950
Total Educational Contracts	2,332,236	4,865,581
<b>Total</b>	<b>7,761,935</b>	<b>7,896,759</b>

## 4 Other grants and contracts

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
European Commission	14,593	62,250
Other Funds	34,655	20,548
Other grants and contracts	91,600	92,974
Releases of non funding body government capital grants	60,715	61,266
<b>Total</b>	<b>201,563</b>	<b>237,038</b>

## 5 Other income

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
Catering and residences	3,771,601	3,903,330
Other income generating activities	1,794,896	1,966,338
Farming activities	887,393	937,241
Full cost courses	550,892	508,084
Other income	160,187	165,713
<b>Total</b>	<b>7,164,969</b>	<b>7,480,706</b>

# MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2016

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## 6 Investment income

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
Other interest receivable	<u>23,787</u>	<u>30,481</u>



# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

### 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 2016	Year Ended 31 July 2015
Teaching staff	304	294
Non teaching staff	<u>252</u>	<u>270</u>
	<u><b>556</b></u>	<u><b>564</b></u>

#### Staff costs for the above persons

	Year Ended 31 July 2016	Year Ended 31 July 2015
Wages and salaries	13,029,489	12,886,086
Social security costs	856,502	783,672
Other pension costs (including FRS102 Adjustments of a £ 415 k charge (2015/16 £290 k charge)) see note 25	<u>2,166,584</u>	<u>1,855,462</u>
<b>Payroll sub total</b>	<b>16,052,575</b>	<b>15,525,220</b>
Contracted out staffing services	<u>519,908</u>	<u>323,253</u>
	<b>16,572,483</b>	<b>15,848,473</b>
Fundamental restructuring costs - contractual	40,430	54,015
non contractual	-	-
	<u><b>16,612,913</b></u>	<u><b>15,902,488</b></u>

#### 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.

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

	2016 No.	2015 No.
The number of key management personnel including the Accounting Officer was:	4	4
	<u>4</u>	<u>4</u>

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	
	2016 No.	2015 No.
£ 60,001 to £ 70,000	2	2
£ 70,001 to £ 80,000	1	1
£110,001 to £120,000	<u>1</u>	<u>1</u>
	<u><b>4</b></u>	<u><b>4</b></u>

# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

### 7 Staff costs - continued

Key management personnel emoluments are made up as follows:

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
Salaries	314,835	327,357
Benefits in kind	1,780	2,631
Employers national insurance contributions	36,367	36,299
	<u>352,982</u>	<u>366,287</u>
Pension contributions	48,095	46,045
<b>Total emoluments</b>	<b><u>401,077</u></b>	<b><u>412,332</u></b>

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

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
Salaries	120,320	119,000
Benefits in kind	890	877
Employers national insurance contributions	14,956	14,394
	<u>136,166</u>	<u>134,271</u>
Pension contributions	17,643	16,740

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.

### 8 Other operating expenses

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
Teaching costs	3,048,983	3,106,899
Non teaching costs	4,220,417	4,086,609
Premises costs	1,886,676	1,867,566
<b>Total</b>	<b><u>9,156,076</u></b>	<b><u>9,061,074</u></b>

#### Other operating expenses include:

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
Auditors' remuneration:		
Financial statements audit and regularity assurance work	16,800	16,600
Internal audit	13,856	11,800
Other services provided by the financial statements auditors	5,100	2,350
Other services provided by the internal auditors	2,000	-
Hire of asset under operating leases	29,621	-
Property leases	466,080	267,007

# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

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### 9 Interest payable

	Year Ended 31 July 2016	Year Ended 31 July 2015
	£	£
On bank loans, overdrafts and other loans:	295,810	280,183
	<u>295,810</u>	<u>280,183</u>
On finance leases	4,070	-
Pension finance costs (note 25)	317,000	272,000
	<u>317,000</u>	<u>272,000</u>
<b>Total</b>	<b><u>616,880</u></b>	<b><u>552,183</u></b>

### 10 Taxation

	Year Ended 31 July 2016	Year Ended 31 July 2015
	£	£
United Kingdom corporation tax	-	-
	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>-</u></b>	<b><u>-</u></b>

# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

### 11 Tangible fixed assets

	Freehold Land and Buildings £	Assets in the Course of Construction £	Equipment £	Total £
<b>Cost or valuation</b>				
At 1 August 2015	49,387,374	2,668,286	7,888,005	59,943,665
Additions	119,323	6,046,437	555,509	6,721,269
Disposals	(93,796)	-	(37,502)	(131,298)
Transfers	6,180,752	(6,187,390)	6,638	-
<b>At 31 July 2016</b>	<b><u>55,593,653</u></b>	<b><u>2,527,333</u></b>	<b><u>8,412,650</u></b>	<b><u>66,533,636</u></b>
<b>Depreciation</b>				
At 1 August 2015	11,058,508	-	5,718,032	16,776,540
Charge for the year	1,140,418	-	535,250	1,675,668
Elimination in respect of disposals	(40,783)	-	(35,570)	(76,353)
<b>At 31 July 2016</b>	<b><u>12,158,143</u></b>	<b><u>0</u></b>	<b><u>6,217,712</u></b>	<b><u>18,375,855</u></b>
<b>Net book value at 31 July 2016</b>	<b><u>43,435,510</u></b>	<b><u>2,527,333</u></b>	<b><u>2,194,938</u></b>	<b><u>48,157,781</u></b>
Net book value at 31 July 2015	38,328,866	2,668,286	2,169,973	43,167,125
Inherited	3,383,362	-	-	3,383,362
Financed by capital grant	4,679,498	645,971	43,216	5,368,685
Other	35,372,650	1,881,362	2,151,722	39,405,734
<b>Net book value at 31 July 2016</b>	<b><u>43,435,510</u></b>	<b><u>2,527,333</u></b>	<b><u>2,194,938</u></b>	<b><u>48,157,781</u></b>

Included in land and buildings is land with the value of £1,022,880 (2015: £1,022,880) which is not depreciated.

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 £113,475 (2014/15 – £0) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £10,316 (2014/15 – £0).

# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

### 12 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 coordinate 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.

### 13 Stocks

	Year Ended 31 July 2016	Year Ended 31 July 2015
	£	£
Raw materials	178,895	208,512
Livestock	427,831	424,626
Goods for resale	87,080	83,002
<b>Total</b>	<b>693,806</b>	<b>716,140</b>

### 14 Debtors

	Year Ended 31 July 2016	Year Ended 31 July 2015
	£	£
<b>Amounts falling due within one year:</b>		
Trade receivables	914,938	670,625
Other debtors	37,026	38,560
Prepayments and accrued income	241,933	314,609
Amounts owed by the Skills Funding Agency	87,308	223,861
Other taxation and social security	131,920	-
Capital grant debtor	503,881	-
<b>Total</b>	<b>1,917,006</b>	<b>1,247,655</b>



# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

### 15 Creditors: amounts falling due within one year

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
Bank loans and overdrafts	381,644	374,050
Obligations under finance leases	19,437	-
Trade payables	1,092,340	1,107,817
Other creditors	652,314	485,520
Other taxation and social security	484,626	422,071
Holiday pay accrual	168,216	114,651
Accruals and deferred income	2,576,299	1,960,474
Deferred income - government capital grants	134,010	138,982
Amounts owed to the Skills Funding Agency	141,642	132,517
<b>Total</b>	<b><u>5,650,528</u></b>	<b><u>4,736,082</u></b>

### 16 Creditors: amounts falling due after one year

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
Bank loans	8,287,516	5,094,916
Obligations under finance leases	68,646	-
Deferred income - government capital grants	5,234,675	4,705,370
<b>Total</b>	<b><u>13,590,837</u></b>	<b><u>9,800,286</u></b>

### 17 Maturity of debt

#### (a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
In one year or less	381,644	374,050
Between one and two years	401,077	381,644
Between two and five years	1,329,208	1,264,750
In five years or more	2,983,046	3,448,522
New loans	3,574,185	-
<b>Total</b>	<b><u>8,669,160</u></b>	<b><u>5,468,966</u></b>

Bank loans totalling £5.0m were taken out in July 2005 for a period of 20 years ending 31<sup>st</sup> 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 further £5m of borrowing has been approved by the Corporation and agreed with NatWest bank for investment in a sports centre and a sportsturf technology centre which are complete, additional residential accommodation is to be completed by spring 2017. Once the full loan has been fully drawdown the loan repayment period will be agreed.

# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

### 17 Maturity of debt

#### (b) Finance leases

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

	Year Ended 31 July 2016	Year Ended 31 July 2015
	£	£
In one year or less	19,437	-
Between two and five years	68,646	-
In five years or more	-	-
<b>Total</b>	<b>88,083</b>	<b>-</b>

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

### 18 Provisions

	Defined benefit Obligations £'000
At 1 August 2015	8,778,000
Expenditure in the period	(851,000)
Additions in period	4,581,000
<b>At 31 July 2015</b>	<b>12,508,000</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 25.

### 19 Financial Instruments

	Year Ended 31 July 2016	Year Ended 31 July 2015
	£	£
<b>Financial assets</b>		
Financial assets measured at fair value through profit and loss	241,933	314,609
<b>Financial liabilities</b>		
Financial liabilities measured at fair value through profit and loss	2,744,515	2,075,125

# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

### 20 Cash and cash equivalents

	At 1 August 2015 £	Cash flows £	Other changes £	At 31 July 2016 £
Cash and cash equivalents	4,105,696	161,269	-	4,266,965
<b>Total</b>	<b>4,105,696</b>	<b>161,269</b>	<b>-</b>	<b>4,266,965</b>

### 21 Capital commitments

	Year 31 July 2016 £	Year Ended 31 July 2015 £
Commitments contracted for at 31 July	1,905,000	3,614,000
Commitments authorised by Corporation at 31 July	5,445,000	8,000,000
	<u>7,350,000</u>	<u>11,614,000</u>

### 22 Lease Obligations

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

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	273,275	91,448
Later than one year and not later than five later than five years	526,360 108,000	79,455 -
	<u>907,635</u>	<u>170,903</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.

#### Other

Not later than one year	9,721	14,062
Later than one year and not later than five	47,760	-
	<u>57,481</u>	<u>14,062</u>

### 23 Contingent liabilities

There are no contingent liabilities

### 24 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 2016

### 25 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.

Total pension cost for the year	2016		2015	
	£'000	£'000	£'000	£'000
Teachers Pension Scheme: contributions paid	915		760	
Local Government Pension Scheme:				
Contributions paid	837		805	
FRS 102 (28) charge	415		290	
Charge to the Statement of Comprehensive Income		2,167		1,855
Actuarial loss		2,998		1,505
<b>Total Pension Cost for Year</b>		<b>5,165</b>		<b>3,360</b>

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 2013.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year. Contributions amounting to £221,241 (2015:£ 196,504) 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

#### 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

#### 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:

- employer contribution rates were set at 16.48% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS will be implemented in September 2015.

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>

# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

### 25 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 £1,379k (2015: £1,203k)

#### 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 taken advantage of the exemption in FRS 102 and 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 2016 was £1,187k, of which employer's contributions totalled £837k and employees' contributions totalled £350k. The agreed contribution rates for future years are 11.5% 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 2013 updated to 31 July 2016 by a qualified independent actuary

	At 31 July 2016	At 31 July 2015
Rate of increase in salaries	3.20%	3.70%
Future pensions increases	1.80%	2.20%
Discount rate for scheme liabilities	2.60%	3.80%
Inflation assumption (CPI)	1.70%	2.20%
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 2016 years	At 31 July 2015 years
<i>Retiring today</i>		
Males	23.00	22.90
Females	25.60	25.40
<i>Retiring in 20 years</i>		
Males	25.20	25.10
Females	27.90	27.80



# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

### 25 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 2016	Fair Value at 31 July 2015
	£'000	£'000
Equities	10,852	7,879
Government Bonds	-	1,260
Other Bonds	703	596
Property	2,671	2,084
Cash	984	298
Other Bonds	12,904	10,789
<b>Total market value of assets</b>	<b><u>28,114</u></b>	<b><u>22,906</u></b>
<b>Actual return on plan assets</b>	<b><u>4,548</u></b>	<b><u>2,187</u></b>

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

	2016 £'000	2015 £'000
Fair value of plan assets	28,114	22,906
Present value of plan liabilities	<u>(40,622)</u>	<u>(31,684)</u>
<b>Net pensions (liability) (Note 19)</b>	<b><u>(12,508)</u></b>	<b><u>(8,778)</u></b>

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

	2016 £'000	2015 £'000
<b>Amounts included in staff costs</b>		
Current service cost	1,243	1,072
Administration	23	23
Past service cost		
<b>Total</b>	<b><u>1,266</u></b>	<b><u>1,095</u></b>
<b>Amounts included in interest payable</b>		
Net interest cost (note 9)	317	272
	<b><u>317</u></b>	<b><u>272</u></b>
<b>Amounts recognised in Other Comprehensive Income</b>		
Actuarial loss	<b><u>2,998</u></b>	<b><u>1,505</u></b>

# MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2016

## 25 Defined benefit obligations (continued)

### Local Government Pension Scheme (Continued)

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

	2016	2015
	£'000	£'000
(Deficit) in scheme at 1 August	(8,778)	(6,711)
Movement in year:		
Current service cost	(1,243)	(1,072)
Administration expenses	(23)	(23)
Employer contributions	851	805
Net interest on the defined (liability)/asset	(317)	(272)
Actuarial gain or loss	(2,998)	(1,505)
<b>Net defined benefit (liability) at 31 July</b>	<b><u>(12,508)</u></b>	<b><u>(8,778)</u></b>

#### Asset and Liability Reconciliation

	2016	2015
	£'000	£'000
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	31,684	26,791
Current Service cost	1,243	1,072
Interest cost	1,200	1,150
Contributions by Scheme participants	350	350
Experience gains and losses on defined benefit obligations	6,664	2,815
Estimated benefits paid	(519)	(494)
<b>Defined benefit obligations at end of period</b>	<b><u>40,622</u></b>	<b><u>31,684</u></b>
<b>Change in fair value of plan assets</b>		
<b>Fair value of plan assets at start of period</b>	22,906	20,080
Interest on plan assets	883	878
Remeasurements (assets)	3,666	1,310
Administration expenses	(23)	(23)
Employer contributions	851	805
Contributions by Scheme participants	350	350
Estimated benefits paid	(519)	(494)
<b>Assets at end of period</b>	<b><u>28,114</u></b>	<b><u>22,906</u></b>

# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

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### 26 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 £378 ; 2 governors (2015: £737; 3 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 (2014: None).

Stephen Rigby, Ian Higginbotham, 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 £10 (2015 - £Nil) as at 31<sup>st</sup> July 2016 £ Nil was outstanding (2015 - £Nil). Payments of £7,140 were made to The Lancashire Colleges Limited (2015 - £7,490).

The College invoiced Cultiva Limited £1,500 (2014 - £Nil) as at 31<sup>st</sup> July 2015 £750 was outstanding (2014 - £Nil). Payments of £3,595 were made to Cultiva Limited (2015 - £5,500). Ann Turner – College Principal and Jolyon Dobson - 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 £ 1,062 (2015 - £490) 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 (2015 - £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, and 16.

Key management compensation disclosure is given in Note 7

# MYERSCOUGH COLLEGE

Notes to the Financial Statements for the year ended 31 July 2016

## 27 Amounts disbursed as agent

### SFA – Adult Discretionary Support

	2016 £'000	2015 £'000
Funding body grants – hardship support	-	182
Funding body grants – childcare	-	25
Funding body grants – residential bursaries	-	70
Funding body grants – DLS	165	-
Funding body grants – 24+	70	-
	<u>235</u>	<u>277</u>
Disbursed to students	-224	-264
Administration costs / staffing	-11	-13
<b>Balance unspent as at 31 July, included in creditors</b>	<u><u>-</u></u>	<u><u>-</u></u>

### EFA – 16-19 Bursary Funds

	2016 £'000	2015 £'000
Unspent balance brought forward	-	12
Funding body grants – hardship support	252	227
Funding body grants – residential bursaries	407	407
Funding body grants – vulnerable learners	28	24
	<u>687</u>	<u>670</u>
Disbursed to students	-638	-638
Administration costs / staffing	-33	-32
<b>Balance unspent as at 31 July, included in creditors</b>	<u><u>16</u></u>	<u><u>-</u></u>

### National Scholarship Programme & Access to Learning Fund

	2016 £'000	2015 £'000
Unspent balance brought forward	-	1
Funding body grants - National scholarship programme	-	24
Funding body grants - Access to learning fund	-	2
	<u>-</u>	<u>27</u>
Disbursed to students	-	-27
<b>Balance unspent as at 31 July, included in creditors</b>	<u><u>-</u></u>	<u><u>-</u></u>

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.

# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

### 28 Transition to FRS 102 and the 2015 FE HE SORP

The year ended 31st July 2016 is the first year that the College has presented its financial statements under FRS 102 and the 2015 FE HE SORP. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31st July 2015 and the date of transition to FRS 102 and the 2015 FE HE SORP was therefore 1st August 2014. As a consequence of adopting FRS 102 and the 2015 FE HE SORP, a number of accounting policies have changed to comply with those standards.

An explanation of how the transition to FRS 102 and the 2015 FE HE SORP has affected the College's financial position, financial performance and cash flows, is set out below.

	Note	1st August 2014	31st July 2015
		£	£
<b>Financial Position</b>			
<b>Total reserves under previous SORP</b>		26,798,410	25,922,248
Employee leave accrual	a	-	-
Release of non-government capital grants	b	-	-
Changes to measurement of net finance cost on defined benefit plans	c	-	-
<b>Total effect of transition to FRS 102 and 2015 FE HE SORP</b>		<u>-</u>	<u>-</u>
<b>Total reserves under 2015 FE HE SORP</b>		<u>26,798,410</u>	<u>25,922,248</u>
			<b>Year ended</b>
			<b>31st July 2015</b>
			£
<b>Financial Performance</b>			
<b>Surplus for the year after tax under previous SORP</b>			936,857
Release of non-government grants received	b		-
Reversal of capital grants amortisation	b		-
Pensions provision – actuarial loss	c		309,000
Changes to measurement of net finance cost on defined benefit plans	c		(309,000)
<b>Total effect of transition to FRS 102 and 2015 FE HE SORP</b>			<u>-</u>
<b>Total comprehensive income for the year under 2015 FE HE SORP</b>			<u>936,857</u>



# MYERSCOUGH COLLEGE

## Notes to the Financial Statements for the year ended 31 July 2016

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### 28 Transition to FRS 102 and the 2015 FE HE SORP

#### a) Recognition of short term employment benefits

Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st July each year for both teaching and non-teaching staff meaning that, at the reporting date, there was an average of 0 days unused leave for teaching staff and 0 days unused leave for non-teaching staff. In addition, employees are entitled to carry forward up to 3 days of any unused holiday entitlement at the end of the leave year. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual was made in the 2015 accounts therefore no re-statement was necessary.

#### b) Non-government grants accounted for under performance model

The College has previously been in receipt of certain capital grants from sources other than those classified as "government" under FRS 102 and the 2015 FE HE SORP. Under the previous UK GAAP and 2007 SORP, these were able to be capitalised and amortised over the remaining useful economic life of the relevant fixed assets. This accounting treatment is no longer available for non-government grants, Myerscough College is not in receipt of any non-government grants

#### c) Change in recognition of defined benefit plan finance costs

The net pension finance cost recognised in the Income and Expenditure account for the year ended 31st July 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income

#### d) Presentation of actuarial gains and losses within Total Comprehensive Income

Actuarial gains and losses on the College's defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses (STRGL), a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS 102 to be presented within the Statement of Comprehensive Income, as movements in Other Comprehensive Income.

# MYERSCOUGH COLLEGE

## Independent Reporting Accountant's Report on Regularity to the Corporation of Myerscough College

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

In accordance with the terms of our engagement letter dated 16 October 2014 and further to the requirements of the financial memorandum with Skills Funding Agency, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Myerscough College during the period 1 August 2015 to 31 July 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

The framework that has been applied is set out in the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. 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 Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the corporation of Myerscough College and the Secretary of State for Education acting through the Education Funding Agency 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 Education Funding Agency, 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 Education Funding Agency for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Myerscough College and the reporting accountant**

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.

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 Joint Audit Code of Practice. 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 2015 to 31 July 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework and our engagement letter

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 consequently 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.

# MYERSCOUGH COLLEGE

## Independent Reporting Accountant's Report on Regularity to the Corporation of Myerscough College

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Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's income and expenditure.

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 high level financial control areas where we identified areas where a material irregularity is likely to arise. We undertook detailed testing, based on our identification of the 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 on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

### Conclusion

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 2015 to 31 July 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Ben van Ardenne*

**RSM UK AUDIT LLP**  
Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HF

Date *20 December 2016*