



Report and Consolidated Financial Statements for the year ended 31 July 2021

Fashion Retail Academy, a company limited by guarantee, registered in England and Wales  
Registered Number: 05507547  
Registered Charity Number: 1119540

Fashion and Retail Awards Limited, a company limited by shares, registered in England and Wales  
Registered Number: 6793904



## Report and Consolidated Financial Statements for the year ended 31 July 2021

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## Report and Consolidated Financial Statements for the year ended 31 July 2021

### SENIOR POSTHOLDERS, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

#### Senior postholders

Senior postholders are defined as members of the Academy Leadership Team and were represented by the following in 2020/21:

Lee Lucas, Principal and CEO; Accounting officer  
Deepti Arora, Director of Finance & Resources (*To 23 June 2021*)  
Matt Ferdinando, Director of Finance & Resources (*Appointed 17 May 2021*)  
Beverley Imrie, Director of Delivery and Industry Relevance  
Mashrin Chowdhury, Director of Operations and Partnerships  
Amanda Colvin, Director of Marketing and Sales  
Chris Amadeo, Director of Strategy & Funding and for Fashion & Retail Awards  
Chris Maja, Director of Technology and Digital Innovation (*Appointed 1 September 2020*)

#### Board of Governors

A full list of Governors is given on pages 16 and 17 of these financial statements.

Mr G Cooper acted as Clerk to the Company throughout the period.

#### Professional advisers

##### Financial statements auditors and reporting accountants:

##### ***Crowe U.K. LLP***

55 Ludgate Hill  
London  
EC4M 7JW

##### Internal auditors:

##### ***MHA MacIntyre Hudson***

30-34 New Bridge Street  
London EC4V 6BJ

##### Bankers:

##### ***Bank of Scotland***

The Mound  
Edinburgh  
EH1 1YZ

##### ***HSBC***

2<sup>nd</sup> floor, 16 King Street,  
Covent Garden  
London WC2E 8JF

##### Solicitors:

##### ***Bates Wells Braithwaite***

10 Queen Street Place  
London EC4R 1BE



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### STRATEGIC REPORT

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

#### Nature, Objectives and Strategies

##### Legal status

Fashion Retail Academy (FRA) was registered as a private company limited by guarantee in June 2005. The Academy obtained charitable status on 7 June 2007 when it became registered with the Charity Commission.

##### Mission

The Academy's mission statement is:

***“Pioneer innovative education and training experiences with industry that create and enhance careers, and nurture the next generation of retail talent”.***

##### Public Benefit

In setting and reviewing the Academy'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. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems and financial bursaries
- Exceptional links with employers, industry and commerce which future proof students' careers

##### Strategic management

Year 2020/21 continued our successful implementation of the Strategic Growth Plan:

- Total student population: 1833 (an increase of 4% versus 2019/20). This is comprised of:
  - 1294 FE
  - 337 HE
  - 202 Apprenticeship
- In 2020/21 we had met and exceeded the student population growth targets (double 13/14)
- 4% increase in total learner numbers (1833 in 2020/21 versus 1767 in 19/20).

The Academy's performance in terms of learner numbers, achievement and success is shown overleaf on tables A-E

It is noted that our Quality KPIs have declined, particularly at level 3. Overall achievement rates are up by 2% from 2019/20 rates. This was a further drop from the smaller decline the previous year. Leadership has taken decisive action to stem the decline by recruiting new senior leadership and restructuring key roles in quality assurance, including the increased rigour and focus of governance and



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED Strategic Management (continued)

the impact of these actions is starting to be felt. In addition, a substantial refocusing of teaching roles and responsibilities have been implemented to drive further enhancements in the classroom.

Table A

	2016/17 Achieved	2017/18 Achieved	2018/19 Achieved	2019/20 Achieved	<b>2020/21 Achieved</b>
Total enrolments (accredited provision)	981	1347	1638	1767	<b>1833</b>
% Annual increase	20%	37%	22%	8%	<b>4%</b>

Table B

	2016/17	2017/18	2018/19	2019/20	<b>2020/21</b>
Traditional	784	890	980	1137	<b>1204</b>
Fast Track	171	157	196	64	<b>90</b>
HE	-	106	211	335	<b>337</b>
Apprenticeships	26	194	251	231	<b>202</b>
	<b>981</b>	<b>1347</b>	<b>1638</b>	<b>1767</b>	<b>1833</b>

As the above data shows, the diversification and growth strategies as part of our core Strategic Growth plan are effective. Diversification of Apprenticeships and HE are now genuinely additive to the overall provision and account for 539 learners (29%).

Growth in student numbers have thus far been accommodated in our existing single site in London. This has been possible through continued innovations to our delivery model and refurbishment projects which have increased teaching spaces. Utilisation of the building stood at 100% in 2020/21 (98% in 2019/20), even with a 22% increase in daily capacity being created with the introduction of new classroom spaces in our 'HE Wing' (accommodating an additional 128 students per day).

A new Strategic Plan has been developed with stakeholders (FRA 2.0, Fashioning our Future Together 2020-25) along with a Property Strategy to outline a direction of travel for our estate and the next best step for the FRA. Having reached maximum capacity, for the academic year 21/22 the FRA has instigated a 'bridging strategy' to accommodate growth whilst a more permanent resolution for additional space is finalised.

N.B The Percentage utilisation excludes the period during national lockdown when providers moved all education delivery online and this remained the case till the end of the academic year.

- We continue to raise the profile of the Academy as a centre of excellence:
  - Increase brand recognition through wider, targeted outdoor campaigns and digital campaigns.
  - Increasing PR presence and the continued use of a PR agency.
  - Continued work with 172 retail brands through curriculum components (such as work placements) and innovations (through our Industry Working Groups, Industry Advisory Committee and Trailblazers).



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

#### Financial objectives

The Academy's financial objectives are to:

- Diversify income streams and secure additional income to develop future business base
- Develop new operational models
- Focus on efficiency
- Develop complimentary marketable services
- Maintain and continue to strengthen our financial health

The strategic growth plan continues to support these financial objectives:

- Maintained reliance on mainstream FE funding (ESFA contracts) which now represents 58% of revenue income (57% in 19/20)
- Higher Education diversification now accounts for 26% of revenue income (26% in 19/20)
- Fee income now accounts for 8% of revenue income (10% in 19/20)
- Apprenticeship diversification now accounts for 4% of revenue income (5% in 19/20)
- The current efficiency model is based on the Business Plan which highlights FRA is to continue to invest in the physical environment, increase enrolment and achieve financial efficiencies.
- The Academy's liquidity position remains strong; a current ratio of 2.35 (1.46 in 19/20), target is liquidity should be more than 1:1.

#### Business environment

##### Physical environment

The Academy continues to invest in the physical resources of the premises and facilities to ensure that the students are offered an excellent environment and up to date IT and teaching and learning resources.

Our 45,000 sqft building offers a unique learning environment which is highly praised by staff and students alike.

##### Competitive environment

There is no direct competitor currently as a specialist education provider in fashion retail. This specialisation in vocational education is most valuable when accompanied by an identified need for specialist skills by an employer. Other providers offer some of the same courses to those run at the Academy although the increase to our Level 3 Fashion Retail Diploma course continues to rise and take market share from other providers. In the HE space, our courses have multiple similar competitors, however our accelerated 2-year programmes, guaranteed interviews upon completion and industry mentorship scheme, along with our wider unique selling points, (strong and increasing contact and relationships with industry and high destination and employment rates) sets us above competitor provision.

Marketing of the Academy's courses remains strong and continues to drive application volume increases through targeted, data driven campaigns and outdoor advertising. PR efforts during the year have also ramped up to increase wider awareness of the FRA. Student demand is healthy and outstrips available places, given our current capacity, we also have limited abilities to respond to market demand in ways that has seen us exceed enrolment targets in previous years. With demand from a wide geographic area, more students are coming to the Academy over local general Further Education Colleges. This provides the Academy with a necessity to support travel and study costs for learners most at need. This is being managed by the maximum distribution of formal Government bursary monies and the supplementing of this by other funds from the FRA's own reserves.



**Report and Consolidated Financial Statements for the year ended 31 July 2021**

**GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED**  
**Business Environment (continued)**

During 2020/21, the Academy received:

- 3512 applications for its FE mainstream provision, representing a 55% increase from the previous year's application volume of 2252.
- 571 (2019/20: 475) applications for its HE provisions, representing a 20% increase from previous year's application volume of 471.
- Apprenticeship provision have no comparable application statistics. We are seeing our numbers rise steadily in partnership with our retail partners and continue to focus on organically growing this offer, responding directly to industry need.

**Student numbers, achievement and success**

Student enrolments by level and age were as shown overleaf:

Table C

<b>Age</b>	<b>Year</b>	<b>Level 2</b>	<b>Level 3 including National Diplomas</b>	<b>Level 4</b>	<b>Higher Education</b>	<b>Apprenticeship</b>	<b>TOTAL</b>
<b>16 to 18-year olds</b>	<b>2020/21</b>	<b>61</b>	<b>826</b>	<b>161</b>	<b>61</b>	<b>20</b>	<b>1129</b>
	2019/20	59	676	163	57	47	1002
	2018/19	72	598	252	50	57	1029
	2017/18	60	527	208	27	30	852
	2016/17	55	446	193	-	3	697
<b>19+ year olds</b>	<b>2020/21</b>	<b>0</b>	<b>17</b>	<b>205</b>	<b>276</b>	<b>182</b>	<b>680</b>
	2019/20	1	39	263	278	184	765
	2018/19	-	40	214	161	194	609
	2017/18	-	28	224	79	164	495
	2016/17	1	31	229	-	23	284
<b>All students</b>	<b>2020/21</b>	<b>61</b>	<b>843</b>	<b>366</b>	<b>337</b>	<b>202</b>	<b>1809*</b>
	2019/20	60	715	426	335	231	1767
	2018/19	72	638	466	211	251	1638
	2017/18	60	555	432	106	194	1347
	2016/17	56	477	422	-	26	981

\*This does not include the 24 Traineeship Students that were also enrolled in the 2020/21 year. The introduction of the traineeships in 20/21 was part of the FRA's response to needs of both industry and youth unemployment as a consequence of COVID and supporting the Governments drive in traineeships.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED Student numbers, achievement and success (continued)

In 2020/21 the Academy received £5,413,947 in funding from the ESFA, including £108,367 Learner Support Funds.

Student achievement was as follows:

Achievement is defined as the number of students passing expressed as a percentage of those completing a course; success is defined as the number of students passing as a percentage of those starting a course. The table below shows the Academy's performance over the last four years:

	FE mainstream students			
Academic Year	20/21	19/20	18/19	17/18
Retention	91.6%	84.8%	87.1%	87.6%
Pass (formerly Achievement)	99.7%	96.7	96.4%	98.8%
Achievement (formerly Success)	91.0%	82%	84%	86.5%

Overall achievement rates are up by 2% from 2019/20 rates; an improvement on a decline reported in the previous year. Leadership are assured of the decisive actions taken stem the decline by recruiting new senior leadership and restructuring key roles in quality assurance, including the increased rigour and focus of governance and the impact of these actions is starting to be felt. In addition, a substantial refocusing and restructuring of teaching roles and responsibilities have been implemented to drive further enhancements in the classroom whilst being supported by a wider delivery team encompassing wellbeing and industry relevance to provide a 360 degree FRA support of learners developments towards outstanding outcomes.

In relation to Higher Education, our second graduating cohort obtained the following classification for their undergraduate degrees:

	First Class	Upper Second	Lower Second	Third
Business Management	11%	33%	28%	17%
Buying and Merchandising	23%	55%	20%	0%
Marketing and Communication	28%	51%	13%	1%

### Overall COVID response

This was an yet another extraordinary year that saw the FRA close for the entire of the spring term and not reopen until April as part of the national lockdown. The FRA's agility in moving online during the first lockdown in March 2020 stood the Academy in good stead to pivot quickly and effectively to the lockdown imposed in January 2021 and as was the case in the previous academic year, the academy delivered all timetabled hours remotely to ensure that no student was at a disadvantage and no teaching hours were lost.

This year OFQUAL and awarding bodies did allow for FMP modules to proceed and contribute to the final grades awarded to learners through the revised 'CAG process'. Though it did mean that deadlines were brought forward by three weeks, the QAE and Curriculum team planned exceptionally well to pivot to these altered timelines and ensured marking and grading was conducted expertly against guidelines



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED Overall COVID Response (continued)

issued assuring parity, fairness and rigour for a cohort adversely effected by two years of education during Covid.

The Fashion Retail Academy established a Pandemic Response Team in response to the pandemic threat and developed a Pandemic Response Plan to coordinate the response and recovery to the pandemic. This was supported by a series of guidance for staff and students and re-opening plans as the FRA moved towards re-opening from April 2021 but also deal with class group isolation and other disruptions to the normal order of business. Our effective arrangements for responding to the pandemic, not only in respect of managing the delivery of education but also in wide ranging innovations to current processes for education delivery, enrolment, parents' evenings and employer engagement have resulted in significant enhancement our many areas of operation that will aid us into the future, even in a post COVID-19 pandemic world.

All departments operated effectively and efficiently from the start of the lockdown and all internal processes functioned as well as would have been expected in normal circumstances. All student facing teams were able to continue with interactions including safeguarding and wellbeing. Technology provisions were also made to support learners without the adequate access to technology to support their learning (including laptop loans and dongles) ensuring that nor learner was left behind and all efforts were made to ensure parity of experience and access – a key difficulty during the pandemic for education providers.

Additional innovations were undertaken in a number of areas to further enhance the support offered to students including our Careers Service. Additionally, through the support of the Mayor's Covid fund, every classroom in the FRA has been equipped with remote learning facilities – allowing self-isolating students to have a much more dynamic and interactive remote learning experience with their teachers and peers.

### Current and Future Development and Performance

#### Current performance headlines FRA:

The FRA pre-empts and directly responds to the fast-paced evolving skills needs of the Fashion and Retail industry and leverages insight through dedicated industry research (which in 2017 led to the creation of a range of new courses including an accelerated Higher Education offer and the FRA Competency Wheel, which now underpins the entire curriculum strategy). Reconducted in 2020 this research once again underpins the direction of travel for curriculum innovation, delivery, pedagogy and assessment.

The specialist and highly impactful curriculum and delivery model are in large part exclusive to the FRA and exist to develop students for high value careers in head office roles. The FRA have led on the creation of all of the qualifications on offer from apprenticeship Trailblazers to diplomas and undergraduate degrees. We offer the only Level 4 Diplomas and the only accelerated degrees in fashion and retail in the UK. Where the FRA's qualifications are offered elsewhere, it is the FRA's unique and authentically symbiotic relationship with industry that differentiates, them both in terms of student experience and outcomes through a series of carefully curated industry experiences that benefit our students.

The FRAs financial health is excellent as a result of its leadership and continues to generate an operating surplus which is used for reinvestment and to manifest strategic opportunities, both for longer term security and to benefit our students and team members.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### **GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED** **Current and Future Development and Performance (continued)**

The FRA continues to drive unprecedented applications for our unique offer and as such has secured consistent year on year growth in student numbers over the past 7 years, bucking the trends of the sector.

The FRA has an ambitious future focused strategy to capitalise upon its numerous successes, further enhance its existing operations and create a new era for its students, its staff and the industry it serves.

The FRA continues to drive unprecedented applications for our unique offer and as such has secured consistent year on year growth in student numbers over the past 7 years, bucking the trends of the sector.

As a future focused provider the FRA Strategic Plan clearly articulates our direction of travel, this coupled with our research into the skills trends of industry, forms a core focus for our curriculum development and broader commercial objectives.

The FRA remains well placed to capitalise on both our track record and the enormous array of opportunities available to us domestically and internationally. In our specialism, we have collective strength and the support of more than 172 retail brands, which demonstrates our relevance and ability to support the talent pipeline of retailers across the nation and indeed the globe.

The past 16 years have brought enormous value to both our students and the industry as a whole. Almost 12,000 graduates now work in industry and that number is increasing by more than a thousand per year. In fact, there are very few retail companies where you will not find an FRA graduate in meaningful sustained employment throughout London and the UK. As the industry continues to evolve at a pace, so too will the FRA curriculum to ensure that this rate of employment not only continues, but meets the future skills needs of a highly competitive and fast changing industry.

The FRA continue to future forecast both the skills requirements of our industry and navigate the funding and educational landscapes to provide the right courses for our students and we are forecasting increases in student numbers in future years.

### **Stakeholder Relationships**

In line with other colleges, the Academy has many stakeholders, these include:

- Students
- ESFA
- Sponsors & industry partners
- Staff
- Local employers
- Local Authorities
- The local community
- FE and HE institutions (in particular Falmouth University who validate our Degree programmes).
- Professional bodies
- Our Industry Advisory Committee and Industry Working Groups.

The Academy recognises the importance of these relationships and engages in regular communication with them through meetings and correspondence. In particular, the Academy continues to nurture our well-developed strong links with the sponsors and with other fashion retail employers. These enable the Academy to offer relevant and valuable substantial periods of work placement to all its students on Level 3 courses or above, ensure that the training and education provided remains relevant and up to date and also aids in staff development. In many cases these work placements lead directly to employment. In 20/21 we further increased the variety and effectiveness of industry touch points, particularly in response



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

#### Stakeholder Relationships (continued)

to Covid restrictions and lockdown. These multiple, consistent interactions with industry enhanced learner's knowledge, skills and understanding and prepared them for the next step in their career. Outstanding touch points, in and out of the classroom, across programmes positively improve the learners experience and increase employability.

#### Employer relationships 20/21

The FRA continues to build on and enjoys strong links with industry partners; enhancing and bringing unique value to our students' development.

The impact of Covid-19 and the subsequent national lockdown introduced in January 2021 significantly hampered the Academy's ability to fulfil its planned activities with retail partners for the benefit of our learners including work placements. However, the pandemic did in its stead bring opportunities for innovation in the way our students interact with brands and partners, bringing many activities and events on digital platforms such as 'Online Careers Day' and talks with members of the industry.

In total we have worked with 189 brands this academic year across several initiatives:

Work Placements	69 supporting over 633 students (including ASOS, Exposure, M&S, Pep&Co, Mulberry, Lipsy, Hush, Valuer Retail and Alshaya Group)
May Industry Week	14 talks from 14 brands (including ASOS, DCK, Mint Velvet, River Island, Yours Clothing, Sweaty Betty, Estee Lauder, Mountain Warehouse, Next, Dune, Harvey Nichols)
Industry Projects	10 Industry Projects across 8 brands (including Help For Heroes, Converse, Oxfam, The White Company, My Wardrobe HQ, Net-A-Porter, Harvey Nichols)
Recruitment	66 brands have been working with us for recruitment (including ASOS, Hobbs, New Look, River Island, Ann Summers, Reiss, Urban Outfitters, Whistles and Ted Baker)
Industry Visits	Alexander McQueen Roses Exhibition supported with 4 visits
HE Industry Projects	5 brands supported with 6 projects (including River Island, ASOS, Victoria Beckham and Accenture)
Masterclasses	48 brands (including Alexander McQueen, ASOS, The Influencers Diary, The Suit Group, Boohoo, Net-A-Porter)
HE Masterclasses	71 HE masterclasses from 48 brands (including River Island, Boohoo, Amazon, The White Company, M&S, Farfetch, Victoria Beckham, Converse, Matalan, Primark, ASOS, Browns, Mulberry, Debenhams, Lacoste, Kurt Geiger, Accenture, New Look, Dune, Next, Harvey Nichols, Matalan)
Higher Education FMP Panel	13 brands (including M&S, Fatface, Net-A-Porter, Depop, ASOS, Browns, Selfridges, River Island, COS, George ASDA)
Level 3 Fashion Design Mentoring	19 mentors provided from 13 brands (including ASOS, Topshop/Topman, ASDA, Hunter, Zara, H&M, Flannels, COS, Oliver Bonas, SilkFred and Zoe Newsome)
HE Mentoring	141 mentors from 55 brands (including Adidas, Alexander Mcqueen, Allsaints, Converse, COS, Debenhams, Denim Merchants, Flannels, Harvey Nichols, John Lewis, Joseph, M&S, Missguided, Pandora, REISS, Selfridges, SHEIN, Ted Baker, The Shoreditch Laundry, The Suit Group, Vogue)



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED Stakeholder Relationships (continued)

#### Impact of stakeholder relationships

- Employer engagement is outstanding and forms a significant portion of the total learning time our students benefit from. As such our students benefit from enriched educational content that prepares them for live beyond their studies.

#### **Financial results**

For 2020/21, the Academy generated a net surplus of £ 1,155,273 (19/20: £295,591 surplus). Capital expenditure in 2020/21 amounted to £ 177,000 (19/20: £221,000).

The majority of the Academy's activities do not qualify as a charge in the corporation tax computation with effect from 7 June 2007, when it became a registered charity.

A trading company, FRA Enterprises Limited (FRAEL) was established on 16 January 2009 through which the Academy's commercial activities consisting of commercial room hire, hospitality and short courses are conducted. No trading activities were carried out in the current year through FRAEL.

Another subsidiary, Fashion and Retail Awards (FARA) had been set up and incorporated on 8 July 2019. The company will trade as an end point assessment organisation.

FRAEL will change its name to FARA and continue as FARA from 2020/21, this was accepted by the regulators and FARA Board.

#### Treasury policies and objectives

The Treasury Management Policy of the Academy regulates the banking, investment and cash holding of the group. The objective of the policy is to achieve a balance between optimising financial arrangements and the risks associated with those activities.

The revised Reserves Policy, approved by the Finance Committee and Board in March 2020, is that sufficient reserves should be set aside to meet 4 months of expected annual cash operating expenditure (excluding depreciation and rent donation). The reserves are unrestricted funds.

For 2020/21, the reserves policy criteria was satisfied as there are sufficient unrestricted reserves of £5.0m to meet 4 months of operating expenditure of £3.3m. Our financial projections show that we are likely to achieve our budget and comply with the reserves policy.

The investments are risk averse and deposits are made which are readily accessible.

#### Cash flows

A net cash inflow from operating activities of £1,275,000 (19/20 inflow: £985,000), reflecting the operational cash generation during the year.

#### Liquidity

The Academy continued to hold substantial cash at bank balances with £4,233,000 at the end of July 2021 (19/20 £3,138,000), hence gives a current ratio of 2.35 (19/20: 1.46).

#### Going concern

The Board is confident that the FRA holds sufficient cash to continue to operate and to meet all its commitments as they fall due for the foreseeable future, and that the FRA remains a going concern.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### **GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED** **Financial Results (continued)**

In light of the administration of the Arcadia group, which owns the majority stake in Gresse Street Ltd, from which the FRA leases its current premises, we have sought and obtained assurance that Gresse Street Ltd is not in administration. The Board of Gresse Street Ltd has confirmed that the donation under Gift Aid will continue to be paid to the FRA for the next twelve months. In the longer term, as demand for places at the FRA continues to outstrip supply and within our new Strategic Plan and property strategy, we are working to secure a site independent of our founding partners and we are currently in negotiations for one such site which provides a range of options for both increased capacity and earnings growth. We shall continue discussions with the Gresse Street Ltd shareholders on mechanisms for their continued support of the FRA, separate from the occupancy of the current premises, in a way which safeguards their original intent to support the FRA. We are also in discussions with our major funding bodies and other stakeholders on how best they can support the FRA during this time.

Incidental to the current situation with the administration of Arcadia, via our risk management process and new property strategy, we have been working for a number of years to secure a site independent of the fortunes of our founding partners. We are currently in negotiations for one such site which provides a range of options for both our future growth as well as earning potential. Our current site is at maximum capacity and demand for spaces at the FRA continues to increase annually via applications. Applications for the 2021/22 academic year are strong, albeit early in the application cycle, with FE +114% up on this time last year (533 additional applications) and HE +100% up on this time last year (with 9 additional applications). FE Offers accepted is also outperforming last year. Overall these provide a strong indication of future academic years enrolment and financial performance.

Ultimately with management time and focus we are confident that we have robust plans and sufficient cash in place to ensure the FRA remains a going concern. For this reason, we continue to adopt the going concern basis in preparing the financial statements.

#### Future developments

Funding for the Academy in 2021/22 has been confirmed at £from the EFA (plus £of student and financial support).

#### Resources

Tangible resources include the main Academy site for which a commercial level of rent is paid but which is largely offset by a Gift Aid donation from the landlord Gresse Street Ltd.

The Academy has generated a net operating cash inflow which supports the Academy's further development and sustainability.

#### **Principal Risks and Uncertainties**

The Academy employs 101.7 full time equivalent staff (19/20: 100.2) of whom 35 (19/20: 22) are teaching related staff.

The Academy continues to further develop its systems of internal control.

Crowe UK continues as the external auditors following a thorough tendering process in 2020, Audit Committee and Board approval.

MHA MacIntyre Hudson were the Academy's Internal Auditors during the year and conducted reviews of the Academy's internal controls. These reviews were reported to the Audit Committee and actions reviewed by the Audit Committee to establish progress.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### **GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED** **Principal Risks and Uncertainties (Continued)**

The Audit Committee reviewed the Academy's risk management strategy and Risk register at all three meetings in 2019/20 and an updated Risk Register was agreed.

The following are the principal risk factors that may affect the Academy with the mitigation actions agreed:

- Review our practices and policies to ensure full compliance to the vast arrange of legal and regulatory requirements placed upon the FRA including Safeguarding, Prevent, GDPR and those set by the awarding bodies and DFE.
- Ensure the quality of teaching and learning remains outstanding.
- Review our Human Resources and ensure that succession planning is in place to secure funding returns to governing bodies;
- Monitor local estate developments to ensure the Academy's interest are considered and maintained.
- Reliance on the gift aid from Gresse street at the current time.

The strategic risk register outlines these and other risks deemed applicable. The register outlines the assurance, controls and mitigating actions on how we manage and minimise these risks.

#### Government funding

The Academy places considerable reliance on continued government funding through the EFA and the SFA. In 2020/21 58% (19/20: 64%) of the Academy's revenue was publicly funded. The remainder of our income comes via tuition fees for both further education adult learners and from Higher Education fee income.

#### Business continuity

The Academy is at risk from external influences beyond its control which interrupt the smooth operations of the business. To meet these challenges, the Academy has an operational business continuity plan to enable it to continue provision in the short to medium term. This is reviewed regularly and fully tested in August 2019. In addition, the Academy has a business continuity insurance in place which is reviewed annually. The next review is planned in summer 2020/21.

#### Liquidity

The Academy's cashflows are healthy, the unrestricted funds have grown by 30% and are now at £4,816,000 (£3,688,000 in 2019/20). Student numbers increased in 2020/21 in comparison to 2019/20 and the Academy benefitted from in year lagged funding payments as well as a boost to our Higher Education numbers in comparison to the previous year.

The Academy is debt free which provides a significant degree of comfort.

#### **Equal opportunities and employment of disabled persons**

The Academy is committed to ensuring equality of opportunity for all who learn and work here. It respects and values positively differences in race, gender, sexual orientation, able-bodiness and age. It strives vigorously to remove conditions, which place people at disadvantage. This policy is resourced, implemented and monitored on a planned basis.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED Equal Opportunities and employment of disabled persons (Continued)

The Academy considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Academy continues. The Academy's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

#### Disability statement

The Academy seeks to achieve the objectives set down in the Equality Act 2010.

- a) The Academy has made significant investment in ensuring its premises have appropriate disability access. Information, advice and support is provided to all students with disabilities.
- b) The admissions policy for all students is available from the Registry Office. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- c) The Academy has appointed specialist lecturers to support students with learning difficulties and/or disabilities. There is 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.
- d) Specialist programmes are described in the Academy's prospectus. Achievements and destinations are published in standard format.
- e) Counselling and welfare services are described in the Academy's Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

The Board of the Academy are the Trustees for the charity and in undertaking their duties have complied with the guidance issued by the Charity Commission regarding the provision of public benefit in developing the Academy's plans and strategies.

#### Disclosure of information to auditors

The Governors 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 Academy's auditors are unaware; and each Governor 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 Academy's auditors are aware of that information.

**Approved by order of the Board on 9th December 2021, and signed on its behalf by:**

A handwritten signature in black ink, appearing to read "K Longman".

**Kim Longman**  
Chair

**Registered Address:**  
Fashion Retail Academy, 15 Gresse Street, London W1T 1QL



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and financial statements of the Academy 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 Academy endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- ii. having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

### The Board

The Governors who served on the Board during the year and up to the date of signature of this report were as listed below:

#### Academy Board Members during 2020/21

	Date of Appointment	Term of office (years)	Date of resignation	Committees Served	Board meetings attended/ possible
Kim Longman Chair	13 July 2005 Reappointed 13 July 2008, 12 July 2011, 11 June 2014, 9 March 2017 and 2 July 2020	3	n/a	Finance Quality Search & Governance	6/6
James Barron	2 December 2018	3	n/a	Audit	6/6
Laura Charles	27 June 2017 Reappointed 2 July 2020	3	n/a	Quality Search & Governance	5/6
Fiona Gaughan	2 December 2018	3	n/a	Finance	6/6
Martin Gibson	4 December 2008 Reappointed 7 December 2011, 28 January 2015 and 30 November 2017	3	8 July 2021	Audit	5/6
Sally Harris	11 January 2021	3	n/a	Finance	3/3
David Kaye	7 December 2011. Reappointed 28 January 2015 and 30 November 2017	3	17 December 2020	Audit	3/3
Susanna Kempe	3 March 2021	3	n/a	Quality	3/3
Lee Lucas (Principal)	6 October 2014	n/a	n/a	n/a	6/6
Simon Presswell	11 March 2021	3	5 September 2021	Audit	2/3
Jonathan Richens	3 July 2008 Reappointed 12 July 2011 and 11 June 2014, 9 March 2017 and 2 July 2020	3	17 December 2020	Finance	2/3
Elizabeth Rouse Vice Chair	3 July 2008 Reappointed 12 July 2011, 13 March 2013, 28 January 2016 and 27 March 2019	3	n/a	Quality Search & Governance	6/6



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED) The Board (continued)

Anne Secunda	1 September 2019	3	17 December 2020	Quality	2/3
Elaine Smith	11 June 2014. Reappointed 9 March 2017 and 2 July 2020	3	n/a	Quality Search & Governance	5/6
Vanessa Spence	2 December 2018	3	n/a	Quality	6/6
Pauline Tambling	18 May 2021	3	n/a	Audit	1/1

The Clerk to the Board and Company Secretary is Graham Cooper.

It is the Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board is provided with regular and timely information on the overall financial performance of the Academy together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Board meets a minimum of each term.

All governance business is conducted through the Board. The Audit Committee, the Finance Committee, the Quality Committee and the Search and Governance Committee provided an additional level of scrutiny in accordance with their terms of reference.

The Clerk to the Board maintains a register of financial and personal interests of the members of the Board. The register is available for inspection at the registered address.

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

Formal agendas, papers and reports are supplied to members of the Board in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis.

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

#### Appointments to the Board

Under Article 10, all new appointments to the Board are a matter for the consideration of the Board as a whole. The Board is responsible for ensuring that appropriate training is provided for governors as required.

The Principal is an ex-officio governor. All other members of the Board are appointed for a term of office not exceeding three years, following which members are eligible for re-appointment, save that members who have served for three consecutive three-year terms of office must take a break from office unless appointed exceptionally for a further term of office of one year.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

#### **Audit Committee**

The Audit Committee comprises three members of the Board. The Committee operates in accordance with written terms of reference approved by the Board.

The Audit Committee meets a minimum of three times a year and provides a forum for reporting by the Academy's Internal Auditors and External Auditors, who have access to the Committee for independent discussion, without the presence of the Academy's management. The Committee also receives and considers reports from the funding bodies as they affect the Academy's business.

Management is responsible for the implementation of audit recommendations and undertakes periodic follow-up reviews to ensure such recommendations have been implemented. The Academy's internal auditors monitor 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 Committee.

The Audit Committee also advises the Board on the appointment of internal, and external auditors and their remuneration for both audit and non-audit work.

#### **Finance Committee**

The Committee is responsible for advising and supporting the Board on matters relating to the strategic oversight of the Academy's financial management, financial strategy and financial policies and the use and safeguarding of its resources and assets, and ensuring that the Academy operates within the law and regulatory environment in relation to its finances. The Committee comprises three members of the Board and meets a minimum of three times a year.

#### **Quality Committee**

The Committee is responsible for advising and supporting the Board on matters relating to the strategic oversight of the quality of teaching, learning and assessment and student progression. The Committee comprises a minimum of three members of the Board and meets at least three times a year.

#### **Search and Governance**

The Committee is responsible for advising the Board on all matters relating to the governance of the Academy and the search for new Board members. The Committee comprises a minimum of three members of the Board and meets at least twice per year.

#### **Internal control**

##### *Scope of responsibility*

The Board is ultimately responsible for the Academy'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 Board has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Academy's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the funding agreements between the Academy and the ESFA. He is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED) Internal Control (continued)

#### *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 policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 the Academy for the period ended 31 July 2021 and up to the date of approval of the financial statements.

#### *Capacity to handle risk*

The Board has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ended 31 July 2021 and up to the date of approval of the financial statements. This process is regularly reviewed by the Board.

#### *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 board 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; and
- the adoption of formal project management disciplines, where appropriate.

#### *Review of effectiveness*

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

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

Overall, the reports have indicated very complimentary and effective governance and risk management processes to manage the achievement of the Academy's objectives.



**Report and Consolidated Financial Statements for the year ended 31 July 2021**

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

**Going concern**

After making appropriate enquiries, the Board considers that the Academy has adequate resources to continue in operational existence for the foreseeable future. COVID impact upon income and expenditure in the coming year has been reviewed and we have satisfied ourselves that funding contracts and fee income is secure. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

A handwritten signature in black ink that reads "K Longman".

**Kim Longman**  
Chair  
9<sup>th</sup> December 2021

A handwritten signature in black ink that reads "Lee Lucas".

**Lee Lucas**  
Principal, CEO & Accounting Officer  
9<sup>th</sup> December 2021



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### GOVERNING BODY'S STATEMENT ON THE ACADEMY'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

The Academy has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreements in place between the Academy and the ESFA. As part of our consideration we have had due regard to the requirements of the funding agreements.

We confirm, on behalf of the Academy, 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 Academy, or material non-compliance with the ESFA's terms and conditions of funding under the Academy's funding agreements.

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 ESFA.

A handwritten signature in black ink, appearing to read "K Longman".

**Kim Longman**  
Chair  
9<sup>th</sup> December 2021

A handwritten signature in black ink, appearing to read "Lee Lucas".

**Lee Lucas**  
Principal, CEO & Accounting Officer  
9<sup>th</sup> December 2021



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE BOARD

Company law requires the members of the Board to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Academy and of the profit or loss of the Academy for that period.

Within the terms and conditions of the funding agreements agreed between the ESFA and the Board of the Academy, the Board, through its Principal, is required to prepare financial statements for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education* and which give a true and fair view of the state of affairs of the Academy and the result for that year.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the Academy will continue in operation.

Members of the Board 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. The members of the board are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Academy, and enable them to ensure that the financial statements comply with the Companies Act 2006 and other relevant accounting standards. They are responsible for taking steps that are reasonably open to it in order to safeguard the assets of the Academy and to prevent and detect fraud and other irregularities.

Members of the Board are responsible for ensuring that funds from the ESFA are used only in accordance with the funding agreements with the ESFA and any other conditions that the ESFA may prescribe from time to time. Members of the Board must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Board are responsible for securing economical, efficient and effective management of the Academy's resources and expenditure, so that the benefits that should be derived from the application of public funds by the ESFA are not put at risk.

So far as each member of the Board is aware, there is no relevant audit information of which the auditors are unaware, and each member of the Board has taken all the steps that he/she ought to have taken as a member of the Board in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

### Independent Auditors

The auditors, Crowe LLP, have confirmed their willingness to continue in office and the Board has approved their reappointment.

### Signed on behalf of the Board

A handwritten signature in black ink, appearing to read "Kim Longman".

**Kim Longman**  
Chair  
9<sup>th</sup> December 2021



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FASHION RETAIL ACADEMY

#### Opinion

We have audited the financial statements of Fashion Retail Academy and its subsidiaries ('the group') for the year ended 31 July 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Academy Statement of Changes in Reserves, Consolidated and Academy Balance Sheets, Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 group's and the academy's affairs as at 31 July 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FASHION RETAIL ACADEMY** Continued

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our audit

- the information given in the governors' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the governors' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and academy and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the governors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of governors**

As explained more fully in the statement of responsibilities of the members of the board set out on page 22, the governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors 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 governors are responsible for assessing the academy'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 governors either intend to liquidate the academy 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FASHION RETAIL ACADEMY

Continued

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the academy and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP) and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the academy's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the academy and the group for fraud. The laws and regulations we considered in this context for the UK operations were health and safety legislation, taxation legislation, employment legislation, and General Data Protection Regulation (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Governors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals; tested the application of cut-off and revenue recognition, particularly around revenue grants from EFA and SFA, tuition fees and donations; reviewing accounting estimates for biases; reviewing regulatory correspondences with the Charity Commission and Ofsted; and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FASHION RETAIL ACADEMY Continued

#### Use of our report

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required 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 academy and the academy's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read "JPoulter".

**Julia Poulter,**  
Senior Statutory Auditor  
For and on behalf of  
**Crowe U.K. LLP**  
Statutory Auditor  
London

24<sup>th</sup> December 2021



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Consolidated Statement of Comprehensive Income For the year ended 31 July 2021

	Note	Unrestricted Funds	Restricted Funds	Year ended 31 July 2021 Group £'000	Year ended 31 July 2020 Group £'000
<b>Income</b>					
Funding Body Grants	2	6,280	108	6,388	5,820
Tuition fees and Educational contracts	3	3,317	196	3,513	3,134
Other income	4	367		367	181
Donations	5	1,875		1,875	1,947
Endowment and investment income	6				11
<b>Total income</b>		<b>11,839</b>	<b>304</b>	<b>12,143</b>	<b>11,093</b>
<b>Expenditure</b>					
Staff costs	8	4,793		4,793	4,608
Other operating expenses	10	5,271	277	5,548	5,417
Depreciation and amortisation	11	641		641	765
Interest & other finance costs		5		5	6
<b>Total expenditure</b>		<b>10,710</b>	<b>277</b>	<b>10,987</b>	<b>10,796</b>
<b>Surplus before other gains/losses</b>		<b>1,129</b>	<b>27</b>	<b>1,156</b>	<b>297</b>
(Loss) on disposal of assets		-	-	-	(1)
<b>Surplus for the year</b>	15	<b>1,129</b>	<b>27</b>	<b>1,156</b>	<b>296</b>
<b>Total comprehensive income for the year</b>					
Unrestricted comprehensive income		1,129	27	1,156	296
		<b>1,129</b>	<b>27</b>	<b>1,156</b>	<b>296</b>



Report and Consolidated Financial Statements for the year ended 31 July 2021

**Consolidated and Academy  
Statement of Changes in Reserves**  
For the year ended 31 July 2021

	Income and Expenditure account – Unrestricted	Income and Expenditure account – Restricted £'000	Total £'000
<b>Group &amp; Academy</b>			
<b>Balance at 1st August 2019</b>	3,392	140	3,532
Surplus from the income and expenditure account	296	-	296
	<hr/>		
Total comprehensive income for the year	296	-	296
	<hr/>		
<b>Balance at 31st July 2020</b>	<b>3,688</b>	<b>140</b>	<b>3,828</b>
Surplus from the income and expenditure account	1,129	27	1,156
	<hr/>		
Total comprehensive income for the year	1,129	27	1,156
	<hr/>		
<b>Balance at 31st July 2021</b>	<b>4,817</b>	<b>167</b>	<b>4,984</b>



**Report and Consolidated Financial Statements for the year ended 31 July 2021**

**Balance Sheets**

**At 31 July 2021**

	Note	Group 31 July 2021 £000	Academy 31 July 2021 £000	Group 31 July 2020 £000	Academy 31 July 2020 £000
<b>Fixed assets</b>					
Intangible Assets	11	63	63	73	73
Tangible Assets	11	<u>3,226</u>	<u>3,226</u>	<u>3,680</u>	<u>3,680</u>
<b>Total fixed assets</b>		<u>3,289</u>	<u>3,289</u>	<u>3,753</u>	<u>3,753</u>
<b>Current assets</b>					
Debtors	12	1,078	1,105	2,504	2,518
Cash at bank and in hand		<u>4,233</u>	<u>4,206</u>	<u>3,138</u>	<u>3,124</u>
<b>Total current assets</b>		<u>5,311</u>	<u>5,311</u>	<u>5,642</u>	<u>5,642</u>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	13	(2,241)	(2,241)	(3,867)	(3,867)
<b>Net current assets</b>		<u>3,070</u>	<u>3,070</u>	<u>1,775</u>	<u>1,775</u>
<b>Total assets less current liabilities</b>		<u>6,359</u>	<u>6,359</u>	<u>5,528</u>	<u>5,528</u>
<b>Non current liabilities</b>					
Creditors: amounts falling due after more than one year	14	(1,375)	(1,375)	(1,700)	(1,700)
<b>Net assets</b>		<u><u>4,984</u></u>	<u><u>4,984</u></u>	<u><u>3,828</u></u>	<u><u>3,828</u></u>
<b>Reserves</b>					
Unrestricted income reserve		4,817	4,817	3,688	3,688
Restricted income reserve	16	167	167	140	140
	15	<u><u>4,984</u></u>	<u><u>4,984</u></u>	<u><u>3,828</u></u>	<u><u>3,828</u></u>

The financial statements on pages 27 to 47 were approved by the Board on 9<sup>th</sup> December 2021 and were signed on its behalf by:

**Kim Longman**  
Chair

**Lee Lucas**  
Principal and Chief Executive

Fashion Retail Academy, a private company limited by guarantee, registered in England and Wales  
Registered Number: 05507547



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Consolidated Cash Flow Statement

For the year ended 31 July 2021

	Note	2021 £'000	2020 £'000
<b>Cash inflow from operating activities</b>			
Surplus for the year		1,156	296
<b>Adjustment for non-cash items</b>			
Depreciation and amortisation		641	765
Impact from disposal of fixed assets		-	10
Decrease in debtors		1,427	30
Increase/ (decrease) in creditors due within one year		(1,626)	237
Release from Capital grants		(325)	(348)
<b>Adjustment for investing or financing activities</b>			
Investment income		(0)	(11)
Interest payable		5	6
<b>Net cash inflow from operating activities</b>		<b><u>1,278</u></b>	<b><u>985</u></b>
<b>Cash flows from investing activities</b>			
Investment income	6	0	11
Payments made to acquire fixed assets		(178)	(221)
<b>Net cash outflow from investing activities</b>		<b><u>(178)</u></b>	<b><u>(210)</u></b>
<b>Cash flows from financing activities</b>			
Interest paid		(5)	(6)
<b>Net cash outflow from financing activities</b>		<b><u>(5)</u></b>	<b><u>(6)</u></b>
<b>Increase in cash and cash equivalents in the year</b>		<b><u>1,095</u></b>	<b><u>769</u></b>
Cash and cash equivalents at beginning of the year		3,138	2,369
Cash and cash equivalents at end of the year		4,233	3,138



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Notes to the financial statements

#### 1. Accounting policies

##### Statement of accounting policies

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

##### Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2015* (the 2015 FE HE SORP) and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS102). The Academy is a public benefit entity and has therefore applied the relevant benefit requirements of FRS 102.

##### Basis of accounting

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

The Fashion Retail Academy has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The surplus for the financial year dealt with in the accounts of the Fashion Retail Academy is £1,155,273 (19/20 surplus £295,591).

##### Basis of consolidation

The consolidated financial statements include the Academy and its subsidiaries, Fashion & Retail Awards and FRA Enterprises 2020. The results of the subsidiary during the year are included in the consolidated income and expenditure account. Uniform accounting policies have been adopted in both entities and any profits or losses on intra group transactions have been eliminated. All financial statements are made up to 31 July 2021.

Fashion & Retail Awards is a private company limited by guarantee, and its principal activities are to be an End Point Assessment Organisation for the Academy. It has an authorised share capital of 10,000 shares of £1 each, and has an allotted share capital of £1 held by Fashion Retail Academy. (This entity was renamed to Fashion & Retail Awards on 26<sup>th</sup> April 2021, from its previous name FRA Enterprises Ltd.)

FRA Enterprises 2020 was originally named Fashion & Retail Awards, and was incorporated on 8<sup>th</sup> July 2019. This entity was renamed FRA Enterprises 2020 on 26 April 2021. From 1st August 2020, FRA Enterprises 2020 Ltd did not carry out any trading activities.

##### Going concern

The Board is confident that the FRA holds sufficient cash to continue to operate and to meet all its commitments as they fall due for the foreseeable future, and that the FRA remains a going concern.

In light of the administration of the Arcadia group, which owns the majority stake in Gresse Street Ltd, from which the FRA leases its current premises, we have sought and obtained assurance that Gresse Street Ltd is not in administration. The Board of Gresse Street Ltd has confirmed that Gift Aid will continue to be paid to the FRA for the next twelve months. In the longer term, as demand for places at the FRA continues to outstrip supply and within our new Strategic Plan and property strategy, we are working to secure a site independent of our founding partners and we are currently in negotiations for one such site which provides a range of options for both increased capacity and earnings growth. We shall continue discussions with the Gresse Street Ltd shareholders on mechanisms for their continued support of the FRA, separate from the occupancy of the current premises, in a way which safeguards their original intent to support the FRA. We are also in discussions with our major funding bodies and other stakeholders on how best they can support the FRA during this time.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Notes to the financial statements (continued)

#### 1. Accounting policies (continued)

##### Recognition of income

Government revenue grants from EFA and SFA 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 or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Bursaries are accounted for gross as expenditure and not deducted from income.

Income from tuition fees is recognised in the period for which it is receivable and includes all fees payable by students.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102.

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

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

##### Donations

Donations received by the Academy are recognised in the income and expenditure account in the period in which they are receivable.

The building in which the Academy operates is owned by Gresse Street Limited, and leased back till 2025 to the Academy. The commercial rent of the building is donated back to the Academy net of the freeholder rent payment, mortgage interest, legal and professional fee charges. This is recognised in the account as a donation.

##### Accounting for post-employment benefits

The Academy operates two schemes, both of which are defined contribution. Most people are included in the People's Pension scheme unless they opt out. The employers contribution was 3%, same as last year. The Arcadia Stakeholder Pension Scheme is administered by Prudential plc. The assets of the scheme are held separately from those of the company in an independently administered fund. The total amount paid into the scheme by the Academy in the year to 31 July 2020 was £69,563 (19/20 £63,142). The scheme is open to all staff employed at the Academy. The employer's contribution to the scheme is a maximum of 5%.

##### 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 Academy. Any unused benefits are accrued and measured as the additional amount the Academy expects to pay as a result of the unused entitlement.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Notes to the financial statements (continued)

#### 1. Accounting policies (continued)

##### **Intangible fixed assets**

The intangible assets which represent the development and writing of the new HE degrees that are being delivered at the Fashion Retail Academy from September 2017, have been capitalised at cost of development and are being amortised over 5 years (being the terms of the contract agreed with Falmouth University).

##### **Tangible fixed assets**

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

##### *Leasehold improvements*

Leasehold property improvements are depreciated over the period of the lease, 20 years.

##### *Fixtures and fittings and computer equipment*

Fixtures and fittings and computer equipment costing less than £1,000 per individual item are written off to the statement of comprehensive income in the period of acquisition. All other equipment is capitalised at cost.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset, evenly over its expected useful life, as follows:

- Fixtures and Fittings 5 years
- Computer Equipment 3 years

##### *Assets in Construction*

These are capitalised as assets in construction until the assets are brought into use. Once brought into use, they are depreciated in accordance with the useful economic life of the asset class to which it is transferred

##### **Leased assets**

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

##### **Maintenance of premises**

The cost of routine corrective maintenance is charged to the income and expenditure account in the period that it is incurred.

##### **Taxation**

The Academy is an exempt charity within the meaning of section 467 of the Corporation Tax Act 1988 (CTA 2010). Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 466 to 493 of CTA 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The subsidiary, FRA Enterprises Limited was a wholly owned subsidiary. As FRA Enterprises Limited's activities have ceased, going forward the name will be changed to Fashion & Retail Awards.

##### **Fund Accounting**

Unrestricted reserves represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the board.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Notes to the financial statements (continued)

#### 1. Accounting policies (continued)

##### Fund Accounting (continued)

Restricted reserves refer to monies received such as bursaries from the ESFA which are used for charitable purposes and for student welfare.

The Academy is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against those amounts.

##### Current Asset Investments

Current asset investments include sums on short-term deposit with Bank of Scotland.

##### Financial Instruments

The Academy has financial assets and financial liabilities of a kind that qualify as basic financial instruments, which are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors excluding prepayments. Financial liabilities held at amortised cost comprise trade and other creditors.

##### Subsidiaries

Fashion Retail Academy has an investment in its subsidiary, FRA Enterprises Limited of £1 and this is held in these financial statements at cost. We are in the process of changing its name to Fashion & Retail Awards, FRA's new end point assessment organisation.

##### Provisions

Provisions are recognised when the Academy 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.

##### Learner Support Funds

The Academy acts as an agent in the collection and payment of Learner Support Funds, educational maintenance allowances, and Adult Learning Grant and residential bursaries. Related payments received from the EFA/SFA and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 19, except for the 5 per cent of the grant received which is available to the Academy to cover administration costs relating to the grant. The Academy employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.



**Report and Consolidated Financial Statements for the year ended 31 July 2021**  
**Notes to the financial statements (continued)**

**1. Accounting policies (continued)**

**Judgements in applying accounting policies and key sources of estimation uncertainty**

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

- Determined whether leases entered into by the Academy 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. All leases have been identified as operating.
- Determined whether there are indicators of impairment of the group's fixed 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.

- *Accruals, and provision for bad debts*

At the year end an estimate is made to accrue expected costs relating to current year expenses for which invoices have not yet been received.

Provision of bad debts is based on likelihood of receiving the debt following communication with the students, Registry and other departments.

Additional costs have been incurred & provided because of the effect of COVID19.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Notes to the financial statements (continued)

#### 2. Funding Body Grants

	Unrestricted Funds	Restricted Funds	Year ended 31 July 2021 Group £'000	Year ended 31 July 2020 Group £'000
	£'000	£'000	£'000	£'000
Education Funding Agency	5,306	108	5,414	4,831
Skills Funding Agency	598	-	598	637
Council Funding	40		40	7
Release of deferred LSC capital grant	313		313	313
Release of deferred GLA capital grant	23		23	32
	<u>6,280</u>	<u>108</u>	<u>6,388</u>	<u>5,820</u>

#### 3. Tuition Fees and educational contracts

	Unrestricted Funds	Restricted Funds	Year ended 31 July 2021 Group £'000	Year ended 31 July 2020 Group £'000
	£'000	£'000	£'000	£'000
UK Further Education students	806		806	837
HE degrees income	2,511	196	2,707	2,297
	<u>3,317</u>	<u>196</u>	<u>3,513</u>	<u>3,134</u>

#### 4. Other Income

	Year ended 31 July 2021 Group £'000	Year ended 31 July 2020 Group £'000
Venue hire and conferences	87	108
Short courses	-	18
Sundry other income	<u>280</u>	<u>55</u>
	<u>367</u>	<u>181</u>



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Notes to the financial statements (continued)

#### 5. Donations

	Year ended 31 July 2021 Group £'000	Year ended 31 July 2020 Group £'000
Gift aid from Gresse St.	1,875	1,947
Other donations (ICON for FE Graduation)	-	-
	<u>1,875</u>	<u>1,947</u>

#### 6. Endowment and Investment Income

	Year ended 31 July 2021 Group £'000	Year ended 31 July 2020 Group £'000
Investment income	0	11
	<u>0</u>	<u>11</u>

#### 7. Staff numbers

The average number of employees (head count based or number of staff employed during the year is given below along with the monthly average number of persons (including senior post-holders) employed by the Academy during the year, expressed as full-time equivalents (FTE's):

	Year to 31 July 2021	Year to 31 July 2020
Average number of staff	<u>136</u>	<u>123</u>
	<b>FTE's</b>	<b>FTE's</b>
Teaching staff	35	22
Student support and Curriculum Services Staff	32	34
Academy support staff	34	44
	<u>101</u>	<u>100</u>



**Report and Consolidated Financial Statements for the year ended 31 July 2021**  
**Notes to the financial statements (continued)**

**8. Staff costs**

	<b>Year ended 31 July 2021 Group £'000</b>	<b>Year ended 31 July 2020 Group £'000</b>
costs for the persons listed in Note 7.		
Wages and salaries	4,281	4,072
Agency staff	-	51
Social security costs	431	376
Other pension costs	137	120
Movement in staff annual entitlement	(56)	(11)
	<u>4,793</u>	<u>4,608</u>

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Year ended 31 July 2021 Group £'000</b>	<b>Year ended 31 July 2020 Group Restated £'000</b>
Teaching departments - teaching staff	1,473		1,473	1,400
Student support and Curriculum Services staff	1,455		1,455	1,481
Academy support staff	1,865		1,865	1,727
	<u>4,793</u>		<u>4,793</u>	<u>4,608</u>

Teaching costs comprise staff primarily employed as teachers and tutors. Student Support and Curriculum Services Staff comprise study support, curriculum planning, library and work placement staff. There are also Apprenticeships and Commercial staff. Academy support staff comprises all other staff, including Finance, HR, IT and Marketing.

**Higher paid staff:**

The number of employees whose gross emoluments exceeded £60,000 were:

	<b>2021</b>	<b>2020</b>
£60,001 to £70,000	2	3
£70,001 to £80,000	4	1
£90,001 to £100,000	1	-
£180,001 to £190,000	1	1
	<u>8</u>	<u>5</u>

The above emoluments include payments to the Head of the Academy (Accounting Officer).



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Notes to the financial statements (continued)

#### Termination costs:

Termination costs were incurred for 3 employees in the year 2020/21 (3 employees in 2019/20) as follows:  
 In 2020/21: payments were made for redundancy of £1.2k, compensation of £3.1k and £10.5k respectively.  
*(In 2019/20 payments were made for redundancy of £1.2k, compensation of £2k and pay in lieu of notice of £4k)*

#### 9. Senior postholders' emoluments

Senior postholders are defined as the Principal and 6 directors of the company.

	Year to 31 July 2021 Number	Year to 31 July 2020 Number
The number of senior postholders:	7	6

Senior post-holders' emoluments are made up as follows:

	Year to 31 July 2021 £000	Year to 31 July 2020 £000
Wages and salaries	659	482
Social security costs	82	60
Pension contributions	41	31
	782	573

The above emoluments include amounts payable to the Principal (who is also the highest paid senior Post-holder) of:

	Year to 31 July 2021 £000	Year to 31 July 2020 £000
Wages and salaries	184	182
Social security costs	24	24
Pension contributions	26	21
	234	227



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Notes to the financial statements (continued)

#### 10. Other operating expenses

	Unrestricted Funds	Restricted Funds	Year ended 31 July 2021 Group £'000	Year ended 31 July 2020 Group £'000
Teaching support services	378	277	655	666
Other support services	188		188	359
Admin and central services	1,677		1,677	1,311
Rent	2,356		2,356	2,356
Premises costs	650		650	634
Catering and conference costs	22		22	90
	<u>5,271</u>	<u>277</u>	<u>5,548</u>	<u>5,416</u>
			<b>Year ended 31 July 2021 Group £'000</b>	<b>Year ended 31 July 2020 Group £'000</b>
<b>Other operating expenses include:</b>				
Auditors' remuneration:				
Audit of Financial Statements*			34	34
Internal Audit			(1)	20
Operating leases:				
Hire of other assets			<u>2,356</u>	<u>2,356</u>

Hire of other assets includes £2,355,500 rent payable to Gresse Street Limited. The Academy has a 20 year lease relating to its premises granted by Gresse Street Limited.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Notes to the financial statements (continued)

#### 11. Fixed assets (Group & Academy)

##### TANGIBLE ASSETS

	Leasehold Improvem- ents	Computer Equipment	Fixtures & Fittings	Total
<b>Cost:</b>	£000	£000	£000	£000
At 1 August 2020	7,999	1,215	1,159	<b>10,373</b>
Additions	-	87	90	<b>177</b>
Transfers	-	-	-	-
Disposals	-	-	-	-
<b>At 31 July 2021</b>	<b>7,999</b>	<b>1,302</b>	<b>1,249</b>	<b>10,550</b>
<b>Accumulated depreciation:</b>				
At 1 August 2020	4,706	1,050	937	<b>6,693</b>
Charge for year	400	153	78	<b>631</b>
Disposals	-	-	-	-
<b>At 31 July 2021</b>	<b>5,106</b>	<b>1,203</b>	<b>1,015</b>	<b>7,324</b>
<b>Net Book value At 31 July 2021</b>	<b>2,893</b>	<b>99</b>	<b>234</b>	<b>3,226</b>
Financed by capital grant	1,888	-	-	
Finance by other	1,005	99	234	1,338
<i>At 31 July 2020</i>	<i>3,293</i>	<i>165</i>	<i>222</i>	<i>3,680</i>

##### INTANGIBLE ASSETS

	Total	
<b>Cost:</b>	£000	£000
At 1 August 2020	101	101
Transfers	-	-
<b>At 31 July 2021</b>	<b>101</b>	<b>101</b>
<b>Accumulated amortisation:</b>		
At 1 August 2020	28	28
Charge for year	10	10
Disposals	-	-
<b>At 31 July 2021</b>	<b>38</b>	<b>38</b>
<b>Net Book value At 31 July 2021</b>	<b>63</b>	<b>63</b>
<i>At 31 July 2020</i>	<i>73</i>	<i>73</i>



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Notes to the financial statements (continued)

#### 12. Debtors

	Group Year to 31 July 2021 £000	Academy Year to 31 July 2021 £000	Group Year to 31 July 2020 £000	Academy Year to 31 July 2020 £000
Amounts falling due within one year:				
Trade debtors*	502	502	381	381
Other debtors	-	-	-	-
Amounts owing from EFA / SFA	-	-	-	-
Amount owing to/ from subsidiary	-	27	-	14
Prepayments and accrued income**	576	576	2,123	2,123
	<u>1,078</u>	<u>1,105</u>	<u>2,504</u>	<u>2,518</u>

\*Included within trade debtors, in 2020/21 £422k relates to 2021/22 (in 2019/20 £384k related to 2020/21).

\*\*Within this is the gift in kind due but not yet received from Gresse Street for the building.

#### 13. Creditors: amounts falling due within one year

	Group Year to 31 July 2021 £000	Academy Year to 31 July 2021 £000	Group Year to 31 July 2020 £000	Academy Year to 31 July 2020 £000
Trade creditors**	508	508	2,214	2,214
Accruals	749	749	610	610
Amount owing to subsidiary	-	-	-	-
Other creditors including taxation and social security	156	156	174	174
Staff annual leave entitlement	27	27	83	83
Deferred income*	466	466	441	441
Deferred capital grant	335	335	345	345
	<u>2,241</u>	<u>2,241</u>	<u>3,867</u>	<u>3,867</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

\*In 2020/21, £466k of deferred income relates to 2021/22 fees, of which £422k had not been received by 31<sup>st</sup> July 2021 and is included in trade debtors (in 2019/20, all of the deferred income of £441k was for 2020/21 and included in trade debtors).

\*\* Within this is the gift in kind due but not yet received from Gresse Street for the building.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Notes to the financial statements (continued)

#### 14. Creditors: amounts falling due after more than one year

	Group 31 July 2021 £'000	Academy 31 July 2021 £'000	Group 31 July 2020 £'000	Academy 1 July 2020 £'000
Creditors: amounts falling due after more than one year:				
Deferred capital grant	1,375	1,375	1,700	1,700
	<u>1,375</u>	<u>1,375</u>	<u>1,700</u>	<u>1,700</u>

#### 15. Statement of Reserves (Group & Academy)

	Group and Academy Year to 31 July 2021 £'000	Group and Academy Year to 31 July 2020 £'000
At 1 August 2020	3,828	3,532
Surplus for the year	1,156	296
<b>At 31 July 2021</b>	<u><b>4,984</b></u>	<u>3,828</u>

#### 16. Statement of Restricted income reserves

	At 1 August 2020 £000	Income £000	Expenditure £000	At 31 July 2021 £000
FE Learner Support Funds	21	108	77	52
HE Bursaries	68	196	196	68
Retailers Donations & Bursaries	39	-	-	39
Student Funds	7	-	4	3
Residential Housing Scheme	5	-	-	5
	<u>140</u>	<u>304</u>	<u>277</u>	<u>167</u>

#### 17. Analysis of changes in net funds (Group)

	At 1 August 2020 £000	Cash flows £000	At 31 July 2021 £000
Cash at bank and in hand	3,138	1,095	4,233
	<u>3,138</u>	<u>1,095</u>	<u>4,233</u>

Investments comprising cash deposits held on short term maturities have now been amalgamated with Cash at bank and in hand.



**Report and Consolidated Financial Statements for the year ended 31 July 2021**

**Notes to the financial statements (continued)**

**Analysis of changes in net funds (Group) (continued)**

**Analysis of net assets between funds  
(Group)**

	Unrestricted £000	Restricted £000	Total £000
Fund balances at 31 July 2021:			
Fixed assets	3,289		<b>3,289</b>
Current assets	5,144	167	<b>5,311</b>
Current liabilities	(2,241)		<b>(2,241)</b>
Long term liabilities	(1,375)		<b>(1,375)</b>
	<u>4,817</u>	<u>167</u>	<u><b>4,984</b></u>



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Notes to the financial statements (continued)

#### 18. Related Party Transactions

The members of the Board regard Gresse Street Limited, a company established by the Academy's founders, to be a related party. Gresse Street Limited owns the premises the Academy occupies.

During the year, the company paid Gresse Street Limited rent amounting to £2,355,500 (19/20: £2,355,500) and received a gift aid receipt from Gresse Street Limited of £1,874,756 (19/20: £1,947,023).

The Chair of Governors via Longman Consultancy was paid £32,400 during the year 2020/21 (19/20: £32,400) to oversee the relations with the sponsor organisations and other fashion retailers. Longman Consultancy is a related party as it employs the Chair of Governors.

Arcadia provide some utility services for the Academy which are reimbursed at cost. Arcadia group is a related party and have a 50% interest in Fashion Retail Academy.

University of Arts London (UAL) had a 50% interest in Fashion Retail Academy until December 2018.

ASOS replaced UAL and became a member of Fashion Retail Academy in December 2018 with a 50% interest in Fashion Retail Academy.

<b>For the Group</b>	<b>31 July 2021</b>	31 July 2020
	<b>£000</b>	£000
Total expenditure incurred with UAL for 12 months ending	141	141
Creditors balance with UAL at 31/07/2021:	4	4
Total expenditure incurred with Longman Consultancy for 12 months ending	32	32
Creditors balance with Longman Consultancy at 31/07/2021:	3	-
Total expenditure incurred with Arcadia for 12 months ending	97	119
Creditors balance with Arcadia at 31/07/2021:	54	14
Total income received from Gresse Street for 12 months ending	1,875	1,947
Total expenditure incurred with Gresse Street for 12 months ending	2,356	2,356
Creditor and debtor balance with Gresse Street at	1,875	1,947

FRA Enterprises Limited was set up to conduct trading activity with the intention of generating profits that can be donated as gift aid to the Fashion Retail Academy.



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Notes to the financial statements (continued)

#### 19. Operating lease commitments

The Academy's premises are leased from Gresse Street Limited. The Academy has an annual rental commitment of £2,355,500 under an agreement which commenced on 8 September 2005 for a period of 20 years (excluding recharges to FRA Enterprises Ltd incorporated on 16 January 2009).

Operating Lease Commitments:

	<b>Year to 31 July 2021 £000</b>	Year to 31 July 2020 £000
Within one year	2,356	2,356
Within two to five years	7,067	9,422
After more than five years	-	-

#### 20. Learner Support Funds

	<b>Year to 31 July 2021 £000</b>	Year to 31 July 2020 £000
<b>Monies received in respect of each year</b>		
EFA - carried over from previous year	-	-
EFA - Student Financial Support Funding	108	176
SFA - Hardship funds	-	62
	<u>108</u>	<u>238</u>
<b>Used as follows:</b>		
Disbursed to students	(81)	(238)
Administration costs	-	-
Total disbursed	<u>(81)</u>	<u>(238)</u>
<b>Balance at 31 July</b>	<u>27</u>	<u>-</u>

#### 21. Contingent Asset/ Liabilities

The Academy is not aware of any contingent liabilities or assets.

#### 22. Share Capital

No share capital (19/20 no share capital)



## Report and Consolidated Financial Statements for the year ended 31 July 2021

### Notes to the financial statements (continued)

#### 23. Limitation on governors' liability

The Academy has purchased an insurance to cover the governors' liability up to £2.5 million.

#### 24. Related party undertakings

Fashion Retail Academy has two subsidiaries undertaking controlled at 100% incorporated in the UK named Fashion & Retail Awards Ltd and FRA Enterprises 2020 Ltd.

Both entities are included in the group consolidation.

Fashion & Retail Awards is a private company limited by guarantee, and its principal activities are to be an End Point Assessment Organisation for the Academy. It has an authorised share capital of 10,000 shares of £1 each, and has an allotted share capital of £1 held by Fashion Retail Academy. (This entity was renamed to Fashion & Retail Awards on 26th April 2021, from its previous name FRA Enterprises Ltd.)

FRA Enterprises 2020 was originally named Fashion & Retail Awards, and was incorporated on 8th July 2019. This entity was renamed FRA Enterprises 2020 on 26 April 2021. From 1st August 2020, FRA Enterprises 2020 Ltd did not carry out any trading activities.