



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 2022

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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 2021/22:

Lee Lucas, Principal and CEO; Accounting officer
Matt Ferdinando, Director of Finance & Resources (*Until 30th Sep 2022*)
Simon Mayfield, Director of Finance & Facilities (*From 5th Sep 2022*)
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

Board of Governors

A full list of Governors is given on page 15 of these financial statements.

Mr G Cooper acted as Company Secretary 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

2 London Wall Place,
London EC2Y 5AU

Bankers:

Bank of Scotland

The Mound
Edinburgh
EH1 1YZ

HSBC

2nd 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 2022

STRATEGIC REPORT

The members present their report and the audited financial statements for the year ended 31 July 2022.

Nature, Objectives and Strategies

Legal status

Fashion Retail Academy (FRA) was registered as a private company limited by guarantee in June 2005 (Company Number 05507547). Its registered office is 7-15 Gresse Street, London, W1T 1QL. The Academy obtained charitable status on 7 June 2007 when it became registered with the Charity Commission (Charity Number 1119540). The company's governing document is its Articles of Association as approved by a special resolution of the members of the company on 17 December 2020.

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 2021/22 continued our successful implementation of the Strategic Growth Plan:

- Total student population: 2002 (an increase of 9% versus 2021/22). This is comprised of:
 - 1446 FE
 - 363 HE
 - 193 Apprenticeship
- In 2021/22 we had met and exceeded the student population growth targets
- 9% increase in total learner numbers (2002 in 2021/22 versus 1833 in 2020/21)

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

Report and Consolidated Financial Statements for the year ended 31 July 2022

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

Strategic Management (continued)

Table A

	2017/18 Achieved	2018/19 Achieved	2019/20 Achieved	2020/21 Achieved	2021/22
Total enrolments (accredited provision)	1347	1638	1767	1833	2002
% Annual increase	37%	22%	8%	4%	9%

Table B

	2017/18	2018/19	2019/20	2020/21	2021/22
Traditional	890	980	1137	1204	1384
Fast Track	157	196	64	90	62
HE	106	211	335	337	363
Apprenticeships	194	251	231	202	193
	1347	1638	1767	1833	2002

As the above data shows, the diversification and growth strategies as part of our core Strategic Growth plan are effective.

Growth in student numbers have thus far been accommodated in our existing single site, through continued innovations to our delivery model and refurbishment projects which have increased teaching spaces, however by 2020/21, all teaching spaces were fully allocated, and the FRA reached 100% utilisation of these spaces.

The new Strategic Plan, developed with stakeholders, along with a Property Strategy, outlined a direction of travel to address our estates question and provide solutions for the next steps for the FRA to accommodate growth in students' numbers. The FRA instigated a 'Bridging strategy' to bridge the gap to accommodate growth whilst we wait to take occupation of a new, larger permanent site. Through this a local 'office for hire' site was identified, 4 minutes away from the main campus providing five additional classrooms. The terms of the contract were incredibly favourable to the FRA, particularly as it was negotiated during COVID and required minimal capital expenditure, the rooms were hired on a 'venue hire' basis and provided the flexibility and proximity needed to provide a great experience to our growing student numbers.

- 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 almost 200 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 2022

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

Financial objectives

The Academy's financial objectives are:

Strategic:

- Increase commercial income through our non-accredited offer and other services that leverage value from our brand, our know how and our IP including from FARA, non-accredited delivery, complimentary marketable service and online courses.
- Double student enrolment population by 2028.

Surplus:

- Generate an operating surplus between 5% and 15% annually for reinvestment.
- £1.5m commercial income / 10% of revenue income to come from business to business activities by 2028.

Secure:

- Maintain 4 months of operating expenditure in reserves.
- Continue to focus on value for money and efficiency.
- Ensure our reliance on any single income stream does not routinely exceed 40%.

The strategic growth plan continues to support these financial objectives:

- Maintained reliance on mainstream FE funding (ESFA contracts) which now represents 63% of revenue income (58% in 20/21)
- Higher Education diversification now accounts for 27% of revenue income (26% in 20/21)
- Fee income now accounts for 6% of revenue income (8% in 20/21)
- Apprenticeship diversification now accounts for 3% of revenue income (4% in 20/21)
- 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 2.96 (2.35 in 20/21), 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. As mentioned previously the FRA has also taken occupation (one an office hire basis) five additional classrooms to satisfy growing numbers. The additional site is located four minutes away from the main Gresse street site.

We have been working for a number of years to secure a site that allows us to secure our future and meet our growth and objectives. We have signed an Agreement for Lease for a new larger central London site and are currently working with the landlord and an external project team to complete the necessary design stages for a CAT A and CAT B fitout in the 2023/24 academic year. We aim to commence delivery of education without our new site from September 2024. We have incurred professional fees amounting to £578k at 31 July 2022.

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

Report and Consolidated Financial Statements for the year ended 31 July 2022

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

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.

During 2021/22, the Academy received:

- 3576 applications for its FE mainstream provision, representing a 2% increase from the previous year's application volumes.
- 553 applications for its HE provisions, representing a slight dip from previous year's application volumes but demonstrates the flux in HE applications sector-wide due to Covid.
- Apprenticeship provision have no comparable application statistics. We anticipate our numbers rising steadily as the pipeline of partnerships continue to flourish as we respond to industry need in the post-covid era.

Student numbers, achievement and success

Student enrolments by level and age were as shown overleaf:

Report and Consolidated Financial Statements for the year ended 31 July 2022

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

Student numbers, achievement and success (continued)

Table C

Age	Year	Level 2	Level 3 including National Diplomas	Level 4	Higher Education	Apprenticeship	TOTAL
16 to 18-year olds	2021/22	78	1036	149	68	24	1355
	2020/21	61	826	161	61	20	1129
	2019/20	59	676	163	57	47	1002
	2018/19	72	598	252	50	57	1029
	2017/18	60	527	208	27	30	852
19+ year olds	2021/22	1	31	138	295	169	634
	2020/21	0	17	205	276	182	680
	2019/20	1	39	263	278	184	765
	2018/19	-	40	214	161	194	609
	2017/18	-	28	224	79	164	495
All students	2021/22	79	1067	287	363	193	2002*
	2020/21	61	843	366	337	202	1809*
	2019/20	60	715	426	335	231	1767
	2018/19	72	638	466	211	251	1638
	2017/18	60	555	432	106	194	1347

* This does not include the Traineeship Student that were also enrolled in each respective year – 13 in 2021/22 year and 24 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.

In 2021/22 the Academy received £6,241,822 in funding from the ESFA, including £76,617 Learner Support Funds. (£5,442,538 and £122,016 in 20/21)

Student achievement was as follows:

The Pass rate is defined as the number of students passing expressed as a percentage of those completing a course; the achievement rate 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:

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

	FE mainstream students			
Academic Year	21/22	20/21	19/20	18/19
Retention	88.5%	91.6%	84.8%	87.1%
Pass	98.0%	99.7%	96.7	96.4%
Achievement	86.7%	91.0%	82%	84%

Whilst a clear focus on further improving our KPIs remain, notably all KPI statistics evidence an improvement on the last comparable non-COVID impacted year. This speaks to the enhancements made within FE delivery for which we anticipate seeing further improvements in the year to come.

The Principal and senior leadership team have 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 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.

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	12%	59%	24%	6%
Buying and Merchandising	21%	49%	26%	4%
Marketing and Communication	16%	41%	37%	4%

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.

We have now reinstated our Industry Advisory committee, who are discharged with the responsibility of endorsing our curriculum innovation and ensuring it aligns with the needs of industry. Crucial developments, include ASOS and M&S endorsing and advising on two new programmes relating to UX/UI and Data Analytics. These innovations have further been supported by the FRA's successfully being awarded both the Higher Technical Fund maximum of £386,481 (contingent on recruited volumes undertaking HTQ courses) to support the development and roll out of new Level 4 programmes.

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 2022

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

The FRA continues to drive applications for our unique offer and as such has secured consistent year on year growth in student numbers over the past 8 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.

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 100 retail brands, which demonstrates our relevance and ability to support the talent pipeline of retailers across the nation and indeed the globe.

The past 17 years have brought enormous value to both our students and the industry as a whole. Almost 14,000 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
- Government Agencies and Bodies
- 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.
- Awarding Bodies and Validating partners

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 2021 the FRA successfully reapplied to maintain their status on the Registration of Apprenticeship Training Providers.

The FRA's success in working with employers to develop industry focused and relevant programmes with excellent outcomes was further endorsed by our successful bid in obtaining recognition through the newly devised Mayor's Skills Academies Quality Mark for both the creative and digital sector.

Report and Consolidated Financial Statements for the year ended 31 July 2022

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

The FRA is currently in the process of completing its registration with the Office for Students.

Employer relationships 21/22

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

In total we have worked with 128 brands this academic year across several initiatives:

Work Placements	58 supporting over 415 students (including Radley, Exposure, M&S, Pep&Co, The White Company, L'Occitane, Space NK, Pretty Lavish and 8 th Dial)
May Industry Week	14 workshops from 14 brands (including ASOS, DCK, Mint Velvet, River Island, Yours Clothing, Sweaty Betty, Estee Lauder, Mountain Warehouse, Next, Dune, Harvey Nichols)
May Careers Day	25 brands attended (including, ASOS, Jigsaw, Kurt Geiger, Lipsy, Urban Outfitters, QVC, Selfridges, Harvey Nichols and Michael Kors)
Industry Projects	8 Industry Projects across 9 brands (including River Island, Net-a-Porter, ASOS, Debenhams, DCK and Jaeger)
Recruitment	116 brands have been working with us for recruitment (including JD Sports, M&S, Mulberry, Pandora, Oliver Bonas, Phase Eight, Ralph Lauren, Selfridges and White Stuff)
HE Industry Projects	6 brands supported with 6 projects (including Blood Brother, Guess and Skinnydip)
Masterclasses	25 brands out on masterclasses (including Calvin Klein, Cos, TikTok, ASOS, Sainsbury's, Nick Lambert, Ella Griffiths and New Era)
HE Masterclasses	55 HE masterclasses from 38 brands (including The White Company, Primark, Browns, Asda, Estee Lauder, Chaos, River Island, Amazon, AllSaints, Accenture and Farfetch)
Higher Education FMP Panel	10 brands were on the HE FMP Panel (including M&S, Amazon, L'Oreal, The Very Group, Harrods, The White Company, Primark, Urban Outfitters)
Level 3 Fashion Design Mentoring	35 mentors provided from 20 brands (including ASOS, ASDA, Hunter, H&M, Freelance, Superdry, Ted Baker, and LDN Global Group and The Hut Group)
HE Mentoring	286 mentors from 68 brands (including Adidas, Alexander McQueen, AllSaints, Converse, Depop, Tommy Hilfiger, Flannels, Harvey Nichols, John Lewis, Joseph, Misguided, Pandora, REISS, Selfridges, SHEIN, Ted Baker, Victoria Beckham, The Suit Group, Vogue)
Focus Groups	16 brands were involved in Focus Groups (including, M&S, Dolce & Gabbana, Boden, Amazon, It's Nice That, All Saints, ASOS).
48 Hour Challenge	16 brands were involved in the 48 hour Challenge (including, H Beauty, ASOS, COS, M&S, Teddington Athletics, URBN and Kurt Geiger).

Financial results

For 2021/22, the Academy generated a net surplus of £1,455,000 (20/21: £1,156,000 surplus).

Capital expenditure in 2021/22 amounted to £1,119,000 (20/21: £177,000). The increase is mainly due to costs relating to securing a new larger central London premises and computer hardware to replace PCs with laptops, improving flexible working.

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

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 subsidiary company, FRA Enterprises Limited (FRAEL) was established on 16 January 2009, through which the Academy's commercial activities including room hire, hospitality and short courses were previously conducted. In 2020, FRAEL was re-purposed and has since operated as an End Point Assessment Organisation for apprenticeships under a new company name of Fashion and Retail Awards Ltd.

A new company was established on 8 July 2019, with the original intention that this would be used for the End Point Assessment Organisation, but following the decision to conduct this business through the company previously known as FRAEL, the new Company, currently registered as FRA Enterprises 2020, has not traded since it was established.

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 2021/22, the reserves policy criteria was satisfied as there are sufficient unrestricted reserves of £6.3m 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 £1,689,000 (20/21 inflow: £1,275,000), reflects the operational cash generation during the year.

Liquidity

The Academy continued to hold substantial cash at bank balances with £4,798,000 at the end of July 2022 (20/21 £4,233,000), hence gives a current ratio of 2.96 (20/21: 2.37).

Going concern

The Academy has continued to maintain a strong liquidity position. At the year end, total cash reserves amounted to £4,798,000. Cash balances have increased by £565,000 in the year. The current ratio is at 2.96 meaning that the business has the repayment capacity of its current liabilities nearly 3 times over utilising its liquid assets. The Academy remains comfortable meeting its commitments as they fall due.

The Academy has had consecutive years of strong surplus generation and achieved a net surplus of £1,455,000 in the draft accounts for 2021/22, (2020/21 £1,156,000 surplus). It is anticipated that this will continue into the FY22/23 financial year which is budgeted to produce an operating surplus of £755,000.

Funding for the Academy in 2022/23 has been confirmed at £7,783,000 from the ESFA (including £136,000 of student and financial support). The Academy maintains diversification of income and provision by continuing to run HE funded courses which now accounts for 27% of revenue income. In addition, in September the Academy launched its first FRA online course with an intake of 22 new students and two further courses launching in January 2023.

Report and Consolidated Financial Statements for the year ended 31 July 2022

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

Financial results (continued)

The Academy has funding of £7,000,000 held in Escrow to facilitate the premises relocation and has been working for a number of years to secure a site that allows the FRA to secure its future and meet its growth and objectives.

The Academy continues to nurture its well-developed strong links with sponsors and 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, and ensures 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.

Future developments

Funding for the Academy in 2022/23 has been confirmed at £7.78 Million from the ESFA (including £136,000 of student and financial support).

Principal Risks and Uncertainties

The Academy employs 116.4 full time equivalent staff (20/21: 101.7) of whom 43 (20/21: 35) 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.

The Audit Committee reviewed the Academy's risk management strategy and Risk register at all three meetings in 2020/21 and an updated Risk Register was agreed.

The following are the principal risk factors that may affect the Academy with the mitigation actions fully articulated in the Strategic Risk Register which is regularly reviewed by our Audit Committee. The below forms part of the 'emerging' risks section of the document among other risks identified linking to the strategy:

- Change in personnel within finance impacts operations that leads to delays, operational and functional limitations to outputs required from the finance team.
- Failure to ensure key dates were handed over between Finance Directors leads to a breach of contract by a failure to meet the terms of conditions of funding including providing returns statements that leads to funding clawback.
- Risk of not receiving additional funding to cover increased student populations above maximum contract growth results in FRA diminishing operating surplus.
- Risk of not being able to afford 'fit out' of a new site leading to the inability to secure a 'fit for purpose' estate to deliver strategy, business plan and strategic KPIs.
- Risk of delivering new site in time for academic year start due to delays or project complications leading to inability to deliver all provisions for enrolled students.
- Risk of ongoing affordability of new site.

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GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

Financial results (continued)

- Inflation drives higher costs for goods and services leading to budgetary constraints and a possible reduction in operating surplus.
- Failure to gain approval with the Office For Students impedes our ability to gain Tier 4 licence and ability to recruit non 'home' students causing reputational damage and loss of potential market for Level 4 and undergraduate provision in future.
- Inflation, rising costs and other economic conditions result in families having less disposable income which leads to depressed appetite for funding travel for students and therefore a reduction in applications and enrolments.
- Advance Learner Loans: changing student demographic at enrolment (fewer 19+ students taking ALLs) results in a reduction to the FRAs contracted Loan facility resulting in a cap, should student numbers grow in future growth would not be guaranteed.
- HE Fee and student numbers Government policy results in a reduce fee income per student leading to a reduction in operating surplus \ Potential cap to student's recruitment numbers leads to loss of income \ growth and diversification strategies are impeded.
- FE student bursary allocation from ESFA for the 2023/24 academic year falls below financial level needed to support the required number of students or to offer each eligible student sufficient funds to support their study costs leading to higher withdrawals from these categories of students.

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 ESFA. In 2021/22 63% (20/21: 58%) 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 2021. In addition, the Academy has a business continuity insurance in place which is reviewed annually. A rework to the BCP plan, Lockdown procedures and Disaster Recovery policies is underway and due to be reviewed by the Audit Committee in the forthcoming academic year.

Liquidity

The Academy's cashflows are healthy, the unrestricted funds have grown by 33% and are now at £6,387,000 (£4,817,000 in 2020/21). Student numbers increased in 2021/22 in comparison to 2020/21 by 9% 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, physical ability 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 2022

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED **Equal opportunities and employment of disabled persons (continued)**

The Academy considers all applications from persons with disability, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled or their disability worsens, 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

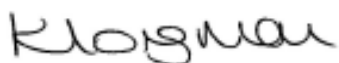
The Academy seeks to achieve the objectives set down in the Equality Act 2010.

- 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.

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 8th December 2022, and signed on its behalf by:



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 2022

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 2021 to 31st July 2022 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. Whilst not having adopted the UK Corporate Governance Code 2018 the academy has due regard to its principles and guidance.

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 2021/22

	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	3/3
James Barron	2 December 2018 Reappointed 9 December 2021	3	n/a	Audit	3/3
Laura Charles	27 June 2017 Reappointed 2 July 2020	3	n/a	Quality	3/3
Linda Drew	4 February 2022	3	n/a	Quality	1/2
Fiona Gaughan	2 December 2018 Reappointed 9 December 2021	3	n/a	Finance	2/3
Sally Harris	11 January 2021	3	n/a	Finance	2/3
Susanna Kempe	3 March 2021	3	n/a	Quality	3/3
Lee Lucas (Principal)	6 October 2014	n/a	n/a	n/a	3/3
Simon Presswell	11 March 2021	3	5 September 2021	Audit	0/0
Elizabeth Rouse Vice Chair	3 July 2008 Reappointed 12 July 2011, 13 March 2013, 28 January 2016 and 27 March 2019	3	7 July 2022	Quality	3/3
Elaine Smith	11 June 2014. Reappointed 9 March 2017 and 2 July 2020	3	n/a	Quality	3/3
Vanessa Spence	2 December 2018 Reappointed 9 December 2022	3	n/a	Quality	3/3
Pauline Tambling	18 May 2021	3	n/a	Audit	3/3
Simon Williams	30 May 2022	3	n/a	Audit	1/1

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

Report and Consolidated Financial Statements for the year ended 31 July 2022

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The Board (continued)

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 at least once every term.

All governance business is conducted through the Board and its sub-committees. The Audit Committee, the Finance Committee and the Quality 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.

The company has an induction policy for new appointments to the Board. This covers, strategy, the regulatory and educational environment within which the Academy operates and ensuring that new members are aware of their responsibilities as governors, as directors of the company and as trustees of the charity. New governors also visit the Academy to meet with senior staff and to hear directly from students. Additional training and briefings are also provided. Governor responsibilities relating to safeguarding of students was a focus of training during the year.

Audit Committee

The Audit Committee comprises three members of the Board and currently also has an additional co-opted member with professional audit experience who is not a member 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

Report and Consolidated Financial Statements for the year ended 31 July 2022

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

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.

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.

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 2022 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 2022 and up to the date of approval of the financial statements. This process is regularly reviewed by the Board.

Report and Consolidated Financial Statements for the year ended 31 July 2022

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

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

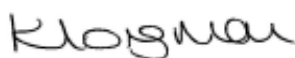
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- 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.

Going concern

After making appropriate enquiries, the Board considers that the Academy has adequate resources to continue in operational existence for the foreseeable future. We have satisfied ourselves that funding contracts and fee income are secure. For this reason, it continues to adopt the going concern basis in preparing the financial statements.



Kim Longman
Chair
8th December 2022



Lee Lucas
Principal, CEO & Accounting Officer
8th December 2022

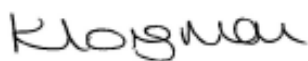
Report and Consolidated Financial Statements for the year ended 31 July 2022

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.



Kim Longman
Chair
8th December 2022



Lee Lucas
Principal, CEO & Accounting Officer
8th December 2022

Report and Consolidated Financial Statements for the year ended 31 July 2022

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.

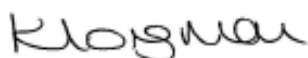
Members of the Board are responsible for ensuring that funds from the ESFA are used only in accordance with the funding agreements with the ESFA and any other conditions that the ESFA may prescribe from time to time. Members of the Board must ensure that there are appropriate financial and management 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



Kim Longman
Chair
8th December 2022

Report and Consolidated Financial Statements for the year ended 31 July 2022

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

Opinion

We have audited the financial statements of Fashion Retail Academy ('the academy') and its subsidiaries ('the group') for the year ended 31 July 2022 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 2022 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 governor's 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.

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 and Consolidated Financial Statements for the year ended 31 July 2022

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 20, 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. This description forms part of our auditor's report.

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 and the Charities Act 2011 together with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP)

Report and Consolidated Financial Statements for the year ended 31 July 2022

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 regulation, taxation legislation, employment legislation and General Data Protection Legislation (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 cut-off and revenue recognition, particularly around revenue grants from EFSA, tuition fees and donations; reviewing accounting estimates for biases, reviewing regulatory correspondence 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.

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.



Julia Poulter

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

9th January 2023

Report and Consolidated Financial Statements for the year ended 31 July 2022

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2022

				Year ended 31 July 2022 Group £'000	Year ended 31 July 2021 Group £'000
Income	Note	Unrestricted Funds	Restricted Funds		
Funding Body Grants	2	7,559	124	7,683	6,388
Tuition fees and Educational contracts	3	3,647	222	3,869	3,513
Other income	4	69	-	69	367
Donations	5	1,879	-	1,879	1,875
Total income		13,154	346	13,500	12,143
Expenditure					
Staff costs	7	5,268	-	5,268	4,793
Other operating expenses	9	5,703	428	6,131	5,548
Depreciation and amortisation	10	641	-	641	641
Interest & other finance costs		5	-	5	5
Total expenditure		11,617	428	12,045	10,987
Surplus before other gains/losses		1,537	(82)	1,455	1,156
(Loss) on disposal of assets		-	-	-	-
Surplus for the year	14	1,537	(82)	1,455	1,156
Total comprehensive income for the year					
Unrestricted comprehensive income		1,537	(82)	1,455	1,156
		1,537	(82)	1,455	1,156

Report and Consolidated Financial Statements for the year ended 31 July 2022

Consolidated and Academy Statement of Changes in Reserves For the year ended 31 July 2022

	Income and Expenditure account – Unrestricted	Income and Expenditure account – Restricted	Total
	£'000	£'000	
Group & Academy Balance at 1st August 2020	3,688	140	3,828
	1,129	27	1,156
Surplus from the income and expenditure account			
		27	
	1,129		1,156
Total comprehensive income for the year	4,817	167	4,984
Balance at 31st July 2021			
	1,537	(82)	1,455
Surplus from the income and expenditure account			
	1,537	(82)	1,455
Total comprehensive income for the year	6,354	85	6,439
Balance at 31st July 2022			

Report and Consolidated Financial Statements for the year ended 31 July 2022

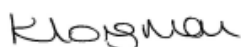
Balance Sheets

At 31 July 2022

		Group	Academy	Group	Academy
		31 July 2022	31 July 2022	31 July 2021	31 July 2021
	Note	£000	£000	£000	£000
Fixed assets					
Intangible Assets	10	63	63	63	63
Tangible Assets	10	3,704	3,704	3,226	3,226
Total fixed assets		3,767	3,767	3,289	3,289
Current assets					
Debtors	11	805	842	1,078	1,105
Cash at bank and in hand		4,798	4,762	4,233	4,206
Total current assets		5,604	5,604	5,311	5,311
Current liabilities					
Creditors: amounts falling due within one year	12	(1,892)	(1,892)	(2,241)	(2,241)
Net current assets		3,712	3,712	3,070	3,070
Total assets less current liabilities		7,479	7,479	6,359	6,359
Non current liabilities					
Creditors: amounts falling due after more than one year	13	(1,040)	(1,040)	(1,375)	(1,375)
Net assets		6,439	6,439	4,984	4,984
Reserves					
Unrestricted income reserve		6,354	6,354	4,817	4,817
Restricted income reserve	15	85	85	167	167
	14	6,439	6,439	4,984	4,984

The profit for the parent only is £1,472,000 (2020/21: £1,082,000).

The financial statements on pages 25 to 44 were approved by the Board and authorised for issue on 8th December 2022 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 2022

Consolidated Cash Flow Statement

For the year ended 31 July 2022

	Note	2022 £'000	2021 £'000
Cash inflow from operating activities			
Surplus for the year		1,455	1,156
Adjustment for non-cash items			
Depreciation		607	641
Disposals		34	-
Decrease in debtors		272	1,427
(Decrease) in creditors due within one year		(349)	(1,626)
Release from Capital grants		(335)	(325)
Adjustment for investing or financing activities			
Interest payable		5	5
Net cash inflow from operating activities		<u>1,689</u>	<u>1,278</u>
Cash flows from investing activities			
Investment income		-	-
Payments made to acquire fixed assets		(1,119)	(178)
Net cash outflow from investing activities		<u>(1,119)</u>	<u>(178)</u>
Cash flows from financing activities			
Interest paid		(5)	(5)
Net cash outflow from financing activities		<u>(5)</u>	<u>(5)</u>
Increase in cash and cash equivalents in the year		<u>565</u>	<u>1,095</u>
Cash and cash equivalents at beginning of the year		4,233	3,138
Cash and cash equivalents at end of the year		4,798	4,233

Report and Consolidated Financial Statements for the year ended 31 July 2022

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 £1,488,928 (2020/21 surplus £1,155,273). The surplus for the FRA excluding FARA is £1,472,231 (2020/21: £1,081,672).

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 2022.

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.

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.

The FRA remains a going concern twelve months from the date the accounts were last signed, December 2021.

The Academy has continued to maintain a strong liquidity position. At the year end, total cash reserves amounted to £4,798,000. Cash balances have increased by £565,000 in the year. The current ratio is at 2.96 meaning that the business has the repayment capacity of its current liabilities nearly 3 times over utilising its liquid assets. The Academy remains comfortable meeting its commitments as they fall due.

The Academy has had consecutive years of strong surplus generation and achieved a net surplus of £1,455,000 in the draft accounts for 2021/22, (2020/21 £1,156,000 surplus). It is anticipated that this will continue into the FY22/23 financial year which is budgeted to produce an operating surplus of £755,000.

Funding for the Academy in 2022/23 has been confirmed at £7,783,000 from the ESFA (including £136,000 of student and financial support). The Academy maintains diversification of income and

Report and Consolidated Financial Statements for the year ended 31 July 2022

Notes to the financial statements (continued)

Accounting policies (continued)

provision by continuing to run HE funded courses which now accounts for 27% of revenue income. In addition, in September the Academy launched its first FRA online course with an intake of 22 new students and two further courses launching in January 2023.

The Academy has funding of £7,000,000 held in Escrow to facilitate the premises relocation and has been working for a number of years to secure a site that allows the FRA to secure its future and meet its growth and objectives.

The Academy continues to nurture its well-developed strong links with sponsors and 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, and ensures 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.

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. This is recognised in the account as a donation.

Accounting for post-employment benefits

The Academy operates two pension schemes, both of which are defined contribution:

1. Peoples Pension

Staff are auto-enrolled into the People's Pension scheme on joining the FRA, subject to eligibility/meeting the auto-enrolment requirements. Staff auto-enrolled remain in this scheme unless they opt out. The employer's contribution is 3% and the employee's contribution is 5%.

2. Prudential Stakeholder Pension (administered by Prudential plc.)

Report and Consolidated Financial Statements for the year ended 31 July 2022

Notes to the financial statements (continued)

Accounting policies (continued)

Staff are able to join this pension after they have passed their probation period (probation is 3 or 6 months depending on the role). With the exception of the CEO, the employee contribution ranges between 4-5% depending on the employee's choice and the FRA match this. The most common contribution rates are

5% employer and 5% employee. Employees are advised that they must opt out of People's Pension before joining the Prudential scheme as they cannot be in 2 schemes at once. 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 2022 was £64,654 (20/21 £69,563).

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. Redundancy costs are recognised as an expense in the period in which the charity becomes irrevocably committed to incurring the costs and the main features of the plans have been announced to affected employees. Two staff members have childcare vouchers supplied by Edenred. This scheme is closed to new entrants. A Tech Scheme is also in operation and open to all staff with fixed contracted hours. Staff request the amount they need to purchase their chosen technology equipment and if approved, the amount is provided on a retail e-voucher. Once the voucher is received by the member of staff, payroll deductions commence (12 deductions in total). Applications are made by the member of staff and assessed by the HR team in terms of affordability and length of contract remaining if they are on a fixed term contract. Staff can apply in any given month meaning the number of staff on the scheme varies from month to month depending on when their loan started. Around 10 staff are on the scheme at any one time.

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

Report and Consolidated Financial Statements for the year ended 31 July 2022

Notes to the financial statements (continued)

Accounting policies (continued)

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.

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 had an investment in its subsidiary Fashion & Retail Awards which is FRA's 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 2022

Notes to the financial statements (continued) 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 COVID.

2. Funding Body Grants

	Unrestricted Funds	Restricted Funds	Year ended 31 July 2022 Group	Year ended 31 July 2021 Group
	£'000	£'000	£'000	£'000
Education Funding Agency	6,242	124	6,366	5,414
Skills Funding Agency	894	-	894	598
Council Funding	88	-	88	40
Release of deferred LSC capital grant	313	-	313	313
Release of deferred GLA capital grant	22	-	22	23
	<u>7,559</u>	<u>124</u>	<u>7,683</u>	<u>6,388</u>

Report and Consolidated Financial Statements for the year ended 31 July 2022

Notes to the financial statements (continued)

3. Tuition Fees and educational contracts

	Unrestricted Funds	Restricted Funds	Year ended 31 July 2022 Group £'000	Year ended 31 July 2021 Group £'000
	£'000	£'000	£'000	£'000
UK Further Education students	681	-	681	806
HE degrees income	2,966	222	3,188	2,707
	<u>3,647</u>	<u>222</u>	<u>3,869</u>	<u>3,513</u>

4. Other Income

	Year ended 31 July 2022 Group £'000	Year ended 31 July 2021 Group £'000
Venue hire and conferences	-	87
Sundry other income	<u>69</u>	<u>280</u>
	<u>69</u>	<u>367</u>

5. Donations

	Year ended 31 July 2022 Group £'000	Year ended 31 July 2021 Group £'000
Gift aid from Gresse St.	1,879	1,875
	<u>1,879</u>	<u>1,875</u>

Report and Consolidated Financial Statements for the year ended 31 July 2022

Notes to the financial statements (continued)

6. 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 2022	Year to 31 July 2021
Average number of staff	154	136
	FTE's	FTE's
Teaching staff	43	35
Student support and Curriculum Services Staff	37	32
Academy support staff	37	34
	117	101

7. Staff costs

	Year ended 2022 Group £'000	Year ended 2021 Group £'000
Wages and salaries	4,635	4,281
Agency staff	12	-
Social security costs	476	431
Other pension costs	145	137
Movement in staff annual entitlement	-	(56)
	5,268	4,793

	Unrestricted Funds	Year ended 31 July 2022 Group £'000	Year ended 31 July 2021 Group £'000
Teaching departments - teaching staff	1,650	1,650	1,473
Student support and Curriculum Services staff	1,750	1,750	1,455
Academy support staff	1,868	1,868	1,865
	5,268	5,268	4,793

Report and Consolidated Financial Statements for the year ended 31 July 2022

Notes to the financial statements (continued)

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:

	2022	2021
£60,001 to £65,000	-	1
£65,001 to £70,000	2	1
£70,001 to £75,000	1	3
£75,001 to £80,000	2	1
£80,001 to £85,000	1	-
£90,001 to £95,000	1	1
£175,001 to £180,000	1	1
	8	8

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

One member of part-time staff receives less than £60,000 in the year but would have received at least £60,000 on a basis. This employee is part-time 0.3 FTE and is paid £21,115.20 per annum.

Termination costs:

Termination costs were incurred for NIL employees in the year 2021/22 (3 employees in 2020/21) as follows:
In 2021/22 payments were made for redundancy of £NILk, and compensations of £NILk and £NILk respectively.
In 2020/21 payments were made for redundancy of £1.2k, and compensations of £3.1k and £10.5k respectively.

8. Senior postholders' emoluments

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

	Year to 31 July 2022 Number	Year to 31 July 2021 Number
£65,001 to £70,000	1	1
£70,001 to £75,000	1	3
£75,001 to £80,000	2	1
£80,001 to £85,000	1	-
£90,001 to £95,000	1	1
£175,001 to £180,000	1	1
	7	7

Report and Consolidated Financial Statements for the year ended 31 July 2022

Notes to the financial statements (continued)

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

	Year to 31 July 2022 £000	Year to 31 July 2021 £000
Wages and salaries	650	659
Social security costs	83	82
Pension contributions	39	41
	<u>772</u>	<u>782</u>

The FRA keeps its salary scales under regular review, and as a minimum, reviews every 3 years. Ad hoc benchmarking and realigning of pay also takes place for specific roles when there is a business case to do so. Benchmarking and re-alignment of the Senior Leadership Team (SLT) pay took place in 2021/22 resulting in increases for some roles to ensure we remain competitive, and to ensure parity amongst the FRA leadership team.

With regards to other increases, there is no automatic annual increase; it is determined by performance.

Bonuses and performance related salary increases are reviewed on an annual basis. These are informed by the FRA's performance development process which consists of monthly check-ins which assess objectives and impact, culminating in an annual performance review in June/July. Each employee will receive a score from 1-5 in their annual review (1 being inadequate and 5 being the best imaginable) based on their performance. This score then dictates the pay % increase they will receive, subject to sector recommendations, FRA funds etc. All increases are signed off by the Chair of Governors and Principal & CEO and usually take effect in September. During this time, the Chair of Governors and Principal & CEO also assess cases of exceptional performance/impact which may warrant a bonus, put forward by either the Principal & CEO or the SLT. Bonus are occasionally considered outside of this window but only as an exception.

The above process applies to all staff (including SLT), other than the Principal and Clerk to the Governors. Any emoluments for these roles are decided by the Board.

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

	Year to 31 July 2022 £000	Year to 31 July 2021 £000
Wages and salaries	177	184
Social security costs	24	24
Pension contributions	27	26
	<u>228</u>	<u>234</u>

Accounting officer's basic salary divided by the median pay of all other corporation employees (all on a full-time equivalent basis) is equal to 5.7

Accounting officer's total emoluments divided by the median pay of all other corporation employees (all on a full-time equivalent basis) is equal to 7.4

Report and Consolidated Financial Statements for the year ended 31 July 2022

Notes to the financial statements (continued)

9. Other operating expenses

	Unrestricted Funds	Restricted Funds	Year ended 31 July 2022 Group £'000	Year ended 31 July 2021 Group £'000
Teaching support services	366	428	794	655
Other support services	78	-	78	188
Admin and central services	1,551	-	1,551	1,677
Rent	3,067	-	3,067	2,356
Premises costs	642	-	642	650
Catering and conference costs	-	-	-	22
	<u>5,703</u>	<u>428</u>	<u>6,131</u>	<u>5,548</u>
			Year ended 31 July 2022 Group £'000	Year ended 31 July 2021 Group £'000
Other operating expenses include:				
Auditors' remuneration:				
Audit of Financial Statements*			17	34
Internal Audit			3	(1)
Operating leases:				
Hire of other assets			<u>3,067</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 2022

Notes to the financial statements (continued)

10. Fixed assets (Group & Academy)

TANGIBLE ASSETS

	Leasehold Improvements	Computer Equipment	Fixtures & Fittings	Assets under Construction	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 August 2021	7,999	1,302	1,249	-	10,550
Additions	-	435	-	684	1,119
Disposals	9	-	25	-	34
At 31 July 2022	7,990	1,737	1,224	684	11,635
Accumulated depreciation:					
At 1 August 2021	5,106	1,203	1,015	-	7,324
Charge for year	391	171	45	-	607
Disposals	-	-	-	-	-
At 31 July 2022	5,497	1,374	1,060	-	7,931
Net Book Value					
At 31 July 2022	2,493	363	164	684	3,704
Financed by capital grant	1,888	-	-	-	1,888
Finance by other	605	363	164	684	1,816
<i>At 31 July 2021</i>	<i>2,893</i>	<i>99</i>	<i>234</i>	<i>-</i>	<i>3,226</i>

INTANGIBLE ASSETS

Cost:	£000	£000
At 1 August 2021	101	101
Transfers	-	-
At 31 July 2022	101	101
Accumulated amortisation:		
At 1 August 2021	38	38
Charge for year	-	-
Disposals	-	-
At 31 July 2022	38	38
Net Book value		
At 31 July 2022	63	63
<i>At 31 July 2021</i>	<i>63</i>	<i>63</i>

Report and Consolidated Financial Statements for the year ended 31 July 2022

Notes to the financial statements (continued)

11. Debtors

	Group Year to 31 July 2022 £000	Academy Year to 31 July 2022 £000	Group Year to 31 July 2021 £000	Academy Year to 31 July 2021 £000
Amounts falling due within one year:				
Trade debtors*	556	556	502	502
Amount owing to/ from subsidiary	-	37	-	27
Prepayments and accrued income**	249	249	576	576
	<u>805</u>	<u>842</u>	<u>1,078</u>	<u>1,105</u>

*Included within trade debtors, in 2021/22, £350k relates to 2022/23 (in 2020/21, £466k related to 2021/22).

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

12. Creditors: amounts falling due within one year

	Group Year to 31 July 2022 £000	Academy Year to 31 July 2022 £000	Group Year to 31 July 2021 £000	Academy Year to 31 July 2021 £000
Trade creditors**	675	675	508	508
Accruals	302	302	749	749
Other creditors including taxation and social security	175	175	156	156
Staff annual leave entitlement	10	10	27	27
Deferred income*	395	395	466	466
Deferred capital grant	335	335	335	335
	<u>1,892</u>	<u>1,892</u>	<u>2,241</u>	<u>2,241</u>

*In 2021/22, £395k of deferred income relates to 2022/23 fees, of which £350k had not been received by 31st July 2022 and is included in trade debtors (in 2020/21, £466k of deferred income related to 2021/22 fees, of which £458k had not been received by 31st July 2021 and was 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 2022

Notes to the financial statements (continued)

13. Creditors: amounts falling due after more than one year

	Group 31 July 2022 £'000	Academy 31 July 2022 £'000	Group 31 July 2021 £'000	Academy 1 July 2021 £'000
Creditors: amounts falling due after more than one year:				
Deferred capital grant	1,040	1,040	1,375	1,375
	<u>1,040</u>	<u>1,040</u>	<u>1,375</u>	<u>1,375</u>

14. Statement of Reserves (Group & Academy)

	Group and Academy Year to 31 July 2022 £'000	Group and Academy Year to 31 July 2021 £'000
At 1 August 2021	4,984	3,828
Surplus for the year	1,455	1,156
At 31 July 2022	<u>6,439</u>	<u>4,984</u>

15. Statement of Restricted income reserves

	At 1 August 2021 £000	Income £000	Expenditure £000	At 31 July 2022 £000
FE Learner Support Funds	52	116	193	(25)
HE Bursaries	68	222	222	68
Retailers Donations & Bursaries	39	-	-	39
Student Funds	3	-	1	2
Residential Housing Scheme	5	8	12	1
	<u>167</u>	<u>346</u>	<u>428</u>	<u>85</u>

16. Analysis of changes in net funds (Group)

	At 1 August 2021 £000	Cash flows £000	At 31 July 2022 £000
Cash at bank and in hand	4,233	565	4,798
	<u>4,233</u>	<u>565</u>	<u>4,798</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 2022

Notes to the financial statements (continued)

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

Analysis of net assets between funds (Group)

Fund balances at 31 July 2022	Unrestricted £000	Restricted £000	Total £000
Fixed assets	3,767	-	3,767
Current assets	5,518	85	5,604
Current liabilities	(1,892)	-	(1,892)
Long term liabilities	(1,040)	-	(1,040)
	<u>6,354</u>	<u>85</u>	<u>6,439</u>

17. 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.

During the year, the company paid Gresse Street Limited rent amounting to £2,355,500 (2020/21: £2,355,500) and received a gift aid receipt from Gresse Street Limited of £1,947,023 (2020/21: £1,874,756).

The Chair of Governors via Longman Consultancy was paid £32,400 during the year 2021/22 (2020/21: £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.

For the Group	31 July 2022	31 July 2021
	£000	£000
Total expenditure incurred with UAL for 12 months ending	160	141
Creditors balance with UAL at 31/07/2022:	10	4
Total expenditure incurred with Longman Consultancy for 12 months ending	32	32
Creditors balance with Longman Consultancy at 31/07/2022:	8	3
Total expenditure incurred with Arcadia for 12 months ending	54	97
Creditors balance with Arcadia at 31/07/2022:	-	54
Total income received from Gresse Street for 12 months ending	1,997	1,875
Total expenditure incurred with Gresse Street for 12 months ending	2,356	2,356
Creditor and debtor balance with Gresse Street at	1,997	1,875

Report and Consolidated Financial Statements for the year ended 31 July 2022

Notes to the financial statements (continued)

18. 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). The Academy has a separate premises at Newman Street. The annual rental commitment is £230,011 exclusive of VAT under an agreement which commenced on 14 October 2022 for a period of 5 years.

Operating Lease Commitments:

	Year to 31 July 2022 £000	Year to 31 July 2021 £000
Within one year	2,356	2,356
Within two to five years	2,586	7,067

The Break Date is the second anniversary of the term being 14 October 2024. The Academy may terminate this lease on the Break Date by serving the Break Notice on the Landlord at least six months before the Break Date stated in the Break Notice.

19. Learner Support Funds

	Year to 31 July 2022 £000	Year to 31 July 2021 £000
Monies received in respect of each year		
EFA - carried over from previous year	28	-
EFA - Student Financial Support Funding	124	108
	<u>152</u>	<u>108</u>
Used as follows:		
Disbursed to students	<u>(77)</u>	<u>(81)</u>
Total disbursed	<u>(77)</u>	<u>(81)</u>
Balance at 31 July	<u>75</u>	<u>27</u>

20. Contingent Asset/ Liabilities

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

21. Share Capital

No share capital (20/21 no share capital).

22. Limitation on governors' liability

Notes to the financial statements (continued)

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

Report and Consolidated Financial Statements for the year ended 31 July 2022

Notes to the financial statements (continued)

23. Related party undertakings

Fashion Retail Academy has a subsidiary undertaking controlled at 100% incorporated in the UK named Fashion and Retail Awards Ltd, whose principal activity is an End Point Assessment Organisation.

Fashion and Retail Awards Ltd is included in the group consolidation

Fashion and Retail Awards Ltd 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.

A second subsidiary FRA Enterprises 2020 was incorporated on 8th July 2019 but remains dormant. The registered address for both subsidiaries is the same as disclosed on page 14 for Fashion Retail Academy. This subsidiary has not been audited.