Myerscough College

INSPIRING EXCELLENCE

Report and Financial Statements for the Year Ended 31 July 2021

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REFERENCE AND ADMINISTRATIVE DETAILS

Board of Governors

A full list of Governors is given on pages 18 and 19 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 2021:

Alison Robinson	Chief Executive and Principal; Accounting Officer
Steven Downham-Clarke	Vice Principal & Deputy Chief Executive
John Wherry	Deputy Principal Resources
Joanne Sherrington	Deputy Principal Finance & Corporate Services

Professional advisers:

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

Internal Auditors:
Tiaa
Dallam Court
Dallam Lane
Warrington
WA2 7LT

Bankers:
Barclays Bank PLC
Navigation Way
Preston PR2 2XY

Solicitors:
Napthens LLP
7 Winckley Square
Preston PR1 3JD

STRATEGIC REPORT

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2021.

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, Ullswater 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 and Public Benefit

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Myerscough College. 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 18 & 19. 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 approximately 1,000 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.

MYERSCOUGH COLLEGE

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 was 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, expressed as average headcount, 874 people, of whom 582 were teaching staff.

The college enrolled 4,496 students. The college's student population included 1,901 16-to-18-year-old students, 1,046 apprentices, 1,007 higher education students, and 542 adult learners.

The college has £16.59 million (2020: £14.27 million) of net assets including £ 25.71 million pension liability (2020: liability of £25.62 million) and long-term loans of £ 7.13 million (2020: £7.9 million).

Tangible resources include the main college site at Bilsborrow and sites in Merseyside, Cumbria 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 completed a £1.8m refurbishment of 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 this financial year. The college also holds £12 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 2021) assessed as 'positive' about disabled people and a Leader in Diversity (re-accredited in July 2021).

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 1. 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 surplus before other gains and losses of £ 567 k (2020: deficit of £418k). The surplus before pension movements or actual trading surplus for the year was £ 2,500 k (2020: surplus of £1,394k). The impact of the local government pension scheme has been a charge of £1,846k (2020: £1,717k) to the statement of comprehensive income. College income has increased to £ 32.1m in 2020/21 from £30.1m in 2019/20, whilst staffing costs have seen an increase to £ 19.7m (2020: £18.5m).

During the year continuing 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 initial return to campus was due to be after February half term; the actual return to campus was confirmed as 08 March 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 and travel costs as the College moved to online learning.

At the Balance Sheet date, the College held net current assets of £ 6.9m and accumulated reserves of £ 16.6m, which includes a defined benefit pension liability of £ 25.7m. The college had loans of £ 7.1m in the year. Cash balances at the end of the year had risen to £ 11.8m (2020: £7.9m), these balances will be invested in delivery of the organisational objectives. Tangible fixed asset additions during the year amounted to £ 2.1m. This consisted of building work of £ 1.3m and equipment / vehicles purchased of £ 787k.

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 2020/21 and the forecast as 'Good' for 2021/22.

Cash flows and Liquidity

With cash balances of £ 11.8m (2020: £7.9m), the cash flow from operating activities at £ 5.8 m (2020: £3.2m) was strong. The cashflows from investing activities included capital expenditure of £ 2.2 m (2020: £1.9m). Due to the impact of Covid-19 there was a delay in the payment of some capital items and hence an extra £819k was still showing in the cash balance at year end in delayed capital payments, this will be rolled forward into 2021/22 and is due to the reduced availability of contractors and materials.

The College currently has long term loans totalling £ 7.1m (2020: £7.9m). 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 College signed revised loan agreements with the Natwest Bank on 28 September 2021. As the interest rate applicable to each of the four loans covered by the Amendment Agreements is linked to London Inter Bank Offered Rate (LIBOR), the purpose of these documents is to update each loan agreement to reflect the transition to Sterling Overnight Index Average (SONIA). The majority of existing corporate and commercial loans made available by financial institutions in the UK are linked to a floating rate called the London Interbank Offered rate (LIBOR). The UK Financial Conduct Authority has directed that the floating rate element of these loans has to be transitioned away from LIBOR to a new interest rate benchmark. This is because LIBOR will generally not be available from 31 December 2021. SONIA is a near "risk-free rate" administered by the Bank of England. Unlike LIBOR, SONIA is based on actual transactions and reflects the average of 12 interest rates that banks pay to borrow sterling overnight from other financial institutions and institutional investors. Neither lenders nor lendors must suffer any detriment as a result of these changes, the College Solicitors have confirmed that the College has not suffered any detriment as a result of the revised agreements.

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 22% of income.

Developments

The College's developments involved tangible fixed asset additions during the year of £2.1m. This consisted of building work of £1.34m and equipment / vehicles purchased of £787k.

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. These assets were shown as assets under the course of construction in the previous year.

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 College had spent the full grant by July 2021.

The 16 to 19 tuition fund was provided by the Government for the 2020 to 2021 academic year the fund provides additional funding for schools, colleges and other 16 to 19 providers to help with the disruption to learning caused by coronavirus (COVID-19). It's for small group tuition in English, maths and other subjects that have been disrupted, including vocational and/or academic learning. The 16 to 19 tuition fund is ring-fenced funding for schools, colleges and all other 16 to 19 institutions who receive annual funding allocations from ESFA for the provision of 16 to 19 education. The College was granted £259,881 for 2020-21 and has carried forward £190,900 to the following year.

The main College campus is based in Lancashire. Covid transmissions remained high in Lancashire in the year. Lancashire was placed in Tier 2 lockdown on 22 September 2020 and then went into Tier 3 lockdown on 17 October 2020 and 06 January 2021. The restrictions affected the operation of the College's commercial operations and has affected the generation of commercial income from student facing operations such as accommodation, catering, the sports centre, the shop and the bar. A number of staff have either been part or fully Furloughed to counteract income losses in these areas.

The College suffered a cyber security attack to its IT systems in August 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.

Reserves

The College has accumulated reserves of £16.6m (2020: £14.3m) and cash and short-term investment balances of £11.8m. 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 2020/21 the education sector funding bodies (including indirect funding and associated tuition fees) amounted to 81% of College income (2020: 76%).

FUTURE PROSPECTS

Future developments after the Balance Sheet date

The total FE funding contract for 16-18 learners excluding apprenticeships has been confirmed at £14.7m for 2021/22 (£12.9m in 2020/21).

Student recruitment has remained strong in the financial year to 31 July 2022 with student numbers meeting those expected in the College Financial Plan.

The 16 to 19 tuition fund was first provided by the Government for the 2020 to 2021 academic year and has been extended beyond 2021 to 2022 for a further two years into the 2023 to 2024 academic year. The fund provides additional funding for schools, colleges and other 16 to 19 providers to help with the disruption to learning caused by coronavirus (COVID-19). It's for small group tuition in English, maths and other subjects that have been disrupted, including vocational and/or academic learning. The 16 to 19 tuition fund is ring-fenced funding for schools, colleges and all other 16 to 19 institutions who receive annual funding allocations from ESFA for the provision of 16 to 19 education. The College has been granted £296,285 for 2021-22 and has carried forward £190,900 from the previous year.

The College has been awarded £679,872 by the ESFA to deliver the Skills Accelerator Fund. The fund relates to the Financial year 2021-22 and must be spent by 31 March 2022. The funding will be used to deliver within the land-based low carbon sector to encourage farmers to take up low carbon farming practices.

The College has formed a partnership with Ullswater Community College (UCC) to widen participation and access to quality land-based education for students over the age of fourteen in the Cumbria area and Students who do not feel ready to make the move from home in Cumbria, (or have commitments there). These learners can attend UCC for their course. This partnership has grown out of the need to provide a local land-based education solution following the closure of Newton Rigg College in July 2021. The two organisations have worked together to utilise their joint resources to facilitate this. Myerscough College will provide the staffing and equipment necessary to deliver land-based courses to their learners based at the UCC site or in the wider Cumbria region. The College invested £217k in July and August 2021 in the decorating, set-up and equipping of the classrooms and workshops to be delivered from at UCC. UCC has provided four classrooms and a workshop area from which Myerscough started to deliver land-based education in September 2021.

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 on 28 September 2021 the Chair signed revised Loan Agreements changing the interest calculation basis to Sterling Overnight Index Average (SONIA). Neither the College nor the Bank should be at a disadvantage when the change occurs.

Covid-19 continues to be a potential 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.

Financial plan

The College Governors approved a Financial Plan in July 2021 which sets objectives for the period to 2022. The College aims to maintain a health rating of 'Good' and achieve a small operating surplus in the year to 31 July 2022.

The College's Funding Body Grant's increased by £2.6m with the ESFA 16-19 funding increasing by £2.06m 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 £4.80m was held on deposit with Barclays with £3.53m invested with Nationwide, £1.25m with Lloyds and £2.17m 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 £6.5k (2020: £7k).

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 £27k (2020: £25k) held as restricted reserves. As at the Balance Sheet date the Income and Expenditure Reserve stands at £13.8m (2020: £11.4m). It is the corporation's intention to continue 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 College undertakes a comprehensive review of the risks to which it is exposed. It identifies 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 College also considers 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. The College assesses its controls over risks using three levels of assurance. First, second and third lines of assurance provide a clearer picture of where the College receives assurance and if the controls in place are adequate. 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 2020/21 82% (2020: 79%) 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 or increase at the same rate of related costs.

The College is aware of several risks which may impact on future funding:

- Continued potential reduction in the funding rates per student, particularly changes to the structure of apprenticeships.
- Inflation is currently above 3%. The Bank of England's target is 2% and the Bank, in its last quarterly report, said it expected further rises, perhaps to 4% attributing the cause to rising demand across the world, shortages of materials and difficulties that businesses have in meeting demand. Many forecasters expect inflation to be temporary with the Bank expecting it to fall back to 2% by 2023. The Treasury and DfE do not link inflation to funding amounts.
- Long term due to the impact of Covid on Government finances a spending squeeze is expected to put pressure on non-protected budgets such as FE funding.
- The potential increase in national insurance rates by 1.25% to fund social care will affect the average college by an increase of approximately 0.4% of income per annum. In the Colleges case this will be an extra £140k p.a.
- Many colleges including Myerscough are reporting problems retaining and recruiting staff, particularly in specialist areas. Pay is an issue across a large number of staff groups. Future increases to national insurance and the national minimum wage uplift of 6.6% for those over 23 to £9.50 per hour, effective from April 2022, will put further pressure on College budgets.
- Energy price increases are also a material expenditure increase for an organisation the size of the College. Colleges budgeted for 2.0% of their income (on average) for the 2021-2 academic year but, three months in, now expect to spend 2.3%. Many like Myescough have fixed their contract prices but this will only last for so long.
- Delays in the ability to spend capital expenditure and carry out residential repairs are currently being monitored and re-profiled due to contractor availability and material supply concerns. Unspent capital expenditure will be carried forward to 21/22. The rolling over of Capital spend artificially inflates the

cash balances, risks the costs of projects materially increasing, causes staff and students to not see the benefits of capital spend and can put the recovery of grant funding and the ability to pay for repairs in year at risk.
- Risks arising from the Government's response to the Augar review of post 18 Education in England including the introduction of T-Levels which will change delivery models.
- 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 £25.6m to £25.7m and reduced the surplus by £1.8m. There has been substantial volatility in equity markets around the world this year, in relation to the COVID-19 pandemic. This had consequences for asset values, and increases in equity markets are reflected in the accounting figures as at 31 July 2021. Over the same period, the market volatility extended to corporate bonds, but ultimately the yields on AA-rated corporate bonds as at 31 July 2021 settled at around 1.6% p.a, which is similar to the start of the accounting year. Market-implied RPI was variable at points during the year, and has ultimately increased. These movements are outside the control of the College management and are 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

The main College campus is based in Lancashire. Covid transmissions remained high in Lancashire in the year. Lancashire was placed in Tier 2 lockdown on 22 September 2020 and then went into Tier 3 lockdown on 17 October 2020 and 06 January 2021. The restrictions affected the operation of the College's commercial operations and has affected the generation of commercial income from student facing operations such as accommodation, catering, the sports centre, the shop and the bar.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 re-opened to students in September 2021 with risk assessments, testing 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 to operations continues, potential plan B measures and high infection rates locally in 2021/22 threaten to have a significant impact on the education provision for students and staffing levels, particularly in practical based courses. Commercial income is at risk dependant on future Covid measures and currently as regards a lack of suitable staff in Catering and the Sports Centre. 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.

4. Cyber Security

The College was affected by a cyber security attack on the 20 August 2020 which impacted operations. The College has and continues to invest in upgrading the College's cyber security defences. However, managing cyber risk across all organisations and sectors is a major challenge. The costs for all enterprises are increasing – building and maintaining cybersecurity capability is expensive, and the return on investment is uncertain. The risks associated with cyberthreats are often opaque, and it is difficult to calibrate the right nature and scale of investment in cybersecurity therefore the risk to all organisations remains high.

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 2020/21
Student number targets 16-18 ESFA	1,686	1,901
Surplus before interest, depreciation and amortisation as % of income	>3.0%	11%
Ofsted rating	Good	Outstanding

MYERSCOUGH COLLEGE

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 College began working in Partnership with Furness College in 2020/21 to deliver Animal Studies provision and, in September 2021, the College began a partnership with Ullswater Community College for the delivery of the land-based curriculum for Further Education and Skills across Cumbria.

The student numbers during 2020-21 were:

16-19	1,901	42%
Apprenticeships	1,046	23%
Adults	542	12%
HE Full Time	565	13%
HE Part Time	338	8%
HE Post Graduate (Taught)	104	2%
Total	**4,496**	**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, science, engineering 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:

➢ the largest provider of Sportsturf Qualifications in Europe, with Apprentice Matthew Milligan, named as the 2021 Toro Student of the year, joining a long line of previous Myerscough winners;
➢ The 2nd largest provider of Veterinary Nursing training nationally;
➢ One of only three Colleges nationally delivering apprenticeships in Farriery;
➢ Offering the only Masters qualification in Arboriculture & Urban Forestry in the world;
➢ The only place in the world to offer a degree in Farriery; and
➢ Winner of the Agriculture, Environmental and Animal Care Apprenticeship Provider of the Year at the 2021 FE Week AAC Apprenticeship Awards.

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;
➢ 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 2021;
- Matrix re-accredited in December 2020;
- Winner of the Educate Awards Career and Enterprise Awards 2020;
- Runner up in the Educate Awards Most Inspirational 16-18 Provider;
- Finalist in the TES Awards for Contribution to Local Community (Liverpool campus) and College of the Year;
- Shortlisted for the Educate Provider of the Year Award 2020 and 2021; and
- Finalist for Education Provider of the Year at Lancashire BIBAs Premier Business Awards 2021

The academic year of 2020/21 was one of the most challenging years in the College history.

On GCSE Results Day in August 2020, the College was hit by a significant cyber-attack that destroyed much of the IT infrastructure, leading to a loss of the website, Canvas virtual learning environment, ProMonitor, all the Finance, HR, Marketing and Governance information and College systems supporting enrolment. Cross-College teams rallied, with our students' results being shared via email and Live Chat, with enrolment swiftly adapting to a new manual process, utilising social media as its means of communication. The devastating disruption caused by the cyber-attack resulted in the loss of some data held on shared College drives that was irretrievable. Systems and processes had to be rebuilt from scratch, which resulted in delays with getting students onto class lists and registers in place.
In addition to the cyber-attack, the academic year started in September 2020 with the College following Government guidance to teach our students safely on campus by ensuring they were in curriculum 'bubbles'. To keep staff and students safe, the decision was taken to teach Maths and English classes at the Preston campus online, to prevent any breaking of curriculum and residential bubbles. The College is proud that there was no evidence of any Covid-19 transmission on campus during the 2020-21 academic year. All staff and students who contracted the virus did so outside of the College.

Throughout the academic year, College staff adapted to both on campus and online delivery, in line with Government guidance and local and national lockdowns. Staff became adept at the 'hybrid' delivery model, with some students in the classroom and some online, due to self-isolating. 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. Dealing with Covid was particularly challenging due to the much higher rates in Lancashire, Manchester, Liverpool and Blackburn than most other parts of the country between September 2020 and January 2021, with the College in Tier 3 for the majority of the time. The College faced an added challenge of residential 16–18-year-old students travelling home for weekends, both within and outside of the North West region.

Students continue to prosper at the college. Achievement rates remained in line with national trends in 2020/21, 98% of Further Education leavers went on to positive intended destinations, 83.7% in education and 10.1% 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 40 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 2021.

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
2	1.4

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

Total cost of facility time	£1,490
Total pay bill	£19,077,857
Percentage of total bill spent on facility time	0.01%

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.

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by order of the members of the Corporation on 11 April 2022 and signed on its behalf by:

AJ Foster

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 2020 to 31st July 2021 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 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 2020/21 were as follows:

Audit & Governance Committee	=	A&G
Appeals Committee	=	APPEALS (not met during 2020/2021)
Finance & Resources Committee	=	F&R
Nominations Committee	=	NOM (not met during 2020/2021)
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 or 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
Rafik Adam	15/12/20	4	-	INDEPENDENT	F&R 3/3	4/5
Louise BELL	01/04/2019	4	-	TEACHING STAFF	Q&S 3/3	6/7
Jane BOOKER	01/01/2015	8	-	INDEPENDENT	A&G 5/5 Q&S 3/3 REM 1/1	7/7
Kevin BURKE	01/01/2020	4	-	INDEPENDENT	Q&S 1/3	4/7
Debbie CLAYTON	01/04/2018	4	-	SUPPORT STAFF	A&G 4/5	7/7
Sue COLLINGE	01/03/20	4		INDEPENDENT	F&R 4/4 REM 1/1	7/7
Allan FOSTER	01/10/2012	12	-	INDEPENDENT	Q&S 3/3 REM 1/1	7/7
Barbara GODBY	01/01/2019	4	-	INDEPENDENT	A&G 4/5 Q/S 2/3	6/7
David HALL	01/04/2017	8	-	INDEPENDENT	F&R 3/4	5/7
Clair JAMES	01/11/2019	4		INDEPENDENT	F&R 4/4	6/7
Allison JONES	01/11/2019	4		INDEPENDENT	Q&S 3/3 REM 1/1	6/7
John MORPHET	01/08/16	4	18/11/20	INDEPENDENT	F&R 0/1	0/2
Robin NEWTON-SYMS	01/01/2020	4	-	INDEPENDENT	A&G 5/5	7/7
Alison ROBINSON	01/04/2018	N/A	-	PRINCIPAL	F&R 4/4 Q&S 3/3	7/7
Rob WALLACE	01/01/2020	4	-	INDEPENDENT	A&G 4/5	7/7
Thomas Cocks	01/09/20	1	31/07/21	STUDENT	A&G 2/4	2/4

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
Jenny WILSON	01/09/20	1	01/05/21	STUDENT	Q&S 1/2	2/3
Ron MATTHEWS, Clerk to the Corporation.						20/20

The composition of the Corporation is set out on page 17-19. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation will continue to bring added value to the social, physical and economic well-being of the various communities served by the College by striving to become the leading provider of education in the land-based and sports sectors and the natural choice for 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 2020/21 these committees were Audit & Governance, Finance & Resources, Quality & Standards, Nomination, Remuneration and Appeals. Appeals and Nominations Committee did not meet during the year. 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 Governor's portal. Briefings are also provided on an ad-hoc basis. During 2020/2021 additional Briefings were provided to keep Governors informed of development during the Covid-19 Pandemic and lockdown.

From March 2020 all meetings have been held via video conference. In September 2021 the Corporation agreed to continue holding Committee meetings by video conference but to hold the Corporation meetings in person at the College. This situation will be reviewed in December 2021 or earlier if the legislation changes.

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 and Principal are separate.

The Procurement Policy Notices were applied to the following contracts during 2019-20 and into 2020-21, 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 in August 2020 to undertake deep cleaning work within the College. This saved the College approx., £25k per month. The same Furlough rules were applied to the cleaning staff in Lockdowns 2 and 3. This Contract is due for renewal March 2022. A tender exercise is underway and submissions from 8 potential suppliers are currently being evaluated.
Transport	During lock-downs 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 from March 2020 and throughout the following lock-downs.
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 October 2020.

Appointments to the Corporation

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

Members of the Corporation are appointed for a term of office not exceeding four years. However, they are eligible for re-election for a further term of four years. Those Governors who have served as either Chair or Vice Chair of the Corporation are eligible to serve for a third term.

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

Remuneration Committee

The Committee comprises a total of five Governors made up from the Chair and Vice Chair of the Corporation and the three other Committee Chairs, some of whom are involved in the appraisal process. The Vice Chair of the Corporation was also a Committee Chair and therefore the membership was four. After changes in Chair and Vice Chair of Corporation following the resignation of the Chair on 17 March 2020 membership remained at 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 2021 is set out in note 7 to the financial statements.

Clerk to the Corporation

As stressed by the Education and Skills Funding Agency the role of Clerk Governance Professional has expanded significantly, to the point where they play a critical role as a technical adviser and strategic enabler to boards and a key source of advice.

Corporations must ensure that the holder of the post has an appropriate qualification or level of experience. The current Clerk is qualified to the equivalent of ICSA and has many year's experience in governance.

He undertakes appropriate training to keep abreast of current developments, is regular attender at the AoC North West Clerks Network, was one of ten Reviewers nationally who undertook a number of pilot Board Reviews on behalf of the ETF last year and is a member of the Working Group developing the Governance Professionals programme of learning and support.

He is also required to undertake appropriate training in College as directed by the CPD Policy Unit.

Governor Training

Appropriate training is arranged for Governors each year by way of on-line training, activities at an annual Away Event, and programmed training sessions. All Governors have completed on-line Safeguarding, Prevent and Covid-19 training. A training session is held each year to update Governors on Safeguarding developments together with a training session on the draft College Self-Assessment Report. Sessions are also programme every two years on Equality and Diversity and Health and Safety.

The College also operates a Governor Engagement Programme were various events in College such as SAR Validations, student Committee meetings etc. are circulated to Governors allowing a small number to attend and observe.

A number of Governors have also attended various AoC conferences and the Chair of Corporation actively engages North West Principals and Chairs group and on-line at various AoC events.

Board Review

The Corporation is aware of the proposal in the forthcoming White Paper for an Independent External Board Review, at least every three years, and following the publication of the relevant guidance, will seek to comply with this requirement.

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. Appropriate safeguards are in place to ensure that there is no conflict of interest.

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.

External Financial Statements Auditors

The post 16 Audit Code of Practice 2020-2021 required Colleges to ensure the contract of the provision of External Financial Statements Audit services to be put out to tender at least once every five years. The College are fully aware of this requirement and arrangements are in hand to seek tenders for the provision of the service at the conclusion of the current contract which expires with the completion of the audit of the accounts for 2021/2022.

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 Agreements 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 2021 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 2021 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 2020 - 2021*. 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 December 2021 meeting, the Corporation carried out the annual assessment for the year ended 31st July 2021 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31st July 2021.

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

Going Concern

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

Approved by order of the members of the Corporation on 11 April 2022 and signed on its behalf by:

Allan Foster	**Alison Robinson**
Chair to the Corporation	**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.

AJ Foster

Allan Foster
Chair to the Corporation

Date: 11 April 2022

ARobinson

Alison Robinson
Chief Executive and Principal
Chief Accounting Officer

Date: 11 April 2022

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 11 April 2022 and signed on its behalf by:

Allan Foster
Chair to the Corporation

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF MYERSCOUGH COLLEGE

Opinion
We have audited the financial statements of Myerscough College (the "College") for the year ended 31 July 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves, the statement of cash flows and notes to the financial statements, including 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 2021 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the college's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the governors with respect to going concern are described in the relevant sections of this report.

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 contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 Research 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 2020 to 2021 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 notes 2 & 3 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 page 27 to 28 the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the College operates in and how the college are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency and Regulatory Advice 9: Accounts Direction published by the Office for Students'. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the College is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

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

12/1/2022.

Myerscough College
Statement of Comprehensive Income
for the year ended 31 July 2021

	Notes	2021	2020
		£	£
INCOME			
Funding body grants	2	18,873,513	16,261,014
Tuition fees and education contracts	3	8,122,757	8,053,791
Other grants and contracts	4	726,175	697,699
Other income	5	4,419,943	5,093,730
Endowment and investment income	6	6,247	41,959
Total income		**32,148,635**	**30,148,193**
EXPENDITURE			
Staff costs	7	19,690,971	18,539,549
Fundamental restructuring costs	7	24,407	45,802
Other operating expenses	8	8,950,293	9,081,477
Depreciation	10	2,203,895	2,170,136
Interest and other finance costs	9	625,455	634,021
Total expenditure		**31,495,021**	**30,470,985**
Surplus / (Deficit) before other gains and losses		**653,614**	**(322,792)**
(Loss) on disposal of assets	10	(86 223)	(94,884)
Surplus / (Deficit) for the year		**567,391**	**(417,676)**
Actuarial gain / (loss) in respect of pensions schemes		1,754,000	(7,541,000)
Total Comprehensive Income for the year		**2,321,391**	**(7,958,676)**
Represented by:			
Unrestricted comprehensive income		**2,321,391**	**(7,958,878)**
Restricted comprehensive income			**202**
		2,321,391	**(7,958,676)**

This table does not form part of the statutory financial statements		
(Deficit) before other gains and losses	653,614	(322,792)
Add defined benefit pension obligations	1,846,000	1,717,000
Adjusted operating surplus	2,499,614	1,394,208

MYERSCOUGH COLLEGE

Myerscough College
Balance sheet as at 31 July

	Notes	2021	2020
		£	£
Fixed assets			
Tangible fixed assets	10	51,577,486	51,757,842
		51,577,486	**51,757,842**
Current assets			
Stocks	12	834,027	788,094
Debtors	13	2,162,044	2,045,835
Cash and cash equivalents	19	11,754,380	7,864,136
		14,750,451	**10,698,065**
Less: Creditors – amounts falling due within one year	14	(7,831,470)	(6,723,446)
Net current assets		**6,918,981**	**3,974,619**
Total assets less current liabilities		**58,496,467**	**55,732,461**
Less: Creditors – amounts falling due after more than one year	15	(16,193,050)	(15,842,434)
Provisions			
Defined benefit obligations	17	(25,712,000)	(25,620,000)
Total net assets		**16,591,417**	**14,270,027**
Unrestricted reserves			
Income and expenditure account		13,832,647	11,419,335
Revaluation reserve		2,732,216	2,825,974
Total unrestricted reserves		**16,564,863**	**14,245,309**
Restricted Reserve		26,555	24,718
Total Reserves		**16,591,418**	**14,270,027**

The financial statements on pages 33 to 59 were approved and authorised for issue by the Corporation on 11 April 2022 and were signed on its behalf on that date by:

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 2021

	Income and Expenditure account	Revaluation Reserve	Restricted Reserve	Total
	£	£	£	£
Balance at 1st August 2019	19,284,454	2,919,733	24,516	22,228,703
Surplus 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
Deficit from the income and expenditure account	567,391	-		567,391
Other comprehensive income - pension charge	1,754,000	-		1,754,000
Transfers between revaluation and income and expenditure reserves	93,758	(93,758)		-
Transfers between restricted and income and expenditure reserves	(1,837)		1,837	-
Total comprehensive income for the year	2,413,312	(93,758)	1,837	2,321,391
Balance at 31st July 2021	**13,832,647**	**2,732,216**	**26,555**	**16,591,417**

Myerscough College
Statement of Cash Flows
for the year ended 31 July 2021

	Notes	2021 £	2020 £
Cash inflow from operating activities			
Surplus / (Deficit) for the year		567,391	(417,676)
Depreciation		2,203,895	2,170,136
(Increase)/ decrease in stocks		(45,932)	46,368
(Increase) / decrease in debtors		(116,504)	(507,181)
Increase / (Drecrease) in creditors		1,065,829	(145,602)
Pensions costs less contributions payable		1,846,000	1,717,000
Investment income		(6,247)	(41,959)
Interest payable		224,455	286,021
Loss on sale of fixed assets		86,223	94,884
Net cash flow from operating activities		**5,825,110**	**3,201,991**
Cash flows from investing activities			
Proceeds from sale of fixed assets		21,300	12,115
Investment income		6,540	44,402
Payments made to acquire fixed assets		(2,212,562)	(1,865,144)
Capital grants received		1,210,045	286,499
Net cash flow from investing activities		(974,677)	(1,522,128)
Cash flows from financing activities			
Interest paid		(228,733)	(292,489)
Interest element of finance lease rental payments		(7)	(672)
New loans		-	-
Repayments of amounts borrowed		(727,566)	(709,799)
Repayments of obligations under finance leases		(3,882)	(22,663)
Net cash flow from financing activities		(960,188)	(1,025,623)
Increase in cash and cash equivalents in the year		**3,890,244**	**654,240**
Cash and cash equivalents at beginning of the year	19	7,864,136	7,209,896
Cash and cash equivalents at end of the year	19	11,754,380	7,864,136

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 20. 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 2020 to 2021 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 £7.1m 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 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 on 28 September 2021 the Chair signed revised Loan Agreements changing the interest calculation basis to Sterling Overnight Index Average (SONIA). Neither the College nor the Bank should be at a disadvantage when the change occurs.

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 £11.754m

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 OFS 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 2021. 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 2021	Year Ended 31 July 2020
	£	£
Recurrent grants		
Education and Skills Funding Agency - adult	437,314	443,231
Education and Skills Funding Agency - 16-18	13,347,830	11,289,980
Education and Skills Funding Agency - apprenticeships	2,605,923	2,542,551
Education and Skills Funding Agency - other	118,373	103,399
Education and Skills Funding Agency - Teachers Pension Scheme Grant	554,130	463,971
Devolved authotity AEB	670,039	595,859
Office for Students	955,683	722,563
Specific Grants		
Release of government capital grants	184,221	99,460
Total	18,873,513	16,261,014

3 Tuition fees and education contracts

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£	£
Adult education fees	157,923	190,573
Apprenticeship fees and contracts	122,482	214,652
Fees for FE loan supported courses	341,599	390,985
Fees for HE loan supported courses	5,635,385	5,697,154
International students fees	216,915	218,100
Total tuition fees	6,474,304	6,711,464
Other contracts (including indirect funding from the funding bodies)	1,648,453	1,342,327
Total Educational Contracts	1,648,453	1,342,327
Total	8,122,757	8,053,791

4 Other grants and contracts

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£	£
European Commission	137,027	73,870
Other Funds	33,627	52,113
Other grants and contracts	183,491	29,481
Releases of non funding body government capital grants	190,428	218,816
Coronavirus Job Retention Scheme grant	181,602	323,419
Total	726,175	697,699

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 63 staff of £182k 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 2021	Year Ended 31 July 2020
	£	£
Grant income from OfS	955,683	722,563
Grant income from other bodies	17,917,830	15,538,451
Total grants	**18,873,513**	**16,261,014**
Fee income from taught awards	5,635,385	5,697,154
Fee income from non-qualfying courses	2,487,372	2,356,637
Total tuition fees and educational contracts	**8,122,757**	**8,053,791**
Total grant & fee income	**26,996,270**	**24,314,805**

5 Other income

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£	£
Catering and residences	1,943,015	2,320,449
Other income generating activities	1,165,550	1,483,159
Farming activites	995,072	931,965
Full cost courses	250,549	224,239
Other income	65,757	133,918
Total	4,419,943	5,093,730

6 Investment income

	Year Ended 31 July 2021 £	Year Ended 31 July 2020 £
Other interest receivable	6,247	41,959

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 2021	Year Ended 31 July 2020
Teaching staff	582	600
Non teaching staff	292	288
	874	**888**

Staff costs for the above persons

	Year Ended 31 July 2021	Year Ended 31 July 2020
Wages and salaries	13,840,821	13,159,867
Social security costs	1,084,313	1,012,671
Other pension costs (including FRS102 Adjustments of a £1,445k charge (2019/20 £1,369k charge) see note 24	4,152,723	3,857,051
Payroll sub total	**19,077,857**	**18,029,589**
Contracted out staffing services	613,114	509,960
	19,690,971	**18,539,549**
Fundamental restructuring costs - contractual	24,407	21,042
- non contractual	-	24,760
	19,715,378	**18,585,351**

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.

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

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officer was:	4	6

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		Other Staff	
	2021 No.	2020 No.	2021 No.	2020 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
£ 70,001 to £ 75,000	1	1	-	-
£75,001 to £80,000	-	-	-	-
£80,001 to £85,000	-	1	-	-
£85,001 to £90,000	2	-	-	-
£110,001 to £115,000		1	-	-
£115,001 to £120,000	1	-	-	-
	4	6	0	0

Key management personnel compensation is made up as follows:	Year Ended 31 July 2021 £	Year Ended 31 July 2020 £
Basic salary	359,892	346,092
Benefits in kind	869	869
Employers national insurance contributions	44,805	42,905
	405,566	**389,866**
Pension contributions	79,812	74,159
Total key management personnel	**485,378**	**464,025**

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 2021 £	Year Ended 31 July 2020 £
Basic salary	116,331	115,000
Benefits in kind	-	-
Employers national insurance contributions	14,839	14,672
	131,170	129,672
Pension contributions	27,547	26,542

7 Staff costs - continued

The remuneration of the Accounting Officer for 2020-21 was determined on 6 July 2021 by the College's Remuneration Committee. The Accounting Officer was not involved in setting their remuneration. The factors taken into account by the Committee in determining the Accounting Officer's remuneration for the year to 31 July 2021 (and the other Senior Postholders) included: performance against personal objectives as judged via her appraisal by the Chair and Vice Chair of Corporation (or the Chair of the relevant Committee in the case of the other Senior Postholders); pay increases for other staff; performance of the organisation; sector data on pay of Accounting Officers and benchmarking or other means of comparison to the broader market.

The Senior Postholders had not received an increase in remuneration for a number of years due to the financial restrictions on the College. The Principal, Vice Principal and Deputy Principal remained on the salary at appointment. On 19 January 2021 the Corporation agreed to a 1% pay award for all staff, effective from 1 January 2021, excluding the Senior Postholders pending consideration by the Remuneration Committee. At their meeting on 6 July 2021 the Remuneration Committee agreed that the Senior Postholder should also receive the 1% pay award effective from 1 January 2021 in line with all other staff.

On 6 July 2021 the Corporation also agreed to allocate a sum of £400k as a one-off non-consolidated amount payable as a retention payment to all staff in employment, for the full year to 31 July 2021 without a break, and, who had not given their notice. All applicable staff received the same amount paid pro-rata based on their contractual hours. All Senior Postholders met this criteria. The amounts were paid to all eligible staff members on 31 August 2021.

The College has adopted the AoC's Colleges Senior Staff Remuneration Code and is aware of the requirements contained in the Higher Education Senior Staff Remuneration Code issued by the Committee of University Chairs and has followed the minimum requirements of the Code.

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 2021	**Year Ended 31 July 2020**
Principal's basic salary as a multiple of the median of all staff	5.6	6.0
Principal's total remuneration as a multiple of the median of all staff	6.3	6.8

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 2021 £	Year Ended 31 July 2020 £
Teaching costs	3,955,523	3,868,932
Non teaching costs	2,841,508	3,152,864
Premises costs	2,153,262	2,059,681
Total	**8,950,293**	**9,081,477**

Other operating expenses include:	Year Ended 31 July 2021 £	Year Ended 31 July 2020 £
Auditors' remuneration:		
Financial statements audit and regularity assurance work	25,000	20,450
Internal audit	12,640	14,080
Other services provided by the financial statements auditors	1,000	1,000
Other services provided by the internal auditors	-	-
Hire of assest under operating leases	84,156	77,622
Stock adjustment	45,933	(46,369)
Property leases	475,056	492,168

9 Interest payable

	Year Ended 31 July 2021 £	Year Ended 31 July 2020 £
On bank loans, overdrafts and other loans:	224,447	285,349
	224,447	285,349
On finance leases	8	672
Pension finance costs (note 24)	401,000	348,000
Total	**625,455**	**634,021**

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 2020	65,117,048	420,000	1,167,969	11,072,092	77,777,109
Additions	1,343,851	-	-	787,211	2,131,062
Transfers / donations in kind	1,167,969	-	(1,167,969)	-	-
Disposals	(171,512)	-	-		(171,512)
Transfers	-	-	-	-	-
At 31 July 2021	**67,457,356**	**420,000**	**-**	**11,859,303**	**79,736,659**
Depreciation					
At 1 August 2020	17,533,926	9,643	-	8,475,698	26,019,267
Charge for the year	1,432,557	13,928		757,410	2,203,895
Elimination in respect of disposals	(63,989)	-	-		(63,989)
At 31 July 2021	**18,902,494**	**23,571**	**-**	**9,233,108**	**28,159,173**
Net book value at 31 July 2021	**48,554,862**	**396,429**	**0**	**2,626,195**	**51,577,486**
Net book value at 31 July 2020	**47,583,122**	**410,357**	**1,167,969**	**2,596,394**	**51,757,842**
Inherited	2,732,217	-	-	-	2,732,217
Financed by capital grant	9,592,612	-	-	598,981	10,191,593
Other	36,230,033	396,429	-	2,027,214	38,653,676
Net book value at 31 July 2021	**48,554,862**	**396,429**	**-**	**2,626,195**	**51,577,486**

Included in land and buildings is land with the value of £917,147 (2020: £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 £ Nil (2019/20 – £14,442) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £14,442 (2019/20 – £24,758).

11 Non current Investments

The College is one of fourteen members of The Lancashire Colleges Limited, a company limited by guarantee and registered in England and Wales. The principal business of The Lancashire Colleges Limited is to co-ordinate bids for ESF and other external funding. The College's investment is not considered to be material to consolidate. Further details are given in note 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 thirty seven 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 a member of Land Based Assessment Ltd. (LBAL) LBAL is a company limited by guarantee that was established in 2017 by 16 members of Landex to facilitate the provision of high quality End Point Assessment of Apprenticeships. It operates through Lantra as the approved Awarding Organisation, and is managed under contract by Landex from its offices in Northampton.The Principal is a Director.

12 Stocks

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£	£
Raw materials	160,549	180,418
Livestock	595,014	516,419
Goods for resale	78,464	91,257
Total	**834,027**	**788,094**

13 Debtors

	Year Ended 31 July 2021	Year Ended 31 July 2020
	£	£
Amounts falling due within one year:		
Trade debtors	1,375,212	1,124,146
Other debtors	39,138	37,141
Prepayments and accrued income	316,349	475,226
Amounts owed by the ESFA	223,322	380,394
Other taxation and social security	13,303	16,972
Capital grant debtor	194,720	11,956
Total	**2,162,044**	**2,045,835**

14 Creditors: amounts falling due within one year

	Year Ended 31 July 2021 £	Year Ended 31 July 2020 £
Bank loans and overdrafts	752,099	727,567
Obligations under finance leases	-	3,882
Trade creditors	995,842	869,408
Other creditors	691,977	804,441
Other taxation and social security	559,391	516,271
Holiday pay accrual	250,738	238,520
Accruals and deferred income	3,520,299	2,822,230
Capital grants received in advance	-	160,842
Deferred income - government capital grants	379,783	303,496
Amounts owed to the ESFA	681,341	276,789
Total	**7,831,470**	**6,723,446**

15 Creditors: amounts falling due after one year

	Year Ended 31 July 2021 £	Year Ended 31 July 2020 £
Bank loans	6,381,241	7,133,340
Obligations under finance leases	-	-
Deferred income - government capital grants	9,811,809	8,709,094
Total	**16,193,050**	**15,842,434**

16 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Year Ended 31 July 2021 £	Year Ended 31 July 2020 £
In one year or less	752,099	727,567
Between one and two years	771,578	752,099
Between two and five years	1,655,747	2,000,229
In five years or more	3,953,916	4,381,012
Total	7,133,340	7,860,907

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

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

A loan totalling £3.14m was taken in 2017 for investment in a Sports Performance Centre. The variable rate element is payable over 20 years 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 years 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 2021	31 July 2020
	£	£
In one year or less	-	3,882
Between two and five years	-	-
In five years or more	-	-
Total	**-**	**3,882**

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

17 Provisions

	Defined benefit Obligations
	£'000
At 1 August 2020	25,620,000
Expenditure in the period	(1,133,000)
Additions in period	1,225,000
At 31 July 2021	**25,712,000**

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 2020	Cash flows	New Finance leases	Other non cash changes	At 31 July 2021
	£	£	£	£	£
Cash in hand, and at bank	7,864,136	3,890,244	-	-	11,754,380
	7,864,136	3,890,244	-	-	11,754,380
Bank loans	(7,860,907)	727,567	-	-	(7,133,340)
Finance leases	(3,882)	3,882	-	-	-
Net debt	**(653)**	**4,621,693**	**-**	**-**	**4,621,040**

19 Cash and cash equivalents

	At 1 August 2020 £	Cash flows £	Other changes £	At 31 July 2021 £
Cash and cash equivalents	7,864,136	3,890,244	-	11,754,380
Total	**7,864,136**	**3,890,244**	**-**	**11,754,380**

20 Capital commitments

	31 July 2021 £	31 July 2020 £
Commitments contracted for at 31 July	104,144	938,750
	104,144	938,750

21 Lease Obligations

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

	31 July 2021 £	31 July 2020 £
Future minimum lease payments due		
Land and buildings		
Not later than one year	355,157	350,686
Later than one year and not later than five	639,148	623,468
later than five years	1,136,901	1,185,502
	2,131,206	2,159,656

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 2021 £	31 July 2020 £
Other		
Not later than one year	109,889	84,156
Later than one year and not later than five	151,917	137,294
later than five years	-	-
	261,806	221,450

22 Contingent liabilities

There are no contingent liabilities

23 Events after the reporting period

The total FE funding contract for 16-18 learners excluding apprenticeships has been confirmed at £14.7m for 2021/22 (£12.9m in 2020/21).

Student recruitment has remained strong in the financial year to 31 July 2022 with student numbers meeting those expected in the College Financial Plan.

The 16 to 19 tuition fund was first provided by the Government for the 2020 to 2021 academic year and has been extended beyond 2021 to 2022 for a further two years into the 2023 to 2024 academic year. The fund provides additional funding for schools, colleges and other 16 to 19 providers to help with the disruption to learning caused by coronavirus (COVID-19). It's for small group tuition in English, maths and other subjects that have been disrupted, including vocational and/or academic learning. The 16 to 19 tuition fund is ring-fenced funding for schools, colleges and all other 16 to 19 institutions who receive annual funding allocations from ESFA for the provision of 16 to 19 education. The College has been granted £296,285 for 2021-22 and has carried forward £190,900 from the previous year.

The College has been awarded £679,872 by the ESFA to deliver the Skills Accelerator Fund. The fund relates to the Financial year 2021-22 and must be spent by 31 March 2022. The funding will be used to deliver within the land-based low carbon sector to encourage farmers to take up low carbon farming practices.

The College has formed a partnership with Ullswater Community College (UCC) to widen participation and access to quality land-based education for students over the age of fourteen in the Cumbria area and Students who do not feel ready to make the move from home in Cumbria, (or have commitments there). These learners can attend UCC for their course. This partnership has grown out of the need to provide a local land-based education solution following the closure of Newton Rigg College in July 2021. The two organisations have worked together to utilise their joint resources to facilitate this. Myerscough College will provide the staffing and equipment necessary to deliver land-based courses to their learners based at the UCC site or in the wider Cumbria region. The College invested £217k in July and August 2021 in the decorating, set-up and equipping of the classrooms and workshops to be delivered from at UCC. UCC has provided four classrooms and a workshop area from which Myerscough started to deliver land-based education in September 2021.

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 on 28 September 2021 the Chair signed revised Loan Agreements changing the interest calculation basis to Sterling Overnight Index Average (SONIA). Neither the College nor the Bank should be at a disadvantage when the change occurs.

Covid-19 continues to be a potential 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.

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	**2021**		**2020**	
	£'000	**£'000**	**£'000**	**£'000**
Teachers Pension Scheme: contributions paid	1,531		1,432	
Local Government Pension Scheme:				
Contributions paid	1,133		1,056	
FRS 102 (28) charge	1,445		1,369	
Accrued pension contributions in relation to retention bonus	44		-	
Charge to the Statement of Comprehensive Income		4,153		3,857
Actuarial (gain) / loss		(1,754)		7,541
Total Pension Cost for Year within staff costs		**2,399**		**11,398**

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 2019 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 £ 306,217 (2020:£ 320,110) 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 2019. 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

- 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 2020-21 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 £ 2,054k (2020: £1,916k).

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 2021 was £1,487k, of which employer's contributions totalled £1,127k and employees' contributions totalled £360k. (There is a small variation to the reported figures below due to the estimated July contributions used by the actuary). The agreed contribution rates for future years are 17.4% for the College and range from 5.5% to

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	4.10%	3.80%
Future pensions increases	2.70%	2.40%
Discount rate for scheme liabilities	1.60%	1.60%
Inflation assumption (CPI)	2.60%	2.30%

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 2021 years	31 July 2020 years
Retiring today		
Males	22.40	22.30
Females	25.10	25.00
Retiring in 20 years		
Males	23.90	23.80
Females	26.90	26.80

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 2021 £'000	Fair Value at 31 July 2020 £'000
Equities	22,855	17,937
Government Bonds	-	-
Other Bonds	2,399	2,714
Property	4,526	5,349
Cash	950	708
Other Bonds	14,528	12,626
Total fair value of assets	**45,258**	**39,334**
Actual return on plan assets	5,523	(866)

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

	2021 £'000	2020 £'000
Fair value of plan assets	45,258	39,334
Present value of plan liabilities	(70,970)	(64,954)
Net pensions (liability)	**(25,712)**	**(25,620)**

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost	2,523	2,158
Administration	36	35
Past service cost	0	200
Curtailments	19	32
Total	**2,578**	**2,425**
Amounts included in interest payable		
Net interest cost (note 9)	401	348
	401	**348**
Amounts recognised in Other Comprehensive Income		
Changes in assumptions underlying the present value of plan assets	(4,890)	925
Changes in assumptions underlying the present value of plan liabilities	3,136	6,616
Actuarial (gain) / loss	(1,754)	7,541

24 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	2021 £'000	2020 £'000
Net defined benefit (liability) / asset in scheme at 1 August	(25,620)	(16,362)
Movement in year:		
Current service cost	(2,523)	(2,158)
Administration expenses	(36)	(35)
Employer contributions	1,133	1,056
Past service cost	-	(200)
Curtailments	(19)	(32)
Net interest on the defined (liability)/asset	(401)	(348)
Actuarial gain or (loss)	1,754	(7,541)
Net defined benefit (liability) at 31 July	**(25,712)**	**(25,620)**

Asset and Liability Reconciliation

	2021 £'000	2020 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	64,954	55,128
Current service cost	2,523	2,158
Interest cost	1,034	1,208
Contributions by Scheme participants	359	351
Past service cost	-	200
Curtailments	19	32
Experience gains and losses on defined benefit obligations	3,136	6,616
Estimated benefits paid	(1,055)	(739)
Defined benefit obligations at end of period	**70,970**	**64,954**
Change in fair value of plan assets		
Fair value of plan assets at start of period	39,334	38,766
Interest on income	633	860
Return on plan assets	4,890	(925)
Administration expenses	(36)	(35)
Employer contributions	1,133	1,056
Contributions by Scheme participants	359	351
Estimated benefits paid	(1,055)	(739)
Assets at end of period	**45,258**	**39,334**

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 (2020: £0; 0 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 during the year (2020: None).

The College invoiced The Lancashire Colleges Limited £0 (2020 - £0) as at 31st July 2021 £ Nil was outstanding (2020 - £Nil). Payments of £5,000 were made to The Lancashire Colleges Limited (2020 - £5,000). Alison Robinson, Principal & Chief Executice is a director.

The College invoiced Cultiva Limited £Nil (2020 -Nil) as at 31st July 2021. £Nil was outstanding (2020 - Nil). Payments of £ Nil were made to Cultiva Limited. £Nil was outstanding as at 31st July 2021 (2020 - Paid Nil / £ Nil outstanding). Alison Robinson, College Principal and Chief Executive was a director of Cultiva Limited. The directors have no beneficial interest in the share capital of the company. The company was dissolved on 22 September 2020.

Governor John Morphet (Governor to November 2020) is a sole shareholder and Chairman of Pure leisure group. Sponsorship of £ Nil (2020 - £10,000) was received from Pure leisure group.

Governor Clare James is Corporate Director Resources (and S.151 Officer) for Wyre Borough Council. As at 31 July 2021 Myerscough College paid the council £176,497 (2020 - £147,682) for council tax and licencing fees. The College received £691,876 (2020 - £535,866) in High Needs funding to support learners.

Governor, David Hall is Regional Director at the North West NFU. As at 31 July 2021, invoices of £840 had been recieved, £280 outstanding (2020 £2,069 invoiced, £Nil outstanding)

Governor Robin Newton-Syms is a trustee of Ascentis Ltd, as at 31 July 2021 Myerscough College paid Ascentis £600 (2020 - £ 420) for centre accreditation fees.

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

College Principal & Chief Executive Alison Robinson is a director of Land Based Assessment Ltd. A Private company limited by guarantee without share capital. As at 31 July 2021 the College invoice £1,680 / £163 was outstanding at year end (2020 - £6,566 / £ Nil outstanding).

Steven Downham-Clarke Vice Principal & Deputy Chief Executive is a Governor at Ullswater Community College (UCC), Myerscough College have formed a partnership with UCC to deliver education from Sept 21. Myerscough College invested £217k in July & Aug 21 to enable delivery, with further investment due in the year

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

	2021 £'000	2020 £'000
Unspent balance not recovered	21	-
Funding body grants – ALL	74	66
	95	66
Disbursed to students	(50)	(43)
Administration costs / staffing	(3)	(2)
Balance unspent as at 31 July, included in creditors	**42**	**21**

ESFA – 16-19 Bursary Funds

	2021 £'000	2020 £'000
Unspent balance brought forward	35	24
Funding body grants – hardship support	308	244
Funding body grants – residential bursaries	426	426
Funding body grants – vulnerable learners	0	33
	769	727
Disbursed to students	(595)	(578)
Administration costs / staffing	(37)	(33)
Balance unspent as at 31 July, included in creditors	**137**	**116**

	2021 £'000	2020 £'000
OfS student hardship		
Funding body grants – ALL	**93**	-
Disbursed to students	(93)	-
Balance unspent as at 31 July, included in creditors	-	-

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

	2021 £'000	2020 £'000
Access investment	188	144
Financial support provided to students	157	158
Support for disabled students	72	73
Research & evaluation related to access & participation	4	1
Total access and participation expenditure	421	376

The College's access and participation plan is available on the College's website at
https://www.ucmyerscough.ac.uk/media/6712/myerscoughcollege-app2020.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") or any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Myerscough College during the period 1 August 2020 to 31 July 2021 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 2020 to 31 July 2021 have 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 Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. 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) data 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 are 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 Code.

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 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

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

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12/4/2022.