MYERSCOUGH COLLEGE

Report and Financial Statements for the Year Ended 31st July 2018

Key Management Personnel, Board of Governors and Professional advisers

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.

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in the year ended 31 July 2018:

Ann Turner	Chief Executive and Principal; Accounting Officer	retired 31 March 2018
Alison Robinson	Chief Executive and Principal; Accounting Officer	commenced 1 April 2018
	Vice Principal & Deputy Chief Executive	to 31 March 2018
Steven Downham-Clarke	Vice Principal & Deputy Chief Executive	commenced 3 April 2018
John Wherry	Deputy Principal Resources	
Richard Morris	Deputy Principal Finance & Corproate Services	Commenced 15 January 2018

Professional advisers:

Financial Statement Auditor and Regularity Reporting Accountant:
RSM UK Audit LLP
Bluebell House
Brain Johnson Way
Preston PR2 5PE

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

Bankers:
Barclays Bank PLC
Navigation Way
Preston PR2 2XY

Solicitors:
Napthens LLP
7 Winckley Square
Preston PR1 3JD

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MYERSCOUGH COLLEGE
Strategic Report

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31st July 2018.

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

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

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

Myerscough has been recognised as a Good College by Ofsted for the care provided to under 18 residential students (latest inspection December 2017), having comprehensive information advice and guidance systems across all areas of the College recognised by Matrix (re-accredited January 2018) assessed as 'positive' about disabled people and a leader in diversity (accredited In February 2017).

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

In 2018 Myerscough College and University Centre achieved the prestigious Gold award in an assessment that highlights excellence in teaching and learning across higher education providers in the UK.

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 part 3 of the Charities Act 2011.

Public Benefit

Myerscough College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all Further Education Corporations in England. The members of the Governing Body, who are also Trustees of the charity are listed on pages 14-15.

MYERSCOUGH COLLEGE

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.

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

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

Mission

The College's mission statement is:

To become the leading provider of education in the land-based and sports sectors and the natural choice for students, industrial partners and research aspiring 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 provide an outstanding teaching & learning experience:

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

We will create opportunities for all to succeed:

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

We will deliver great value for money:

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

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

FINANCIAL POSITION

The Education and Skills Funding Agency financial health rating for Myerscough College is 'Good' which is as planned as investment continues in the educational and campus resources. The financial forecast shows Myerscough remaining to be rated as 'Good' for 2018/19 and 2019/20.

The College generated a deficit in the year of £39k (2016/17: surplus £131k) after a surplus on the disposal of assets of £1,078k (2016/17 loss of £4k) reflecting the continuing financial challenges facing the sector. The surplus before pension movements or actual trading surplus for the year was £1.21m (2016/17 surplus of

£1.24m). The impact of the local government pension scheme has been a charge of £1,254k (2016/17 £1,106k) to the statement of comprehensive income.

College income has grown from £30.0m in 2016/17 to £30.4m in 2017/18, whilst staffing costs has seen an proportionate increase to £18.3m in 2017/18 (£17.9m in 2016/17).

Cash balances at the end of the year had risen to £6.2m (2016/17 £4.9m), these balances will be invested in delivery of the organisational objectives. The Colleges accumulated reserves, which have increased during the year, now stand at £28.3m (2016/17 £23.3m).

Tangible fixed asset additions during the year amounted to £3.4m. This is building work of £2.5m and equipment / vehicles purchased of £0.9m. Expenditure on buildings during the year has been significant with the completion of the:

- Food and Farming Innovation and Technology centre (FFIT) completed in August 2017, part funded by Lancashire Local Enterprise Partnership, and;
- new animal and equine science centre in Croxteth Park in Liverpool, completed March 2018, part funded by Liverpool City Region and Liverpool City Council.

The College has reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2017/18 the education sector funding bodies (including indirect funding and associated tuition fees) amounted to 76.2% of college income (2016/17 75.5%). 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 remained dormant during the year.

Treasury policies and objectives

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

The College has a separate treasury management policy in place. Short term borrowing for temporary revenue purposes is authorised by the Principal. Such arrangements are restricted by limits in the Financial Memorandum with the Education and Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum of the Education and Skills Funding Agency. The College did not undertake any additional borrowing during the year and financed the continued investment in College resources from cash inflows generated from operating activities and capital grant funding received in respect of the principal property developments.

At the end of the year £1.02m was invested with Handlesbanken with £5.0m being held on deposit with Barclays. These funds will be utilised in accordance with the College Strategic Plan 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 £18.6k (£14.5k in 2016/17).

Cash flows

With cash balances of £6.2m (2016/17 £4.9m), the cash flow from operating activities at £2.1m (2016/17 £3.0m) was strong. The cashflows from investing activities included capital expenditure of £3.5m (2016/17 £5.3m).

Liquidity

The College currently has long term loans totalling £9.3m (2016/17 £9.8m). The loan portfolio is fully drawn and consists of loans first drawndown in July 2005, a second loan during 2012 and during the year final loan drawdowns were undertaken in respect of a £5m facility approved in 2015. All loans are being repaid in accordance with the agreed loan amortisation profiles. Interest on loans is partly on a fixed rate with the remainder on variable, thus ensuring the College's risk is managed in accordance with the Treasury Policy, whilst enabling the College to enjoy the current reduced level of interest rates.

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 2017/18 the College had FE contracts (including apprenticeships and adult skills) with the education sector funding bodies totalling £14.3m (2016/17 – £13.1m). The College had 1649 FE students aged 16-18, 902 adult, 1067 HE students and 1429 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 Further Education, the College has many students on apprenticeship programmes nationwide based in the workplace.

Higher Education is delivered in partnership with the University of Central Lancashire (UCLan), of which Myerscough is an Associate School. Myerscough now holds a direct contract with the Office for Students (formerly High Education Funding Council for England).

Higher Education partnerships for research are also in place with Lancaster University, University of Central Lancashire, Liverpool University, and Nottingham Trent University.

Curriculum Developments

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

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

Retention of FE students remains high at 96% and overall achievement under the new formula including functional skills, GCSE and all long and short courses at 88%. HE success at 90% remains high with strong in year retention of 97%. 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 85% (85% 2016/17). Internal surveys show that 97% of apprentices were happy with the College and their scheme of study.

The 14-16 curriculum link courses remain very popular with an increasing number of home educated students, with a high degree of customer satisfaction as well as excellent results. The College has a flexible way of working with schools 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. Internal 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 the best report of any university or college nationally and confirms Myerscough as one of the best places to study higher education in land-based and sports subjects in the UK. This has been confirmed with the 2018 award of Gold under the Teaching Excellence Framework (TEF Gold).

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 four centres:

- Animal Welfare
- Sports Health and Performance
- Plant and Crop Science
- Teaching and Learning

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

Payment Performance

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

Post Balance Sheet Events

There are no reportable post balance sheet events.

Environmental Issues

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

The College's commitment to sutainability is demonstrated by the College's Carbon Management Plan first developed with the Carbon Trust in 2012. The plan has delivered significant results with electric consumption at the Bilsborrow campus reducing by 13% and water consumption reducing 39%, between 2008 and 2017, during a period that has seen significant growth in the College campus.

The College continues to invest in its campus to deliver further carbon and value for money savings through additional capital investment planned for the 2018/19 year.

Future Developments

The total FE funding contract for 16-18 learners excluding apprenticeships has been confirmed at £9.70m for 2018/19 (£9.94m in 2017/18) with high needs funded learners increasing from £1,092k in 2017/18 to £1,152k in 2018/19. The College has also been contracted to deliver the new capacity delivery fund of £200k in 2018/19.

During the year the Food and Farming Innovation and Technology (FFIT) centre was completed in August 2017 (part funded by Lancashire Local Enterprise Partnership) and new animal studies and equine science centre were completed in March 2018 at the College's Croxteth Park campus (part funded by the Liverpool City Region and Liverpool City Council). These projects represent the completion of the College's Property Development Strategy to provide a 21st Centrury learning environment, with captal expenditure in 2018/19 of £2.3m focussed on further investment in educational resources and and IT infrastructure.

RESOURCES

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

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

Financial

The College has £28.2m of net assets, including £10.1m pension liability (£13.8m in 2016/17).

People

The College employs 565 people (expressed as full time equivalents), of whom 335 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 continually updated for developments within our environment, reviewed monthly by the Principalship, quarterly by the Audit and Governance Committee and appropriate Governor committee and Corporation. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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 the Office for Students (via UCLan and directly). In 2017/18 54% 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 changes to the structure of apprenticeships.
- The impact of the introduction of Apprenticeship levy funding.
- Significant reduction in Higher Education funding, and the impact of removal of student number controls.
- Local Authority funding cuts impacting on College services and the wider economy.
- Reduction in staffing levels at funding bodies and Government offices.
- Removal of further grant funded places for students aged 19+ repeating level three and the expansion of Advanced Learner Loans.
- Falling demographics.
- Impact of the decision to exit the European Union.

This risk is mitigated in a number of ways:

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

2. 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 Financial Reporting Standard 102 (FRS102). This deficit has reduced during the year, due to investment performance and increases in the discount rate assumptions by the fund actuaries. This is outside the control of the College management and is dependent on the ongoing performance of the national and international financial markets, hence the College is unable to mitigate the risk.

3. Tuition Fee Policy

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

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

In Higher Education, fees are up to £9,250 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
- Employees
- Other HE / FE institutions
- Sector Skills Councils
- Education sector funding bodies
- FE Commissioner
- Government departments e.g. DfE, DBE&IS, DEFRA
- Local employers (with specific links)
- Local Authorities
- Local Enterprise Partnerships
- Local community
- Professional bodies

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 College was awarded Leaders in Diversity in February 2017.

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

i. 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.
ii. Head of Inclusive Learning is in post to coordinate additional learning support provision for students with learning difficulties and disabilities.
iii. 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.
iv. Myerscough Code is in place to raise awareness of the standards expected by staff and students at the College.
v. Equality, Diversity and Inclusion Policy is in place.
vi. The Equality and Diversity Strategy Group oversees the strategic direction of the College to meet our equality objectives.
vii. 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.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college

Numbers of employees who were relevant union official in the period	FTE employee number
-	-

Percentage of time	Number of employees
0%	-
1-50%	-
51-99%	-
100%	-

Total cost of facility time	-
Total pay bill	-
Percentage of total bill spent on facility time	-

Time spent on paid trade union activities as a percentage of total paid facility time	-

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 11 December 2018 and signed on its behalf by:

Stuart Heys - Chairman to the Corporation

MYERSCOUGH COLLEGE

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2017 to 31st July 2018 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

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

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

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

The Corporation

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

COMMITTEES

The Committees in 2017/18 were as follows:

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

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 made to the number of staff and student representatives.

Corporation Members

Members who served on the Corporation during the year and up to the date that this report was signed, together with details of the Committees upon which they served and their attendance thereat 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
Irene AINSWORTH	01/04/2018	4	-	INDEPENDENT	Q&S 1/1	1/1
Sydney BARWICK	01/08/2017	2	11/10/2018	STUDENT	A&G 3/3	3/5
Jane BOOKER	01/01/2015	4	-	INDEPENDENT	A&G 2/3	4/5
Adrian BOREHAM	01/04/2010	8	31/03/2018	SUPPORT STAFF	A&G 2/2	2/4
Sarah BURDAKY	01/08/2017	4	31/03/2018	INDEPENDENT	F&R 4/4	2/4
Debbie CLAYTON	01/04/2018	4	-	SUPPORT STAFF	A&G 1/1	1/1
Gerry CORLESS	01/08/2013	8	-	INDEPENDENT	A&G 3/3 NOM 3/3 REM 2/2	5/5
Ian DOUGLASS	01/04/2012	8	31/03/2018	INDEPENDENT	F&R 1/1 Q&S 0/1 NOM 1/1	1/4
Allan FOSTER	01/10/2012	8	-	INDEPENDENT	Q&S 3/3 NOM 3/3 REM 2/2	4/5
Richard FUIRNIVAL	01/08/2017	4	-	INDEPENDENT	F&R 3/5	4/5
David HALL	01/04/2017	4	-	INDEPENDENT	A&G 1/2 F&R 0/1	3/5
Stuart HEYS	01/10/2012	4	-	INDEPENDENT	F&R 5/5 NOM 3/3 REM 2/2	5/5
Ian HIGGINBOTHAM	01/07/2008	12	-	INDEPENDENT	F&R 5/5 NOM 1/2 REM 2/2	3/5
Julie HUGHES	01/01/2017	4	-	INDEPENDENT	Q&S 2/3 NOM 0/3	4/5

Richard HUGHES	04/07/2017	4	-	TEACHING STAFF	Q&S 3/3	3/5
Sian OLIVER	01/09/2017	1	31/07/2018	STUDENT	Q&S 2/3	3/5
Garry PAYNE	01/10/2013	8	-	INDEPENDENT	A&G 3/3 NOM 1/3	4/5
Clare PLATT	01/01/2010	8	31/12/2017	INDEPENDENT	F&R 1/3 NOM 0/3	2/3
Alison ROBINSON	01/04/2018	N/A	-	PRINCIPAL	F&R 1/1 Q&S 1/1	1/1
Martin SMITH	01/01/2018	4	08/10/2018	INDEPENDENT	F&R 2/2	2/2
Ann TURNER	01/03/2006	N/A	31/03/2018	PRINCIPAL	F&R 4/4, Q&S 1/2	4/4
Ron MATTHEWS, Clerk to the Corporation.						21/21

Co-opted Committee Members

ATTENDING	COMMITTEE	APPOINTED	RESIGNED	MEETINGS ATTENDED No / out of
Barbara GODBY	A&G	01/01/2018	-	1/2

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 2018.

Directors: Ian Douglas (retired 31 March 2018)
Ann Turner (Company Secretary) (retired 31 March 2018)
Stuart Heys (appointed 7 June 2017)
Ian Higginbotham (appointed 1 April 2018)
Alison Robinson (Company Secretary) (appointed 1 April 2018)

The composition of the Corporation is set out on page 15-17. 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 students, industrial partners and research 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 2017/18 these committees were Audit & Governance, Finance & Resources, Quality & Standards, Nomination, 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 or from the Clerk to the Corporation at:

Myerscough College
Bilsborrow
Preston
PR3 0RY

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

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

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Corporation meetings using e-governance and a governors portal. Briefings are also provided on an ad-hoc basis.

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. During the year the Corporation had an Audit & Governance Committee which was responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years. However, they are eligible for re-election for a further term of four years. Those Governors who have served as either Chair or Vice Chair of the Corporation are eligible to serve for a third term.
The Corporation undertakes an annual self-assessment process which feeds into the overall College Self-Assessment Report both of which are included in agendas in the

autumn term. Individual reviews of the Corporation and Committee meetings are undertaken during the summer cycle which also includes a review of the performance of each individual chair.

Remuneration Committee

The Committee comprises a total of five Governors made up from the Chair and Vice Chair of the Corporation and the three other Committee Chairs, some of whom were involved in the appraisal process. At the present time the Vice Chair of the Corporation is also Chair of the Quality and Standards Committee and therefore current membership is four. 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 2018 is set out in note 8 to the financial statements.

Audit & Governance Committee

The Audit & Governance Committee comprises of five 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. This included a staff and student member. The Post 16 Audit Code of Practice 2017 – 2018 stated that this should not be the case any longer. For 2018/2019 the staff and student members have been removed from the Committee which now has a membership of three plus a Co-opted member.

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 internal audit plan 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 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 2018 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 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body;
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- the adoption of formal project management disciplines, where appropriate.

Myerscough College has an internal audit service, which operates in accordance with the Education and Skills Funding Agency *Post-16 Audit Code of Practice 2017 - 2018*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and internal audit plans are endorsed by the Corporation on the recommendation of the Audit & Governance Committee. The Internal Auditors undertake three visits per annum and report to the next Audit & Governance Committee. The report includes independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

- the work of internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- comments made by the College's financial statements auditors in their management letters and other reports.

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

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within all areas of the College and reinforced by risk awareness training. The Senior Management Team and the Audit & Governance Committee also receive regular reports from internal audit, and other sources of assurance, which include recommendations for improvement. The Audit & Governance Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation and Committee agendas include a regular item for consideration of relevant 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 2018 meeting, the Corporation carried out the annual assessment for the year ended 31st July 2018 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31st July 2018.

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

Going Concern

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 11 December 2018 and sign~~ed on~~ its behalf by:

Stuart Heys
Chair to the Corporation

Date: 11/12/18.

Alison Robinson
Chief Executive and Principal
Chief Accounting Officer

Date: 11/12/18

MYERSCOUGH COLLEGE

Statement of Corporate Governance and Internal Control

The Corporation has considered its responsibilities to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's grant funding agreements and contracts with the Education and Skills Funding Agency. As part of our consideration we have had due regard to the requirements of grant funding agreements and contracts with the Education and Skills Funding Agency.

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 irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding, under the College's grant funding agreements and contracts with the Education and Skills Funding Agency.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Education and Skills Funding Agency.

Stuart Heys
Chair to the Corporation

Date: 11/12/18.

Alison Robinson
Chief Executive and Principal
Chief Accounting Officer

Date: 11/12/18

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's grant funding agreements and contracts with the Education and Skills Funding Agency, the Corporation – through its Accounting Officer - is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, the Education and Skills Funding Agency College Accounts Direction for 2017 to 2018 and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and its surplus / deficit 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

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

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The Corporation is responsible for the maintenance and integrity of the College's website; the work carried out by auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the Education and Skills Funding Agency grant funding agreements and contracts and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from the Education and Skills Funding Agency are not put at risk.

MYERSCOUGH COLLEGE

Approved by order of the members of the Corporation on 11 December 2018 and signed on its behalf by:

Stuart Heys
Chair to the Corporation

Date: 11/12/18.

Opinion
We have audited the financial statements of Myerscough College (the "College") for the year ended 31 July 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the College's affairs as at 31 July 2018 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2017 to 2018 issued by the Education and Skills 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.

Responsibilities of the Corporation of Myerscough College

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 22 to 23, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 14 June 2018. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

17 December 2018

Statement of Comprehensive Income
for the year ended 31 July 2018

	Notes	2018	2017
		£	£
INCOME			
Funding body grants	2	15,180,713	13,976,710
Tuition fees and education contracts	3	7,988,405	8,664,107
Other grants and contracts	4	496,083	312,019
Other income	5	6,765,707	7,037,908
Endowment and investment income	6	18,588	14,492
Total income		**30,449,496**	**30,005,236**
EXPENDITURE			
Staff costs	7	18,346,036	17,922,535
Fundamental restructuring costs	7	213,844	45,310
Other operating expenses	8	10,263,867	9,438,560
Depreciation	10	2,071,411	1,825,416
Interest and other finance costs	9	671,209	639,207
Total expenditure		**31,566,367**	**29,871,028**
(Deficit) / surplus before other gains and losses		**(1,116,871)**	**134,208**
Profit / (Loss) on disposal of assets	10	1,077,599	(3,645)
(Deficit) / Surplus before tax		**(39,272)**	**130,563**
Taxation		-	-
(Deficit) / surplus for the year		**(39,272)**	**130,563**
Actuarial gain / (loss) in respect of pensions schemes		4,949,000	(142,000)
Other Comprehensive Income for the year		4,949,000	(142,000)
Total Comprehensive Income for the year		**4,909,728**	**(11,437)**
Represented by:			
Unrestricted comprehensive income		**4,908,266**	**(13,651)**
Restricted comprehensive income		**1,462**	**2,214**
		4,909,728	**(11,437)**

MYERSCOUGH COLLEGE

Balance sheet as at 31 July

	Notes	2018 £	2017 £
Fixed assets			
Tangible fixed assets	10	53,064,717	51,899,036
		53,064,717	**51,899,036**
Current assets			
Stocks	12	783,529	792,062
Debtors	13	1,536,612	2,114,151
Cash and cash equivalents	19	6,178,396	4,865,163
		8,498,537	**7,771,376**
Less: Creditors – amounts falling due within one year	14	(5,763,707)	(6,291,507)
Net current assets		**2,734,830**	**1,479,869**
Total assets less current liabilities		**55,799,547**	**53,378,905**
Less: Creditors – amounts falling due after more than one year	15	(17,554,064)	(16,348,150)
Provisions			
Defined benefit obligations	17	(10,061,000)	(13,756,000)
Total net assets		**28,184,483**	**23,274,755**
Unrestricted reserves			
Income and expenditure account		25,148,537	19,967,033
Revaluation reserve		3,013,492	3,286,730
Total unrestricted reserves		**28,162,029**	**23,253,763**
Restricted Reserve		22,454	20,992
Total Reserves		28,184,483	23,274,755

The financial statements on pages 26 to 50 were approved and authorised for issue by the Corporation on 11th December 2018 and were signed on its behalf on that date by:

Stuart Heys
Chairman to the Corporation

Alison Robinson
Accounting Officer
Chief Executive & Principal

Statement of Changes in Reserves
for the year ended 31 July 2018

	Income and Expenditure account	Revaluation Reserve	Restricted Reserve	Total
	£	£	£	£
Balance at 1st August 2016	19,884,053	3,383,362	18,778	23,286,193
Surplus from the income and expenditure account	130,563	-	-	130,563
Other comprehensive income - pension charge	(142,000)	-	-	(142,000)
Transfers between revaluation and income and expenditure reserves	96,632	(96,632)	-	-
Transfers between restricted and income and expenditure reserves	(2 214)		2,214	-
Total comprehensive income for the year	82,981	(96,632)	2,214	(11,437)
Balance at 31st July 2017	19,967,033	3,286,730	20,992	23,274,755
Deficit from the income and expenditure account	(39,272)	-		(39,272)
Other comprehensive income - pension charge	4,949,000	-		4,949,000
Transfers between revaluation and income and expenditure reserves	273,238	(273,238)		-
Transfers between restricted and income and expenditure reserves	(1,462)		1,462	-
Total comprehensive income for the year	5,181,504	(273,238)	1,462	4,909,728
Balance at 31st July 2018	25,148,537	3,013,492	22,454	28,184,483

MYERSCOUGH COLLEGE

Statement of Cash Flows
for the year ended 31 July 2018

	Notes	2018	2017
		£	£
Cash inflow from operating activities			
(Deficit) / surplus for the year		(39,272)	130,563
Depreciation		2,071,411	1,825,416
Decrease / (increase) in stocks		8,533	(98,256)
Decrease/(increase) in debtors		577,539	(197,145)
(Drecrease) / Increase in creditors		(960,957)	343,227
Pensions costs less contributions payable		1,254,000	1,106,000
Investment income		(18,588)	(14,492)
Interest payable		326,209	328,207
(Profit) / Loss on sale of fixed assets		(1,077,599)	3,645
Donation Land & Buildings		-	(420,000)
Net cash flow from operating activities		**2,141,276**	**3,007,165**
Cash flows from investing activities			
Proceeds from sale of fixed assets		1,195,177	46,450
Investment income		18,588	14,492
Payments made to acquire fixed assets		(3,508,699)	(5,296,872)
Capital grants received		2,348,620	2,050,700
Net cash flow from investing activities		53,686	(3,185,230)
Cash flows from financing activities			
Interest paid		(327,908)	(321,647)
Interest element of finance lease rental payments		(2,823)	(3,898)
New loans		-	1,508,527
Repayments of amounts borrowed		(530,485)	(387,282)
Repayments of obligations under finance leases		(20,513)	(19,437)
Net cash flow from financing activities		(881,729)	776,263
Increase / (decrease) in cash and cash equivalents in the year		**1,313,233**	**598,198**
Cash and cash equivalents at beginning of the year	19	4,865,163	4,266,965
Cash and cash equivalents at end of the year	19	6,178,396	4,865,163

1 ACCOUNTING POLICIES

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

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

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

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

Basis of accounting
The financial statements are prepared in accordance with the historical cost convention modified by the use of previous valuations as deemed cost at transition for certain non-current assets. The financial statements are presented in sterling which is the functional currency of the College. Monetary amounts in these financial statements are rounded to the nearest £, except where otherwise stated.

Going Concern
The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members report. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying notes. The College currently has £9.3m of loans outstanding with bankers on terms negotiated in 2005, 2011, 2017 & 2018. The terms of the existing agreements are for 18-20 years.

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 11 and 25. In accordance with FRS 102 the activities of the student union have not been consolidated because the College does not control these activities.

Recognition of income

Revenue grant funding

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

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

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

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

Capital grant funding

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

Fee income

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

Investment income

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

Agency arrangements

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

Lancashire Local Government Pension Scheme (LGPS)

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

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

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

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Tangible fixed assets

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

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

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

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

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

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

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

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

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

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

All assets are depreciated on a straight line basis over their useful economic life as follows:

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

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

Leased assets
Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

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

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

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

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

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

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

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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 loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

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.

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2018. 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.

2 Funding body grants

	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
Recurrent grants		
Education and Skills Funding Agency - adult	966,740	983,951
Education and Skills Funding Agency - 16-18	11,191,771	10,106,722
Education and Skills Funding Agency - apprenticeships	2,044,333	1,902,403
Education and Skills Funding Agency - other	75,655	123,037
Higher Education Funding Council	822,178	786,894
Specific Grants		
Releases of government capital grants	80,036	73,703
Total	15,180,713	13,976,710

3 Tuition fees and education contracts

	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
Adult education fees	133,249	143,251
Apprenticeship fees and contracts	142,473	268,156
Fees for FE loan supported courses	511,040	601,478
Fees for HE loan supported courses	5,565,210	5,315,729
International students fees	256,877	149,590
Total tuition fees	6,608,849	6,478,204
Higher Education Contract Income	-	984,529
Other contracts (including indirect funding from the funding bodies)	1,379,556	1,201,374
Total Educational Contracts	1,379,556	2,185,903
Total	7,988,405	8,664,107

4 Other grants and contracts

	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
European Commission	8,128	32,511
Other Funds	15,133	49,530
Other grants and contracts	298,526	130,113
Releases of non funding body government capital grants	174,296	99,865
Total	496,083	312,019

5 Other income

	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
Catering and residences	3,569,688	3,358,926
Other income generating activities	1,729,374	1,900,633
Farming activites	884,061	779,260
Full cost courses	443,590	417,146
Other income	138,994	161,943
Donation of land & buildings	-	420,000
Total	6,765,707	7,037,908

6 Investment income

	Year Ended 31 July 2018	Year Ended 31 July 2017
	£	£
Other interest receivable	18,588	14,492

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 2018	Year Ended 31 July 2017
Teaching staff	335	337
Non teaching staff	230	238
	565	575

Staff costs for the above persons

	Year Ended 31 July 2018	Year Ended 31 July 2017
Wages and salaries	13,623,465	13,499,042
Social security costs	1,138,918	1,073,309
Other pension costs (including FRS102 Adjustments of a £ 909k charge (2016/17 £795 k charge)) see note 25	2,936,682	2,694,680
Payroll sub total	**17,699,065**	**17,267,031**
Contracted out staffing services	646,971	655,504
	18,346,036	**17,922,535**
Fundamental restructuring costs - contractual	188,693	43,231
- non contractual	25,151	2,079
	18,559,880	17,965,766

7 Staff costs - continued

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Principal, Vice Principal , Deputy Principal Finance and Corporate Services and Deputy Principal Resources. Ann Turner was Principal until her retirement on 31.3.18, Vice Principal Alison Robinson was appointed to the role from 1.4.18. A new Vice Principal was appointed from 1.4.18. The Deputy Principal Finance and Corporate Services a previous vacant role was appointed on 15.1.18

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

	2018 No.	2017 No.
The number of key management personnel including the Accounting Officer was:	5	4

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

	Senior post-holders		Other Staff	
	2018 No.	2017 No.	2018 No.	2017 No.
£ 0 to £ 40,000	2	-	N/A	N/A
£ 40,001 to £ 50,001	-	1	N/A	N/A
£ 50,001 to £ 60,000	-	-	N/A	N/A
£ 60,001 to £ 70,000	1	1	-	-
£ 70,001 to £ 80,000	-	1	-	-
£80,001 to £90,000	2	-	-	-
£120,001 to £130,000	-	1	-	-
	5	4	0	0

Key management personnel emoluments are made up as follows:	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
Salaries	316,082	316,451
Benefits in kind	1,065	1,736
Employers national insurance contributions	39,536	38,468
	356,683	**356,655**
Pension contributions	47,562	50,427
Total emoluments	404,245	407,082

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

	Year Ended 31 July 2018 from 1.4.18 £	Year Ended 31 July 2018 to 31.3.18 £	Year Ended 31 July 2017 £
Salaries	38,333	86,711	120,821
Benefits in kind	-	213	868
Employers national insurance contributions	4,902	11,215	15,794
	43,235	98,139	137,483
Pension contributions	6,317	11,488	18,792

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 2018 £	Year Ended 31 July 2017 £
Teaching costs	4,731,936	4,254,999
Non teaching costs	3,543,680	3,252,865
Premises costs	1,988,251	1,930,696
Total	**10,263,867**	**9,438,560**

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

Other operating expenses include:	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
Auditors' remuneration:		
Financial statements audit and regularity assurance work	19,510	18,940
Internal audit	15,840	14,080
Other services provided by the financial statements auditors	1,825	770
Other services provided by the internal auditors	3,000	3,000
Hire of assest under operating leases	65,318	34,685
Stock adjustment	(8,533)	98,256
Property leases	524,465	525,469

9 Interest payable

	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
On bank loans, overdrafts and other loans:	323,386	324,309
	323,386	324,309
On finance leases	2,823	3,898
Pension finance costs (note 25)	345,000	311,000
Total	**671,209**	**639,207**

10 Tangible fixed assets

	Freehold Land and Buildings	Long Leasehold Land	Assets in the Course of Construction: Long Leasehold Land and Buildings	Assets in the Course of Construction: Freehold Land and Buildings	Equipment	Total
	£			£	£	£
Cost or valuation						
At 1 August 2017	59,701,635	-	420,000	2,817,922	9,022,031	71,961,589
Additions	2,481,110		-		873,560	3,354,670
Transfers / donations in kind	2,817,922	420,000	(420,000)	(2,817,922)		0
Disposals	(117,632)		-		(184,823)	(302,455)
Transfers					-	-
At 31 July 2018	**64,883,036**	**420,000**	**-**	**-**	**9,710,768**	**75,013,804**
Depreciation						
At 1 August 2017	13,407,784	-	-	-	6,654,769	20,062,552
Charge for the year	1,420,351	1,071	-	-	649,989	2,071,411
Elimination in respect of disposals	(6,009)		-	-	(178,868)	(184,877)
At 31 July 2018	**14,822,126**	**1,071**	**-**	**-**	**7,125,890**	**21,949,086**
Net book value at 31 July 2018	**50,060,910**	**418,929**	**0**	**0**	**2,584,878**	**53,064,717**
Net book value at 31 July 2017	46,293,851	-	420,000	2,817,922	2,367,262	51,899,036
Inherited	3,013,492	-	-	-	-	3,013,492
Financed by capital grant	8,852,757	-	-	-	424,386	9,277,143
Other	38,194,761	418,929	-	-	2,160,492	40,774,182
Net book value at 31 July 2018	**50,061,010**	**418,929**	**-**	**-**	**2,584,878**	**53,064,817**

Included in land and buildings is land with the value of £917,147 (2016: £1,022,880) which is not depreciated.

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

During the year land was sold to Lancashire County Council and Lancashire Constabulary

Included within building depreciation is accelerated depreciation of £65,223 which relates to the decommissioning of inherited residential accommodation

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 £63,959 (2016/17 – £88,717) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £24,758 (2016/17 – £24,758).

11 Non current Investments

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

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

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

The College is one of twenty eight members of the National Landbased College, a company limited by guarantee and registered in England and Wales. A development board has been formed chaired by Sir Don Curry on which the Principal sat as a Director until 31.3.18. The College's investment is not considered to be material to consolidate.

The College is one of ten shareholders in the Land Based Assessment Centre a Private company limited by guarantee without share capital and registered in England & Wales. The Principal is a Director.

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 remains dormant. The College owns 100% of the issued ordinary share capital of Myerscoll Limited, a dormant company.

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

12 Stocks

	Year Ended 31 July 2018	Year Ended 31 July 2017
	£	£
Raw materials	225,292	226,768
Livestock	454,489	462,479
Goods for resale	103,748	102,815
Total	**783,529**	**792,062**

13 Debtors

	Year Ended 31 July 2018	Year Ended 31 July 2017
	£	£
Amounts falling due within one year:		
Trade debtors	931,320	1,019,533
Other debtors	71,839	47,965
Prepayments and accrued income	361,314	373,486
Amounts owed by the ESFA	97,984	113,481
Other taxation and social security	-	40,180
Capital grant debtor	74,155	519,506
Total	**1,536,612**	**2,114,151**

14 Creditors: amounts falling due within one year

	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
Bank loans and overdrafts	689,213	530,485
Obligations under finance leases	21,588	20,513
Trade creditors	1,020,600	1,393,757
Other creditors	734,851	689,194
Other taxation and social security	561,496	501,140
Holiday pay accrual	201,426	162,576
Accruals and deferred income	2,125,044	2,585,196
Deferred income - government capital grants	320,330	221,344
Amounts owed to the ESFA	89,159	187,302
Total	**5,763,707**	**6,291,507**

15 Creditors: amounts falling due after one year

	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
Bank loans	8,570,706	9,259,919
Obligations under finance leases	26,545	48,133
Deferred income - government capital grants	8,956,813	7,040,098
Total	**17,554,064**	**16,348,150**

16 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Year Ended 31 July 2018 £	Year Ended 31 July 2017 £
In one year or less	689,213	530,485
Between one and two years	709,799	596,219
Between two and five years	2,251,244	1,910,482
In five years or more	5,609,663	4,893,328
New loans	-	1,859,890
Total	9,259,919	9,790,404

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

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

A loan totalling £3.14m was taken in 2017 for investment in a Sports Perforamnce Centre, the variable rate element is payable over 20 year from December 2017 at 1.5% over LIBOR.

A loan totalling £1.86m was taken in 2017 for investment in additional residential accommodation, the variable rate element is payable over 20 year from September 2018 at 1.5% over LIBOR.

Two interest free SALIX enery efficient loans taken out in 2017 totalling £82,711 are repayable to 2022.

16 Maturity of debt

(b) Finance leases

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

	31 July 2018	31 July 2017
	£	£
In one year or less	21,588	20,513
Between two and five years	26,545	48,133
In five years or more	-	-
Total	**48,133**	**68,646**

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

17 Provisions

	Defined benefit Obligations
	£'000
At 1 August 2017	13,756,000
Expenditure in the period	(996,000)
Additions in period	(2,699,000)
At 31 July 2018	**10,061,000**

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

18 Financial Instruments

	31 July 2018	31 July 2017
	£	£
Financial assets		
Financial assets measured at amortised cost through profit and loss	1,377,160	1,829,926
Financial liabilities		
Financial liabilities measured at amortised cost through profit and loss	12,228,290	13,571,830

19 Cash and cash equivalents

	At 1 August 2017	Cash flows	Other changes	At 31 July 2018
	£	£	£	£
Cash and cash equivalents	4,865,163	1,313,233	-	6,178,396
Total	**4,865,163**	**1,313,233**	**-**	**6,178,396**

20 Capital commitments

	31 July 2018	31 July 2017
	£	£
Commitments contracted for at 31 July	100,986	2,847,000
	100,986	2,847,000

21 Lease Obligations

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

	31 July 2018	31 July 2017
	£	£
Future minimum lease payments due		
Land and buildings		
Not later than one year	257,994	281,972
Later than one year and not later than five	223,833	373,548
later than five years	1,023,508	1,023,510
	1,505,335	1,679,030

The College leases land and property under an Agricultural Holding Act Agreement with the Duchy of Lancaster, the terms of this agreement are to perpetuity, annual costs are £28k.
The College leases land and property under a Farm Business Tenancy Agreement from the Duchy of Lancaster, the terms of these agreements are to 2032, annual costs are £85k.
The costs of the above leases are excluded from the analysis above due to the length of the agreements and the right of the College to give 12 months notice.

	31 July 2018	31 July 2017
	£	£
Other		
Not later than one year	-	-
Later than one year and not later than five	236,882	209,265
later than five years	-	9,326
	236,882	218,591

22 Contingent liabilities

There are no contingent liabilities

23 Events after the reporting period

There are no events after the reporting period

24 Defined benefit obligations

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

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

Total pension cost for the year	**2018**		**2017**	
	£'000	**£'000**	**£'000**	**£'000**
Teachers Pension Scheme: contributions paid	1,032		957	
Local Government Pension Scheme:				
Contributions paid	996		943	
FRS 102 (28) charge	909		795	
Charge to the Statement of Comprehensive Income		2,937		2,695
Actuarial (gain) / loss		(4,949)		142
Total Pension Cost for Year		**(2,012)**		**2,837**

There were no outstanding or prepaid contributions at either the beginning or end of the financial year. Contributions amounting to £245,147 (2017:£ 236,121) were payable to the schemes and are included in creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:
https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx

24 Defined benefit obligations (continued)

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.
The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.
In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.
Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,542k (2017: £1,437k)

FRS 102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds adminstered by Lancashire County Pension Fund . The total contribution made for the year ended 31 July 2018 was £1,350k, of which employer's contributions totalled £996k and employees' contributions totalled £354k. The agreed contribution rates for future years are 14.2% for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2018 by a qualified independent actuary

	At 31 July 2018	At 31 July 2017
Rate of increase in salaries	3.60%	3.70%
Future pensions increases	2.20%	2.20%
Discount rate for scheme liabilities	2.90%	2.60%
Inflation assumption (CPI)	2.10%	2.20%

24 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

The current mortality assumptions include sufficient allowance for future

	At 31 July 2018 years	At 31 July years
Retiring today		
Males	22.70	22.60
Females	25.40	25.20
Retiring in 20 years		
Males	25.00	24.90
Females	28.00	27.90

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

	Fair Value at 31 July 2018 £'000	Fair Value at 31 July 2017 £'000
Equities	14,516	13,098
Government Bonds	1,124	567
Other Bonds	198	686
Property	3,042	3,103
Cash	298	1,372
Other Bonds	13,887	11,009
Total market value of assets	**33,065**	**29,835**
Actual return on plan assets	**2,455**	**3,345**

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

	2018 £'000	2017 £'000
Fair value of plan assets	33,065	29,835
Present value of plan liabilities	(43,126)	(43,591)
Net pensions (liability)	(10,061)	(13,756)

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

	2018 £'000	2017 £'000
Amounts included in staff costs		
Current service cost	1,876	1,704
Administration	29	30
Past service cost		
Total	**1,905**	**1,734**
Amounts included in interest payable		
Net interest cost (note 9)	345	311
	345	**311**
Amounts recognised in Other Comprehensive Income		
Actuarial (gain) / loss	(4,949)	142

24 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	2018 £'000	2017 £'000
(Deficit) in scheme at 1 August	(13,756)	(12,508)
Movement in year:		
Current service cost	(1,876)	(1,704)
Administration expenses	(29)	(30)
Employer contributions	996	939
Net interest on the defined (liability)/asset	(345)	(311)
Actuarial gain or (loss)	4,949	(142)
Net defined benefit (liability) at 31 July	**(10,061)**	**(13,756)**

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

	2018 £'000	2017 £'000
Defined benefit obligations at start of period	43,591	40,622
Current service cost	1,876	1,704
Interest cost	1,131	1,052
Contributions by Scheme participants	354	373
Experience gains and losses on defined benefit obligations	(3,281)	403
Estimated benefits paid	(545)	(563)
Defined benefit obligations at end of period	**43,126**	**43,591**

Change in fair value of plan assets

	2018 £'000	2017 £'000
Fair value of plan assets at start of period	29,835	28,114
Interest on income	786	741
Return on plan assets	1,668	261
Administration expenses	(29)	(30)
Employer contributions	996	939
Contributions by Scheme participants	354	373
Estimated benefits paid	(545)	(563)
Assets at end of period	**33,065**	**29,835**

25 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £394 ; 2 governors (2017: £550; 2 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.
No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2017: None).

Stuart Heys, Ian Douglass (to March 18), Ian Higginbotham (from April 18), Ann Turner (to March 18) and Alison Robinson (from April 18), 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 £434 (2017 - £250) as at 31st July 2018 £ Nil was outstanding (2017 - £Nil). Payments of £5,000 were made to The Lancashire Colleges Limited (2017 - £7,140).

The College invoiced Cultiva Limited £Nil (2017 - £750) as at 31st July 2018 £Nil was outstanding (2017 - £750). Payments of £Nil were made to Cultiva Limited £4,158 was outstanding as at 31st July 2018 (2017 - Paid £3,310 / £Nil outstanding). Ann Turner (to March 18) / Alison Robinson (from April 18) – College Principal and Allan Gerald Corless - College Govenor- 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 £250 (2017 - £856) were made to Preston City Trampoline Club as at 31st July 2018 £Nil was outstanding (2017- £Nil).

Governor Richard Furnival is a Partner of Armistead Barnett LLP a regional firm of chartered surveyors & estate agents. Payments of £300 (2017 - £300) were made to Armistead Barnett as at 31st July 2018 £Nil was outstanding (2017- £Nil).

Governor John Morphet is sole shareholder and Chairman of Pure leisure group. Sponsorship of £10,000 (2017 - nil) was received from Pure leisure group.

College Principal (to March 18) Ann Turner was joint chair of Landex - Land Based Colleges Aspiring to Excellence, a subscriber organisation supporting landbased college's and universities nationally.

College Principal (to March 18) Ann Turner was 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.

College Principal (to March 18) Ann Turner was a board member of the AOC Regional Committee.

College Principal (from April 18) Alison Robinson is a director of Land Based Assessment Ltd. A Private company limited by guarantee without share capital.

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

Key management compensation disclosure is given in note 7.

26 Amounts disbursed as agent

SFA – Adult Discretionary Support

	2018 £'000	2017 £'000
Funding body grants – DLS	-	-
Funding body grants – 24+	75	75
	75	75
Disbursed to students	(63)	(71)
Administration costs / staffing	(3)	(4)
Balance unspent as at 31 July, included in creditors	9	-

EFA – 16-19 Bursary Funds

	2018 £'000	2017 £'000
Unspent balance brought forward	24	16
Funding body grants – hardship support	226	213
Funding body grants – residential bursaries	427	407
Funding body grants – vulnerable learners	17	20
	694	656
Disbursed to students	(589)	(601)
Administration costs / staffing	(33)	(31)
Balance unspent as at 31 July, included in creditors	72	24

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

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

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 14 June 2018 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Myerscough College during the period 1 August 2017 to 31 July 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2017 to 31 July 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the "ACoP") issued by the ESFA. 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 the ESFA has other assurance arrangements in place.

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

Responsibilities of Corporation of Myerscough College for regularity

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

Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the ACoP.

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

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period

1 August 2017 to 31 July 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

Use of our report

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

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17 December 2018