Report and Financial Statements for the Year Ended 31st July 2020

Key Management Personnel, Board of Governors and Professional advisers

Board of Governors

A full list of Governors is given on pages 16 & 17 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 2020:

Alison Robinson	Chief Executive and Principal; Accounting Officer
Steven Downham-Clarke	Vice Principal & Deputy Chief Executive
John Wherry	Deputy Principal Resources
Richard Morris	Deputy Principal Finance & Corporate Services (Resigned 11/10/2019)
Janet Whiteside	Interim Deputy Principal Finance & Corporate Services (appointed 12/10/2019; resigned 28 February 2020)
Joanne Sherrington	Deputy Principal Finance & Corporate Services (appointed 01 March 2020)

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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STRATEGIC REPORT

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31st July 2020.

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 and Manchester. 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.

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. The members of the Governing Body, who are trustees of the charity, are disclosed on page 16 & 17. In setting and reviewing the college's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the college provides identifiable public benefits through the advancement of education to approximately 5,000 students, including 318 students with high needs. The college provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The college adjusts its courses to meet the needs of local employers and provides training to 1,030 apprentices. The college is committed to providing information, advice and guidance to the students it enrols and to finding suitable courses for as many students as possible regardless of their educational background.

Mission, Vision, Strategy and Objectives

Mission

The College's mission statement is:

Inspiring excellence

Vision

The College's vision is to:

- be a leading College in the land based, science, engineering and sports sectors;
- be the natural choice for students, staff and employers;
- provide a highly skilled, creative and technical workforce;
- deliver excellent outcomes through inspirational and inclusive learning and services;
- build sustainability into all we do.

Values

Myerscough College has 3 Strategic Goals to improve learning, people and sustainability. Our values directly support our Strategic Goals:

Learning	People	Sustainability
Our delivery will be high quality and innovative with students at the heart of decision making.	We will enable staff and students to fulfil their potential whilst promoting resilience, leadership, accountability and teamwork.	We will provide a happy, healthy, safe, supportive and sustainable environment in which to live, work and study.
We will advance **FREDIE**: Fairness, respect, equality, diversity, inclusion, engagement in all we do		

Strategic Plan and Objectives

The strategic plan for 2020-2025 has been devised in consultation with staff and Governors providing clear objectives that ensure that our staff and learners work together to 'inspire excellence'.

The strategic plan has three clear strategic objectives referred to as strategic goals:

Strategic Goal 1: Learning – To provide excellence in learning we will:
1.1 Design, deliver and recruit with integrity to land based, engineering, science and sports qualifications in line with local, regional and national economic skills needs.
1.2 Provide excellent teaching, applied research and scholarly activity that creates curious and aspirational learners, improves achievement and transforms lives.
1.3 Enable students at all levels and contexts to develop their personal development and employability skills to enable them to achieve their aspirations and full potential.
1.4 Develop high level technical, creative and digital skills in staff and students.
1.5 Provide outstanding resources which are safe, industry relevant, cutting edge and standard setting.

Strategic Goal 2: People – Our greatest assets are our people. To support them we will:
2.1 Attract, retain and invest in high quality people through providing a supportive environment where staff feel listened to and valued.
2.2 Promote and advance FREDIE principles with a culture of fairness, respect, equality, diversity, inclusion, engagement.
2.3 Provide a safe, secure, healthy and supportive environment to live, work and study.
2.4 Develop strategic partnerships with universities, schools, local / devolved authorities, employers to enhance skills and productivity and align with local, regional and national skills needs.
2.5 Promote and embed a culture of ambition, innovation, resilience and high performance supported by coaching and supportive challenge.

Strategic Goal 3: Sustainability - To support the College's long-term sustainability we will:
3.1 We will deliver ongoing value for money, including outstanding financial management and planning, which will effectively and efficiently enable quality outcomes for learners, good governance and the robust stewardship of College funds.
3.2 Deliver an annual plan that allows for ongoing investment in our resources.
3.3 Review College services and estate to improve resources, produce efficiency savings, financial, cyber and digital resilience and agility.
3.4 Promote and embed a green / sustainability agenda across all activities.

Each statement has a series of targets, milestones and KPI's, 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.

Resources

The College employed 888 people, of whom 600 are teaching staff.

The college enrolled approximately 4,490 students. The college's student population included 1,690 16-to-18-year-old students, 1,030 apprentices, 1,130 higher education students, and 640 adult learners.

The college has £14.27 million (2019: £22.2 million) of net assets including £25.62 million pension liability (2019: liability of £16.4 million) and long-term loans of £7.9 million (2019: £8.6 million).

Tangible resources include the main college site at Bilsborrow and sites in Merseyside and East Lancashire both of which are leased. Agricultural land in Preston which is owned, plus two farms locally. The main site also holds 29 Residential blocks which hold approximately 600 students from age 16 upwards. During the year the College spent £1.8m refurbishing two of the residential blocks upgrading shared accommodation to single rooms with en-suites to meet student demand. In September 2020 the College received £696k from the Further Education Capital Allocation (FECA) to be spent on the condition improvement and upgrading of the College's estate in the financial year 2020/21. The college also holds £8 million in short term deposits, some of which it plans to use for further capital investment in the main college site.

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

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 (re-accredited in July 2019).

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 (TEF Gold).

Stakeholders

The college has many stakeholders including:

- its current, future and past students;
- its staff and their trade unions. The senior management team are named on page 16. The trade unions of which Myerscough College staff are members are the University and College Union, National Education Union and Unison;
- the employers it works with;
- its partner schools and universities;
- the wider college community; and
- its local borough council, combined authority and Local Enterprise Partnership.

DEVELOPMENT AND PERFORMANCE

Financial Results

The College generated a loss before other gains and losses of £418k (2019: deficit of £1,084k). The surplus before pension movements or actual trading surplus for the year was £1,394k (2018/19 surplus of £335k). The impact of the local government pension scheme has been a charge of £1,717k (2018/19 £1,429k) to the statement of comprehensive income. College income has reduced from £30.3m in 2018/19 to £30.1m in 2019/20, whilst staffing costs have seen an increase to £18.5m (2018/19: £18.4m).

During the year lockdown restrictions, as a result of the Covid-19 pandemic, impacted on the College and University Centre's ability to deliver commercial activities. The decline in income from the prior year was largely due to a decrease in commercial income and a reduction in receipts from residential students who were refunded from the March shut down on 23 March 2020. There was also a corresponding decrease in related commercial costs. The College recovered Furlough Grant on staff who were funded from commercial income, and made savings on premises costs as the College moved to online learning.

At the Balance Sheet date, the College held net current assets of £4m and accumulated reserves of £14m, which includes a defined benefit pension liability of £25.6m. The college had loans of £7.9m in the year. Cash balances at the end of the year had risen to £7.9m (2018/19 £7.2m), these balances will be invested in delivery of the organisational objectives. Tangible fixed asset additions during the year amounted to £2.0m. This consists of assets under the course of construction of £1.2m, building work of £156k and equipment / vehicles purchased of £641k.

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 results show Myerscough to be rated as 'Outstanding' for 2019/20 and the forecast as 'Good' for 2020/21.

Cash flows and Liquidity

With cash balances of £7.9m (2018/19 £7.2m), the cash flow from operating activities at £3.2m (2018/19: £2.7m) was strong. The cashflows from investing activities included capital expenditure of £1.9m (2018/19 £1.0m). Due to the impact of Covid-19 there was a delay in the payment of some capital items and hence an extra £516k was still showing in the cash balance at year end in delayed capital payments, primarily relating to the refurbishment of the Residential Accommodation.

The College currently has long term loans totalling £7.9m (2018/19 £8.6m). The loan portfolio is fully drawn and consists of loans first drawdown in July 2005, 2012, 2017 and 2018. 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 College did not breach any of its loan covenants in the period.

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. At the end of the year total borrowings were 26.1% of income.

Developments

The college's redevelopment involved tangible fixed asset additions during the year of £1.9m. This consisted of assets under the course of construction of £1.2m, building work of £156k and equipment / vehicles purchased of £641k. The assets under the course of construction related to the refurbishment of two residential student accommodation blocks, changing shared rooms to single occupancy with en-suites to meet student demand.

Reserves

The College has accumulated reserves of £14.3m (2019: £22.2m) and cash and short-term investment balances of £7.9m. 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. The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund to meet future capital requirements.

Sources of income

The College has reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2019/20 the education sector funding bodies (including indirect funding and associated tuition fees) amounted to 81% of College income (2018/19 76%).

Group Companies

The College had two subsidiary companies, Myerscough Ltd and Myerscoll Ltd, both were dissolved on 14 January 2020.

FUTURE PROSPECTS

Future developments

In October 2020 the College re-opened two recently refurbished Student Accommodation Blocks. The two refurbished buildings have seen shared twin-bedded rooms changed to single rooms with en-suites to meet student demand. The development was due to be completed by the 31 August 2020 but was delayed for a number of weeks due to lockdown restrictions caused by the Covid-19 pandemic.

The total FE funding contract for 16-18 learners excluding apprenticeships has been confirmed at £12.9m for 2020/21 (£11.3m in 2019/20) including an increase in high needs funded learners from £1.5m in 2019/20 to £1.9m in 2020/21.
Student recruitment has remained strong in the financial year to 31 July 2021 with student numbers meeting those expected in the College Financial Plan.

Financial plan

The College Governors approved a Financial Plan in July 2020 which sets objectives for the period to 2021. The College aims to maintain its health rating of 'Good' and achieve a small operating surplus in the year to 31 July 2021.

The College's Funding Body Grant's increased by £1.4m with the ESFA 16-19 funding increasing by £1.6m in the year to 31 July 2021 due to an increase in learner numbers and high needs funded learners.

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. The College did not breach any of its lending covenants in the year.

At the end of the year £4.69m was held on deposit with Barclays with £3.02m invested with Nationwide, and £116k with Nat West. 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 £41.96k (2018/19: £46.1k).

Reserves Policy

The college has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the college's core activities. The college reserves include £25k (2019: £25k) held as restricted reserves. As at the Balance Sheet date the Income and Expenditure Reserve stands at £11.4m (2019: £19.3m). It is the corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

PRINCIPAL RISKS AND UNCERTAINTIES

The College continues to develop and 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 Governor Committees 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 2019/20 81% (2018/19 76%) 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.
- Significant reduction in Higher Education funding.
- Local Authority funding cuts impacting on College services and the wider economy.
- Reduction in staffing levels at funding bodies and Government offices.
- Changing demographics.
- Impact of the decision to exit the European Union.
- Risks arising from the Government's response to the Augar review of post 18 Education in England.
- Government Covid-19 Guidance and Policy.

These risks are 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.
- Ensuring that income is delivered effectively and efficiently and is closely monitored through the management accounts.
- Financial plans are regularly monitored, updated and scenario tested.

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 increased during the year from £16.4m to £25.6m. The increase is due to investment performance and decreases in the discount rate assumptions by the fund actuaries as a result of the poor performance of the investment markets due to the global economic challenges of Covid-19. 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 directly mitigate the risk. The fund is managed by a professionally qualified actuary.

3. Covid-19

In March 2020 the College followed the lock-down guidance issued by the Government to manage the Covid-19 pandemic, and closed all of its sites to all but essential personnel and the children of key workers or those most at risk. To ensure business continuity, the College appointed a Central Co-ordinator, the H&S Adviser; and enacted an emergency planning Group to manage and implement the Government guidance and to ensure that operations continued but that staff and students were as safe as possible. The Group, which consists of the Principalship, the Health and Safety Adviser and the Marketing and Commercial Activities Director aims to react as fast as possible in order to mitigate impacts and other risks and to prepare the organisation for the continuing developments of the COVID-19 pandemic and its possible scenarios. The Group's continuity management covers infrastructure, cyber, employee, business, operational and communication risks, with the aim of managing a College that has had to face new challenges quickly. The College moved all of its non-essential staff off site to work from home and all student learning to on-line. The College had to shut all of its commercial activities including the Student Residencies, the Sports Centre, the Student Bar, Conferencing, the Garden centre, the Mini-Market, Catering and Restaurants and Equine Events. This caused a loss of over £2m of income and the College has had to manage the related costs using Furloughing Grants and contractual discussions with suppliers.

The College re-opened to students in September 2020 with risk assessments and appropriate PPE in place for all staff and activities and the master risk assessment was approved by the Corporation. Significant planning took place over the Summer to ensure that staff and students could safely return to site. An emergency plan continues to be in place should a full lock-down be called for in the future. The Emergency Planning Group continues to follow all guidance provided by Public Health and other Government Departments for Colleges and businesses. Regularly sharing public health guidance with staff and students.

This risk continues to be acute with further lock-down measures in 2020/21 threatening to have a significant impact on the education provision, particularly in practical based courses for students. Commercial income has been impacted after the year end as a result of Covid-19 lock down guidance in the North-West. Lock-down 3 in January 2021 has required reverting to on-line teaching this creates a risk to income from Residential Students and other commercial income. The Financial implications are being closely monitored by the Finance Team and presented regularly to Board Review Meetings and shared with the ESFA and the Bank.

KEY PERFORMANCE INDICATORS

The table below demonstrates the College's key performance indicators that were set for the year, it shows the results against those targets.

Key performance indicator	Measure/Target	Actual for 2019/20
Student number targets 16-18 ESFA	1,686	1,707

Student achievement 16-18	83.4%	89%
Surplus before interest, depreciation and amortisation as % of income	>3.0%	-2%
Ofsted rating	Good	Good

Students

The College operates out of five centres across the North West of England. The main centre is in Bilsborrow, Preston with curriculum offered from Entry to PhD in land based and sports education. This is also the only centre offering residential accommodation. The next largest campus is in Croxteth Park in Liverpool and is the only land-based College in the city. The College has campuses offering Animal Studies, Horticulture and Foundation Learning in Walton Hall in Warrington and Witton Park in Blackburn. The Liverpool, Blackburn and Warrington centres all aim to widening participation and access to land-based education in deprived communities. The fifth centre is a specialist Cricket Academy established within the grounds of Lancashire Cricket Club in response to their request to develop county youth cricket in partnership with them.

The student numbers during 2019-20 were:

16-19	1,690	38%
Apprenticeships	1,030	23%
Adults	640	14%
HE Full Time	586	13%
HE Part Time	412	9%
HE Post Graduate (Taught)	132	3%
Total	**4,490**	**100%**

The College has high quality specialist resources, which are utilised for the benefit of students at every level from pre-entry to postgraduate, employers, the wider sector and local communities. The specialist nature of provision means the recruitment pattern is wide and extensive and designed to meet land based and sports national requirements as well as more localised skills shortages. The College consistently recruits students from a wide geographical area and offers national provision in its apprenticeship delivery.

The College is:

- Internationally recognised as a centre of excellence in Sportsturf, with alumni at major sporting venues across the world;
- One of only three Colleges nationally delivering apprenticeships in Farriery;
- Offering the only Masters qualification in Arboriculture & Urban Forestry in the world; and
- The only place in the world to offer a degree in Farriery.

The College has an excellent reputation for the quality of its provision:

- Ofsted rated ‘good’ in March 2017;

- One for the first Colleges to achieve all eight Gatsby benchmarks September 2019;
- Myerscough achieved Teaching Excellence Framework (TEF) 'Gold' Award in 2018;
- Ofsted Good (2017) for the care and support given to 16-18 residents on the campus;
- The College achieved re-accreditation of Leaders in Diversity in September 2019; and
- Matrix accredited in 2020.

The academic year of 2019/20 was one of the most challenging years in the College history as the world was faced with the pandemic of Covid-19. Courses moved overnight on March 20th 2020 to online delivery as the UK entered a national lockdown.

Qualifications were placed in categories of adapt, calculate or delay depending on the nature of the qualification. Teaching staff worked swiftly to adapt to teaching online and ensuring that all students left College with their qualification so they could move onto their next steps.

All staff at the College worked tirelessly to ensure that no student was disadvantaged by the move to online learning and supported students by providing laptops where needed and live learning experiences utilising a range of innovative technologies.

On the 20th August 2020 the College suffered a devastating cyber-attack leading to a loss of the website, Canvas Virtual Learning Environment, ProMonitor, all the Finance, HR and Governance information and College systems supporting enrolment. This led to an incredibly challenging start to the Autumn term, many systems have been rebuilt and restored.

Students continue to prosper at the college. Achievement rates remained high in 2019/20, 95.4% of students moved into employment, further or higher education after they completed college. 79% into education and 14.9% into employment.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 01 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.

EQUALITY AND DIVERSITY

Equality

The 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, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The college's Equality Policy is published on the college's Intranet site.

The College publishes an Annual Equality Report and Equality Objectives 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. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

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 re- accredited with Leaders in Diversity in July 2019.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

i. An 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. A Head of Inclusive Learning is in post to coordinate additional learning support provision for students with learning difficulties and disabilities.
iii. A 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. The Myerscough Code is in place to raise awareness of the standards expected by staff and students at the College.
v. An Equality, Diversity and Inclusion Policy is in place.
vi. The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning.
vii. Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

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 period	FTE employee number
	545

Percentage of time	Number of employees
0%	-
1-50%	2
51-99%	-
100%	-

Total cost of facility time	£1,888
Total pay bill	£18,029,589
Percentage of total bill spent on facility time	-

Time spent on paid trade union activities as a percentage of total paid facility time	100%

GOING CONCERN

After making appropriate enquiries and considering the impact of Covid 19, the corporation considers that the college has adequate resources to continue in operational existence for the foreseeable future, further details are included within Note 1 to the Financial Statements. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

EVENTS AFTER THE REPORTING PERIOD

In October 2020 the College re-opened two recently refurbished Student Accommodation Blocks. The two refurbished buildings have seen shared twin-bedded rooms changed to single rooms with en-suites to meet student demand. The development was due to be completed by the 31 August 2020 but was delayed for a number of weeks due to lockdown restrictions caused by the Covid-19 pandemic.

The Prime Minister announced in June 2020 that an initial £200m of the committed £1.5 billion in capital funding that will support the upgrading of the further education (FE) estate would be brought forward to the financial year 2020 to 2021. Myerscough College was awarded £695,605.52 of this money in August 2020. This money has been awarded to support the College to undertake immediate remedial work in the financial year to 31 July 2021 to upgrade the condition of its estate.

The main College campus is based in Lancashire. Covid transmissions remained high in Lancashire post year end. Lancashire was placed in Tier 2 lockdown on 22 September 2020 and then went into Tier 3 lockdown on 17 October 2020. The restrictions affected the operation of the College's commercial operations and has affected the generation of commercial income from the Sport's Centre and the Student Bar.

The College suffered a cyber security attack to its IT systems in September 2020. The attack was a new form of ransom attack and interrupted the Colleges ability to use its IT systems for a number of weeks. The College worked closely with the ESFA, JISC and other Government parties and employed external consultants to help manage the attack. Despite the attack the College was able to release student exam results on time and continued to enrol students.

The LIBOR (London Interbank Offered Rate) index, used to determine the interest rate charged for some adjustable-rate loans, will no longer be available after December 2021. Regulators have instructed banks to stop using Libor by this date. This will affect loans, lines of credit and any contracts that use or reference this index. The College has a number of loans held with the NatWest bank and is currently working with the Bank to transfer these loans to a revised calculation basis. Neither the College nor the Bank should be at a disadvantage when the change occurs.

Covid-19 continues to be a significant threat to the College in particular with regards to Commercial Income. The main threat is to Residency and Catering Income if the College is closed due to a lock down or a significant Covid-19 outbreak. Lancashire has continued to be subject to Tier 3 restrictions and the recent lock down has seen the closure of the Student Bar, Conferencing and Events and the Sports Facilities, a number of staff have either been part or fully Furloughed to counteract income losses in these areas. Lock-down 3 in January 2021 has required the move to on-line teaching, this creates a risk to income from Residential Students and other commercial income, a number of staff continue to be fully or part furloughed, all costs are reviewed to mitigate reductions in income.

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 19 January 2020 and signed on its behalf by:

Allan Foster
Chairman to the Corporation

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 2019 to 31st July 2020 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, including the recently produced Colleges' Senior Postholder Remuneration Code; and
iii. having due regard to the UK Corporate Governance Code insofar as it is applicable to the further education sector.

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

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 2019/20 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
Louise BELL	01/04/2019	4	-	TEACHING STAFF	Q&S 3/3	5/7
Karen BIRCHALL	01/01/19	4	12/11/2019	INDEPENDENT	A&G 0/1	2/2
Jane BOOKER	01/01/2015	8	-	INDEPENDENT	A&G 3/3 Q&S 3/3 REM 1/1 NOM 1/1	7/7
Kevin BURKE	01/01/2020	4	-	INDEPENDENT	Q&S 1/2	3/4
Debbie CLAYTON	01/04/2018	4	-	SUPPORT STAFF	Q&S 1/2 A&G 1/1	4/7
Ryan CLUSKY	01/10/2019	1	30/11/2019	STUDENT	Q&S 0/1	0/1
Sue COLLINGE	01/03/20	4		INDEPENDENT	F&R 2/2 REM 1/1	1/2
Allan FOSTER	01/10/2012	12	-	INDEPENDENT	Q&S 3/3 REM 1/1 NOM 1/1	7/7
Richard FUIRNIVAL	01/08/2017	4	31/07/2020	INDEPENDENT	F&R 3/4 NOM 0/1	5/7
Barbara GODBY	01/01/2019	4	-	INDEPENDENT	A&G 3/3 Q/S 1/1	6/7
David HALL	01/04/2017	4	-	INDEPENDENT	F&R 3/4	4/7
Stuart HEYS	01/10/2012	4	17/03/2020	INDEPENDENT	F&R 2/3 NOM 1/1	5/6
Ian HIGGINBOTHAM	01/07/2008	12	31/07/2020	INDEPENDENT	F&R 4/4 REM 1/1 NOM 1/1	6/7
Clair JAMES	01/11/2019	4		INDEPENDENT	F&R 2/3	4/5
Allison JONES	01/11/2019	4		INDEPENDENT	Q&S 2/2 REM 1/1	3/5

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
Ashleigh MAWDSLEY	01/10/19	1	31/01/20	STUDENT	Q&S 1/1	0/3
John MORPHET	01/08/2018	4		INDEPENDENT	F&R 3/4	4/7
Robin NEWTON-SYMS	01/01/2020	4	-	INDEPENDENT	A&G 2/2	4/4
Garry PAYNE	01/10/2013	8	31/12/2019	INDEPENDENT	A&G 1/1 NOM 0/1	2/3
Alison ROBINSON	01/04/2018	N/A	-	PRINCIPAL	F&R 4/4 Q&S 3/3	6/7
Rob WALLACE	01/01/2020	4	-	INDEPENDENT	A&G 2/2	3/4
Ron MATTHEWS, Clerk to the Corporation.						19/19

Co-opted Committee Members

ATTENDING	COMMITTEE	APPOINTED	RESIGNED	MEETINGS ATTENDED No / out of
Rob Wallace	A&G	01/11/2019	31/12/19	1/1

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 College of education in the land-based and sports sectors and the natural choice for research, industrial partners and students who aspire to succeed.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and human resources related matters such as health and safety and environmental issues. The Corporation meets a minimum of four times per year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. In 2019/20 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.

In March 2020 the Government introduced lock down rules in order to manage the Covid-19 pandemic. From this date the Corporation and its Committees met on line and continued to carry out their duties.

The Procurement Policy Notices were applied to the following contracts during 2019-20, by the College and with the approval of the Accounting Officer:

Contract	Comments
Cleaning	The Procurement Manager negotiated with the College's cleaning contractor. From 23 March 2020 the College complied with the lock-down regulations and closed all College sites to all but staff needed for essential maintenance and students who were the children of essential workers or especially vulnerable. This dramatically reduced the need for cleaning around the sites. The College established that the contractor had not furloughed its staff. The College agreed with the contractor that they would place all but two of their staff on furlough. The College continued to require a minimal cleaning service from the two staff and paid the additional 20% top up to the furloughed staff. This arrangement was in place from May to July 2020. All staff were returned to work in August 2020.
Transport	During lock-down the College did not require bus transport for students. The College undertook negotiations with the supplier, who had Furloughed its staff, and a 40% reduction was applied to the cost of buses from March to August 2020.

Residential Refurbishment Contract	The contractor refurbishing the College's Residential Blocks, removed their staff off site where they could not operate under the Covid 19 rules and where there was a shortage of materials. The College agreed a delay in the delivery date of the contract. The requirement of the contract was that the Blocks would be ready for the return of students on the 05 September 2020. The Blocks were delayed until 09 October 2020.

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. During 2020 the surveys of Corporation and Committees did not take place due to the pandemic and several changes in committee membership, chairs and vice-chairs.

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 2020 is set out in note 7 to the financial statements.

Audit & Governance Committee

The Audit & Governance Committee comprises of six members of the Corporation (excluding the Principal and Chair of the Corporation). The Committee operates in accordance with written terms of reference approved by the Corporation. The Post 16 Audit Code of Practice 2017 – 2018 stated that staff and student Governors should not serve on an Audit Committee.

The College originally complied with this requirement but following a review of committee membership in February 2020 reverted to their inclusion from the summer cycle of meetings.

The Audit & Governance Committee meets up to four times per year and provides a forum for reporting by the College's internal, and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the relevant funding agencies as they affect the College's business.

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

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

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

Internal Control

Scope of Responsibility

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

The Corporation has delegated the day to day responsibility to the Principal, as Chief Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets in accordance with the responsibilities assigned to her in the Financial Memorandum/Financial Agreement between Myerscough College and 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 2020 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 2020 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 2019 - 2020*. Due to a change in regulations the College was required to change the internal audit provider being from the same company of the external audit provider. Following a competitive tender process Tiaa were appointed internal auditor from 1 August 2020. 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 January 2021 meeting, the Corporation carried out the annual assessment for the year ended 31st July 2020 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31st July 2020.

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"*.

Approved by order of the members of the Corporation on 19 January 2020 and signed on its behalf by:

Allan Foster
Chair to the Corporation

Alison Robinson
Chief Executive and Principal
Chief Accounting Officer

CORPORATION STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH THE FUNDING BODIES TERMS AND CONDITIONS OF FUNDING

The Corporation has considered its responsibilities to notify the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with 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.

Allan Foster
Chair to the Corporation

Date: 19 January 2020

Alison Robinson
Chief Executive and Principal
Chief Accounting Officer

Date: 19 January 2020

STATEMENT OF THE RESPONSIBILITIES OF 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 corporation's grant funding agreements and contracts with ESFA, 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 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the corporation 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
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- 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 information about the legal and administrative status of the corporation.

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 its 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 ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. 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 corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the

ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 19 January 2020 and signed on its behalf by:

Allan Foster
Chair to the Corporation

INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF MYERSCOUGH COLLEGE

Opinion

We have audited the financial statements of Myerscough College (the 'College') the year ended 31 July 2020 which comprise the college statement of comprehensive income, the college balance sheet, the college statement of changes in reserves, the college 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 2020 and of the College's deficit of income over expenditure for the year then ended;
- 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

INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF MYERSCOUGH COLLEGE (continued)

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.

Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Reasearch England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

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 2019 to 2020 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.

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation of Myerscough College

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 24 to 25, 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.

INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF MYERSCOUGH COLLEGE (continued)

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 28 October 2020. 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

26 January 2021

Myerscough College
Statement of Comprehensive Income
for the year ended 31 July 2020

	Notes	2020	2019
		£	£
INCOME			
Funding body grants	2	16,261,014	15,130,441
Tuition fees and education contracts	3	8,053,791	7,914,148
Other grants and contracts	4	697,699	339,288
Other income	5	5,093,730	6,875,850
Endowment and investment income	6	41,959	46,127
Total income		**30,148,193**	**30,305,854**
EXPENDITURE			
Staff costs	7	18,539,549	18,440,032
Fundamental restructuring costs	7	45,802	84,450
Other operating expenses	8	9,081,477	10,181,886
Depreciation	10	2,170,136	2,093,952
Interest and other finance costs	9	634,021	599,864
Total expenditure		**30,470,985**	**31,400,184**
(Deficit) before other gains and losses		**(322,792)**	**(1,094,330)**
(Loss) on disposal of assets	10	(94,884)	10,550
(Deficit) for the year		**(417,676)**	**(1,083,780)**
Actuarial (loss) in respect of pensions schemes		(7,541,000)	(4,872,000)
Total Comprehensive Income for the year		**(7,958,676)**	**(5,955,780)**
Represented by:			
Unrestricted comprehensive income		**(7,958,878)**	**(5,957,842)**
Restricted comprehensive income		**202**	**2,062**
		(7,958,676)	**(5,955,780)**

This table does not form part of the statutory financial statements

(Deficit) before other gains and losses	(322,792)	(1,094,330)
Add defined benefit pension obligations	1,717,000	1,429,000
Adjusted operating surplus	1,394,208	334,670

MYERSCOUGH COLLEGE

Myerscough College
Balance sheet as at 31 July

	Notes	2020	2019
		£	£
Fixed assets			
Tangible fixed assets	10	51,757,842	52,069,592
		51,757,842	**52,069,592**
Current assets			
Stocks	12	788,094	834,463
Debtors	13	2,045,835	1,541,095
Cash and cash equivalents	19	7,864,136	7,209,896
		10,698,065	**9,585,454**
Less: Creditors – amounts falling due within one year	14	(6,723,446)	(6,320,145)
Net current assets		**3,974,619**	**3,265,309**
Total assets less current liabilities		**55,732,461**	**55,334,901**
Less: Creditors – amounts falling due after more than one year	15	(15,842,434)	(16,744,198)
Provisions			
Defined benefit obligations	17	(25,620,000)	(16,362,000)
Total net assets		**14,270,027**	**22,228,703**
Unrestricted reserves			
Income and expenditure account		11,419,335	19,284,454
Revaluation reserve		2,825,974	2,919,733
Total unrestricted reserves		**14,245,309**	**22,204,187**
Restricted Reserve		24,718	24,516
Total Reserves		**14,270,027**	**22,228,703**

The financial statements on pages 29 to 55 were approved and authorised for issue by the Corporation on 19 January 2021 and were signed on its behalf on that date by:

AJ Foster

ARobinson

Allan Foster
Chairman to the Corporation

Alison Robinson
Accounting Officer
Chief Executive & Principal

Myerscough College
Statement of Changes in Reserves
for the year ended 31 July 2020

	Income and Expenditure account	Revaluation Reserve	Restricted Reserve	Total
	£	£	£	£
Balance at 1st August 2018	25,148,537	3,013,492	22,454	28,184,483
Surplus from the income and expenditure account	(1,083,780)	-		(1,083,780)
Other comprehensive income - pension charge	(4,872,000)	-		(4,872,000)
Transfers between revaluation and income and expenditure reserves	93,759	(93,759)		-
Transfers between restricted and income and expenditure reserves	(2 062)		2,062	-
Total comprehensive income for the year	(5,864,083)	(93,759)	2,062	(5,955,780)
Balance at 31st July 2019	19,284,454	2,919,733	24,516	22,228,703
Deficit from the income and expenditure account	(417,676)	-		(417,676)
Other comprehensive income - pension charge	(7,541,000)	-		(7,541,000)
Transfers between revaluation and income and expenditure reserves	93,759	(93,759)		-
Transfers between restricted and income and expenditure reserves	(202)		202	-
Total comprehensive income for the year	(7,865,119)	(93,759)	202	(7,958,676)
Balance at 31st July 2020	**11,419,335**	**2,825,974**	**24,718**	**14,270,027**

Myerscough College
Statement of Cash Flows
for the year ended 31 July 2020

	Notes	2020	2019
		£	£
Cash inflow from operating activities			
(Deficit) for the year		(417,676)	(1,083,780)
Depreciation		2,170,136	2,093,952
Decrease / (increase) in stocks		46,368	(50,934)
(Increase) / decrease in debtors		(507,181)	(1,274)
(Drecrease) / Increase in creditors		(145,602)	71,522
Pensions costs less contributions payable		1,717,000	1,429,000
Investment income		(41,959)	(46,127)
Interest payable		286,021	321,864
Loss / (Profit) on sale of fixed assets		94,884	(10,550)
Net cash flow from operating activities		**3,201,991**	**2,723,673**
Cash flows from investing activities			
Proceeds from sale of fixed assets		12,115	11,657
Investment income		44,402	42,918
Payments made to acquire fixed assets		(1,865,144)	(1,013,931)
Capital grants received		286,499	303,204
Net cash flow from investing activities		(1,522,128)	(656,152)
Cash flows from financing activities			
Interest paid		(292,489)	(323,472)
Interest element of finance lease rental payments		(672)	(1,747)
New loans		-	-
Repayments of amounts borrowed		(709,799)	(689,214)
Repayments of obligations under finance leases		(22,663)	(21,588)
Net cash flow from financing activities		(1,025,623)	(1,036,021)
Increase in cash and cash equivalents in the year		**654,240**	**1,031,500**
Cash and cash equivalents at beginning of the year	19	7,209,896	6,178,396
Cash and cash equivalents at end of the year	19	7,864,136	7,209,896

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 17. 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 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2019 to 2020 and Regulatory Advice 9: Accounts Direction issued by the Office for Students* 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. The College continues to have a strong cash position with a year-end cash balance of £7.864m

Basis of consolidation
The financial statements have not been consolidated on the basis of materiality. Both subsidiary companies have been dissolved in year. 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 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. 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 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 2020 £	Year Ended 31 July 2019 £
Recurrent grants		
Education and Skills Funding Agency - adult	443,231	847,784
Education and Skills Funding Agency - 16-18	11,289,980	11,050,432
Education and Skills Funding Agency - apprenticeships	2,542,551	2,197,415
Education and Skills Funding Agency - other	103,399	96,526
Education and Skills Funding Agency - Teachers Pension Scheme Grant	463,971	-
Devolved authotity AEB	595,859	-
Office for Students	722,563	840,377
Specific Grants		
Release of government capital grants	99,460	97,907
Total	**16,261,014**	**15,130,441**

3 Tuition fees and education contracts

	Year Ended 31 July 2020 £	Year Ended 31 July 2019 £
Adult education fees	190,573	146,221
Apprenticeship fees and contracts	214,652	227,381
Fees for FE loan supported courses	390,985	432,187
Fees for HE loan supported courses	5,697,154	5,656,639
International students fees	218,100	159,465
Total tuition fees	6,711,464	6,621,893
Other contracts (including indirect funding from the funding bodies)	1,342,327	1,292,255
Total Educational Contracts	1,342,327	1,292,255
Total	**8,053,791**	**7,914,148**

4 Other grants and contracts

	Year Ended 31 July 2020 £	Year Ended 31 July 2019 £
European Commission	73,870	21,148
Other Funds	52,113	24,513
Other grants and contracts	29,481	78,594
Releases of non funding body government capital grants	218,816	215,033
Coronavirus Job Retention Scheme grant	323,419	-
Total	**697,699**	**339,288**

The corporation furloughed staff who were not supported by educational grants, catering, residential support, retail outlet and full cost recovery staff under the government's Coronavirus Job Retention Scheme. The funding received in respect of 85 staff of £323k relates to staff costs which are included within the staff costs note below as appropriate.

4A Total grant and fee income

	Year Ended 31 July 2020 £	Year Ended 31 July 2019 £
Grant income from OfS	722,563	840,377
Grant income from other bodies	15,538,451	14,290,064
Total grants	**16,261,014**	**15,130,441**
Fee income from taught awards	5,697,154	5,656,639
Fee income from non-qualfying courses	2,356,637	2,257,509
Total tuition fees and educational contracts	**8,053,791**	**7,914,148**
Total grant & fee income	**24,314,805**	**23,044,589**

5 Other income

	Year Ended 31 July 2020 £	Year Ended 31 July 2019 £
Catering and residences	2,320,449	3,533,078
Other income generating activities	1,483,159	1,895,412
Farming activites	931,965	871,934
Full cost courses	224,239	443,754
Other income	133,918	131,672
Total	**5,093,730**	**6,875,850**

6 Investment income

	Year Ended 31 July 2020 £	Year Ended 31 July 2019 £
Other interest receivable	41,959	46,127

7 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, expressed as average headcount, was:

	Year Ended 31 July 2020	Year Ended 31 July 2019
Teaching staff	600	610
Non teaching staff	288	324
	888	**934**

Staff costs for the above persons

	Year Ended 31 July 2020	Year Ended 31 July 2019
Wages and salaries	13,159,867	13,501,112
Social security costs	1,012,671	1,060,498
Other pension costs (including FRS102 Adjustments of a £1,369k charge (2018/19 £1,151k charge) see note 24	3,857,051	3,171,460
Payroll sub total	**18,029,589**	**17,733,070**
Contracted out staffing services	509,960	706,962
	18,539,549	**18,440,032**
Fundamental restructuring costs - contractual	21,042	77,323
- non contractual	24,760	7,127
	18,585,351	**18,524,482**

7 Staff costs - continued

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Principal, Vice Principal , Deputy Principal Finance and Corporate Services and Deputy Principal Resources.
The Deputy Principal Finance and Corporate Services resigned in October 2019, interim cover was in place until the permanent postholder took up position in March 2020

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

	2020 No.	2019 No.
The number of key management personnel including the Accounting Officer was:	6	4

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

	Senior post-holders 2020 No.	Senior post-holders 2019 No.	Other Staff 2020 No.	Other Staff 2019 No.
£ 0 to £ 40,000	3	-	N/A	N/A
£ 40,001 to £ 50,001	-	-	N/A	N/A
£ 50,001 to £ 60,000	-	-	N/A	N/A
£ 60,001 to £ 70,000	-	-	-	-
£ 70,001 to £ 75,000	1	2	-	-
£75,001 to £80,000	-	1	-	-
£80,001 to £85,000	1	-	-	-
£110,001 to £115,000	1	1	-	-
	6	**4**	**0**	**-**

Key management personnel compensation is made up as follows:	Year Ended 31 July 2020 £	Year Ended 31 July 2019 £
Basic salary	346,092	337,680
Benefits in kind	869	862
Employers national insurance contributions	42,905	41,912
	389,866	**380,454**
Pension contributions	74,159	53,997
Total key management personnel	**464,025**	**434,451**

The above compensation includes amounts paid to the Principal who is the Accounting Officer who is also the highest paid member of staff. Their pay and remuneration is as follows:

	Year Ended 31 July 2020 £	Year Ended 31 July 2019 £
Basic salary	115,000	115,000
Benefits in kind	-	-
Employers national insurance contributions	14,672	14,698
	129,672	129,698
Pension contributions	26,542	18,952

7 Staff costs - continued

The remuneration package of key management staff, including the Principal, is subject to annual review by the Remuneration Committee of the governing body who use benchmark information to provide objective guidance. The Principal reports to the Chair of Governors, who undertakes an annual review of her performance against the College's overall objectives using both qualitiative and quantitiative measures of performance.

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.

Relationship of Principal pay and remuneration expressed as a multiple:

	Year Ended 31 July 2020	Year Ended 31 July 2019
Principal's basic salary as a multiple of the median of all staff	6.0	6.0
Principal's total remuneration as a multiple of the median of all staff	6.8	6.3

These figures are based upon data for all staff on the payroll in March as a proxy for the full year's data.

8 Other operating expenses

	Year Ended 31 July 2020 £	Year Ended 31 July 2019 £
Teaching costs	3,868,932	4,621,198
Non teaching costs	3,152,864	3,556,666
Premises costs	2,059,681	2,004,022
Total	**9,081,477**	**10,181,886**

Other operating expenses include:	Year Ended 31 July 2020 £	Year Ended 31 July 2019 £
Auditors' remuneration:		
Financial statements audit and regularity assurance work	20,450	19,510
Internal audit	14,080	14,080
Other services provided by the financial statements auditors	1,000	925
Other services provided by the internal auditors	-	11,025
Hire of assest under operating leases	77,622	71,088
Stock adjustment	(46,369)	50,934
Property leases	492,168	482,090

9 Interest payable

	Year Ended 31 July 2020 £	Year Ended 31 July 2019 £
On bank loans, overdrafts and other loans:	285,349	320,117
	285,349	320,117
On finance leases	672	1,747
Pension finance costs (note 24)	348,000	278,000
Total	**634,021**	**599,864**

10 Tangible fixed assets

	Freehold Land and Buildings	Long Leasehold Land	Assets in the Course of Construction Freehold Land and Buildings	Equipment	Total
	£		£	£	£
Cost or valuation					
At 1 August 2019	65,154,530	420,000	8,188	10,507,355	76,090,073
Additions	156,437	-	1,167,969	640,979	1,965,385
Transfers / donations in kind	8,188	-	(8,188)	-	-
Disposals	(202,107)	-	-	(76,242)	(278,349)
Transfers	-	-	-	-	-
At 31 July 2020	**65,117,048**	**420,000**	**1,167,969**	**11,072,092**	**77,777,109**
Depreciation					
At 1 August 2019	16,226,730	5,357	-	7,788,394	24,020,480
Charge for the year	1,408,230	4,286		757,620	2,170,136
Elimination in respect of disposals	(101,034)	-	-	(70,316)	(171,350)
At 31 July 2020	**17,533,926**	**9,643**	**-**	**8,475,698**	**26,019,267**
Net book value at 31 July 2020	**47,583,122**	**410,357**	**1,167,969**	**2,596,394**	**51,757,842**
Net book value at 31 July 2019	**48,927,800**	**414,643**	**8,188**	**2,718,961**	**52,069,592**
Inherited	2,825,975	-	-	-	2,825,975
Financed by capital grant	8,577,633	-	-	434,957	9,012,590
Other	36,179,514	410,357	1,167,969	2,161,437	39,919,277
Net book value at 31 July 2020	**47,583,122**	**410,357**	**1,167,969**	**2,596,394**	**51,757,842**

Included in land and buildings is land with the value of £917,147 (2018: £917,147) which is not depreciated.

Included within long lease hold land is land valued in 2018 at £420,000 at depreciated replacement cost by an independent valuer Eckersley Property Ltd. The land is depreciated over the 99 year lease duration from Liverpool City Council.

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

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

The net book value of equipment includes an amount of £14,442 (2018/19 – £39,200) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £24,758 (2018/19 – £24,759).

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 25.

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 was 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. The company was dissolved on 22 September 2020.

The College is one of twenty eight members of the National Landbased College, a company limited by guarantee and registered in England and Wales. 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 owned 100% of the issued ordinary share capital of Myerscough Limited, the company was dissolved on 14 January 2020. The College owned 100% of the issued ordinary share capital of Myerscoll Limited, the company was dissolved on 14 January 2020.

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 2020	Year Ended 31 July 2019
	£	£
Raw materials	180,418	190,642
Livestock	516,419	542,725
Goods for resale	91,257	101,096
Total	**788,094**	**834,463**

13 Debtors

	Year Ended 31 July 2020	Year Ended 31 July 2019
	£	£
Amounts falling due within one year:		
Trade debtors	1,124,146	829,699
Other debtors	37,141	40,312
Prepayments and accrued income	475,226	414,135
Amounts owed by the ESFA	380,394	256,949
Other taxation and social security	16,972	-
Capital grant debtor	11,956	-
Total	**2,045,835**	**1,541,095**

14 Creditors: amounts falling due within one year

	Year Ended 31 July 2020 £	Year Ended 31 July 2019 £
Bank loans and overdrafts	727,567	709,799
Obligations under finance leases	3,882	22,663
Trade creditors	869,408	653,464
Other creditors	804,441	688,286
Other taxation and social security	516,271	530,663
Holiday pay accrual	238,520	216,292
Accruals and deferred income	2,822,230	2,979,642
Capital grants received in advance	160,842	-
Deferred income - government capital grants	303,496	313,844
Amounts owed to the ESFA	276,789	205,492
Total	**6,723,446**	**6,320,145**

15 Creditors: amounts falling due after one year

	Year Ended 31 July 2020 £	Year Ended 31 July 2019 £
Bank loans	7,133,340	7,860,907
Obligations under finance leases	-	3,882
Deferred income - government capital grants	8,709,094	8,879,409
Total	**15,842,434**	**16,744,198**

16 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Year Ended 31 July 2020 £	Year Ended 31 July 2019 £
In one year or less	727,567	709,799
Between one and two years	752,099	727,567
Between two and five years	2,000,229	2,248,300
In five years or more	4,381,012	4,885,040
Total	**7,860,907**	**8,570,706**

Bank loans totalling £5.0m were taken out in July 2005 for a period of 20 years ending 31^{s} 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 Performance 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 2020	31 July 2019
	£	£
In one year or less	3,882	22,663
Between two and five years	-	3,882
In five years or more	-	-
Total	**3,882**	**26,545**

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

17 Provisions

	Defined benefit Obligations
	£'000
At 1 August 2019	16,362,000
Expenditure in the period	(1,056,000)
Additions in period	10,314,000
At 31 July 2020	**25,620,000**

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 Changes in net funds

	At 1 August 2019	Cash flows	New Finance leases	Other non cash changes	At 31 July 2020
	£	£	£	£	£
Cash in hand, and at bank	7,209,896	654,240	-	-	7,864,136
	7,209,896	654,240	-	-	7,864,136
Bank loans	(8,570,706)	709,799	-	-	(7,860,907)
Finance leases	(26,545)	22,663	-	-	(3,882)
Net debt	**(1,387,355)**	**1,386,702**	**-**	**-**	**(653)**

19 Cash and cash equivalents

	At 1 August 2019	Cash flows	Other changes	At 31 July 2020
	£	£	£	£
Cash and cash equivalents	7,209,896	654,240	-	7,864,136
Total	**7,209,896**	**654,240**	**-**	**7,864,136**

20 Capital commitments

	31 July 2020	31 July 2019
	£	£
Commitments contracted for at 31 July	938,750	126,061
	938,750	126,061

21 Lease Obligations

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

	31 July 2020	31 July 2019
	£	£
Future minimum lease payments due		
Land and buildings		
Not later than one year	350,686	380,035
Later than one year and not later than five	623,468	146,400
later than five years	1,185,502	1,206,502
	2,159,656	1,732,937

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 £95k.
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 2020	31 July 2019
	£	£
Other		
Not later than one year	84,156	77,622
Later than one year and not later than five	137,294	210,842
later than five years	-	-
	221,450	288,464

22 Contingent liabilities

There are no contingent liabilities

23 Events after the reporting period

In October 2020 the College re-opened two recently refurbished Student Accomodation Blocks. The two refurbished buildings have seen shared twin bedded rooms changed to single rooms with en-suites to meet student demand. The development was due to be completed by the 31 August 2020 but was delayed for a number of weeks due to lockdown restrictions caused by the Covid-19 pandemic.

The Prime Minister announced in June 2020 that an initial £200m of the committed £1.5 billion in capital funding that will support the upgrading of the further education (FE) estate would be brought forward to the financial year 2020 to 2021. Myerscough College was awarded £695,605.52 of this money in August 2020. This money has been awarded to support the College to undertake immediate remedial work in the financial year to 31 July 2021 to upgrade the condition of its estate.

The main College campus is based in Lancashire. Covid transmissions remained high in Lancashire post year end. Lancashire was placed in Tier 2 lockdown on 22 September 2020 and then went into Tier 3 lockdown on 17 October 2020. The restrictions affected the operation of the College’s commercial operations and has affected the generation of commercial income from the Sport’s Centre and the Student Bar. Lock-down 3 in January 2021 has required the move to on-line teaching, this creates a risk to income from Residential Students and other commercial income, a number of staff continue to be fully or part furloughed, all costs are reviewed to mitigate reductions in income.

The College suffered a cyber security attack to its IT systems in September 2020. The attack was a new form of ransom attack and interrupted the Colleges ability to use its IT systems for a number of weeks. The College worked closely with the ESFA, JISC and other Government parties and employed external consultants to help manage the attack. Despite the attack the College was able to release student exam results on time and continued to enrol students.

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.

Total pension cost for the year	**2020**		**2019**	
	£'000	**£'000**	**£'000**	**£'000**
Teachers Pension Scheme: contributions paid	1,432		1,029	
Local Government Pension Scheme:				
Contributions paid	1,056		991	
FRS 102 (28) charge	1,369		1,151	
Charge to the Statement of Comprehensive Income		3,857		3,171
Actuarial (gain) / loss		7,541		4,872
Total Pension Cost for Year within staff costs		**11,398**		**8,043**

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 2016 and of the LGPS 31 March 2019. There were no outstanding or prepaid contributions at either the beginning or end of the financial year. Contributions amounting to £ 320,110 (2019:£ 238,213) 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' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

The TPS is an unfunded scheme and members contribute on a 'pay-as-you-go' basis - these contributions, along with those made by employers, 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.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the undelying assets and liabilities of the plan. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the sheme as if it were a defined-contributions 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.

Valuation of the Teachers' Pension Scheme

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) on April 2019. The valuation reported:

- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion and
- notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion

As a result of the valuation, new employer contribution rates for the TPS were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £ 1,916k (2018: £1,538k)

24 Defined benefit obligations (continued)

FRS 102 (28)

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 2020 was £1,395k, of which employer's contributions totalled £1,043k and employees' contributions totalled £352k. The agreed contribution rates for future years are 17.4% for the College and range from 5.5% to 12.5% cent for employees, depending on salary according to a national scale.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2020 by a qualified independent actuary

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	3.80%	3.70%
Future pensions increases	2.40%	2.30%
Discount rate for scheme liabilities	1.60%	2.20%
Inflation assumption (CPI)	2.30%	2.20%

24 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	31 July 2020 years	31 July 2019 years
Retiring today		
Males	22.30	22.80
Females	25.00	25.50
Retiring in 20 years		
Males	23.80	25.10
Females	26.80	28.20

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

	Fair Value at 31 July 2020	Fair Value at 31 July 2019
	£'000	£'000
Equities	17,937	18,531
Government Bonds	-	-
Other Bonds	2,714	620
Property	5,349	3,411
Cash	708	698
Other Bonds	12,626	15,506
Total fair value of assets	**39,334**	**38,766**
Actual return on plan assets	**(866)**	**4,960**

The amount included in the balance sheet in respect of the defined benefit pension plan (and enhanced pensions benefits) is as follows:

	2020 £'000	2019 £'000
Fair value of plan assets	39,334	38,766
Present value of plan liabilities	(64,954)	(55,128)
Net pensions (liability)	**(25,620)**	**(16,362)**

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

	2020 £'000	2019 £'000
Amounts included in staff costs		
Current service cost	2,158	1,656
Administration	35	29
Past service cost	200	457
Curtailments	32	-
Total	**2,425**	**2,142**
Amounts included in interest payable		
Net interest cost (note 9)	348	278
	348	**278**
Amounts recognised in Other Comprehensive Income		
Changes in assumptions underlying the present value of plan assets	925	(3,990)
Changes in assumptions underlying the present value of plan liabilities	6,616	8,862
Actuarial loss / (gain)	**7,541**	**4,872**

24 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	2020 £'000	2019 £'000
Net defined benefit (liability) / asset in scheme at 1 August	(16,362)	(10,061)
Movement in year:		
Current service cost	(2,158)	(1,656)
Administration expenses	(35)	(29)
Employer contributions	1,056	991
Past service cost	(200)	(457)
Curtailments	(32)	-
Net interest on the defined (liability)/asset	(348)	(278)
Actuarial gain or (loss)	(7,541)	(4,872)
Net defined benefit (liability) at 31 July	**(25,620)**	**(16,362)**

Asset and Liability Reconciliation

	2020 £'000	2019 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	55,128	43,126
Current service cost	2,158	1,656
Interest cost	1,208	1,248
Contributions by Scheme participants	351	343
Past service cost	200	457
Curtailments	32	-
Experience gains and losses on defined benefit obligations	6,616	8,862
Estimated benefits paid	(739)	(564)
Defined benefit obligations at end of period	**64,954**	**55,128**
Change in fair value of plan assets		
Fair value of plan assets at start of period	38,766	33,065
Interest on income	860	970
Return on plan assets	(925)	3,990
Administration expenses	(35)	(29)
Employer contributions	1,056	991
Contributions by Scheme participants	351	343
Estimated benefits paid	(739)	(564)
Assets at end of period	**39,334**	**38,766**

These accounts show a past service cost of £230 million in respect of the McCloud/Sergeant judgement which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 March 2019. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgement is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earnings assumptions
- the withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgement, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to prodiuce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

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. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £0 ; 0 governors (2019: £394; 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 (2019: None).

Stuart Heys, Ian Higginbotham and Alison Robinson, 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. Both companies were dissolved on 14 January 2020.

The College invoiced The Lancashire Colleges Limited £0 (2019 - £0) as at 31st July 2020 £ Nil was outstanding (2019 - £Nil). Payments of £5,000 were made to The Lancashire Colleges Limited (2019 - £5,000).

The College invoiced Cultiva Limited £Nil (2019 -Nil) as at 31st July 2020. £Nil was outstanding (2019 - Nil). Payments of £Nil were made to Cultiva Limited. £Nil was outstanding as at 31st July 2020 (2019 - Paid Nil / £4,158 outstanding). Alison Robinson, College Principal was a director of Cultiva Limited. The directors have no beneficial interest in the share capital of the company. The comapny was dissolved on 22 September 2020.

Governor Jane Booker is a Director of Preston City Trampoline Club. Payments of £0 (2019 - £250) were made to Preston City Trampoline Club as at 31st July 2020. £Nil was outstanding (2019- £Nil).

Governor Richard Furnival is a Partner of Armistead Barnett LLP a regional firm of chartered surveyors & estate agents. Payments of £300 (2019 - £300) were made to Armistead Barnett as at 31st July 2019. £Nil was outstanding (2019- £Nil).

Governor John Morphet is sole shareholder and Chairman of Pure leisure group. Sponsorship of £10,000 (2019 - £10,000) was received from Pure leisure group.

The College is one of twenty eight members of the National Landbased College, a company limited by guarantee without share capital.

College Principal 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

ESFA – Adult Discretionary Support

	2020 £'000	2019 £'000
Funding body grants – ALL	66	77
	66	77
Disbursed to students	(43)	(63)
Administration costs / staffing	(2)	(3)
Balance unspent as at 31 July, included in creditors	**21**	**11**

ESFA – 16-19 Bursary Funds

	2020 £'000	2019 £'000
Unspent balance brought forward	24	21
Funding body grants – hardship support	244	234
Funding body grants – residential bursaries	426	449
Funding body grants – vulnerable learners	33	32
	727	736
Disbursed to students	(578)	(649)
Administration costs / staffing	(33)	(34)
Balance unspent as at 31 July, included in creditors	**116**	**53**

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.

27 Access and participation expenditure

	2020 £'000
Access investment	144
Financial support provided to students	158
Support for disabled students	73
Research & evaluation related to access & participation	1
Total access and participation expenditure	376

The College's access and participation plan is available on the College's website at *https://www.myerscough.ac.uk/media/4390/access-and-participation-plan-2019-20-approved.pdf*

Due to covid-19 the plan to attend many events and schools to support access and participation were unfortunately cancelled resulting in slightly lower access investment.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF MYERSCOUGH COLLEGE AND THE SECRETARY OF STATE 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 28 October 2020 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 2019 to 31 July 2020 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 2019 to 31 July 2020 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 2019 to 31 July 2020 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.

RSM UK Audit LLP

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26 January 2021