Education For Industry Group

England & Wales · Charity number 1119540

Details

Other names	FASHION RETAIL ACADEMY
Status	Registered
Legal form	Charitable company
Company number	05507547
Registered	2007-06-07
Register	View on the Charity Commission register

Contact

Address	Education For Industry Group Electra House 84 Moorgate London EC2M 6SE
Phone	02073072345
Email	MIA.CAMPBELL@EFIGROUP.AC.UK
Website	efigroup.ac.uk

Activities

Objects: 3. OBJECTS OF THE COMPANY3.1 THE OBJECT FOR WHICH THE COMPANY IS ESTABLISHED IS THE PROMOTION AND ADVANCEMENT OF EDUCATION FOR THE PUBLIC BENEFIT AND IN PARTICULAR THE PROMOTION AND ADVANCEMENT OF EDUCATION ABOUT THE RETAILING INDUSTRY THROUGH:(A) THE DEVELOPMENT OF SKILLS IN RETAILING AND RELATED AREAS THROUGH THE PROVISION OF TRAINING AND QUALIFICATIONS;(B) THE DEVELOPMENT, PROMOTION AND MAINTENANCE OF STANDARDS FOR GOOD PRACTICE IN RETAILING AND RELATED AREAS;(C) THE DEVELOPMENT AND DISSEMINATION OF KNOWLEDGE AND UNDERSTANDING ABOUT THE STANDARDS FOR GOOD PRACTICE IN RETAILING AND OTHER INFORMATION OF THE RETAILING INDUSTRY WHICH IS OF INTEREST AND BENEFIT TO THE PUBLIC OR SECTIONS OF THE PUBLIC.

Activities: Education

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Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services
- **What:** Education/training
- **Who:** Children/young People

Geography

- City Of Westminster

Finances

Period end	Income	Expenditure	Assets	Employees
2025-07-31	£24,314,000	£25,505,000	£10,873,000	301
2024-07-31	£21,976,000	£16,081,000	£12,064,000	260
2023-07-31	£14,388,000	£14,658,000	£6,169,000	169
2022-07-31	£13,500,000	£12,045,000	£6,439,000	154
2021-07-31	£12,143,000	£10,987,000	£4,984,000	101
2020-07-31	£5,273,000	£10,796,000	£3,828,000	123

Trustees

Name	Role	Appointed
Fiona Marie Gaughan		2018-12-20
KIM LONGMAN		
LEE LUCAS		2014-10-06
Laura Michelle Charles		2017-06-27
Professor Linda Sally Drew		2022-02-04
Sally Claire Louise Harris		2021-01-11
Simon Timothy Williams		2022-05-30
Susanna Victoria Kempe		2021-03-03
Vanessa Spence		2018-12-20
Zareer Ghadially		2024-09-10

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Education For Industry Group

England & Wales - Charity number 1119540

Accounts

Charity number: 1119540
Company number: 05507547

EDUCATION FOR INDUSTRY GROUP
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

EDUCATION FOR INDUSTRY GROUP
CONTENTS

	Pages
Charity information	2
Directors' Report (including Strategic Report)	3 - 5
Statement of Corporate Governance and Internal Control	6 - 8
The Board's Statement on the Group's regularity, propriety and compliance with funding body terms and conditions of funding	9
Statement of Responsibilities of the Members of the Board	10
Independent Auditors' Report to the Board	11 - 13
Consolidated Statement of Comprehensive Income	14
Consolidated Statement of Financial Position	15
Charity Statement of Financial Position	16
Consolidated and Charity Statement of Changes in Reserves	17
Consolidated Cash Flow Statement	18
Notes to the financial statements	19 - 34

Board of Directors

The Directors of Education for Industry Group (EFI Group) during the year and up to the date of approval of the annual report and financial statements are as listed below:

Kim Longman, Chair
Lee Lucas, Principal and CEO
James Barron (resigned 30 January 2025)
Laura Charles
Linda Drew
Fiona Gaughan
Zareer Ghadially (appointed 10 September 2024)
Sally Harris
Susanna Kempe
Vanessa Spence
Simon Williams

Mr G Cooper acted as Company Secretary until 8 September 2025.
Ms M Campbell acted as Company Secretary from 8 September 2025.

Senior Postholders

Senior postholders are defined as members of the EFI Group Leadership Team and were represented by the following in 2024/25:

Lee Lucas, Principal and CEO; Accounting officer
Kelly Barry, Deputy Principal
Simon Mayfield, Director of Finance and Resources (until 31 August 2025)
Aparna Sambasivan, Interim Finance Director
Beverley Imrie, Director of Industry Relationships, EFI Training (until 25 May 2025)
Mashrin Chowdhury, Director of Operations and Partnerships
Amanda Colvin, Director of Marketing and Sales
Chris Amadeo, Director of Strategy and Funding
Chris Maja, Director of Technology and Digital Innovation
Tracy Pritchard, Director of Academic Excellence (until 31 August 2025)

Charity number: 1119540

Company number: 05507547

Registered office: Electra House, 84 Moorgate,
London, England,
EC2M 6SE

Auditors: **Crowe U.K. LLP**
55 Ludgate Hill
London
EC4M 7JW

Bankers:

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Barclays
Level 11, 1 Churchill Place
London
E14 5HP

HSBC
2nd Floor, 16 King Street
Coven Garden, London
WC2E 8JF

Solicitors: **Bates Wells Braithwaite**
10 Queen Street Place
London, EC4R 1BE

The Directors present their Strategic Report for the year ended 31 July 2025.

Overview

The year 2024/25 was defined by stabilisation and consolidation across the Education for Industry Group (EFI Group). Following two years of significant organisational change, including the acquisition of the London College of Beauty Therapy (LCBT) and the redevelopment and occupation of Electra House, the Group shifted its focus from rapid expansion to embedding. This period placed emphasis on strengthening internal systems, aligning quality frameworks and governance structures, and ensuring a coherent and consistent learner experience across all EFI institutions.

EFI Group's mission is to support people in building their skills, careers and confidence through specialist education and training. This purpose guided the Group's decisions during the year, influencing how curriculum was developed, how estates and facilities were used and improved, how financial planning was managed and how the organisation continued to evolve.

The Group is made up of three main areas of delivery. Education for Industry Group trading as Fashion Retail Academy (FRA) provides specialist education in fashion, retail and related subjects. London College of Beauty Therapy (LCBT) focuses on beauty, aesthetics and wellbeing. EFI Awards Ltd operates as the Group's end point assessment organisation. Together, these areas give the Group a strong technical and professional education offer with clear links to industry needs.

Public Benefit

As an exempt charity, the Group must demonstrate public benefit, and the Directors have had due regard to the Charity Commission's guidance in the discharge of their duties.

EFI Group provides clear public benefit by widening access to specialist education in fashion, retail, beauty and wellbeing, sectors where technical capability and employer alignment are essential. Many learners come from backgrounds where access to such provision is limited; through bursaries, targeted financial support and inclusive teaching approaches, the Group ensures they can participate fully.

Strong employer partnerships, industry-informed curriculum design and a focus on practical skills contribute to meaningful progression into employment, apprenticeships and higher study, further strengthening the Group's charitable impact.

Performance and Student Experience

The Group experienced substantial growth during the year. Total learner numbers increased to 3,635, compared with 2,471 in the prior year. This reflects both LCBT's first full year within the Group and sustained demand for provision at the Fashion Retail Academy (FRA), supported by the expanded capacity and modern facilities at Electra House.

Applications across FE and HE remained strong. FE applications exceeded 8,000 and HE applications grew by more than 20 percent. FRA continued to achieve high performance outcomes, maintaining strong achievement rates across all major pathways. Online delivery saw improved retention and achievement compared with the previous year.

LCBT's performance remained below the Group average but aligned with expectations at the point of acquisition. A structured improvement programme focusing on leadership, curriculum design and learner support is underway, with improvements expected in the following academic year.

In Higher Education, outcomes remained strong, with high proportions of learners achieving first-class or upper-second-class classifications. EFI Group trading as FRA is now registered with the Office for Students from August 2025, further strengthening regulatory oversight across the Group's higher education provision.

Financial Review

The Group's financial performance for the year reflects the full operational impact of the expanded estate and the final release of restricted capital funding. Total income for the year was £24.3m, an increase on the prior year as both FRA and LCBT delivered a full cycle of activity within the enlarged Group structure. Expenditure rose to £25.5m, driven by staffing costs, utilities and the operation of the Group's two major sites at Electra House and Fashion Street. This resulted in a deficit of £1.19m, which was anticipated within the Group's financial strategy.

Despite the reported deficit, the underlying financial strength of the Group remains clear. Cash and cash equivalents at year-end totalled £6.62m, providing the liquidity required to manage operational risk and ongoing investment. Net cash generated from operating activities was £1.63m, demonstrating that core operations continue to deliver positive cashflow even during a year of elevated cost pressure.

Financial Review (continued)

Unrestricted reserves increased to £10.81m (2024: £6.73m), reflecting the planned release of restricted capital funds now fully applied to the Electra House development. Restricted reserves reduced to £64k as donor funds were used in line with their intended purpose.

The Group remains free of external debt apart from the existing asset-finance facility, with repayments reflected within finance costs of £260k. The year closed with current assets of £10.19m and current liabilities of £8.45m, giving net current assets of £1.74m and a strong liquidity position.

Overall, the Directors consider the Group's financial position stable and resilient. Strong cash reserves, rising unrestricted balances and continued operating cash generation provide a secure foundation for investment, future development and delivery of the Group's strategic priorities.

Estates and Infrastructure

Two major estates developments shaped the year. The first was the full operational transition into Electra House, the Group's flagship teaching location. The redevelopment has created a modern, digitally enabled learning environment with flexible spaces designed to support creative, industry-led education.

The second major project was the relocation of LCBT to the refurbished Fashion Street campus. The new site provides industry-standard salons, therapy rooms and clinical spaces that better reflect employer expectations and enhance the learner experience.

These investments provide a strong platform to support continued growth, improved quality and future curriculum expansion.

Employer and Stakeholder Engagement

The Group's engagement with employers remained central to its educational model. More than 210 employer partners contributed to curriculum design, live projects, masterclasses, placements and recruitment pathways during the year.

Strong relationships were maintained with regulators, awarding bodies, schools, local authorities and community partners. These collaborations help ensure that learners progress into meaningful employment or further study and that programmes remain aligned with industry need.

Principal Risks and Uncertainties

The Board oversees risk through a Strategic Risk Register that is reviewed regularly by the Audit Committee, supported by internal audit and ongoing management assurance. The Group operates in a complex funding, regulatory and market environment, and several principal risks continued to shape decision-making throughout the year.

One of the most significant risks is funding and policy uncertainty. The Group relies heavily on ESFA income, and any changes to funding rates, policy direction or student number controls in either FE or HE could have a material impact on financial planning. To mitigate this, the Group continues to diversify its income through higher education, apprenticeships and commercial provision, while monitoring policy developments closely and planning curriculum delivery.

Quality and student outcomes remain a core focus, particularly at LCBT, which joined the Group with achievement rates below those of FRA. This gap influences overall Group performance indicators. The Group has responded by strengthening academic leadership, improving curriculum management, enhancing quality assurance processes and implementing targeted learner support. Alignment with FRA's more established frameworks continues to drive improvement.

Cost inflation presents another material risk. Rising staffing costs, energy prices and wider service costs all place pressure on operating margins, especially in London. Medium-term financial planning and active cost management remain essential, alongside maximising the use of the Group's two major estates, Electra House and Fashion Street, to ensure growth remains sustainable and cost-effective.

Student recruitment is subject to increasing competition and economic pressures. A slowdown in demand or a shift in learner behaviour could affect income and growth plans. The Group continues to invest in its brand, marketing, employer relationships and student experience to remain competitive and attractive in a crowded education market.

Finally, the Group is managing the risks associated with delivering complex change programmes, including new curriculum pathways, digital systems and estates developments. Each project carries the risk of delay, overspend or under-delivery. To address this, the Group has strengthened project governance, introduced clearer business case requirements and ensured that major developments receive close oversight from the Board.

Principal Risks and Uncertainties (continued)

With these controls, assurance mechanisms and governance arrangements in place, the Board is satisfied that the Group's principal risks are being managed to an acceptable level.

Strategic Direction

During the year, the Board signed off the EFI Group Strategic Plan for 2025–2030, which sets out how the Group will develop over the next five years. The plan focuses on three things that will matter most to the Group's long-term stability and success: keeping the organisation financially strong, raising standards and consistency across all areas of work, and ensuring learners achieve positive and meaningful outcomes. These aims are supported by a set of priorities that include strengthening employer input into curriculum design, improving the quality and flexibility of the Group's learning environments, expanding its digital capability, building stronger partnerships and maintaining clear and effective governance.

The plan reinforces the Group's core purpose: to transform lives, careers and industry through specialist education and training. It gives the Group a single direction of travel and a shared framework that links together the activity of FRA, LCBT and the wider divisions.

Looking ahead to 2025/26, the Group begins the year with a steady financial base and clear strategic focus. The immediate priorities include increasing learner numbers where there is proven demand, improving progression routes into employment and higher education, and continuing to invest in digital learning and the systems that support it.

The Board considers the Group well placed to build on the foundations set over the past two years and confident that the organisation can continue to strengthen its performance and resilience across its specialist sectors.

Kim Longman
Chair

The following statement is provided to enable readers of the annual report and financial statements of the EFI Group to obtain a better understanding of its governance and legal structure. This statement covers the year from 1st August 2024 to 31st July 2025 and up to the date of approval of the annual report and financial statements.

The EFI Group endeavours to conduct its business:

• in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
• Whilst not having adopted the UK Corporate Governance Code 2018 the EFI Group has due regard to its principles and guidance.

The Board

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

Name	Date of Appointment	Term of office (years)	Board meetings attended/ Possible 2024/25
Kim Longman (Chair)	13 July 2005 Reappointed 13 July 2008, 12 July 2011, 11 June 2014, 9 March 2017, 2 July 2020 and 30 January 2024	3	6/6
James Barron	2 December 2018 Reappointed 9 December 2021 Resigned 30 January 2025	3	3/3
Laura Charles	27 June 2017 Reappointed 2 July 2020 and 30 January 2024	3	6/6
Linda Drew	4 February 2022 Reappointed 30 January 2025	3	6/6
Fiona Gaughan	2 December 2018 Reappointed 9 December 2021 and 30 January 2025	3	5/6
Zareer Ghadially	10 September 2024	3	5/6
Sally Harris	11 January 2021 and 30 January 2024	3	5/6
Susanna Kempe	3 March 2021 and 30 January 2024	3	6/6
Lee Lucas (Principal)	6 October 2014	N/A	6/6
Vanessa Spence	2 December 2018 Reappointed 9 December 2021 and 30 January 2025	3	4/6
Simon Williams	30 May 2022 Reappointed 30 January 2025	3	5/6

The Clerk to the Board and Company Secretary was Graham Cooper throughout the year. Mia Campbell was appointed to the board as Company Secretary on 8 September 2025, replacing Graham Cooper who resigned on the same day.

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 EFI Group 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 was conducted through the Board. The Audit Committee provided an additional level of scrutiny in accordance with its 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 EFI Group'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 26, 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 Directors as required.

The Principal is an ex-officio Director. All other Directors are appointed for a term of office not exceeding three years, following which they are eligible for re-appointment. It is generally expected that Directors will serve for up to three consecutive terms of office, but a Director may be appointed for further consecutive terms of office if the Board believes that to be in the best interests of the company.

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

Audit Committee

The Audit Committee comprises a minimum of three members and is chaired by a member of the Board. Membership currently includes a co-opted member with professional audit experience who is not a member of the Board.

The Audit Committee met three times during the year. All members were in attendance at each meeting with the exception of the November meeting where one member was an apology. Quoracy is two members. The Committee operates in accordance with written terms of reference approved by the Board. It meets a minimum of three times a year and provides a forum for reporting by the EFI Group's Internal Auditors and External Auditors, who have access to the Committee for independent discussion, without the presence of the EFI Group's management. The Committee also receives and considers reports from the funding bodies as they affect the EFI Group'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 EFI Group's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

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

The Committee was renamed the Finance and Audit Committee on 21 October 2025.

Internal control
Scope of responsibility

The Board is ultimately responsible for the EFI Group'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 EFI Group'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 EFI Group 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 EFI Group 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 EFI Group for the year ended 31 July 2025 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 EFI Group 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 EFI Group's significant risks that has been in place for the year ended 31 July 2025 and up to the date of approval of the financial statements. This process is regularly reviewed by the Board.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board;
- 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 EFI Group who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the EFI Group'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 EFI Group's objectives. The Board completed a self-assessment of its own effectiveness during the year. The results were discussed by the Board at its meeting on 22 May 2025. A number of actions for improvement were identified and have been implemented.

Going concern

After making appropriate enquiries, the Board considers that the EFI Group 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
30 January 2026

Lee Lucas
Principal, CEO and Accounting Officer
30 January 2026

EDUCATION FOR INDUSTRY GROUP
THE BOARD'S STATEMENT ON THE EFI GROUP'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING.
FOR THE YEAR ENDED 31 JULY 2025

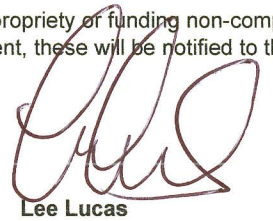
The EFI Group has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreements in place between the EFI Group and the ESFA. As part of our consideration, we have had due regard to the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

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



Lee Lucas
Principal and Chief Executive

EDUCATION FOR INDUSTRY GROUP
STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE BOARD
FOR THE YEAR ENDED 31 JULY 2025

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 EFI Group and of the profit or loss of the EFI Group for that period.

Within the terms and conditions of the funding agreements agreed between the ESFA and the Board of the EFI Group, 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 EFI Group 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 EFI Group 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 EFI Group, 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 EFI Group and to prevent and detect fraud and other irregularities. The governors are responsible for the maintenance and integrity of the charity; and financial information included on the charity's website.

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 EFI Group'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
30 January 2026

Opinion

We have audited the financial statements of Education for Industry Group ('the charity') and its subsidiaries ('the group') for the year ended 31 July 2025 which comprise the Consolidated Statement of Financial Position, Charity Statement of Financial Position, Consolidated Statement of Comprehensive income, Consolidated and Charity Statement of Changes in Reserves, Consolidated Statement of cashflows 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 Charity's affairs as at 31 July 2025 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 charity'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 directors' report, which includes the the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
• the strategic report and the directors' report included within the governors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charity 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:

- the parent company has not kept adequate accounting records; or
- the parent company 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 10 the governors (who are also the directors of the charity 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 charity'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 charity 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 charity 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 2019 (the 2019 FE HE SORP) and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

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 ESFA, 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 charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jayne Rowe

Jayne Rowe (Senior Statutory Auditor)
For and on behalf of Crowe U.K. LLP, Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW
Date: 2 February 2026

EDUCATION FOR INDUSTRY GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2025

	Notes	As at 31 July 2025 Group £'000	As at 31 July 2024 Group £'000
Fixed assets			
Intangible assets and goodwill	11	**948**	1,059
Tangible assets	12	**8,751**	5,197
		9,699	6,256
Current assets			
Trade and other receivables < 1 year	14	**2,739**	1,826
Trade and other receivables > 1 year	14	**824**	-
Cash at bank and in hand	18	**6,624**	8,907
		10,187	10,733
Creditors: amounts falling due within one year	15	**(8,452)**	(4,925)
Net current assets		**1,735**	5,808
Total assets less current liabilities		**11,434**	12,064
Provision for liabilities			
Other provisions	15.1	**(561)**	-
Net assets		**10,873**	12,064
Restricted reserves			
Income and expenditure reserve - restricted reserve	16	**64**	5,339
Unrestricted reserves			
Income and expenditure reserve - unrestricted reserve		**10,809**	6,725
Total Reserves		**10,873**	12,064

The accompanying notes and policies on pages 19 to 34 form part of these financial statements.

The financial statements were approved by the Board an authorised for issue on 30/1/26 and were signed on its behalf on that date by:

Kim Longman
Chair

Lee Lucas
Principal and Chief Executive

Education for Industry Group, a private company limited by guarantee, registered in England and Wales. Registered Number 05507547

EDUCATION FOR INDUSTRY GROUP
CHARITY STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2025

	Notes	As at 31 July 2025 Charity £'000	As at 31 July 2024 Charity £'000
Fixed assets			
Tangible assets	12	8,382	5,197
Investment in subsidiaries	13	1,941	1,941
		10,323	7,138
Current assets			
Trade and other receivables < 1 year	14	2,208	1,415
Trade and other receivables > 1 year	14	819	-
Cash at bank and in hand		5,470	8,155
		8,497	9,570
Creditors: amounts falling due within one year	15	(7,001)	(4,833)
Net current assets		1,496	4,737
Total assets less current liabilities		11,819	11,875
Net assets		11,819	11,875
Restricted reserves			
Income and expenditure reserve - restricted reserve	16	64	5,339
Unrestricted reserves			
Income and expenditure reserve - unrestricted reserve		11,755	6,536
Total Reserves		11,819	11,875

As permitted by s408 Companies Act 2006, the Charity has not presented its own income statement and related notes.
The deficit for the parent only was £56k (2024: surplus of £5,706k).
The accompanying notes and policies on pages 19 to 34 form part of these financial statements.

The financial statements were approved by the Board an authorised for issue on 30/1/26 and were signed on its behalf on that date by:

Kim Longman
Chair

Lee Lucas
Principal and Chief Executive

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EDUCATION FOR INDUSTRY GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2025

	Notes	Year ended 31 July 2025 Group £'000	Year ended 31 July 2024 Group £'000
Income			
Tuition fees and education contracts	3	6,092	3,816
Funding body grant/contract income	4	15,958	12,522
Other income	5	279	433
Donations and endowments	6	1,901	5,183
Interest and other finance income	8	84	22
Total income		24,314	21,976
Expenditure			
Staff costs	7	11,466	8,306
Other operating expenses	9	12,423	7,430
Depreciation and amortisation	11, 12	1,356	345
Interest and other finance costs	8	260	-
Total expenditure		25,505	16,081
(Deficit) / surplus for the year		(1,191)	5,895
Total comprehensive (loss) / income for the year		(1,191)	5,895
Represented by:			
Restricted comprehensive income for the year	16	1,901	5,307
Unrestricted comprehensive (loss) / income for the year		(3,092)	588
		(1,191)	5,895

All items of income and expenditure relate to continuing activities.

The accompanying notes and policies on pages 19 to 34 form part of these financial statements.

EDUCATION FOR INDUSTRY GROUP
CONSOLIDATED AND CHARITY STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2025

Group

	Restricted £'000	Unrestricted £'000	**Total £'000**
Balance at 1 August 2023	**32**	**6,137**	**6,169**
Surplus for the year	5,307	588	**5,895**
Total comprehensive income for the year	5,307	588	**5,895**
Balance at 1 August 2024	**5,339**	**6,725**	**12,064**
Surplus/(deficit) for the year	1,901	(3,092)	**(1,191)**
Release of endowment and restricted capital funds spent in year	(7,176)	7,176	-
Total comprehensive (loss) / income for the year	(5,275)	4,084	**(1,191)**
Balance at 31 July 2025	**64**	**10,809**	**10,873**

Charity

	Restricted £'000	Unrestricted £'000	**Total £'000**
Balance at 1 August 2023	**32**	**6,137**	**6,169**
Surplus for the year	5,307	399	**5,706**
Total comprehensive income for the year	5,307	399	**5,706**
Balance at 1 August 2024	**5,339**	**6,536**	**11,875**
Surplus/(deficit) for the year	1,901	(1,957)	**(56)**
Release of endowment and restricted capital funds spent in year	(7,176)	7,176	-
Total comprehensive (loss) / income for the year	(5,275)	5,219	**(56)**
Balance at 31 July 2025	**64**	**11,755**	**11,819**

The accompanying notes and policies on pages 19 to 34 form part of these financial statements.

EDUCATION FOR INDUSTRY GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2025

	Notes	2025 £'000	2024 £'000
Cash flow from operating activities			
(Deficit)/ Surplus for the year before tax		**(1,191)**	5,895
Adjustment for non-cash items			
Depreciation	**12**	**1,245**	345
Amortisation of intangibles	**11**	**111**	-
Increase in debtors	**14**	**(1,737)**	(690)
Increase in creditors (excluding finance leases)	**15**	**2,462**	3,648
Increase in provisions	**15.1**	**561**	-
Adjustment for investing or financing activities			
Interest payable	**8**	**260**	-
Interest receivable	**8**	**(84)**	(22)
Cash flow from operating activities		**1,627**	**9,176**
Taxation		**-**	-
Net cash flow from operating activities	**17**	**1,627**	**9,176**
Cash flows (used in) investing activities			
Proceeds from sales of tangible assets		-	8
Payments made to acquire tangible assets	**12**	**(4,799)**	(4,032)
Payments made to acquire intangible assets		**-**	(1,115)
Interest received	**8**	**84**	22
		(4,715)	(5,117)
Cash flows from financing activities			
Increase in finance leases	**15**	**1,065**	
Interest paid on lease liabilities	**8**	**(260)**	-
		805	-
(Decrease)/increase in cash and cash equivalents in the year		**(2,283)**	4,059
Cash and cash equivalents at beginning of the year		**8,907**	4,848
Cash and cash equivalents at end of the year		**6,624**	8,907

The accompanying notes and policies on pages 19 to 34 form part of these financial statements.

1 Accounting policies

In accordance with Section 3.1 of the FE SORP, the Statement of Principal Accounting Policies and Estimation Techniques are presented through Notes 1 and 2.

Charity information

Education for Industry Group is a charity incorporated in England and Wales. The registered office is Electra House, 84 Moorgate, London, England, EC2M 6SE.

The group consists of Education for Industry Group and all of its subsidiaries.

1.1 Accounting convention

The consolidated and Charity financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition) ("FE SORP").

The parent is a charity and public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards. The parent is also a private limited company by guarantee without share capital.

1.2 Basis of preparation

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Charity is a qualifying entity for the purposes of FRS 102, being the parent of a group that prepares publicly available consolidated financial statements, including this Charity, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Charity has therefore taken advantage of exemptions from the following disclosure requirements for parent entity information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures.
- Section 3.3 'Financial Reporting Requirements': Presentation of financial statements and accompanying notes in accordance with the FE SORP.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Charity and all its subsidiaries for the financial year to 31 July 2025.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.4 Going concern

Liquidity

The Group continues to maintain a strong liquidity position. As at 31 July 2025, cash and cash equivalents totalled £6.62 million (2024: £8.91 million). The reduction reflects planned capital expenditure on the Electra House fit-out and investment in the new Fashion Street site for LCBT. Despite this, the current ratio remains robust at 1.1 demonstrating that the Group can meet its short-term liabilities almost five times over.

During FY2023/24, the Group secured £1.92 million in asset financing to support the Electra House development. Repayments commenced in September 2024 and are scheduled to complete within two years. All repayments have been met on time, and the Group retains the capacity to settle the liability early if required.

1.4 Going concern (continued)

Operating Results

For the year ended 31 July 2025, the Group reported a planned deficit of £1.19 million (2024: £5.90 million surplus), in line with its strategic investment programme. The deficit primarily results from the lease accounting treatment for Electra House, which includes a 21-month rent-free period and reduced rent for a further 3.5 years. Under FRS 102, lease costs must be recognised evenly over the 15-year term, resulting in a non-cash rent expense of £1.85 million during the year.

Additional planned expenditure supported a significant increase in student numbers and expanded delivery capacity. Despite the reported deficit, the Group's financial position remains strong, with unrestricted reserves increasing to £10.81 million (2024: £6.73 million), reflecting the release of £7.18 million in restricted capital funds. The strong reserves base provides sufficient capacity to absorb planned investment and sustain operations.

Funding and Income Growth

Funding for FY2024/25 was confirmed at £9.16 million from the Education and Skills Funding Agency (ESFA), including £171k for student and financial support. The Group continues to diversify its income base, with higher education provision now representing around 21% of total income.

Student numbers rose significantly following the opening of Electra House, and further growth is expected to increase future ESFA allocations through the lagged-funding model. Additional government funding of £624k was secured to support key strategic priorities.

The Group also benefits from strong partnerships with employers and industry sponsors, ensuring its provision remains relevant and demand-led. The acquisition of LCBT in February 2024 has further strengthened the Group's position, adding £3.73 million in confirmed ESFA funding and providing an additional platform for growth.

Cash Flow and Commitments

Net cash inflow from operating activities during FY2024/25 was £1.63 million (2024: £9.18 million), reflecting the investment phase associated with the Group's expansion programme. After capital expenditure of £4.80 million, the Group closed the year with £6.62 million in cash reserves, which management considers sufficient to support operations and planned commitments.

The Group has also recognised an onerous lease provision of £561k for the former LCBT site at Ramillies House, which expires in September 2026. This has been fully provided for and does not present a material risk to liquidity.

1.5 Revenue recognition

Income is generated from tuition fees and education contracts.
Where applicable, revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. It is recognised in the Consolidated Statement of Comprehensive Income when the Group and the Charity satisfies its performance obligation to its customer and the customer has obtained control of the goods and services being transferred.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Revenue recognition (continued)

Tuition fees and education contracts

Income from the provision of tuition services and education contracts is measured at the fair value of the amounts which the Group and the Charity expects to be entitled to in exchange for the delivery of the services.

Tuition fee income is recognised over the period in which students are studying, as the students simultaneously receive and consume all of the benefits provided by the Group and the Charity's performance.

Income from education contracts is recognised as the Group and the Charity satisfies the performance obligations in the contracts, which is period in which students receive the education services.

Consideration received in advance of the provision of the services is recognised as a contract liability in the Consolidated Statement of Financial Position and is subsequently recognised as income as the Group and Charity satisfies its performance obligations.

1.6 Other Income

Revenue-related government grants

Revenue-related government grants including from EFA and SFA include funding body recurrent grants and other grants are recognised as income over the periods in which the Group and Charity recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors.

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.

Capital grants

Government capital grants are recognised as income over the expected useful life of the asset.

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

Donations and endowments

Donations are recognised as income when the Group and Charity is entitled to the funds.

The main type of donations and endowments identified within reserves is:
Restricted donations - the donor has specified that the donation must be used for a particular objective.

Donations with performance-related conditions are recognised as income when the performance-related conditions are satisfied. For donations and endowments with donor-imposed restrictions (but no performance-related conditions exist), income is recognised when the Group and Charity is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in accordance with such restrictions at which point the income is released to general reserves through a reserve transfer.

Investment income

Investment income, including interest income from short-term deposits, is recognised as income in the Consolidated Statement of Comprehensive Income on a receivable basis.

1.7 Employee benefits

Accounting for retirement benefits
The Group and Charity operates two pension schemes, both of which are defined contribution:

Defined Contribution Plan
A defined contribution plan is a post-employment benefit plan under which the Group and Charity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Comprehensive Income in the periods during which services are rendered by employees.

Peoples Pension
Staff are auto-enrolled into the People's Pension scheme on joining the EFI Group, 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%.

Prudential Stakeholder Pension (administered by Prudential plc.)
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 employer matches contributions of up to 5%. There is no limit to employee contribution, meaning staff can exceed the 5% but the employer contribution is capped at 5%. 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.

Short-term employment benefits
Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the Group and Charity. Any unused benefits are accrued and measured as the additional amount the Group and Charity 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.

1.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.9 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the period of the lease
Plant and Machinery	3-5 years
Fixtures and Fittings	5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the statement of income.

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.

1.9 Property, plant and equipment (continued)

Leased assets

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

Impairment

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the property or plant and equipment may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the Consolidated Statement of Comprehensive Income.

1.10 Intangible assets and goodwill

Goodwill

Goodwill arises on consolidation and is based on the difference between the fair value of the consideration given for the undertaking acquired and the fair value of its identifiable net assets at the date of acquisition. Goodwill is recognised in connection with the acquisition of The London College of Beauty Therapy Limited.

Goodwill is amortised over 10 years representing the remaining estimated economic life to which the goodwill relates.

In subsequent periods, the excess up to the fair value of the non-monetary assets acquired is recognised in the Consolidated Statement of Comprehensive Income in the periods in which the assets are recovered and any excess exceeding the fair value of the non-monetary assets is recognised in the Statement of Comprehensive Income in the periods expected to be benefitted.

Goodwill and intangible assets are subject to an assessment whether there are any indicators of impairment at each reporting date in respect of intangible assets. If such indicators exist, the Group and Charity will perform an impairment review.

1.11 Non-current investments

In the parent's own Statement of Financial Position, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the income statement.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.12 Cash and cash equivalents

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

Cash equivalents are short-term (maturity being less than three months from the placement date), highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value.

1.13 Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:
(a) the Group and Charity has a present obligation (legal or constructive) as a result of a past event;
(b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
(c) a reliable estimate can be made of the amount of the obligation.

The Group and Charity recognises a provision as a liability in the Consolidated Statement of Financial Position and measures this at the best estimate of the amount required to settle the obligation at the reporting date. When the effect of the time value of money is material, the amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.14 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax is provided in full on timing differences that exist at the reporting date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the reporting date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

The Charity is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the Charity is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (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 Charity receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on expenditure (revenue and capital) is included in the costs of such expenditure. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The Charity's subsidiary companies are subject to Corporation Tax and VAT in the same way as any commercial organisation.

1.15 Financial instruments

The Group and Charity has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition and measurement of financial instruments. Financial assets and liabilities are recognised when the Group and Charity becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets
Basic financial assets include trade and other receivables, cash and cash equivalents. These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

As an exception to the policy above, the Group and Charity measures its trade receivable and contract assets at the transaction price and not at the present value when, at contract inception, payment is expected within 12 months or less from when the Group and Charity transfers the good or service to the customer.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities
Basic financial liabilities include trade and other payables and intra-group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

1.15 Financial instruments (continued)

Financial liabilities (continued)
Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is discharged, cancelled, or expires.

1.16 Reserves

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

Restricted reserves comprise funds received for specific purposes, such as bursaries and other allocations from the Education and Skills Funding Agency (ESFA), which must be used in accordance with the relevant funding conditions. This includes amounts provided for 16–19 Bursary Fund and Free Meals in Further Education, which are restricted to supporting eligible students' welfare and related needs.

1.17 Agency Arrangements

The Charity 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 Statement of Comprehensive Income, except for the 5 per cent of the grant received which is available to the Charity to cover administration costs relating to the grant. The Charity employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

2 Critical Accounting estimates and judgements

The preparation of the Group and Charity's financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Critical accounting estimates

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.

Significant judgements

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

• Determined whether leases entered into by the Group and Charity 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.
• Determined that the Charity should recognise a provision for a potential VAT liability under the reverse charge mechanism for overseas services. Measurement of the liability involved assessing historical purchases, primarily advertising and social media, and applying judgement on the likelihood and timing of any liability. A provision has been recognised based on this assessment.

3 Tuition fees and education contracts

	Notes	2025 £'000	2024 £'000
UK Further Education Students		6,092	3,816

4 Funding body grant/contract income

	2025 £'000	2024 £'000
Education Funding Agency	14,703	11,435
Skills Funding Agency	1,201	794
Council Funding	-	293
Other	54	-
	15,958	12,522

5 Other income

	2025 £'000	2024 £'000
Sundry other income	279	433

6 Donations and endowments

	Notes	2025 £'000	2024 £'000
Donations with restrictions	16	1,901	5,183

Donations recognised during the year from Gresse Street Limited totalling £1,817k were restricted for the refurbishment of Electra House. Electra House has been brought into use during the year and therefore the restriction has been met and the funds are now unrestricted.

7 Employees

The average monthly number of persons employed by the group during the year was:

	Group 2025 £'000	Charity 2025 £'000	Group 2024 £'000	Charity 2024 £'000
Teaching staff	140	97	116	75
Student support	65	65	65	65
Charity support	96	93	79	74
Total	301	255	260	214

Their aggregate remuneration comprised:

	Group 2025 £'000	Charity 2025 £'000	Group 2024 £'000	Charity 2024 £'000
Wages and salaries	10,089	8,251	7,347	6,490
Social security costs	1,064	888	721	645
Pension costs	313	272	238	221
Total	11,466	9,411	8,306	7,356

7 Employees (continued)

Pension costs:
The total amount paid into the scheme by the Charity in the year to 31 July 2025 was £152,786 (2024: £118,320).

The number of staff with a basic salary of over £60,000 per annum has been included below.

Basic salary per annum	2025 No.	2024 No.
£60,001 to £65,000	1	2
£65,001 to £70,000	2	2
£70,001 to £75,000	1	3
£75,001 to £80,000	3	-
£90,001 to £95,000	1	2
£95,001 to £100,000	2	2
£105,001 to £110,000	1	-
£115,001 to £120,000	1	-
£120,001 to £125,000	-	1
£125,001 to £130,000	1	-
£190,001 to £195,000	-	1
£220,001 to £225,000	1	-
	14	13

	2025 £'000	2024 £'000
Total remuneration of the head of the charity		
Wages and salaries	224	194
Pension contributions and payments in lieu of contributions	34	29
	258	223

i. The head of the provider's basic salary is 5.9 times the median pay of staff (2024: 4.6 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

ii. The head of the provider's total remuneration is 6.7 times the median total remuneration of staff (2024: 5.9 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

Senior post-holders' emoluments
Senior postholders are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Charity. Staff costs includes compensation paid to senior postholders.

	2025 £'000	2024 £'000
Salaries	1,380	915
Social security costs	179	115
Other pension costs	83	61
	1,642	1,091

The EFI Group 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 EFI Group 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 EFI Group's performance development process which consists of monthly check-ins which assess objectives and impact, culminating in an annual performance review in September. 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, EFI Group funds etc. All increases are signed off by the Chair of Governors and Principal & CEO and usually take effect in September.

7 Employees (continued)

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. Bonuses 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.

Termination costs:
Termination and redundancy costs of £nil (2024: £83,707) were incurred in the year.

8 Interest and other finance income / costs

	2025 £'000	2024 £'000
Interest and other finance income		
Bank interest received on deposit	**84**	22
Interest and other finance costs		
Interest expense on finance lease liabilities	**260**	-

9 Analysis of total expenditure by activity

	2025 £'000	2024 £'000
Teaching support services	**1,575**	1,176
Other support services	**4,663**	221
Administration and central services	**2,159**	4,184
Rent	**4,026**	1,849
	12,423	7,430

10 Auditor's remuneration

	2025 £'000	2024 £'000
Audit of the financial statements of the group, parent and subsidiaries	**78**	87

11 Intangible assets

Goodwill	Group £'000	Charity £'000
Cost		
Balance at 1 August 2024 and 31 July 2025	**1,115**	-
Amortisation and impairment		
Balance at 1 August 2024	**56**	-
Amortisation charge	**111**	-
Balance at 31 July 2025	**167**	-
Carrying amount		
At 31 July 2025	**948**	-
At 31 July 2024	**1,059**	-

12 Tangible assets

Property, plant and equipment

Group

	Leasehold Improvements	Computer Equipment	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 August 2024	8,815	1,956	2,113	4,962	17,846
Additions	440	109	2,220	2,030	4,799
Transfers	6,992	1,471	(1,471)	(6,992)	-
Disposals	(820)	-	(881)	-	(1,701)
At 31 July 2025	**15,427**	**3,536**	**1,981**	**-**	**20,944**
Depreciation					
At 1 August 2024	8,815	1,750	2,084	-	12,649
Charge for the year	475	632	138	-	1,245
Disposals	(820)	-	(881)	-	(1,701)
At 31 July 2025	**8,470**	**2,382**	**1,341**	**-**	**12,193**
Carrying amount					
At 31 July 2025	**6,957**	**1,154**	**640**	**-**	**8,751**
At 31 July 2024	-	206	29	4,962	5,197

Charity

	Leasehold Improvements	Computer Equipment	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
Cost					
At 1 August 2024	7,996	1,956	1,231	4,962	16,145
Additions	77	109	2,201	2,030	4,417
Transfers	6,992	1,471	(1,471)	(6,992)	-
At 31 July 2025	**15,065**	**3,536**	**1,961**	**-**	**20,562**
Depreciation					
At 1 August 2024	7,996	1,750	1,202	-	10,948
Charge for the year	467	632	133	-	1,232
At 31 July 2025	**8,463**	**2,382**	**1,335**	**-**	**12,180**
Carrying amount					
At 31 July 2025	**6,602**	**1,154**	**626**	**-**	**8,382**
At 31 July 2024	-	206	29	4,962	5,197

Further information on leased assets is provided in Note 20.

13 Fixed asset investments

	2025 Group £'000	2025 Charity £'000	2024 Group £'000	2024 Charity £'000
Investment in subsidiaries	-	1,941	-	1,941
	-	1,941	-	1,941

Investment in subsidiary

	2025 Group £'000	2025 Charity £'000	2024 Group £'000	2024 Charity £'000
At cost less impairment:				
At 1 August 2024 and 31 July 2025	-	1,941	-	1,941
Net book value				
At 31 July 2024 and 31 July 2025	-	1,941	-	1,941

13.1 Subsidiaries

Details of investments in which the consolidated and Charity (unless indicated) hold 20% or more of the nominal value of any class of share capital are as follows:

Company (Number)	% Held (Direct)	Class of shares	Principal activity	Registered office address
Education for Industry Awards Limited (06793904)	100%	Ordinary	End point assessment organisation	Electra House, 84 Moorgate, London, England, EC2M 6SE
FRA Enterprises 2020 (12091668)	100%	Ordinary	Dormant	
The London College of Beauty Therapy Limited (03053799)	100%	Ordinary	Other education	

14 Debtors

	2025 Group £'000	2025 Charity £'000	2024 Group £'000	2024 Charity £'000
Amounts falling due after more than one year:				
Other debtors - rent deposit	819	819	-	-
Deferred tax asset	5	-	-	-
	824	819	-	-

	2025 Group £'000	2025 Charity £'000	2024 Group £'000	2024 Charity £'000
Amounts falling due within one year:				
Trade debtors	1,716	826	869	640
Amounts due from group undertakings	-	639	-	203
Other debtors	54	12	295	78
Prepayments and accrued income	969	731	662	494
	2,739	2,208	1,826	1,415

Amounts owed to group undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

15 Creditors: amounts falling due within one year

	2025 Group £'000	2025 Charity £'000	2024 Group £'000	2024 Charity £'000
Lease liability (see note 20)	**1,065**	**1,065**	-	-
Trade creditors	**713**	**671**	322	292
Social security and other taxation payable	**551**	**440**	240	212
Other creditors	**198**	**197**	13	13
Accruals and deferred income	**5,925**	**4,628**	4,350	3,910
Amounts owed to group undertakings	-	-	-	406
	8,452	**7,001**	4,925	4,833

Deferred income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	2025 Group £'000	2025 Charity £'000	2024 Group £'000	2024 Charity £'000
Income from contracts with customers	**1,514**	**701**	859	695

15.1 Provisions for liabilities

	2025 Group £'000	2025 Charity £'000	2024 Group £'000	2024 Charity £'000
At 1 August 2024	-	-	-	-
Provisions made during the year	**561**	-	-	-
At 31 July 2025	**561**	-	-	-

The group provisions relates to an onerous lease provision in The London College of Beauty Therapy Limited for Ramilles House, which is due to expire in September 2026.

16 Restricted reserves

Reserves with restrictions are as follows:
Group and Charity

	Electra House funds £'000	Other restricted funds £'000	2025 Total £'000	2024 Total £'000
Balances at 1 August 2024	5,183	156	**5,339**	32
Electra House Refurbishment funds received in the ye	1,817		**1,817**	5,183
Bursaries received in the year		84	**84**	124
Total restricted comprehensive income for the year	1,817	84	**1,901**	5,307
Transfer of restricted funds to unrestricted funds	(7,000)	(176)	**(7,176)**	-
At 31 July 2025	-	64	**64**	5,339

During the year, additional restricted income of £1,817k was received for the Electra House project and £84k from other restricted grants and donations. Following completion of the Electra House project, £7,000k was transferred to unrestricted funds and £176k of other restricted income was utilised. The closing balance at 31 July 2025 of £64k represents FE Learner Support Funds.

16 Restricted reserves (continued)

Analysis of other restricted funds /donations by type of purpose:	2025 Total £'000	2024 Total £'000
Scholarships and bursaries	-	231
Student funds	64	(76)
Building refurbishment	-	5,183
General	-	1
	64	5,339

A transfer between restricted reserves and unrestricted reserves of £7,000k was recognised in the year following completion of the refurbishment of Electra House, at which point there were no longer any restrictions on the capital donation. A further £176k transfer to unrestricted reserves has been recognised in respect of grants from funding bodies for which performance related conditions have been satisfied, and are therefore no longer considered to be restricted. The closing balance at 31 July 2025 of £64k represents FE Learner Support Funds.

17 Cash absorbed by group operations

	2025 £'000	2024 £'000
(Deficit) / surplus for the year after tax	(1,191)	5,895
Adjustments for:		
Interest and other finance costs	260	-
Interest and other finance income	(84)	(22)
Amortisation and impairment of intangible assets	111	55
Depreciation and impairment of property, plant and equipment	1,245	289
Movements in working capital:		
(Increase) in trade and other receivables	(1,737)	(690)
Increase in trade and other payables	2,462	3,648
Increase in provisions	561	-
Cash generated by operations	1,627	9,176

18 Analysis of changes in net funds (group)

	At 1st August 2024 £'000	Cash Flows £'000	At 31st July 2025 £'000
Cash and cash equivalents	8,907	(2,283)	6,624

19 Capital and other commitments

Provisions have not been made for the following capital commitments at 31 July 2025:

	2025 Group £'000	2025 Charity £'000	2024 Group £'000	2024 Charity £'000
Capital commitments	-	-	1,365	1,365

Capital commitments include the contractual commitment regarding development and maintenance of Electra House.

20 Leases

Leases as a lessee

Leased tangible fixed assets

The Charity and Group lease various items of equipment under contracts typically lasting two years. Lease terms are individually negotiated and vary significantly. As at the reporting date, the lease agreements do not include any restrictive covenants or conditions imposed on the Group.

Included within total tangible fixed assets are assets purchased under finance lease:

Group and Charity	Computer Equipment	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000
Gross			
Balance at 1 August 2024	-	-	-
Additions	1,471	447	**1,918**
Balance at 31 July 2025	1,471	447	**1,918**
Accumulated depreciation			
Balance at 1 August 2024	-	-	-
Depreciation for the year	490	89	**579**
Balance at 31 July 2025	490	89	**579**
Carrying amount			
At 31 July 2025	**981**	**358**	**1,339**
At 31 July 2024	-	-	-

Finance lease liabilities relating to leased assets are disclosed in Note 15 and are scheduled for repayment by August 2026.

Lease liabilities

At the reporting end date the group and Charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Year Ended 31 July 2025		Year Ended 31 July 2024	
	Group	**Charity**	Group	Charity
	£'000	**£'000**	£'000	£'000
Within one year	**3,483**	**3,359**	668	613
Between two and five years	**13,595**	**13,437**	6,959	6,900
More than five years	**29,567**	**29,567**	31,269	31,269
	46,645	**46,363**	38,896	38,782

21 Limitation of Governors' Liability

The Charity has purchased an insurance to cover the governors' liability up to £2.5m.

22 Related party transactions

The Chair of Governors via Longman Consultancy provide services 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.

£1,553 (2024: £2,923) of Governor's expenses were paid in the year.

University of the Arts London (UAL) are the awarding body for several of the Level 3 and Level 4 courses and EFI Group pay exam registration fees to UAL.

The Finance Governor via Sally Harris Coaching, provided coaching sessions and delivered the "Your Seat Business Partner Programme" to ELT members.

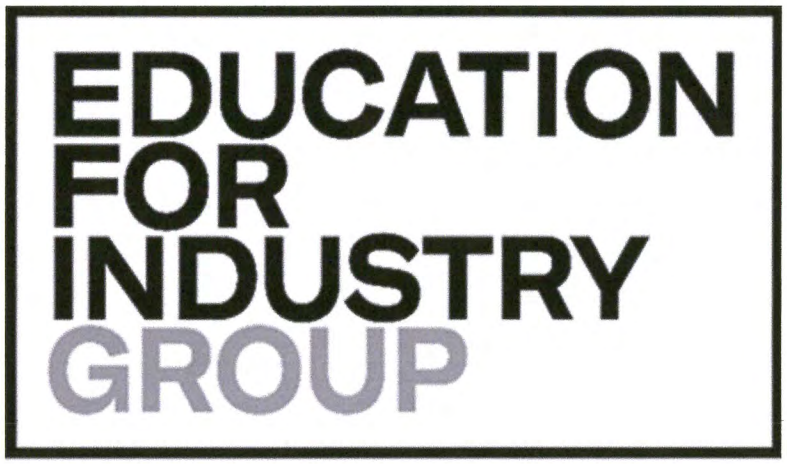
	2025	**2025**	2024	2024
	Expenditure to related party	**Balance due to related party**	Expenditure to related party	Balance due to related party
	£'000	**£'000**	£'000	£'000
Longman Consultancy	32	-	32	3
University of the Arts London	-	-	199	11
Sally Harris Coaching	2	-	-	-
	34	**-**	231	14

Education For Industry Group

England & Wales - Charity number 1119540

Accounts

Report and Consolidated Financial Statements for the year ended 31 July 2024



Education for Industry Group (Formerly Fashion Retail Academy), a company limited by guarantee, registered in England and Wales Registered Number: 05507547
Registered Charity Number: 1119540

Report and Consolidated Financial Statements for the year ended 31 July 2024

Contents	Page number
Board of Directors, Senior Postholders and Professional advisers	3
Directors' Report (including Strategic Report)	5
Statement of Corporate Governance and Internal Control	17
The Board's Statement on the Group's regularity, propriety and compliance with funding body terms and conditions of funding	21
Statement of Responsibilities of the Members of the Board	22
Independent Auditors' Report to the Board	23
Consolidated Statement of Comprehensive Income	27
Consolidated and Academy Statement of Changes in Reserves	28
Balance Sheets at 31 July 2024	29
Consolidated Cash Flow Statement	30

BOARD OF DIRECTORS, SENIOR POSTHOLDERS AND PROFESSIONAL ADVISERS

Board of Directors

The Directors of Education for Industry Group (EFI Group) during the year and up to the date of approval of the annual report and financial statements are as listed below:

Kim Longman, Chair
Lee Lucas, Principal and CEO
James Barron
Laura Charles
Zareer Ghadially (appointed 10 September 2024)
Linda Drew
Fiona Gaughan
Sally Harris
Susanna Kempe
Elaine Smith (resigned 29 November 2023)
Vanessa Spence
Pauline Tambling (until 1 December 2023)
Simon Williams

Mr G Cooper acted as Company Secretary throughout the period.

Senior postholders

Senior postholders are defined as members of the EFI Group Leadership Team and were represented by the following in 2023/24:

Lee Lucas, Principal and CEO; Accounting officer
Simon Mayfield, Director of Finance and Resources
Beverley Imrie, Director of Industry Relationships, EFI Training
Mashrin Chowdhury, Director of Operations and Partnerships
Amanda Colvin, Director of Marketing and Sales
Chris Amadeo, Director of Strategy and Funding
Chris Maja, Director of Technology and Digital Innovation
Tracy Pritchard, Director of Academic Excellence

Professional advisers

Financial statements auditors and reporting accountants:

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Internal auditors:
***MHA* (End date 22 October 2023)**
2 London Wall Place
London EC2Y 5AU

***Buzzacott LLP* (Start date 23 October 2023)**
1 Churchill Place
London E14 5HP

Bankers:

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Barclays
Level 11,
1 Churchill Place
London
E14 5HP

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 2024

STRATEGIC REPORT

The Directors present their report and the audited financial statements for the year ended 31 July 2024.

Nature, Objectives and Strategies

Legal status

Education for Industry Group (EFI Group) was registered as a private company limited by guarantee in June 2005 as Fashion Retail Academy (Company Number 05507547). The change of name to EFI Group was registered 26 March 2024. Its current registered office is Electra House, 84 Moorgate, London, EC2M 6SE. EFI Group 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 13 February 2024. The accounts have been prepared in accordance with FRS102.

Mission

The EFI Group's mission statement is:

"To transform lives, careers and industry through the creation and delivery of specialist education and training"

Public Benefit

In setting and reviewing the EFI Group's strategic objectives, the Board 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 EFI Group 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

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

Table A

	2019/20 Achieved	2020/21 Achieved	2021/22 Achieved	2022/23 Achieved	**2023/24 Achieved**
Total enrolments (accredited provision)	1767	1833	2002	2203	**2471**
% Annual increase	8%	4%	9%	10%	**12%**

Table B

	2019/20	2020/21	2021/22	2022/23	**2023/24**
Traditional	1137	1204	1384	1518	**1553**
Fast Track	64	90	62	43	**57**
HE	335	337	363	344	**324**
Apprenticeships	231	202	193	246	**387**
Online	-	-	-	52	**150**
	1767	**1833**	**2002**	**2203**	**2471**

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 historically been accommodated in our existing single site and the EFI Group reached 100% utilisation of these spaces by 2020/21. The Strategic Plan included a Property Strategy sought to address our estates question and provide solutions for the next steps for the EFI Group to accommodate growth in student numbers. The EFI Group subsequently implemented a 'Bridging strategy' which accommodated our growth over three sites, and this continued into 2023/24 whilst we waited to take occupation of the new, larger permanent site.

The start of 2024/25 has now seen the move to our new premises at Electra House which has consolidated the three spaces we have previously occupied to one and has accommodated the increased trend of growth in learner numbers. 2023/24 also saw the acquisition of London College of Beauty Therapy (LCBT) in February 2024 which added an additional site.

We continue to raise the profile of the EFI Group as a centre of excellence:

- Increased brand recognition through wider, targeted outdoor campaigns and digital campaigns.
- Increasing PR presence and the continued use of a PR agency.
- Continued work with retail brands through curriculum components (such as work placements) and innovations (through our Industry Working Groups, Industry Advisory Committee and Trailblazers).

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

Financial objectives

The EFI Group's financial objectives are:

Strategic:

- Increase commercial income through our non-accredited offer and other services that leverage value from our brand. Also increase this income with our know how and our IP including from EFI Awards, non-accredited delivery, complimentary marketable service and online courses.
- Double student enrolment population by 2030. This will be achieved through the points listed below.

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 2030.

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 66% of revenue income (73% in 2022/23) (53% including donation)
- Higher Education diversification now accounts for 14% of revenue income (21% in 2022/23). The decrease is due to the donation income for the fit out of the new premises. Numerically income has grown year on year.
- Fee income now accounts for 2% of revenue income (4% in 2022/23) Fee paying students naturally declined as ESFA funded student numbers have increased and the impact of the donation has skewed this figure.
- Apprenticeship diversification accounts for 3% of revenue income (3% in 2022/23)
- The current efficiency model is based on the Business Plan which highlights EFI Group is to continue to invest in the physical environment, increase enrolment and achieve financial efficiencies.
- The EFI Group's liquidity position remains strong; a current ratio of 2.2 (4.69 in 2022/23), target liquidity should be more than 1:1.

Business environment

Physical environment

The EFI Group 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. Significant investment was made in 2023/24 as part of the fit out for Electra House and amounted to a £1.5m investment in IT and Audio Visual included in the overall investment.

Our new site at Electra House comprises a 50,000 sqft building and is nearly twice the size of our previous premises. It offers a unique learning environment which is highly praised by staff, students and industry partners alike. The project has been several years in the making and enables EFI Group to meet our future growth and objectives. Fit out works were completed in time for the 2024/25 academic year.

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 EFI Group 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 programme, guaranteed interviews upon completion and industry mentorship scheme, along with our wider unique selling points, (strong and increasing contact and

relationships with industry and high destination and employment rates) sets us above competitor provision.

Marketing of the EFI Group'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 continued to be strong to increase wider awareness of the EFI Group. Student demand is healthy and outstrips available places and our new premises is already at full capacity. With demand from a wide geographic area, more students are coming to the EFI Group over local general Further Education Colleges. This provides the EFI Group 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 EFI Group's own reserves.

During 2023/24, the EFI Group received:

- 4,393 applications for its FE mainstream provision, representing a 61% increase from the previous year's application volumes. However, this figure represents a change in the way data is reported and duplicate applications have been excluded. Conversion to enrolment through our applicant services team increased year on year which led to the increase of enrolments.
- 925 applications (550 in 2022/23) for its HE provisions, representing a 68 % increase slight dip from previous year's application volumes but demonstrates the flux in HE applications sector-wide due to Covid.
- 359 applications for its online provision, a 127% increase in the previous year's volumes, demonstrating a significant growth in interest in this new provision that was first introduced in the 2022/23 academic year.
- 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 and as we continue to add new Standards to our portfolio of available apprenticeships in line with demand from the industry.

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

Student enrolments by level and age were as shown in the table below:

TABLE C

Age	Year	Level 2	Level 3 including National Diplomas	Level 4	Higher Education	Apprenticeship	Online	TOTAL
16 to 18-year olds	**2023/24**	**88**	**1203**	**171**	**83**	**59**	**3**	**1607**
	2022/23	53	1239	123	85	37	2	1539
	2021/22	78	1036	149	68	24	-	1355
	2020/21	61	826	161	61	20	-	1129
	2019/20	59	676	163	57	47	-	1002
19+ year olds	**2023/24**	0	17	131	241	328	147	**864**
	2022/**23**	0	25	121	259	209	50	664
	2021/22	1	31	138	295	169	-	634
	2020/21	0	17	205	276	182	-	680
	2019/20	1	39	263	278	184	-	765
All students	**2023/24**	**88**	**1220**	**302**	**324**	**387**	**150**	**2471**
	2022/23	53	1264	244	344	246	52	2203
	2021/22	79	1080	287	363	193	-	2002*
	2020/21	61	843	366	337	202	-	1809*
	2019/20	60	715	426	335	231	-	1767

* This does not include the Traineeship Students enrolled in each respective year, NIL in 2023/24 NIL in 2022/23 – 13 in 2021/22 year and 24 2020/21 year. The introduction of the traineeships in 2020/2021 was part of the EFI Group's response to needs of both industry and youth unemployment because of COVID and supporting the Governments drive in traineeships.

In 2023/24 the EFI Group received £11,081,375 in funding from the ESFA, including £175,428 Learner Support Funds. (£8,239,674 and £144,057 in 2022/23).

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 EFI Group's performance over the last five years:

	FE mainstream students				
Academic Year	**19/20**	**20/21**	**21/22**	**22/23**	**23/24**
Retention	84.8%	91.6%	88.5%	91.0%	91.5%
Pass	96.7%	99.7%	98.0%	97.8%	98.8%
Achievement	82%	91.0%	86.7%	89.0%	90.5%

Online Students		
Academic Year	2022/23	2023/24
Retention	87%	55%
Pass	90%	100%
Achievement	80%	89%

Whilst a clear focus on further improving our KPIs remain, notably almost all KPI statistics evidence an improvement on the last year. This speaks to the enhancements made within FE delivery for which we anticipate seeing further improvements in the year to come. The KPIs and related performance against each are attendance 83%, retention 92%, learners that state the quality of teaching is at least good 80% and number of live enrolments 1406.

The Principal and senior leadership team have taken decisive action to drive enhancement to our quality KPIs 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 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	6%	55%	33%	0%
Buying and Merchandising	24%	47%	18%	6%
Marketing and Communication	19%	46%	26%	5%

Current and Future Development and Performance

Current performance headlines EFI Group:
The EFI Group 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 then Fashion Retail Academy (FRA) Competency Wheel, which now underpins the entire curriculum strategy). Reconducted in 2020 this research once again underpins the direction of travel for curriculum innovation, delivery, pedagogy and assessment.

The EFI Group's financial health is excellent as a result of its leadership and continues to generate an operating surplus of £5,786,000. This is used for reinvestment and to manifest strategic opportunities both for longer term security and to benefit our students and team members.

The EFI Group continues to drive applications for our unique offer and as such has secured consistent year on year growth in student numbers over the past 10 years, bucking the trends of the sector.
The EFI Group 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 EFI Group 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 EFI Group 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 145 retail brands, which demonstrates our relevance and ability to support the talent pipeline of retailers across the nation and indeed the globe.

The past 18 years have brought enormous value to both our students and the industry as a whole. Almost

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

14,000 graduates now work in industry and that number is increasing by more than a thousand per year. In fact, in a significant number of retail companies, you will find a EFI Group graduate in meaningful sustained employment throughout London and the UK. As the industry continues to evolve at a pace, so too will the EFI Group 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 EFI Group continues to 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 EFI Group 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 EFI Group recognises the importance of these relationships and engages in regular communication with them through meetings and correspondence. In particular, the EFI Group continues to nurture our well-developed strong links with the sponsors and with other fashion retail employers. These enable the EFI Group 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 aids in staff development. In many cases these work placements lead directly to employment.

The EFI Group'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 Mayor's Skills Academies Quality Mark for both the creative and digital sector.

The EFI Group is currently in the process of completing its registration with the Office for Students (OFS). Registration application documents have been submitted in October 2024 which are pending a response from the OFS. The OFS are the independent regulator for HE in England. For EFI Group all HE products, Level 4 courses and Apprenticeships above Level 4 fall into this area of regulation. This is a significant part of both our income and learner numbers. Our Assessment takes place on Tuesday 4th and Wednesday 5th February 2025. Providers of higher education in England are not legally required to register with the Office for Students (OfS), but choosing to do so offers significant benefits that can make registration highly advantageous.

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

Employer Relationships 2023/24

The EFI Group 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 153 brands this academic year across several initiatives:

Work Placements	351 placements over 68 brands including URBN, Mulberry, TFG, M&S, River Island
Careers Fairs (Sept, May, July)	39 brands including AllSaints, Monsoon, Ann Summers, John Lewis
Industry Projects	14 brands across 44 projects including Karen Millen, Soho Square Studios, WGSN, Accenture
Masterclasses	96 talks across 46 brands including The Selfhood, Fenwick, Oddmuse, Orlebar Brown, Frasers Group
Panel Discussions	22 panellists across 15 brands including The Coded, Harrods, END.
FE Mentoring (L3 & L4)	43 Mentors across 27 brands including Oliver Bonas, ASDA, Nike
HE Mentoring (Year 1)	97 Mentors across 27 brands including Space NK, ASOS, Ralph Lauren, Kurt Geiger
Focus Groups	24 Focus Groups across 22 brands including Boden, Dr Martens, The White Company

Our Industry Partners have also supported on new courses and curriculum enhancements in 2023/24:

New Apprenticeship course: Level 5 Coaching Professional	Focus groups held to inform the curriculum of the new course – All Saints, Nobody's Child, M&S
New Apprenticeship course: Level 4 Corporate Responsibility & Sustainability Practitioner	Focus groups held to inform the curriculum of the new course – New Look, URBN, ASOS
Revised Industry Training product strategy	Brands gave insight into challenges and skills gaps in the industry to shape new strategy – Space NK, Jigsaw, Harvey Nicols, Selfridges, ASOS

Financial results

For 2023/24, the EFI Group generated a net surplus of £5,895,000 which is £603,000 after removing the donation for Electra House fit out (2022/23: £734,000 surplus after adjusting for impairment losses). Capital expenditure in 2023/24 amounted to £4,032,000 (2022/23: £583,000). The increase is due to Electra House fit-out costs and related professional fees.

The majority of the EFI Group'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.

The acquisition of LCBT was completed on 2 February 2024. Founded in 1999, LCBT is the UK's largest vocational provider for beauty therapy, hair, media makeup, and related qualifications. LCBT holds a dominant position in Beauty Therapy registrations with potential for growth through diversification and efficient resource utilisation. Poor marketing and course planning have led to financial losses. It offers the EFI Group significant scope for income enhancement through effective resourcing. Further opportunities to enhance profit may also be achieved through consideration of the new Group structures. The acquisition of LCBT presents a unique opportunity for EFI Group, strategically aligned with our objectives.

A trading subsidiary company, FRA Enterprises Limited (FRAEL) was established on 16 January 2009, through which the EFI Group's commercial activities including room hire, hospitality and short courses

were previously conducted. In 2020, FRAEL was re-purposed as an End Point Assessment Organisation and renamed Fashion and Retail Awards Limited. It was then renamed Education for Industry Awards Limited in March 2024.

Treasury policies and objectives

The Treasury Management, Investment and Reserves Policy of the EFI Group 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. As per the latest policy approved by the Board in June 2024, sufficient reserves should be set aside to meet 4 months of expected annual expenditure including depreciation.

For 2023/24, the reserves policy criteria was satisfied. Free reserves of £5,325,000 at 31st July 2024 cover 4 months of expenditure including deprecation pro-rata as per the consolidated statement of comprehensive income of £5,354,000 (full year expenditure of £16,063,000).

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

Cash flows

A net cash inflow from operating activities of £4,059,000 (2022/23 inflow: £645,000), reflects the operational cash generation during the year.

Liquidity

The Charity continues to hold substantial cash at bank balances with £8,155,000 at the end of July 2024 (2022/23 £4,733,000), which gives a current ratio of 2 (2022/23: 4.69).

Going concern

The EFI Group has continued to maintain a strong liquidity position. At the year end, the total cash bank balance amounted to £8,907,000. Cash balances have seen a significant rise by £4,059,000 in the year. The current ratio is at 2.2 meaning that the business has the repayment capacity of its current liabilities over 2 times, utilising its liquid assets. The EFI Group remains comfortable meeting its commitments as they fall due.

The EFI Group has had consecutive years of strong surplus generation and achieved a net surplus of £5,786,000 (£603k after removing the donation for Electra House fit out), in the draft accounts for 2023/24, (2022/23 £734,000 surplus after a one off impairment adjustment). This has increased significantly due to the forementioned donation received. It is anticipated that 2024/25 will result in a deficit year which is budgeted to produce an operating deficit of £1,589,000 excluding the impact of the donation for fit-out costs and added operational expenditure for Electra House. This is mainly driven by additional rent for the new premises which while not paid in cash (a rent free period of 21 months has been agreed with the landlord) is recognised in the P&L under accounting principles. Additional teaching staff have also been included in the budget to accommodate the significant increase in student numbers the added space at Electra House offers. Future years will not continue to make losses. This is because in 2025/26 the ESFA will award additional income for the growth in learners seen in the current year 2023/24 such is the way the lagged contract works. In addition, our long term forecasting also includes growth in HE learners which we have increased significantly in 2024/25 and which will drive an increase in income. It is anticipated that this growth will continue and a strategy roadmap is being developed to add new HE courses backed by robust market analysis and research. The increase in national insurance contributions have been added to the January Forecast which resets the budget based on current actuals and has been offset by increased HE income.

Funding for the EFI Group in 2024/25 has been confirmed at £13,697,000 from ESFA (including £279,000 of student and financial support). The EFI Group maintains diversification of income and provision by continuing to run HE funded courses which now accounts for 21% of revenue income.

The EFI Group continues to nurture its well-developed strong links with sponsors and other fashion retail

employers. These enable the EFI Group 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. In conclusion, the EFI Group is therefore considered a going concern for at least 12 months from the signing date.

Current and future developments

The EFI Group's successful growth in fashion-related programmes set the stage for expansion into the beauty industry through the acquisition of the London College of Beauty Therapy (LCBT) in February 2024. LCBT's current state, despite financial challenges, offers a strategic foothold with its significant government funding contracts and established market presence. A detailed due diligence process, supported by reputable firms ensured Board approval of the acquisition from 2nd February 2024. The acquisition facilitates financial sustainability, immediate growth, and a broader social impact.

Principal Risks and Uncertainties

The EFI Group employs 260 full time equivalent staff (2022/23: 141) of whom 130 (2022/23: 50) are teaching related staff.

The EFI Group 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 were the EFI Group's Internal Auditors until the start of the 2022/23 academic year. Buzzacott took over from the activities of MHA and in the year conducted reviews of the EFI Group'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 risk register at all three meetings in 2023/24 and an updated Risk Register was agreed.

The following are the principal risk factors that may affect the EFI Group 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.

Inflation drives higher costs for goods and services leading to budgetary constraints and a possible reduction in operating surplus.

- OFS: 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.
- Risk of reduced attendance and retention due to bursary funds being depleted, caused by an increase in bursary applications.
- Poor perceived student experience leads to negative multi platform public reviews leading to a loss of confidence and applications, reducing income from enrolments
- Advance Learner Loans: changing student demographic at enrolment (fewer 19+ students taking ALLs) results in a reduction to the Groups contracted Loan facility resulting in a cap, should student numbers grow in future growth would not be guaranteed.
- HE Fee and student No. Gov policy: Government policy results in a reduce fee income per student leading to a reduction in operating surplus \ Potential cap to students recruitment numbers leads

to loss of income \ growth and diversification strategies are impeded.

- New course launches designed to support the industry fail to attract sufficient application volumes to make them financially viable, leading to loss of income and/or cancellation of course/s
- Integration of LCBT takes longer than planned resulting in lower cost reduction and leads to reduce operating surplus for Group as a result of inefficiencies in synergy
- Acquisition of LCBT does not make forecast NPV \ ROI leading to financial constraints for Group
- Full group and division dynamics \ interactions and dependencies result in forecast KPIs not being met in one or more areas
- Increased staff turnover due to higher workloads caused by the acquisition, competing priorities and management time.
- Critical BAU activities for Group or Divisions are compromised due to significant work in acquisition, integration and restructure leading to increased financial, management time or other impacts.
- Resistance to change / ability to adopt change and be agile in relation to new staff from LCBT. Risk inadequately skilled members being brought into Group roles

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 EFI Group places considerable reliance on continued government funding through the ESFA. In 2023/24 52% (2022/23: 73%) of the EFI Group's revenue was publicly funded. The remainder of the EFI Group income comes via tuition fees for both further education adult learners and from Higher Education fee income.

Business continuity

The EFI Group is at risk from external influences beyond its control which interrupt the smooth operations of the business. To meet these challenges, the EFI Group has an operational business continuity plan (BCP) 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 EFI Group 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 EFI Group's cashflows are healthy, the unrestricted funds have remained relatively stable at £10,978,000 (£6,169,000 in 2022/23). Student numbers increased in 2023/24 in comparison to 2022/23 by 12% and the EFI Group benefitted from in year lagged funding payments as well as a boost to our Higher Education numbers in comparison to the previous year.

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

Equal opportunities and employment of disabled persons

The EFI Group 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.

The EFI Group 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 EFI Group continues. The EFI Group's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

Disability statement

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

a) The EFI Group 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 EFI Group 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 EFI Group's prospectus. Achievements and destinations are published in standard format.
e) Counselling and welfare services are described in the EFI Group's Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of information to auditors

The Directors 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 EFI Group's auditors are unaware; and each Director 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 EFI Group's auditors are aware of that information.

Approved by order of the Board on 30 January 2025, and signed on its behalf by:



Kim Longman
Chair
Registered Address:
Education for Industry Group, 84 Moorgate, London, England, EC2M 6SE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and financial statements of the EFI Group to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2023 to 31st July 2024 and up to the date of approval of the annual report and financial statements.

The EFI Group 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 EFI Group has due regard to its principles and guidance.

The Board

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

EFI Group Board Members during 2023/24

	Date of Appointment	Term of office (years)	Board meetings attended/ Possible 2023/24
Kim Longman Chair	13 July 2005 Reappointed 13 July 2008, 12 July 2011, 11 June 2014, 9 March 2017, 2 July 2020 and 30 January 2024	3	8/8
James Barron	2 December 2018 Reappointed 9 December 2021	3	8/8
Laura Charles	27 June 2017 Reappointed 2 July 2020 and 30 January 2024	3	6/8
Linda Drew	4 February 2022	3	8/8
Fiona Gaughan	2 December 2018 Reappointed 9 December 2021	3	6/8
Zareer Ghadially	10 September 2024	3	0/0
Sally Harris	11 January 2021 and 30 January 2024	3	8/8
Susanna Kempe	3 March 2021 and 30 January 2024	3	8/8
Lee Lucas (Principal)	6 October 2014	n/a	8/8
Elaine Smith	11 June 2014 Reappointed 9 March 2017 and 2 July 2020 Resigned 29 November 2023	3	2/2
Vanessa Spence	2 December 2018 Reappointed 9 December 2021	3	5/8
Pauline Tambling	18 May 2021 until 1 December 2023	3	1/2
Simon Williams	30 May 2022	3	6/8

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

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

The Board is provided with regular and timely information on the overall financial performance of the EFI Group 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 was conducted through the Board. The Audit Committee provided an additional level of scrutiny in accordance with its 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 EFI Group'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 26, 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 Directors as required.

The Principal is an ex-officio Director. All other Directors are appointed for a term of office not exceeding three years, following which they are eligible for re-appointment. It is generally expected that Directors will serve for up to three consecutive terms of office, but a Director may be appointed for further consecutive terms of office if the Board believes that to be in the best interests of the company.

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

Audit Committee

The Audit Committee comprises a minimum of three members and is chaired by a member of the Board. Quoracy is two members and the committee met three times during the year. All members where in attendance at each meeting with the exception of the March meeting where two of the possible three where in attendance. Membership currently includes a 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 EFI Group's Internal Auditors and External Auditors, who have access to the Committee for independent discussion, without the presence of the EFI Group's management. The Committee also receives and considers reports from the funding bodies as they affect the EFI Group'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 EFI Group's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

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

Internal control
Scope of responsibility

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

The Board is ultimately responsible for the EFI Group'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 EFI Group'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 EFI Group 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 EFI Group 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 EFI Group for the period ended 31 July 2024 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 EFI Group 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 EFI Group's significant risks that has been in place for the period ended 31 July 2024 and up to the date of approval of the financial statements. This process is regularly reviewed by the Board.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board;
- 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 EFI Group who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the EFI Group'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 EFI Group's objectives. The Board completed a self assessment of its own effectiveness during the year. The results were discussed by the Board at its meeting on 22nd May 2024. A number of actions for improvement were identified and have been implemented.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Going concern

After making appropriate enquiries, the Board considers that the EFI Group 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
30th January 2025

Lee Lucas
Principal, CEO & Accounting Officer
30th January 2025

THE BOARD'S STATEMENT ON THE EFI GROUP'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

The EFI Group 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 EFI Group 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 EFI Group, 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 EFI Group, or material non-compliance with the ESFA's terms and conditions of funding under the EFI Group'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
30th January 2025

Lee Lucas
Principal, CEO & Accounting Officer
30th January 2025

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 EFI Group and of the profit or loss of the EFI Group for that period.

Within the terms and conditions of the funding agreements agreed between the ESFA and the Board of the EFI Group, 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 EFI Group 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 EFI Group 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 EFI Group, 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 EFI Group and to prevent and detect fraud and other irregularities. The governors are responsible for the maintenance and integrity of the charity; and financial information included on the charity's website.

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 EFI Group'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
30th January 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDUCATION FOR INDUSTRY GROUP

Opinion

We have audited the financial statements of Education for Industry Group ('the charity') and its subsidiaries ('the group') for the year ended 31 July 2024 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Charity Statement of Changes in Reserves, 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 Charity's affairs as at 31 July 2024 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 charity'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 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 charity 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 23 the governors (who are also the directors of the charity 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 charity'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 charity 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDUCATION FOR INDUSTRY GROUP (CONTINUED)

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion. We obtained an understanding of the legal and regulatory frameworks within which the charity 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 2019 (the 2019 FE HE SORP) and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity 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 ESFA, 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 charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jayne Rowe

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

Date: 20 March 2025

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2024

	Note	Unrestricted Funds	Restricted Funds	Year ended 31 July 2024 Group £'000	Year ended 31 July 2023 Group £'000
Income					
Funding Body Grants	2	12,522	-	12,522	10,565
Tuition fees and Educational Contracts	3	3,692	124	3,816	3,551
Other income	4	433	-	433	272
Interest income		22	-	22	-
Donations	5	-	5,183	5,183	-
Total income		**16,669**	**5,307**	**21,976**	**14,388**
Expenditure					
Staff costs	7	8,306	-	**8,306**	**6,217**
Other operating expenses*	9	7,430	-	**7,430**	**7,708**
Depreciation and amortisation	10/11	345	-	**345**	**733**
Total expenditure		**16,081**	**-**	**16,081**	**14,658**
Surplus/(deficit) for the year	15	**588**	**5,307**	**5,895**	**(270)**
Total comprehensive income/(loss) for the year		**588**	**5,307**	**5,895**	**(270)**

Consolidated and Charity Statement of Changes in Reserves

For the year ended 31 July 2024

	Income and Expenditure account – Unrestricted £'000	Income and Expenditure account – Restricted £'000	Total £'000
Group Balance at 1st August 2022	**6,354**	**85**	**6,439**
Deficit from the income and expenditure account	(217)	(53)	**(270)**
Balance at 31st July 2023	**6,137**	**32**	**6,169**
Surplus from the income and expenditure account	**588**	**5,307**	**5,895**
Balance at 31st July 2024	**6,725**	**5,339**	**12,064**

	Income and Expenditure account – Unrestricted £'000	Income and Expenditure account – Restricted £'000	Total £'000
Charity Balance at 1st August 2022	**6,354**	**85**	**6,439**
Deficit from the income and expenditure account	(217)	(53)	**(270)**
Balance at 31st July 2023	**6,137**	**32**	**6,169**
Surplus from the income and expenditure account	**454**	**5,307**	**5,761**
Balance at 31st July 2024	**6,591**	**5,339**	**11,930**

Balance Sheets

At 31 July 2024

	Note	Group 31 July 2024 £000	Charity 31 July 2024 £000	*Group 31 July 2023 £000*	*Charity 31 July 2023 £000*
Fixed assets					
Intangible Assets	10	**1,059**	**-**	**-**	**-**
Tangible Assets	11	**5,197**	**5,197**	**1,462**	**1,462**
Investments	12	**-**	**1,941**	**-**	**-**
Total fixed assets		**6,256**	**7,138**	***1,462***	**1,462**
Current assets					
Debtors	13	**1,826**	**1,470**	***1,136***	***1,251***
Cash at bank and in hand		**8,907**	**8,155**	***4,848***	***4,733***
Total current assets		**10,733**	**9,625**	***5,984***	***5,984***
Current liabilities					
Creditors: amounts falling due within one year	14	**(4,925)**	**(4,833)**	***(1,277)***	***(1,277)***
Net current assets		**5,808**	**4,792**	***4,707***	***4,707***
Total assets less current liabilities		**12,064**	**11,930**	***6,169***	***6,169***
Non current liabilities					
Creditors: amounts falling due after more than one year		**-**	**-**	**-**	**-**
Net assets		**12,064**	**11,930**	***6,169***	***6,169***
Reserves					
Unrestricted income reserve		**6,725**	**6,591**	***6,137***	***6,137***
Restricted income reserve	16	**5,339**	**5,339**	***32***	***32***
		12,064	**11,930**	***6,169***	***6,169***

The surplus for the parent only is £5,761k (2022/23: deficit £270k).

The financial statements on pages 28 to 49 were approved by the Board and authorised for issue on 30 January 2025 and were signed on its behalf by:

Kim Longman
Chair

Lee Lucas
Principal and Chief Executive

Consolidated Cash Flow Statement

For the year ended 31 July 2024

	Note	2024 £'000	2023 £'000
Cash inflow from operating activities			
Surplus/(deficit) for the year	**15**	5,895	(270)
Adjustment for non-cash items			
Depreciation	**10/11**	345	733
Impairment Loss		-	2,153
Increase in debtors	**13**	(690)	(330)
Increase/(Decrease) in creditors due within one year	**14**	3,648	(615)
Investment income		(22)	-
Release from Capital grants		-	(1,040)
Adjustment for investing or financing activities			
Interest payable		-	14
Net cash inflow from operating activities		**9,176**	**645**
Cash flows from investing activities			
Purchase of intangible assets	**10**	(1,115)	-
Payments made to acquire fixed assets	**11**	(4,032)	(584)
Proceeds on disposal of tangible assets	**11**	8	-
Interest received		22	-
Net cash outflow from investing activities		**(5,117)**	**(584)**
Cash flows from financing activities			
Interest paid		-	(11)
Net cash outflow from financing activities		-	-
Increase in cash and cash equivalents in the year		**4,059**	**50**
Cash and cash equivalents at beginning of the year		4,848	4,798
Cash and cash equivalents at end of the year		8,907	4,848

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 2019* (the 2019 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 Charity 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 Education for Industry Group 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 in the accounts of the Education for Industry Group is £5,895k (2022/23 deficit £270k).

Basis of consolidation
The consolidated financial statements include the Charity and its subsidiaries, London College of Beauty Therapy, Education for Industry Awards Limited 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 2024.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. See note 18 for more information on how the acquisition has been treated

London College of Beauty Therapy (LCBT) is a private company limited by guarantee, and its principal activities is other education. LCBT was acquired in it's entirety on 2 February 2024.

Education for Industry Awards Limited is a private company limited by guarantee, and its principal activities are to be an End Point Assessment Organisation for the Charity. It has an authorised share capital of 10,000 shares of £1 each, and has an allotted share capital of £1 held by Education for Industry Group.

FRA Enterprises 2020 was incorporated on 8th July 2019. From 1st August 2020, FRA Enterprises 2020 Ltd did not carry out any trading activities.

Going concern
The Board is confident that the EFI Group holds sufficient cash to continue to operate and to meet all its commitments as they fall due for the foreseeable future (12 months from the signing date), and that the EFI Group remains a going concern.

The EFI Group remains a going concern twelve months from the date the accounts from the date the accounts have been signed.

The Charity has continued to maintain a strong liquidity position. At the year end, the total cash bank balance amounted to £8,907,000. Cash balances have seen a slight rise by £50,000 in the year. The current ratio is at 4.69 meaning that the business has the repayment capacity of its current liabilities nearly 5 times over utilising its liquid assets. The Charity remains comfortable meeting its commitments as they fall due.

The Group has had consecutive years of strong surplus generation and achieved a net surplus of £5,895,000, largely due to the donation of £5,183,000 for fixed assets, in the accounts for 2023/24 which when removed gives a surplus of £712,000 (2022/23 £734,000 after adjustment for impairment). The FY2024/25 financial year budgeted a £1,589,000 deficit, mainly due to the accounting treatment recognition of the Electra House rent which is rent free for 21 months, for which we are required to allocate a cost, and added teachers and support staffing costs for the increase in learners due to the new premises. The ESFA contract is anticipated to grow in FY2025/26 based on the significant growth in learner numbers in the current year and continues to maintain a strong cash balance.

Funding for the Charity in 2024/25 has been confirmed at £9,163,000 from the ESFA (including £171,000 of student and financial support). This includes an extraordinary increase of £624k to be used for key priorities. The Charity maintains diversification of income and provision by continuing to run HE funded courses which now accounts for 21% of revenue income.

The EFI Group continues to nurture its well-developed strong links with sponsors and other fashion retail employers. These enables the Group 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.

The EFI Group's successful growth in fashion-related programmes set the stage for expansion into the beauty industry through the acquisition of the London College of Beauty Therapy (LCBT) in February 2024. LCBT's state at acquisition, despite financial challenges, offers a strategic foothold with its significant government funding contracts and established market presence. A detailed due diligence process, supported by reputable firms was completed and the Board unanimously agreed with the decision to support the acquisition in the special Board meeting held on 17 January 2024. The acquisition facilitates financial sustainability, immediate growth, and a broader social impact.

The EFI Group acquired the entire issued share capital of LCBT, on the following basis:

- Initial consideration payable of £500k; plus
- Any excess cash in the event that the actual working capital at completion is greater than the target working capital forecast which is subject to due diligence but not less than £380k; plus
- Deferred consideration of 75% of the Government Funded Income in FY23/24 that exceeds the government funded income in FY22/23. This amount will be capped at £385k and any excess above this will be paid as follows;
- Any excess first earn-out payments; plus 50% of the amount by which the government funded income in FY24/25 exceeds the government funded income in FY23/24
- The total of all contingent deferred consideration shall be capped at £510k.

Given the information provided in the accounts, the EFI Group is a going concern.

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.

Income within LCBT is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

The Charity received funding of £5,183,000 for the premises relocation in the year, treated as a donation.

Accounting for post-employment benefits
The Charity 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 EFI Group, 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.)
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 employer matches contributions of up to 5%. There is no limit to employee contribution, meaning staff can exceed the 5% but the employer contribution is capped at 5%. 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 Charity in the year to 31 July 2024 was £118,320 (2022/23 £141,459).

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 Charity. Any unused benefits are accrued and measured as the additional amount the Charity 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.

Goodwill
Goodwill, being the amount paid in connection with the acquisition of London College of Beauty Therapy, is being amortised evenly over its estimated useful life of ten years.

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
- Plant and machinery 3-5 years

Assets in Construction

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

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

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

Taxation
The Charity is an exempt charity within the meaning of section 467 of the Corporation Tax Act 1988 (CTA 2010). Accordingly, the Charity 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.

Fund Accounting
Unrestricted reserves represent those resources which may be used towards meeting any of the charitable objects of the Charity 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 Charity 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 Charity 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.

Valuation of investments
Investments in subsidiaries are measured at cost less accumulated impairment.

Provisions
Provisions are recognised when the Charity 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 Charity 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 21, except for the 5 per cent of the grant received which is available to the Charity to cover administration costs relating to the grant. The Charity employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

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 Charity 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.

2. Funding Body Grants

	Unrestricted Funds	Restricted Funds	Year ended 31 July 2024 Group	Year ended 31 July 2023 Group
	£'000	**£'000**	**£'000**	£'000
Education Funding Agency	11,435	-	11,435	8,384
Skills Funding Agency	794	-	794	564
Council Funding	293	-	293	242
Release of deferred LSC capital grant	-	-	-	1,108
Release of deferred GLA capital grant	-	-	-	267
	12,522	-	12,522	10,565

3. Tuition Fees and educational contracts

	Unrestricted Funds	Restricted Funds	Year ended 31-Jul 2024 Group	Year ended 31-Jul 2023 Group
	£'000	£'000	**£'000**	£'000
HE degrees income	-	-	-	2,997
UK Further Education students	3,692	124	**3,816**	554
	3,692	124	**3,816**	3,551

4. Other Income

	Year ended 31-Jul 2024 Group £'000	Year ended 31-Jul 2023 Group £'000
Sundry other income	433	272
	433	272

5. Donations

	Year ended 31-Jul 2024 Group £'000	Year ended 31-Jul 2023 Group £'000
Donation from Gresse Street Limited for the refurbishment of Electra House	5,183	-
	5,183	-

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 2024	Year to 3 July 2023
Average number of staff	260	169

The monthly average number of persons (including senior post-holders) employed by the Academy during the year, expressed as full-time equivalents (FTE's) was:

	Year to 2024 FTE's	Year to 2023 FTE's
Teaching staff	76	50
Student support and Curriculum Services Staff	70	45
Academy support staff	52	46
	197	141

7. Staff costs

	Year ended 31 July 2024 Group £'000	Year ended 31 July 2023 Group £'000
Wages and salaries	7,317	5,490
Agency staff	30	12
Social security costs	721	526
Other pension costs	238	188
	8,306	6,217

	Year ended 31 July 2024 Group £'000	Year ended 31 July 2023 Group £'000
Teaching departments - teaching staff	2,858	1,972
Student support and Curriculum Services staff	2,439	2,092
Charity support staff	3,009	2,147
	8,306	6,211

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. Charity support staff comprises all other staff, including Finance, HR, IT and Marketing.

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

	2024	2023
£60,001 to £65,000	1	2
£65,001 to £70,000	3	1
£70,001 to £75,000	3	1
£75,001 to £80,000	-	2
£80,001 to £85,000	-	-
£85,001 to £90,000	-	2
£90,001 to £95,000	2	-
£95,001 to £100,000	2	1
£120,001 to £125,000	1	-
£175,001 to £180,000	-	1
£190,001 to £195,000	1	-
	13	**10**

The above emoluments include payments to the Head of the Charity (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 full-time basis. This employee is part-time 0.3 FTE and is paid £21,115 per annum

Termination costs:
Termination and redundancy costs were incurred for five employees in the year 2023/24 of £83,707 (Nil employees in 2022/23).

8. Senior post-holders' emoluments

Senior postholders are defined as the Principal and 9 directors of the company.

	Year to 31 July 2024 Number	Year to 31 July 2023 Number
The number of senior postholders was:	10	8

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

	Year to 31 July 2024 £000	Year to 31 July 2023 £000
Wages and salaries	915	702
Social security costs	115	90
Pension contributions	61	48
	1,091	840

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

	Year to 31 July 2024 £000	Year to 31 July 2023 £000
Wages and salaries	194	179
Social security costs	26	24
Pension contributions	29	27
	249	230

The EFI Group 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 EFI Group 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 EFI Group's performance development process which consists of monthly check-ins which assess objectives and impact, culminating in an annual performance review in September. 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, EFI Group 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. Bonuses 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.

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 4.6

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 5.9

9. Other operating expenses

	Unrestricted Funds	**Restricted Funds**	**Year ended 31 July 2024 Group**	Year ended 31 July 2023 Group
	£'000	**£'000**	**£'000**	£'000
Teaching support services	1,176	-	1,176	1,110
Other support services	221	-	221	119
Administration and central services	4,184	-	4,184	2,328
Premise costs	-	-	-	732
Rent	1,849	-	1,849	1,272
Impairment	-	-	-	2,153
	7,430	-	7,430	7,714

10. Intangible assets

Group and Company

	Goodwill £000
Cost	
At 1 August 2023	-
Additions	1,115
At 31 July 2024	1,115
Amortisation	
At 1 August 2023	-
Charge for the year	56
At 31 July 2024	56
Net book value	
At 31 July 2024	1,059
At 31 July 2023	-

11. Fixed assets (Group & Charity)

TANGIBLE ASSETS

-	Leasehold Improvements	Computer Equipment	Fixtures & Fittings	Assets under Construction	**Total**
	£000	£000	£000	£000	**£000**
Cost:					
At 1 August 2023	7,995	1,921	1,301	998	**12,215**
Additions	1	35	32	3,964	**4,032**
Disposals	-	-	(102)	-	**(102)**
At 31 July 2024	7,996	1,956	1,231	4,962	**16,145**
Accumulated depreciation:					
At 1 August 2023	7,995	1,587	1,172	-	**10,754**
Charge for year	1	163	125	-	**289**
Disposals	-	-	(95)	-	**(95)**
At 31 July 2024	7,996	1,750	1,202	-	**10,948**
Net Book Value					
At 31 July 2024	**-**	**206**	**29**	**4,962**	**5,197**
At 31 July 2023	-	335	128	998	**1,462**

12. Fixed asset investments

This is the investment to purchase LCBT on 2 February 2024.

Company	Investments in subsidiary companies £000
Cost or valuation	
Additions	1,941
At 31 July 2024	1,941
Net book value	
At 31 July 2024	1,941

13. Debtors

Amounts falling due within one year:	**Group Year to 31 July 2024 £000**	**Charity Year to 31 July 2024 £000**	Group Year to 31 July 2023 £000	Charity Year to 31 July 2023 £000
Trade debtors*	**869**	**640**	465	465
Other debtors	**295**	**78**	108	108
Amounts owing from subsidiary	**-**	**258**	-	115
Prepayments and accrued income*	**662**	**494**	563	563
	1,826	**1,470**	1,136	1,251

*Included within trade debtors, in 2023/24, £582k relates to 2024/25 (in 2022/23, £407k related to 2023/24).

14. Creditors: amounts falling due withing one year

	Group Year to 31 July 2024 £000	**Charity Year to 31 July 2024 £000**	Group Year to 31 July 2023 £000	Charity Year to 31 July 2023 £000
Trade creditors**	**322**	**292**	317	317
Accruals	**3,491**	**3,215**	218	218
Other creditors including taxation and social security	**240**	**212**	211	211
Other creditors	**10**	**10**	-	-
Staff annual leave entitlement	**3**	**3**	10	10
Deferred income*	**859**	**695**	521	521
Amounts owed to group undertakings	**-**	**406**	-	-
	4,925	**4,833**	1,277	1,277

*In 2023/24, £695k of deferred income relates to 2024/25 fees, of which £582k had not been received by 31st July 2024 and is included in trade debtors (in 2022/23, £521k of deferred income related to 2022/23 fees, of which £465k had not been received by 31st July 2023 and was included in trade debtors).

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

15. Statement of Reserves (Group and Charity)

	Group Year to 31 July 2024 £'000	Charity Year to 31 July 2024 £'000	**Group Year to 31 July 2023 £'000**	Charity Year to 31 July 2023 £'000
At 1 August 2023	**6,169**	**6,169**	6,439	6,439
Surplus for the year	**5,895**	**5,761**	(270)	(270)
At 31 July 2024	**12,064**	**11,930**	6,169	6,169

16. Statement of Restricted income reserves (Group and Charity)

	At 1 August 2023 £000	Income £000	Expenditure £000	**At 31 July 2024 £000**
FE Learner Support Funds	(78)	-	-	**(78)**
HE Bursaries	68	124	-	**192**
Retailers Donations & Bursaries	39	-	-	**39**
Student Funds	2	-	-	**2**
Residential Housing Scheme	1	-	-	**1**
Electra House refurbishment	-	5,183	-	**5,183**
Total Funds	32	5,307	-	**5,339**

17. Analysis of changes in net funds (Group and Charity)

	At 1 August 2023 £000	**Cash flows £000**	**At 31 July 2024 £000**
Cash at bank and in hand	4,848	**4,059**	**8,907**
	4,848	**4,059**	**8,907**

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 2024	Unrestricted £000	Restricted £000	**Total £000**
Fixed assets	5,197	-	**5,197**
Intangible fixed assets	1,059	-	**1,059**
Current assets	5,394	5,339	**10,733**
Creditors due within one year	(4,925)	-	**(4,925)**
	6,725	5,339	**12,064**

Analysis of net assets between funds (Charity)

Fund balances at 31 July 2024	Unrestricted	Restricted	**Total**
	£000	£000	**£000**
Fixed assets	5,197	-	**5,197**
Investments	1,941	-	**1,941**
Current assets	4,286	5,339	**9,625**
Creditors due within one year	(4,833)	-	**(4,833)**
	6,591	5,339	**11,930**

18. Business combinations

On 2 February 2024, the Company acquired London College of Beauty Therapy Limited for £1,941k, which was settled is made up of the below:

- Initial consideration payable of £500k ; plus
- £225k of excess cash of actual working capital at completion which was greater than the target working capital; plus
- Deferred consideration of 75% of the Government Funded Income in FY23/24 that exceeds the government-funded income in FY22/23. This amount will be capped at £385K, and any excess above this will be paid as follows:

1. Any excess will go to the first earn-out payments; plus 50% of the amount by which the Government Funded Income in FY24/25 exceeds the Government Funded Income in FY23/24.
2. £260K of deferred consideration has been included as at 31 July 2024.
3. The total of all contingent deferred consideration shall be capped at £510K.

- Capitalised transaction costs of £366k.

The useful life of goodwill recognised in the business combination is 10 years.

	Book value £000	**Fair value £000**
Fixed Assets		
Tangible	3	3
	3	**3**
Current Assets		
Debtors	329	329
Cash at bank and in hand	1,120	1,120
	1,452	**1,452**
Total Assets		
Creditors		
Due within one year	(626)	(626)
Total Identifiable net assets	**826**	**826**
Goodwill		1,115
Total purchase consideration		**1,941**

The results of London College of Beauty Therapy Limited since acquisition are as follows:

	Current period since acquisition £000
Revenue	**1,956**
Loss for the period since acquisition	**(371)**

LCBT is a vocational provider for beauty therapy, hair, media makeup, and related qualifications and holds a dominant position in Beauty Therapy registrations with potential for growth through diversification and efficient resource utilisation.

19. Related Party Transactions

The Chair of Governors via Longman Consultancy was paid £32,400 during the year 2023/24 (2022/23: £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. £2,923 of Governor's expenses were paid in the year. University of the Arts London are the awarding body for several of the Level 3 and Level 4 courses and EFI Group pay exam registration fees to UAL.

For the Group	**31 July 2024**	31 July 2023
	£000	£000
Total expenditure incurred with UAL for 12 months ending	**199**	194
Creditors balance with UAL at 31/07/2024:	**11**	-
Total expenditure incurred with Longman Consultancy for 12 months ending	**32**	32
Creditors balance with Longman Consultancy at 31/07/2024:	**3**	5

Two salary sacrifice arrangements exist. One staff member has an annual travel ticket and one staff member has a laptop. Both are being deducted on a monthly basis from their salary.

20. Operating lease commitments

The company has on-going commitments under one operating property lease signed 12 April 2024, and through a second operating property lease under a subsidiary acquired during the period Break clauses for two further operating property leases were exercised prior to 31 July 2024 with commitments ending within 3 months.

For the Group	**31 July 2024**	31 July 2023
	£000	£000
Within one year	**668**	1,031
Within two to five years	**6,959**	146
After more than five years	**31,269**	-
	38,896	1,177

21. Learner Support Funds

Monies received in respect of each year	Year to 31 July 2024 £000	Year to 31 July 2023 £000
EFA - carried over from previous year	169	75
EFA - Student Financial Support Funding	184	144
	353	219
Used as follows:		
Disbursed to students	(157)	(49)
Total disbursed	(157)	(49)
Balance at 31 July	196	169

22. Contingent Asset/ Liabilities

The Charity is not aware of any contingent liabilities or assets. Capital commitments in relation to the fit out of Electra House amounted to £1,365,000.

23. Share Capital

No share capital (22/23 no share capital).

24. Limitation on governors' liability

The Charity has purchased an insurance to cover the governors' liability up to £2.5m.

25. Related party undertakings

The following were subsidiary undertakings of the Company:

Names	Company number	Registered office or principal place of business	Principal activity
Education for Industry Awards Limited	06793904	Electra House, 84 Moorgate, London, England, EC2M 6SE	End point assessment organisation
FRA Enterprises 2020	12091668	Electra House, 84 Moorgate, London, England, EC2M 6SE	Dormant
The London college of beauty therapy Limited	03053799	Electra House, 84 Moorgate, London, England, EC2M 6SE	Other education

All Subsidiaries are 100% owned and entirely formed by Ordinary share capital.

26. Post balance sheet events

A two-year lease has been agreed with Close Brothers for the leasing of IT, Audio Visual equipment and some furnishings in relation to the move to Electra House in August 2024. The total amount excluding nterest is £1.92m and monthly payment has commenced from October 2024.

Education For Industry Group

England & Wales - Charity number 1119540

Accounts

FASHION RETAIL ACADEMY

Fashion Retail Academy, a company limited by guarantee, registered in England and Wales
Registered Number: 05507547
Registered Charity Number: 111954

Report and Consolidated Financial Statements for the year ended 31 July 2023

Contents	Page number
Senior postholders, Board of Governors and Professional advisers	3
Governors' Report (including Strategic Report)	4
Statement of Corporate Governance and Internal Control	16
Governing Body's Statement on the Academy's regularity, propriety and compliance with funding body terms and conditions of funding	20
Statement of Responsibilities of the Members of the Board	21
Independent Auditors' Report to the Members of Fashion Retail Academy	22
Consolidated Statement of Comprehensive Income	25
Consolidated and Academy Statement of Changes in Reserves	26
Balance Sheets at 31 July 2023	27
Consolidated Cash Flow Statement	28
Notes to the Financial statements	29

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 2022/23:

Lee Lucas, Principal and CEO; Accounting officer
Matt Ferdinando, Director of Finance & Resources *(Until 30th Sep 2022)*
Simon Mayfield, Director of Finance & Estates *(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 (End date 22 October 2023)
2 London Wall Place,
London EC2Y 5AU

Buzzacott LLP (Start date 23 October 2023)
130 Wood Street
London EC2V 6DL

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

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT)

The members present their report and the audited financial statements for the year ended 31 July 2023.

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. The accounts have been prepared in accordance with FRS102.

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 2022/23 continued our successful implementation of the Strategic Growth Plan:

- Total student population: 2203 (an increase of 10% versus 2021/22). This is comprised of:
  - 1561 FE
  - 344 HE
  - 246 Apprenticeship
  - 52 Online

- In 2022/23 we had exceeded the student population growth targets

- 10% increase in total learner numbers (2203 in 2022/23 versus 2002 in 2021/22)

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

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

Table A

	2018/19 Achieved	2019/20 Achieved	2020/21 Achieved	2021/22 Achieved	**2022/23 Achieved**
Total enrolments (accredited provision)	1638	1767	1833	2002	**2203**
% Annual increase	22%	8%	4%	9%	**10%**

Table B

	2018/19	2019/20	2020/21	2021/22	**2022/23**
Traditional	980	1137	1204	1384	**1518**
Fast Track	196	64	90	62	**43**
HE	211	335	337	363	**344**
Apprenticeships	251	231	202	193	**246**
Online	-	-	-	-	**52**
	1638	**1767**	**1833**	**2002**	**2203**

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 retail brands through curriculum components (such as work placements) and innovations (through our Industry Working Groups, Industry Advisory Committee and Trailblazers).

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. Also increase this income through with our know how and our IPincluding from FARA, non-accredited delivery, complimentary marketable service and online courses.

- Double student enrolment population by 2028. This will be achieved through the points listed below.

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 73% of revenue income (63% in 2021/22)
- Higher Education diversification now accounts for 21% of revenue income (27% in 2021/22). The decrease is partly due to a one-off write off of grant income of £1.1m.
- Fee income now accounts for 4% of revenue income (6% in 2021/22) Fee paying students naturally declined as ESFA funded student numbers have increased.
- Apprenticeship diversification accounts for 3% of revenue income (3% in 2021/22)
- 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 4.69 (2.96 in 2021/22), 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 (on 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 within our new site from September 2024. We have incurred professional fees amounting to £891k at 31 July 2023.

Competitive environment

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

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

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 2022/23, the Academy received:

- 2728 applications for its FE mainstream provision, representing a 24% decrease from the previous year's application volumes. However, this figure represents a change in the way data is reported and duplicate applications have been excluded. Conversion to enrolment through our applicant services team increased year on year which led to the increase of enrolments.

- 550 applications (553 2021/22) 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.

- 158 applications for its online provision

- 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 and as we continue to add new Standards to our portfolio of available apprenticeships in line with demand from the industry.

Student enrolments by level and age were as shown in the table below:
TABLE C

Age	Year	Level 2	Level 3 including National Diplomas	Level 4	Higher Education	Apprenticeship	Online	TOTAL
16 to 18-year olds	**2022/23**	**53**	**1239**	**123**	**85**	**37**	**2**	**1539**
	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
19+ year olds	**2022/23**	0	25	121	259	209	50	**664**
	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
All students	**2022/23**	**53**	**1264**	**244**	**344**	**246**	**52**	**2203**
	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

* This does not include the Traineeship Students enrolled in each respective year NIL in 2022/23 – 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 2022/23 the Academy received £8,239,674 in funding from the ESFA, including £144,057 Learner Support Funds. (£6,241,822 and £76,617 in 2021/22).

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:

	FE mainstream students				
Academic Year	**18/19**	**19/20**	**20/21**	**21/22**	**22/23**
Retention	87.1%	84.8%	91.6%	88.5%	91.0%
Pass	96.4%	96.7%	99.7%	98.0%	97.8%
Achievement	84%	82%	91.0%	86.7%	89.0%

Online Students	
Academic Year	2022/23
Retention	87%
Pass	90%

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 drive enhancement to our quality KPIs 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 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	19%	44%	25%	0%
Buying and Merchandising	33%	42%	21%	0%
Marketing and Communication	25%	42%	26%	1%

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 the User Experience (UX)/ User Interface (UI) Design course and the Data Analytics course. 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 of £730k before adjusting for a one-off impairment adjustment. (Including this results in a loss of £270k). This is used for reinvestment and to manifest strategic opportunities, both for longer term security and to benefit our students and team members.

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 145 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, in a significant number of retail companies, you will find a 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 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.

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.

The FRA is currently in the process of completing its registration with the Office for Students (OFS). It has submitted registration application documents on 20th December 2023 which are pending a response from the OFS.

Employer relationships 2022/23
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 145 brands this academic year across several initiatives:

Work Placements	389 placements over 61 brands – L'Occitane, Kurt Geiger, SkinnyDip, M&S, Hugo Boss
Careers Fairs (October/May x2)	44 brands – QVC, Liberty, Estee Lauder, Dior, Pandora
Industry Projects	17 brands across 101 projects (at group level) – Accenture, Browns, Oliver Bonas, L'Oreal
Masterclasses	199 talks across 53 brands (at group level) – Ralph Lauren, Dr Martens, WGSN, Amazon, Farfetch, Ikea
Higher Education FMP Panel	18 panellists across 12 brands - ASOS, M&S, Amazon, Browns, End, JLP
HE Mentoring (Year 1)	98 mentors across 37 brands - Dressipi, Hypebeast, Karla Otto, Tesco, John Lewis, Harvey Nichols

Our Industry Partners have also supported on new courses and curriculum enhancements in 2022/23:

March 2023	4 HE current degree course re-approval panel event - Urbn, Ralph Lauren, Fortnum & Mason, Harvey Nichols
September 2022 & January 2023	New online courses launched - ASOS, M&S, Dressipi, Live Unlimited
FE Continuous course enhancement	Space NK, LK Bennett, New Look

Financial results

For 2022/23, the Academy generated a net surplus of £734,000 (after adjusting for impairment losses) *(2021/22: £1,455,000 surplus)*. Capital expenditure in 2022/23 amounted to £583,000 *(2021/22: £1,119,000)* mainly relating to professional fees for the new central London premises and computer hardware to replace PCs with laptops, improving flexible working.

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) 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 2022/23, the reserves policy criteria was broadly satisfied. Unrestricted reserves of £6,137,000 less fixed assets of £1,462,000 equates to £4,675,000 which is broadly in line to meet 4 months of operating expenditure of £4,886,000. 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 £645,000 (21/22 inflow: £1,689,000), reflects the operational cash generation during the year.

Liquidity

The Academy continued to hold substantial cash at bank balances with £4,848,000 at the end of July 2023 (2021/22 £4,798,000), hence gives a current ratio of 4.69 (20/21: 2.96).

Going concern

The Academy has continued to maintain a strong liquidity position. At the year end, the total cash bank balance amounted to £4,848,000. Cash balances have seen a slight rise by £50,000 in the year. The current ratio is at 4.69 meaning that the business has the repayment capacity of its current liabilities nearly 5 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 £734k, before adjustment for impairment, in the draft accounts for 2022/23, (2021/22 £1,455,000 surplus). It is anticipated that this will flatten in the FY2023/24 financial year which is budgeted to produce broadly a break-even position of £16,000 operating surplus, excluding the impact of the donation for fit-out costs and added operational expenditure for Electra House - the new premises that the Academy is aiming to

occupy from the 2024/25 academic year. This is mainly driven by additional headcount increases that have been included in the budget as the FRA ramps up operations for the move to the new premises.

The fit-costs for Electra House are not fully covered by the £7m donation funding held in Escrow and while the new premises provides the much needed space required to meet the demands the Academy is facing in terms of student growth, in the short term without finance the FRA will have negative cash by October 2025.

Advanced and positive conversations with lenders with regards to putting a loan in place have been held. In terms of costs, office move project consultants for Electra House are working through a value engineering exercise to reduce the cost of the project further and we have also been looking at sponsorships and fundraising to generate more revenue for the fit out of the new premises irrespective of any loan amount needed.

One lender has advised that we have a strong balance sheet to the extent that it would negate the need for a charge on the building and a second lender has provided a Head of Terms sheet for a loan of £3m. We have obtained quotations from three separate lenders in total. The FRA Board have already approved a loan amount of £3.49m and we are currently anticipating a loan required £1.96m. Given this, the Academy is very confident of being able to obtain a loan.

In the unlikely event a loan is unattainable, we would revisit the total costs of the project, which also included a contingency of £960k, and make the necessary cuts needed. The total costs of the project are £9.92m and the Academy could therefore make material reductions if this was needed.

Given the information provided above we are confident that the FRA is a going concern.

Funding for the Academy in 2023/24 has been confirmed at £9,163,000 from ESFA (including £171,000 of student and financial support). This includes an extraordinary increase of £624k to be used for key priorities. The Academy maintains diversification of income and provision by continuing to run HE funded courses which now accounts for 21% of revenue income.

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 at Electra House in Moorgate. In addition, the FRA is currently working with external consultants to develop a short, medium and long term fundraising strategy.

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

The FRA's successful growth in fashion-related programs sets the stage for expansion into the beauty industry through the acquisition of the London College of Beauty Therapy (LCBT). LCBT's current state, despite financial challenges, offers a strategic foothold with its significant government funding contracts and established market presence. A detailed due diligence process, supported by reputable firms has been completed and the Board unanimously agreed with the decision to support the acquisition in the special Board meeting held on 17 January 2024. The acquisition facilitates financial sustainability, immediate growth, and a broader social impact.

The FRA plans to acquire the entire issued share capital of LCBT, on the following basis:

- Initial consideration payable of £500k; plus

- Any excess cash in the event that the actual working capital at completion is greater than the target working capital forecast which is subject to due diligence but not less than £380k; plus

- Deferred consideration of 75% of the Government Funded Income in FY23/24 that exceeds the government funded income in FY22/23. This amount will be capped at £385k and any excess above this will be paid as follows;

- Any excess first earn-out payments; plus 50% of the amount by which the government funded income in FY24/25 exceeds the government funded income in FY23/24

- The total of all contingent deferred consideration shall be capped at £510k.

Principal Risks and Uncertainties

The Academy employs 140.8 full time equivalent staff (2021/22: 116.4) of whom 50 (2021/22: 43) 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 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 risk register at all three meetings in 2022/23 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:

- Risk of not receiving additional funding to cover increased student populations above maximum contract growth results in FRA diminishing operating surplus. To mitigate this the Academy aims to diversify its income streams, for example by growing HE and commercial income, and putting more emphasis on enrolments to increase the number of private fee paying students. The FRA is currently seeing a significant increase in applications for the 2024/25 academic year, partly due to the marketing of the new premises at Electra House.

- 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.

- Inflation drives higher costs for goods and services leading to budgetary constraints and a possible reduction in operating surplus.

- OFS: 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.

- HE Fee and student No. Gov policy: Government policy results in a reduce fee income per student leading to a reduction in operating surplus \ Potential cap to students recruitment numbers leads to loss of income \ growth and diversification strategies are impeded.

- New course launches designed to support the industry fail to attract sufficient application volumes to make them financially viable, leading to loss of income and/or cancellation of course/s

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 2022/23 73% (2021/22: 63%) of the Academy's revenue was publicly funded. The remainder of the FRA 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 remained relatively stable at £6,139,000 (£6,387,000 in 2021/22). Student numbers increased in 2022/23 in comparison to 2021/22 by 10% 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.

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.

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

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 30 January 2024, and signed on its behalf by:



Kim Longman
Chair

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

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 2022 to 31st July 2023 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 2022/23

	Date of Appointment / Dates Served	Term of office (years)	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	Finance	3/3
James Barron	2 December 2018 Reappointed 9 December 2021	3	Audit	3/3
Laura Charles	27 June 2017 Reappointed 2 July 2020	3	Quality	3/3
Linda Drew	4 February 2022	3	Quality	3/3
Fiona Gaughan	2 December 2018 Reappointed 9 December 2021	3	Finance	2/3
Sally Harris	11 January 2021	3	Finance	3/3
Susanna Kempe	3 March 2021	3	Quality	3/3
Lee Lucas (Principal)	6 October 2014	n/a	n/a	3/3
Elaine Smith	11 June 2014 Reappointed 9 March 2017 and 2 July 2020, retired 29 November 2023	3	Quality	3/3
Vanessa Spence	2 December 2018 Reappointed 9 December 2021	3	Quality	3/3
Pauline Tambling	18 May 2021 until 1 December 2023	3	Audit	3/3
Simon Williams	30 May 2022	3	Audit	3/3

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

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

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 was 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

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 was 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 comprised three members of the Board and met four times during the year.

Quality Committee

The Committee was 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 comprised a minimum of three members of the Board and met three times during the 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 2023 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 2023 and up to the date of approval of the financial statements. This process is regularly reviewed by the Board.

STATEMENT OF CORPORATE GOVERNANCE AND 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
30th January 2024

Lee Lucas
Principal, CEO & Accounting Officer
30th January 2024

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
30th January 2024

Lee Lucas
Principal, CEO & Accounting Officer
30th January 2024

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
30th January 2024

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 2023 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 2023 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 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

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

and Higher Education 2019 (the 2019 FE HE SORP) and in accordance with Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

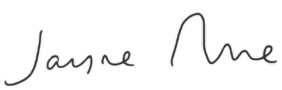
In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the academy's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and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



Jayne Rowe

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

Date: 30 January 2024

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2023

	Note	Unrestricted Funds	Restricted Funds	Year ended 31 July 2023 Group	Year ended 31 July 2022 Group
Income				**£'000**	**£'000**
Funding Body Grants	2	10,421	144	**10,565**	**7,683**
Tuition fees and Educational contracts	3	3,430	121	**3,551**	**3,869**
Other income	4	272	-	**272**	**69**
Donations	5	-	-	**-**	**1,879**
Total income		**14,123**	**265**	**14,388**	**13,500**
Expenditure					
Staff costs	7	6,211	-	**6,211**	**5,268**
Other operating expenses*	9	7,396	318	**7,714**	**6,136**
Depreciation and amortisation	10	733	-	**733**	**641**
Total expenditure		**14,340**	**318**	**14,658**	**12,045**
(Deficit)/Surplus before other gains/(losses)		**(217)**	(53)	**(270)**	**1,455**
Gain/(Loss) on disposal of assets		-	-	**-**	**-**
(Deficit)/surplus for the year	14	**(217)**	**(53)**	**(270)**	**1,455**
Total comprehensive (loss)/income for the year		**(217)**	**(53)**	**(270)**	**1,455**
Unrestricted comprehensive (loss)/income		**(217)**	**(53)**	**(270)**	**1,455**

*Includes interest and other finance costs

Consolidated and Academy Statement of Changes in Reserves
For the year ended 31 July 2023

	Income and Expenditure account – Unrestricted	Income and Expenditure account – Restricted	Total
		£'000	£'000
Group & Academy			
Balance at 1st August 2021	**4,817**	**167**	**4,984**
Surplus from the income and expenditure account	1,537	(82)	1,455
Total comprehensive income for the year	1,537	(82)	1,455
Balance at 31st July 2022	**6,354**	**85**	**6,439**
Deficit from the income and expenditure account	(217)	(53)	(270)
Total comprehensive income for the year	(217)	(53)	(270)
Balance at 31st July 2023	**6,137**	**32**	**6,169**

Balance Sheets
At 31 July 2023

	Note	Group 31 July 2023 £000	Academy 31 July 2023 £000	*Group 31 July 2022 £000*	*Academy 31 July 2022 £000*
Fixed assets					
Intangible Assets	10	-	-	*63*	*63*
Tangible Assets	10	**1,462**	**1,462**	*3,704*	*3,704*
Total fixed assets		**1,462**	**1,462**	*3,767*	*3,767*
Current assets					
Debtors	11	**1,136**	**1,251**	*806*	*842*
Cash at bank and in hand		**4,848**	**4,733**	*4,798*	*4,762*
Total current assets		**5,984**	**5,984**	*5,604*	*5,604*
Current liabilities					
Creditors: amounts falling due within one year	12	**(1,277)**	**(1,277)**	*(1,892)*	*(1,892)*
Net current assets		**4,707**	**4,707**	*3,712*	*3,712*
Total assets less current liabilities		**6,169**	**6,169**	*7,479*	*7,479*
Non current liabilities					
Creditors: amounts falling due after more than one year	13	-	-	*(1,040)*	*(1,040)*
Net assets		**6,169**	**6,169**	*6,439*	*6,439*
Reserves					
Unrestricted income reserve		**6,137**	**6,137**	*6,354*	*6,354*
Restricted income reserve	15	**32**	**32**	*85*	*85*
	14	**6,169**	**6,169**	*6,439*	*6,439*

The deficit for the parent only is £132,000 (2021/22 surplus £1,472,000).

The financial statements on pages 25 to 44 were approved by the Board and authorised for issue on 30th January 2024 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

Consolidated Cash Flow Statement

For the year ended 31 July 2023

	Note	2023 £'000	2022 £'000
Cash inflow from operating activities			
(Deficit)/Surplus for the year	14	(270)	1,455
Adjustment for non-cash items			
Depreciation	10	733	607
Impairment Loss		2153	-
Disposals		-	34
Decrease in debtors	11	(330)	272
(Decrease) in creditors due within one year	12	(615)	(349)
Release from Capital grants	2	(1,040)	(335)
Adjustment for investing or financing activities			
Interest payable		14	5
Net cash inflow from operating activities		**645**	**1,689**
Cash flows from investing activities			
Payments made to acquire fixed assets	10	(584)	(1,119)
Net cash outflow from investing activities		(584)	(1,119)
Cash flows from financing activities			
Interest paid		(11)	(5)
Net cash outflow from financing activities		(11)	(5)
Increase in cash and cash equivalents in the year		**50**	**565**
Cash and cash equivalents at beginning of the year		4,798	4.233
Cash and cash equivalents at end of the year		4,848	4,798

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 2019* (the 2019 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 deficit for the financial year dealt with in the accounts of the Fashion Retail Academy is £269,559 (2021/22 surplus £1,488,928). The deficit for the FRA excluding FARA is £132,228 (2021/22 surplus £1,472,231).

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 2023.

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 from the date the accounts have been signed.

The Academy has continued to maintain a strong liquidity position. At the year end, the total cash bank balance amounted to £4,848,000. Cash balances have seen a slight rise by £50,000 in the year. The current ratio is at 4.69 meaning that the business has the repayment capacity of its current liabilities nearly 5 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 £508k, after adjustment for impairment, in the draft accounts for 2022/23, (2021/22 £1,455,000 surplus). It is anticipated that this will flatten in the FY2023/24 financial year which is budgeted to produce broadly a break-even position of £16,000 operating surplus, excluding the impact of the donation for fit-out costs

and added operational expenditure for Electra House. This is mainly driven by additional headcount increases have included in the budget as the FRA ramps up operations for the move to the new premises.

Funding for the Academy in 2023/24 has been confirmed at £9,163,000 from the ESFA (including £171,000 of student and financial support). This includes an extraordinary increase of £624k to be used for key priorities. The Academy maintains diversification of income and provision by continuing to run HE funded courses which now accounts for 21% of revenue income.

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 at Electra House in Moorgate.

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.

The FRA's successful growth in fashion-related programs sets the stage for expansion into the beauty industry through the acquisition of the London College of Beauty Therapy (LCBT). LCBT's current state, despite financial challenges, offers a strategic foothold with its significant government funding contracts and established market presence. A detailed due diligence process, supported by reputable firms has been completed and the Board unanimously agreed with the decision to support the acquisition in the special Board meeting held on 17 January 2024. The acquisition facilitates financial sustainability, immediate growth, and a broader social impact.

The FRA plans to acquire the entire issued share capital of LCBT, on the following basis:

- Initial consideration payable of £500k; plus
- Any excess cash in the event that the actual working capital at completion is greater than the target working capital forecast which is subject to due diligence but not less than £380k; plus
- Deferred consideration of 75% of the Government Funded Income in FY23/24 that exceeds the government funded income in FY22/23. This amount will be capped at £385k and any excess above this will be paid as follows;
- Any excess first earn-out payments; plus 50% of the amount by which the government funded income in FY24/25 exceeds the government funded income in FY23/24
- The total of all contingent deferred consideration shall be capped at £510k.

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.

Notes to the financial statements (continued)

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.)

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 employer matches contributions of up to 5%. There is no limit to employee contribution, meaning staff can exceed the 5% but the employer contribution is capped at 5%. 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 2023 was £141,459 (2022/23 £64,654).

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

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.

Notes to the financial statements (continued)

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.

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.

2. Funding Body Grants

	Unrestricted Funds	**Restricted Funds**	**Year ended 31 July 2023 Group**	Year ended 31 July 2022 Group
	£'000	**£'000**	**£'000**	£'000
Education Funding Agency	8,240	144	8,384	6,366
Skills Funding Agency	564	-	564	894
Council Funding	242	-	242	88
Release of deferred LSC capital grant	1,108	-	1,108	313
Release of deferred GLA capital grant	267	-	267	22
	10,421	144	10,565	7,683

3. Tuition Fees and educational contracts

	Unrestricted Funds	Restricted Funds	**Year ended 31 July 2023 Group**	Year ended 31 July 2022 Group
	£'000	£'000	**£'000**	£'000
UK Further Education students	554	-	554	681
HE degrees income	2,877	120	2,997	3,188
	3,431	120	3,551	3,869

4. Other Income

	Year ended 31 July 2023 Group £'000	Year ended 31 July 2022 Group £'000
Sundry other income	272	69
	272	69

5. Donations

	Year ended 31 July 2023 Group £'000	Year ended 31 July 2022 Group £'000
Gift aid from Gresse St.	-	1,879
	-	1,879

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 2023	Year to 31 July 2022
Average number of staff	169	154

	FTE's	FTE's
Teaching staff	50	43
Student support and Curriculum Services Staff	45	37
Academy support staff	46	37
	141	117

7. Staff costs

	Year ended 31 July 2023 Group £'000	Year ended 31 July 2022 Group £'000
Wages and salaries	5,490	4,635
Agency staff	12	12
Social security costs	526	476
Other pension costs	188	145
	6,217	5,268

	Year ended 31 July 2023 Group £'000	Year ended 31 July 2022 Group £'000
Teaching departments - teaching staff	1,972	1,650
Student support and Curriculum Services staff	2,092	1,750
Academy support staff	2,147	1,868
	6,211	5,268

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:

	2023	2022
£60,001 to £65,000	2	-
£65,001 to £70,000	1	2
£70,001 to £75,000	1	1
£75,001 to £80,000	2	2
£80,001 to £85,000	-	1
£85,001 to £90,000	2	-
£90,001 to £95,000	-	1
£95,001 to £100,000	1	-
£175,001 to £180,000	1	1
	10	**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 full-time basis. This employee is part-time 0.3 FTE and is paid £21,115.20 per annum

Termination costs:
Termination and redundancy costs were incurred for NIL employees in the year 2022/23 (Nil employees in 2021/22).

8. Senior potholders' emoluments

Senior postholders are defined as the Principal and 8 directors of the company.

	Year to 31 July 2023 Number	Year to 31 July 2022 Number
The number of senior postholders was:	8	7

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

	Year to 31 July 2023 £000	Year to 31 July 2022 £000
Wages and salaries	702	650
Social security costs	90	83
Pension contributions	48	39
	840	772

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

	Year to 31 July 2023 £000	Year to 31 July 2022 £000
Wages and salaries	179	177
Social security costs	24	24
Pension contributions	27	27
	230	228

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.

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

9. Other operating expenses

	Unrestricted Funds	Restricted Funds	Year ended 31 July 2023 Group	Year ended 31 July 2022 Group
			£'000	£'000
Teaching support services	793	318	1,110	794
Other support services	119		119	78
Administration and central services	2,328		2,328	1,551
Rent	1,272		1,272	3,067
Premises costs	732		732	642
Impairment	2,153		2,153	-
	7,396	318	7,714	6,131

Other operating expenses include:	Year ended 31 July 2023 Group £'000	Year ended 31 July 2022 Group £'000
Auditors' remuneration:		
Audit of Financial Statements*	1	17
Internal Audit	2	3
Operating leases:		
Hire of plant and machinery		
Hire of other assets	-	3,067

Hire of other assets includes £353K rent payable to Gresse Street Limited. The Academy has a 20 year lease relating to its premises granted by Gresse Street Limited.

A detailed review of the fixed asset register has been completed and the impairment of £2.153m mentioned in the other operating expenditure note above is in relation to assets that are not transferrable to the new premises at Electra House. Accordingly, these assets have been written off following this review.

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 2022	7,990	1,737	1,224	684	**11,635**
Additions	5	184	80	314	**583**
Disposals			3		**3**
At 31 July 2023	7,995	1,921	1,301	998	**12,215**
Accumulated depreciation:					
At 1 August 2022	5,497	1,374	1,060	-	**7,931**
Charge for year	399	213	59	-	**670**
Impairment	2,099		53		**2,152**
At 31 July 2023	7,995	1,587	1,172	-	**10,753**
Net Book Value					
At 31 July 2023	0	**335**	**128**	**998**	**1,462**
Financed by capital grant	1,888	-	-	-	1,888
Finance by other	-	335	128	998	-
At 31 July 2022	*2,493*	*363*	*164*	*684*	*3,704*

INTANGIBLE ASSETS

		Assets under Construction			Total
	£000	£000			£000
Cost:					
At 1 August 2022	101	-			**101**
Additions	-	-			-
Transfers	-	-			-
At 31 July 2023	101	-			**101**
Accumulated depreciation:					
At 1 August 2022	38				**38**
Charge for year	63				**63**
Disposals	-				-
At 31 July 2023	**101**				**101**
Net book value					
At 31 July 2023	**0**				**0**
At 31 July 2022	*63*	-			*63*

11. Debtors

Amounts falling due within one year:	**Group Year to 31 July 2023 £000**	**Academy Year to 31 July 2023 £000**	Group Year to 31 July 2022 £000	Academy Year to 31 July 2022 £000
Trade debtors*	**465**	**465**	557	557
Other Debtors	**108**	**108**	-	-
Amounts owing from ESFA / SFA	**-**	**-**	-	-
Amounts owing from subsidiary	**-**	**115**	-	36
Prepayments and accrued income*	**563**	**563**	249	249
	1,136	**1,251**	806	842

*Included within trade debtors, in 2022/23, £407k relates to 2023/24 (in 2021/22, £350k related to 2022/23).

12. Creditors: amounts falling due withing one year

	Group Year to 31 July 2023 £000	**Academy Year to 31 July 2023 £000**	Group Year to 31 July 2022 £000	Academy Year to 31 July 2022 £000
Trade creditors**	**317**	**317**	675	675
Accruals	**218**	**218**	302	302
Other creditors including taxation and social security	**211**	**211**	175	175
Staff annual leave entitlement	**10**	**10**	10	10
Deferred income*	**521**	**521**	395	395
Deferred capital grant	**-**	**-**	335	335
	1,277	**1,277**	1,892	1,892

*In 2022/23, £521k of deferred income relates to 2023/24 fees, of which £465k had not been received by 31st July 2023 and is included in trade debtors (in 2021/22, £395k of deferred income related to 2022/23 fees, of which £350k had not been received by 31st July 2022 and was included in trade debtors).

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

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

	Group 31 July 2023 £'000	**Academy 31 July 2023 £'000**	Group 31 July 2022 £'000	Academy 1 July 2022 £'000
Creditors: amounts falling due after more than one year:				
Deferred capital grant	**-**	**-**	1,040	1040
	-	**-**	1,040	1,040

14. Statement of Reserves (Group & Academy)

	Group and Academy Year to 31 July 2023 £'000	Group and Academy Year to 31 July 2022 £'000
At 1 August 2022	**6,439**	4,984
(Deficit)/surplus for the year	**(270)**	1,455
At 31 July 2023	**6,169**	6,439

15. Statement of Restricted income reserves

	At 1 August 2022 £000	Income £000	Expenditure £000	**At 31 July 2023 £000**
FE Learner Support Funds	(25)	144	198	**(78)**
HE Bursaries	68	120	120	**68**
Retailers Donations & Bursaries	39	-	-	**39**
Student Funds	2	-	-	**2**
Residential Housing Scheme	1	-	-	**-**
	85	263	318	**32**

16. Analysis of changes in net funds (Group)

	At 1 August 2022 £000	**Cash flows £000**	**At 31 July 2023 £000**
Cash at bank and in hand	4,798	**50**	**4,848**
	4,798	**50**	**4,848**

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

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 2023	Unrestricted £000	Restricted £000	**Total £000**
Fixed assets	1,462	-	**1,462**
Current assets	5,952	32	**5,984**
Current liabilities	(1,277)	-	**(1,277)**
	6,137	32	**6,169**

17. Related Party Transactions

The Chair of Governors via Longman Consultancy was paid £32,400 during the year 2022/23 (2021/22: £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. Two

Governors were refunded expenses during the year, Elaine Smith was paid £586.85 for Board meeting travel costs and Kim Longman was paid £274.68 for flights costs for a business meeting.

For the Group	**31 July 2023**	31 July 2022
	£000	£000
Total expenditure incurred with UAL for 12 months ending	194	160
Creditors balance with UAL at 31/07/2023:	-	10
Total expenditure incurred with Longman Consultancy for 12 months ending	32	32
Creditors balance with Longman Consultancy at 31/07/2023:	5	8
Creditors balance with Arcadia at 31/07/2023:	-	54
Total income received from Gresse Street for 12 months ending	-	1,997
Total expenditure incurred with Gresse Street for 12 months ending	-	2,356
Creditor and debtor balance with Gresse Street at	-	1,997

Two salary sacrifice arrangements exist. One staff member has an annual travel ticket and one staff member has a laptop. Both are being deducted on a monthly basis from their salary.

18. Operating lease commitments

The Academy's premises are leased from GPE PLC. The Academy has an annual rental commitment of £353,325 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 £230,011exclusive of VAT under an agreement which commenced on 14 October 2022 for a period of 5 years.

Operating Lease Commitments:

	Year to 31 July 2023 £000	Year to 31 July 2022 £000
Within one year	1,031	2,356
Within two to five years	146	2,356

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 2023	Year to 31 July 2022
Monies received in respect of each year	**£000**	£000
EFA - carried over from previous year	75	28
EFA - Student Financial Support Funding	144	124
	219	152
Used as follows:		
Disbursed to students	(49)	(77)
Total disbursed	(49)	(77)
Balance at 31 July	169	75

20. Contingent Asset/ Liabilities

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

21. Share Capital

No share capital (22/23 no share capital).

22. Limitation on governors' liability

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

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.

24. Post balance sheet events

The FRA's successful growth in fashion-related programs sets the stage for expansion into the beauty industry through the acquisition of the London College of Beauty Therapy (LCBT). LCBT's current state, despite financial challenges, offers a strategic foothold with its significant government funding contracts and established market presence. A detailed due diligence process, supported by reputable firms has been completed and the Board unanimously agreed with the decision to support the acquisition in the special Board meeting held on 17 January 2024. The acquisition facilitates financial sustainability,

immediate growth, and a broader social impact. The acquisition is due to completed on 31 January 2024.

The FRA plans to acquire the entire issued share capital of LCBT, on the following basis:

- Initial consideration payable of £500k; plus
- Any excess cash in the event that the actual working capital at completion is greater than the target working capital forecast which is subject to due diligence but not less than £380k; plus
- Deferred consideration of 75% of the Government Funded Income in FY23/24 that exceeds the government funded income in FY22/23. This amount will be capped at £385k and any excess above this will be paid as follows;
- Any excess first earn-out payments; plus 50% of the amount by which the government funded income in FY24/25 exceeds the government funded income in FY23/24
- The total of all contingent deferred consideration shall be capped at £510k.

Education For Industry Group

England & Wales - Charity number 1119540

Accounts



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

Contents	Page number
Senior postholders, Board of Governors and Professional advisers	3
Governors' Report (including Strategic Report)	4
Statement of Corporate Governance and Internal Control	16
Governing Body's Statement on the Academy's regularity, propriety and compliance with funding body terms and conditions of funding	20
Statement of Responsibilities of the Members of the Board	21
Independent Auditors' Report to the Members of Fashion Retail Academy	22
Consolidated Statement of Comprehensive Income	25
Consolidated and Academy Statement of Changes in Reserves	26
Balance Sheets at 31 July 2022	27
Consolidated Cash Flow Statement	28
Notes to the Financial statements	30

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

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

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).

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

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:

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 Trainseeship 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:

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.

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.

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 8th 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~~ in 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.

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.

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.

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.

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

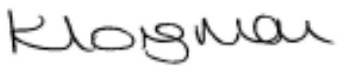
The Academy seeks to achieve the objectives set down in the Equality Act 2010.

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

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.

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

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.

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

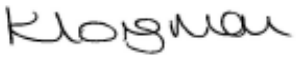
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- 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



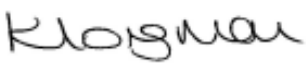
Lee Lucas
Principal, CEO & Accounting Officer
8th December 2022

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

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.

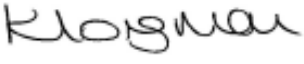
Members of the Board are responsible for ensuring that funds from the ESFA are used only in accordance with the funding agreements with the ESFA and any other conditions that the ESFA may prescribe from time to time. Members of the Board must ensure that there are appropriate financial and management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

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 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)

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

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2022

	Note	Unrestricted Funds	Restricted Funds	Year ended 31 July 2022 Group £'000	Year ended 31 July 2021 Group £'000
Income					
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**

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
Surplus from the income and expenditure account	1,129	27	1,156
	1,129	27	1,156
Total comprehensive income for the year			
Balance at 31st July 2021	**4,817**	**167**	**4,984**
Surplus from the income and expenditure account	1,537	(82)	1,455
	1,537	(82)	1,455
Total comprehensive income for the year			
Balance at 31st July 2022	**6,354**	**85**	**6,439**

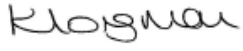
Balance Sheets

At 31 July 2022

	Note	Group 31 July 2022 £000	Academy 31 July 2022 £000	*Group 31 July 2021 £000*	*Academy 31 July 2021 £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

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		**1,689**	**1,278**
Cash flows from investing activities			
Investment income		-	-
Payments made to acquire fixed assets		(1,119)	(178)
Net cash outflow from investing activities		(1,119)	(178)
Cash flows from financing activities			
Interest paid		(5)	(5)
Net cash outflow from financing activities		(5)	(5)
Increase in cash and cash equivalents in the year		**565**	**1,095**
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

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

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.)

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

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.

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
	7,559	124	7,683	6,388

Notes to the financial statements (continued)

3. Tuition Fees and educational contracts

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

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	69	280
	69	367

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
	1,879	1,875

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

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**

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
	772	782

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
	228	234

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

Notes to the financial statements (continued)

9. Other operating expenses

	Unrestricted Funds	Restricted Funds	**Year ended 31 July 2022 Group**	Year ended 31 July 2021 Group
	£'000	£'000	**£'000**	£'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
	5,703	428	6,131	5,548

Other operating expenses include:	**Year ended 31 July 2022 Group £'000**	Year ended 31 July 2021 Group £'000
Auditors' remuneration:		
Audit of Financial Statements*	17	34
Internal Audit	3	(1)
Operating leases:		
Hire of other assets	3,067	2,356

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.

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
At 31 July 2021	*2,893*	*99*	*234*	-	*3,226*

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**
At 31 July 2021	*63*	*63*

Notes to the financial statements (continued)

11. Debtors

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 debtors*	**556**	**556**	502	502
Amount owing to/ from subsidiary	**-**	**37**	-	27
Prepayments and accrued income**	**249**	**249**	576	576
	805	**842**	1,078	1,105

*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
	1,892	**1,892**	2,241	2,241

*In 2021/222, £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.

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
	1,040	**1,040**	1,375,	1,375

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	**6,439**	4,984

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**
	167	346	428	**85**

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**
	4,233	**565**	**4,798**

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

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)**
	6,354	85	**6,439**

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

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

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

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.

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.

Education For Industry Group

England & Wales - Charity number 1119540

Accounts

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

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

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

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

Contents	Page number
Senior postholders, Board of Governors and Professional advisers	3
Governors' Report (including Strategic Report)	4
Statement of Corporate Governance and Internal Control	16
Governing Body's Statement on the Academy's regularity, propriety and compliance with funding body terms and conditions of funding	21
Statement of Responsibilities of the Members of the Board	22
Independent Auditors' Report to the Members of Fashion Retail Academy	23
Consolidated Statement of Comprehensive Income	27
Consolidated and Academy Statement of Changes in Reserves	28
Balance Sheets at 31 July 2021	29
Consolidated Cash Flow Statement	30
Notes to the Financial statements	31

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

SENIOR POSTHOLDERS, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Senior postholders

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

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

Board of Governors

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

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

Professional advisers

Financial statements auditors and reporting accountants:

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Internal auditors:

MHA MacIntyre Hudson
30-34 New Bridge Street
London EC4V 6BJ

Bankers:

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

HSBC
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 2021

STRATEGIC REPORT

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

Nature, Objectives and Strategies

Legal status

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

Mission

The Academy's mission statement is:

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

Public Benefit

In setting and reviewing the Academy's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.
In delivering its mission, the Academy provides the following identifiable public benefits through the advancement of education:

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

Strategic management

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

- Total student population: 1833 (an increase of 4% versus 2019/20). This is comprised of:
  - 1294 FE
  - 337 HE
  - 202 Apprenticeship

- In 2020/21 we had met and exceeded the student population growth targets (double 13/14)

- 4% increase in total learner numbers (1833 in 2020/21 versus 1767 in 19/20).

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

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

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

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

Table A

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

Table B

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

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

Growth in student numbers have thus far been accommodated in our existing single site in London. This has been possible through continued innovations to our delivery model and refurbishment projects which have increased teaching spaces. Utilisation of the building stood at 100% in 2020/21 (98% in 2019/20), even with a 22% increase in daily capacity being created with the introduction of new classroom spaces in our 'HE Wing' (accommodating an additional 128 students per day).
A new Strategic Plan has been developed with stakeholders (FRA 2.0, Fashioning our Future Together 2020-25) along with a Property Strategy to outline a direction of travel for our estate and the next best step for the FRA. Having reached maximum capacity, for the academic year 21/22 the FRA has insitigated a 'bridging strategy' to accommodate growth whilst a more permanant resolution for additional space is finalised.

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

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

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

Financial objectives

The Academy's financial objectives are to:

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

The strategic growth plan continues to support these financial objectives:

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

Business environment

Physical environment

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

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

Competitive environment

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

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

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

During 2020/21, the Academy received:

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

Student numbers, achievement and success

Student enrolments by level and age were as shown overleaf:

Table C

Age	Year	Level 2	Level 3 including National Diplomas	Level 4	Higher Education	Apprenticeship	TOTAL
16 to 18-year olds	**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
	2016/17	55	446	193	-	3	697
19+ year olds	**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
	2016/17	1	31	229	-	23	284
All students	**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
	2016/17	56	477	422	-	26	981

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

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

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

Student achievement was as follows:

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

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

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

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

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

Overall COVID response

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

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

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

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

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

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

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

Current and Future Development and Performance

Current performance headlines FRA:

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

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

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

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

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

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

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

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

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

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

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

Stakeholder Relationships

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

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

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

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

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

Employer relationships 20/21

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

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

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

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

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

Impact of stakeholder relationships

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

Financial results

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

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

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

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

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

Treasury policies and objectives

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

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

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

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

Cash flows

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

Liquidity

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

Going concern

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

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

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

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

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

Future developments

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

Resources

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

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

Principal Risks and Uncertainties

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

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

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

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

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

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

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

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

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

Government funding

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

Business continuity

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

Liquidity

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

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

Equal opportunities and employment of disabled persons

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

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

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

Disability statement

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

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

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

Disclosure of information to auditors

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

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



Kim Longman
Chair

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and financial statements of the Academy to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2020 to 31st July 2021 and up to the date of approval of the annual report and financial statements.

The Academy endeavours to conduct its business:

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

The Board

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

Academy Board Members during 2020/21

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

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

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

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

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

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

All governance business is conducted through the Board. The Audit Committee, the Finance Committee, the Quality Committee and the Search and Governance Committee provided an additional level of scrutiny in accordance with their terms of reference.
The Clerk to the Board maintains a register of financial and personal interests of the members of the Board. The register is available for inspection at the registered address.

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

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

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

Appointments to the Board

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

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Audit Committee

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

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

Management is responsible for the implementation of audit recommendations and undertakes periodic follow-up reviews to ensure such recommendations have been implemented. The Academy's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

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

Finance Committee

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

Quality Committee

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

Search and Governance

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

Internal control

Scope of responsibility

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

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The
system of internal control has been in place in the Academy for the period ended 31 July 2021 and up to the date of approval of the financial statements.

Capacity to handle risk

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

The risk and control framework

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

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

Review of effectiveness

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

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

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Going concern

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



Kim Longman
Chair
9th December 2021



Lee Lucas
Principal, CEO & Accounting Officer
9th December 2021

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

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

We confirm, on behalf of the Academy, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the ESFA's terms and conditions of funding under the Academy's funding agreements.

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

Kim Longman
Chair
9th December 2021

Lee Lucas
Principal, CEO & Accounting Officer
9th December 2021

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE BOARD

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

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

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

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

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

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

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

Independent Auditors

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

Signed on behalf of the Board

Kim Longman
Chair
9th December 2021

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

Opinion

We have audited the financial statements of Fashion Retail Academy and its subsidiaries ('the group') for the year ended 31 July 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Academy Statement of Changes in Reserves, Consolidated and Academy Balance Sheets, Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the academy's affairs as at 31 July 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of governors

As explained more fully in the statement of responsibilities of the members of the board set out on page 22, the governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

Use of our report

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and the academy's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

24th December 2021

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

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

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

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

Balance Sheets

At 31 July 2021

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

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

Kim Longman
Chair

Lee Lucas
Principal and Chief Executive

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

Consolidated Cash Flow Statement

For the year ended 31 July 2021

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

Notes to the financial statements

1. Accounting policies

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

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

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

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

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

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

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

Notes to the financial statements (continued)

1. Accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements (continued)

1. Accounting policies (continued)

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

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

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

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

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

- Fixtures and Fittings 5 years
- Computer Equipment 3 years

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

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

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

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

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

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

Notes to the financial statements (continued)

1. Accounting policies (continued)

Fund Accounting (continued)

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

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

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

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

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

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

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

1. Accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determined whether leases entered into by the Academy either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis. All leases have been identified as operating.

- Determined whether there are indicators of impairment of the group's fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Accruals, and provision for bad debts*

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

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

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

Notes to the financial statements (continued)

2. Funding Body Grants

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

3. Tuition Fees and educational contracts

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

4. Other Income

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

Notes to the financial statements (continued)

5. Donations

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

6. Endowment and Investment Income

	Year ended 31 July 2021 Group £'000	Year ended 31 July 2020 Group £'000
Investment income	0	11

7. Staff numbers

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

	Year to 31 July 2021	Year to 31 July 2020
Average number of staff	136	123

	FTE's	FTE's
Teaching staff	35	22
Student support and Curriculum Services Staff	32	34
Academy support staff	34	44
	101	100

8. Staff costs

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

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

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:

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

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

Notes to the financial statements (continued)

Termination costs:

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

9. Senior postholders' emoluments

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

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

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

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

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

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

Notes to the financial statements (continued)

10. Other operating expenses

	Unrestricted Funds	Restricted Funds	**Year ended 31 July 2021 Group**	Year ended 31 July 2020 Group
	£'000	£'000	**£'000**	£'000
Teaching support services	378	277	655	666
Other support services	188		188	359
Admin and central services	1,677		1,677	1,311
Rent	2,356		2,356	2,356
Premises costs	650		650	634
Catering and conference costs	22		22	90
	5,271	277	5,548	5,416

Other operating expenses include:	**Year ended 31 July 2021 Group £'000**	Year ended 31 July 2020 Group £'000
Auditors' remuneration:		
Audit of Financial Statements*	34	34
Internal Audit	(1)	20
Operating leases:		
Hire of other assets	2,356	2,356

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.

Notes to the financial statements (continued)

11. Fixed assets (Group & Academy)

TANGIBLE ASSETS

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

INTANGIBLE ASSETS

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

Notes to the financial statements (continued)

12. Debtors

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

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

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

13. Creditors: amounts falling due within one year

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

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

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

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

Notes to the financial statements (continued)

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

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

15. Statement of Reserves (Group & Academy)

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

16. Statement of Restricted income reserves

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

17. Analysis of changes in net funds (Group)

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

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

Notes to the financial statements (continued)

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

Analysis of net assets between funds (Group)

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

Notes to the financial statements (continued)

18. Related Party Transactions

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

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

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

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

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

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

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

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

Notes to the financial statements (continued)

19. Operating lease commitments

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

Operating Lease Commitments:

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

20. Learner Support Funds

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

21. Contingent Asset/ Liabilities

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

22. Share Capital

No share capital (19/20 no share capital)

Notes to the financial statements (continued)

23. Limitation on governors' liability

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

24. Related party undertakings

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

Both entities are included in the group consolidation.

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

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

Education For Industry Group

England & Wales - Charity number 1119540

Accounts

Report and Consolidated Financial Statements for the year ended 31 July 2020

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

FRA Enterprises 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 2020

Contents	Page number
Senior postholders, Board of Governors and Professional advisers	3
Governors' Report (including Strategic Report)	4
Statement of Corporate Governance and Internal Control	17
Governing Body's Statement on the Academy's regularity, propriety and compliance with funding body terms and conditions of funding	21
Statement of Responsibilities of the Members of the Board	22
Independent Auditors' Report to the Members of Fashion Retail Academy	23
Consolidated Statement of Comprehensive Income	26
Consolidated and Academy Statement of Changes in Reserves	27
Balance Sheets at 31 July 2020	28
Consolidated Cash Flow Statement	29
Notes to the Financial statements	30

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 2019/20:

Lee Lucas, Principal and CEO; Accounting officer
Deepti Arora, Director of Finance & Resources
Beverley Imrie, Director of Delivery and Industry Relevance (appointed from 23 December 2019)
Mashrin Chowdhury, Director of Operations and Partnerships (appointed from 2 January 2020)
Amanda Colvin, Director of Marketing and Sales
Chris Amadeo, Director of Strategy & Funding and for Fashion & Retail Awards

Board of Governors

A full list of Governors is given on pages 15 and 16 of these financial statements.

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

Professional advisers

Financial statements auditors and reporting accountants:

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Internal auditors:

MHA MacIntyre Hudson
30-34 New Bridge Street
London EC4V 6BJ

Bankers:

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

HSBC
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 2020

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT)

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

Nature, Objectives and Strategies

Legal status

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

Mission

The Academy's mission statement is:
"Pioneer innovative education and training experiences with industry that create and enhance careers, and nurture the next generation of retail talent".

Public Benefit

In setting and reviewing the Academy's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.
In delivering its mission, the Academy provides the following identifiable public benefits through the advancement of education:

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

Strategic management

Year 2019/20 continued our successful implementation of the Strategic Growth Plan:

- Total student population 1767 (an increase of 8% versus 2018/19)
  - 1201 FE
  - 335 HE
  - 231 Apprenticeship

- In 2019/20 we had met and exceeded the student population growth targets (double 13/14)

- 8% increase in total learner numbers (1767 in 19/20 versus 1638 in 18/19).

The Academy's performance in terms of learner numbers, achievement and success is shown overleaf.

- To achieve enrolment targets of 1660 full time students funded by the Education Skills Funding Agency (ESFA), the Apprenticeship Levy, Higher Education Student Loans Company, and self-funded during the 2019/20 Academic Year:
  - 1767 such learners were enrolled

- To continue the achievement of outstanding student retention, achievement and success rates:
  - Retention 84.8% (18/19: 88%) versus target 93%
  - Pass 96.7% (18/19: 96%) versus target 95%
  - Achievement 82% (18/19: 85%) versus target 91%

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED
Strategic management (continued)

It is noted that our Quality KPIs have declined, particularly at level 3. Overall achievement rates are down by 3% from 2018/19 rates. This was a further drop from the smaller decline the previous year. Leadership has taken decisive action to stem the decline by recruiting new senior leadership and restructuring key roles in quality assurance, including the increased rigour and focus of governance and the impact of these actions is starting to be felt. In addition, a substantial refocusing of teaching roles and responsibilities have been implemented to drive further enhancements in the classroom.

Table A

	2014/15 Achieved	2015/16 Achieved	2016/17 Achieved	2017/18 Achieved	2018/19 Achieved	2019/20 Achieved
Total enrolments (accredited provision)	739	817	981	1347	1638	1767
% annual increase	8%	11%	20%	37%	22%	8%

Table B

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Traditional	683	694	784	890	980	1137
Fast Track	42	80	171	157	196	64
Intensive	13	41	-	-	-	-
HE	-	-	-	106	211	335
Apprenticeships	1	2	26	194	251	231
	739	**817**	**981**	**1347**	**1638**	**1767**

As the above data shows, the diversification and growth strategies as part of our core Strategic Growth plan are effective. Diversification of Apprenticeships and HE are now genuinely additive to the overall provision and account for 566 learners (32%).

The recent growth in student numbers have been accommodated in our existing single site in London. This has been possible through continued innovations to our delivery model and refurbishment projects which have increased teaching spaces. This forms a part of our Efficiency Programme. Utilisation of the building stood at 98% in 2019/20 (94% in 2018/19), even with a 22% increase in daily capacity being created with the introduction of new classroom spaces in our 'HE Wing' (accommodating an additional 128 students per day).
A new Strategic Plan has been created with stakeholders (FRA 2.0, Fashioning our Future Together 2020-25) along with a Property Strategy to outline a direction of travel for our estate and the next best step for the FRA.

Year	14/15	15/16	16/17	17/18	18/19	19/20	20/21 forecast
Utilisation of rooms	34%	54%	70%	90%	94%	98%	100%
Spaces (seats)	436	547	547	577	705	705	705

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

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

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

Financial objectives

The Academy's financial objectives are to:

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

The strategic growth plan continues to support these financial objectives:

- Maintained reliance on mainstream FE funding (ESFA contracts) which now represents 57% of revenue income (56% in 18/19)
- Higher Education diversification now accounts for 26% of revenue income (23% in 18/19)
- Fee income now accounts for 10% of revenue income (12% in 18/19)
- Apprenticeship diversification now accounts for 5% of revenue income (5% in 18/19)
- A new subsidiary, Fashion and Retail Awards has been set up as the end point assessment organisation, a new regulatory model.
- 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 1.46 (1.35 in 18/19), target is liquidity should be more than 1:1.

Business environment

Physical environment

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

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

Competitive environment

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

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

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED
Business environment (continued)

During 2019/20, the Academy received:

- 2558 (2018/19: 2375) applications for its Further Education courses, which was a ratio of 2.4 for the 1043 new learner intake (i.e. learners who joined a new programme, as opposed to continuing on an existing programme).

- 475 (2018/19: 338) applications for its Higher Education courses, which was a ratio of 2.9 for the 162 new learner intake.

- Apprenticeship provision have no comparable application statistics. We are seeing our numbers rise steadily in partnership with our retail partners and continue to focus on organically growing this offer, responding directly to industry need.

Student numbers, achievement and success

Student enrolments by level and age were as shown overleaf:

Table C

Age	Year	Level 2	Level 3 including National Diplomas	Level 4	Higher Education	Apprenticeship	TOTAL
16 to 18-year olds	**2019/20**	**59**	**676**	**163**	**57**	**47**	**1002**
	2018/19	72	598	252	50	57	1029
	2017/18	60	527	208	27	30	852
	2016/17	55	446	193	-	3	697
	2015/16	64	386	131	-	-	581
19+ year olds	**2019/20**	**1**	**39**	**263**	**278**	**184**	**765**
	2018/19	-	40	214	161	194	609
	2017/18	-	28	224	79	164	495
	2016/17	1	31	229	-	23	284
	2015/16	-	36	198	-	2	236
All students	**2019/20**	**60**	**715**	**426**	**335**	**231**	**1767**
	2018/19	72	638	466	211	251	1638
	2017/18	60	555	432	106	194	1347
	2016/17	56	477	422	-	26	981
	2015/16	64	422	329	-	2	817

This is the Academy's 15th year of operations. Overall student numbers on mainstream programmes increased by 8% compared with 2018/19, with the number of 16 to 18-year olds largely on par and a slight increase on 19+learners. The relatively dampened growth is reflective of the increasingly high occupancy rate and utilisation of the FRA site limiting opportunities of growth.

In 2019/20 the Academy received £4,648,591 (18/19: £4,273,770) in funding from the ESFA, plus £222,787 (18/19: £169,815) in Learner Support Funds.

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED

Student numbers, achievement and success (continued)

Student achievement was as follows:

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

	FE mainstream students			
Academic Year	19/20	18/19	17/18	16/17
Retention	84.8%	87.1%	87.6%	92%
Pass (formerly Achievement)	96.7	96.4%	98.8%	96%
Achievement (formerly Success)	82%	84%	86.5%	89%

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	17%	44%	22%	11%
Buying and Merchandising	13%	51%	29%	7%
Marketing and Communication	19%	43%	25%	12%

Overall COVID response

This was an extraordinary year that saw the FRA close in March and not reopen until July for staff, and September for the students as a result of the global COVID-19 pandemic. The FRA responded exceptionally well in these unprecedented times with a switch to remove delivery and remove working. Every single hour of timetabled learning was delivered remotely to ensure that no student was at a disadvantage and no teaching hours were lost.

The Fashion Retail Academy established a Pandemic Response Team in response to the pandemic threat and developed a Pandemic Response Plan to coordinate the response and recovery to the pandemic. This was supported by a series of guidance for staff and students and re-opening plans as the FRA moved towards re-opening from July 2020. Our effective arrangements for responding to the pandemic, not only in respect of managing the delivery of education but also in wideranging innovations to current processes for education delivery, enrolment, parents evenings and employer engagement have resulted in significant enhancement our many areas of operation that will aid us into the future, even in a post COVID-19 pandemic world.

All departments operated effectively and efficiently from the start of the lockdown and all internal processes functioned as well as would have been expected in normal circumstances. All student facing teams were able to continue with interactions including safeguarding and wellbeing.

Additional innovations were undertaken in a number of areas to further enhance the support offered to students including our Careers Service.

Additionally we ensured all students and staff had access to the technology and internet connection necessary to access the webinars. This involved lending and purchasing laptops for 43 students without access to one, this continued throughout the Summer term for students that had technical issues with laptops and needed a replacement.

The FRAs approach to providing technology ensured that no students without access were at a disadvantage and helped fulfil our commitment to an inclusive learning environment and opportunities for all.

UAL advised us to cease all teaching in March and any subsequent teaching would not count towards the students' final grades. The FE students were unable to complete a final major project and their grades were calculated based on their work prior to March 20th and GCSE English and Maths results were calculated internally as no exams were able to be taken by the students.

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED
Overall COVID response (continued)

The move to effectively close educational providers as a result of lockdown meant that we had to work to altered rules and regulations governing the assessment of students work; as determined by OFQUAL and our respective awarding body institutions.

Instead of our usual assessment and moderation processes, we were required to undertake a 'Centre Assessment Grade' (CAG) process, which considered student work and performance prior to the 20th March holistically, based on rated trustworthy 'evidence', as a means of arriving at a final grade, which truly reflected what the student would have been expected to get had they undertaken their project under normal circumstances. The CAG process was coordinated by the Head of QAE, working with the Deputy Head of FE and Programme Managers to effectively undertake grading decisions that were fair and rigorous.

Decisions were further assured through a process of internal sampling, prior to external ratification by the designated External Quality Assurer (EQA). At the point of writing this report, no student appeals to grades have been upheld by, demonstrating the decisions made internally to be accurate and fair.

Current and Future Development and Performance

Education in the UK is not without its challenges, an ever-changing landscape and years of sustained funding cuts combined with increasing expectations and delivery burdens, have taken their toll on the sector. The impact and uncertainties due to COVID-19 as well as the raft of educational changes and impact experienced have certainly made the last academic year the most exceptional in living memory. Vast changes to examination and vocational qualification assessment brought uncertainty and numerous rapid changes to usual practices. The shift to remote learning during the national lockdown provided the sector with a huge call to arms and the FRA responded very well to this ensuring that every single hour of planned teaching was converted to online delivery and every student who needed access to IT equipment to fully engage in their learning was issued one.

Deeper concerns about enrolments across the FE and HE sector were prevalent, mostly due to the financial impact a loss of students would cause for providers. A financially sustainable college sector is vital to delivering the education and training that the country needs and it is clear that the current government expects that colleges are expected to play a 'vital role' in developing skills post Brexit and in delivering the government's 'levelling up' agenda. A recent National Audit Office (NAO) report on the 'Financial sustainability of Colleges' in England' shows:

- Between 2013/14 and 2018/19, the DfE's funding per learner aged 16 to 19 fell by 7% in real terms (with the funding rate for 18-year-olds being cut in 2014/15 from £4,000 to £3,300) while spending on adult education (excluding apprenticeships) fell by 35% in real terms.
    - During this period the FRA have managed to grow student population numbers and build operating surplus to further our strategic objectives.
- Financial pressures have led to colleges narrowing their provision and reducing broader support for students, which have had detrimental effects on students and skills development.
    - During this period the FRA have diversified provision and enhanced support for students through our wellbeing team and careers service.
- As of February 2020, the DfE was intervening for financial reasons in 48% of all colleges, with more than a tenth being in formal intervention.
- £253 million in loans and grants have been given to 36 colleges with serious cashflow problems. The ESFA appears to have given up on getting back almost half of the loan funding (around £100 million).
    - The FRAs financial position remains strong with operating surplus generated being inline with strategic objectives.

Despite the picture of our sector, during this period the FRA has either through efficiency programmes or our highly effective delivery models, continued to demonstrate financial resilience and increase levels of operating surplus.

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

Several reviews, most notably the Augar Review have shone a light onto the post 16 education system in the UK and made a broad range of recommendations for the DFE and Government to consider. At the current time due to the impact of COVID, rising youth unemployment, recession and domestic skills gaps Further Education will take the spotlight in government agendas and as a viable route to solve them. A range of measures continued to be announced which will positively impact the FRA. Some of these have seen the government directly adopt some recommendations from the Augar review. Oppportunities to capitalise this have been woven into our new strategic plan and will underpin our curriculum strategy for 2021/22 onwards in conjunction with our industry research into the skills gaps and needs of our industry.

The FRA maintains a key interest in government policy, especially in relation to its impact on the educational landscape in which we operate. Further Education has been propelled back into the political spotlight by the current government and several 'landmark speeches' and policy announcements have been made over the past few months. We await a new White Paper (due autumn 2020) and predict the following outcomes which will impact the FRA either through provision or funding policy changes. These, any any other matters arising, will continue to see the FRA iterating our strategic, curriculum and business planning processes going forward.

- The challenge posed by the pandemic has made it even more important to think about the post-16 education system we need in post-Brexit Britain. There will be a need for upskilling, reskilling and retraining and the development of technical, vocational and digital skills will be vital to our recovery. Our curriculum strategy will align industry need to government policy and shape our future offer.

- For decades, the government have failed to give FE the investment it deserves. Universities have an important role to play in our economy, society and culture. But there are limits to what can be achieved by sending ever more people to university, which is not always what the individual or the economy needs. Our curriuculum offer is carefully calibrated to offer the right FE, HE and Apprenticeship provision to secure students the best and most appropriate outcome.

- There has been a systemic decline in higher technical qualifications. Well over 100,000 people were taking Higher National Certificates and Diplomas (Level 4 and Level 5 qualifications) in 2000. That has reduced to fewer than 35,000 now. The current government stance seems to be placing increased importance upon these skills as part of the Build Back Better scheme. The FRA has a strategic objective to expand our FE offer to Level 5 and continue to expand the range of Higher Education Programmes and Apprenticeships to higher levels.

- There is an inbuilt snobbishness about HE being better than FE, but evidence demonstrates that FE can open the doors to greater opportunity and better prospects. Graduates are now competing for jobs that used to be done by non-graduates. A significant proportion of graduates fail to gain any advantage from going to university at all. Employers say that too often, graduates don't have the skills they need (including basic numeracy and literacy). The FRAs unique By Industry, For Industry, With Industry approach is both a part of our DNA and ensures that our provision at all levels directly meets the skills needs of industry and secures job outcomes for our students.

- When Tony Blair set the 50% target for university attendance, it was a target for the sake of a target. Governments of all colours have failed to give the other 50% of young people the support and investment that they deserve. In driving more people into HE our policy experts focused on what they were familiar with, rather than what the nation and the economy needs. This has to change. We need a wholesale rebalancing towards further and technical education and a stronger alignment with the economic needs of the nation.

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

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

The Office for National Statistics (ONS) projections demonstrate that the number of young people in FE and school sixth forms is likely to grow by around 6% between 2019 and 2022 and another £300 million is needed on top of current spending plans to avoid cuts in per-student funding. The report adds that as a result of recent re-organisations and mergers it is unclear whether colleges and sixth forms are well placed to accommodate these rising student numbers. The FRA itself is cautiously exploring property expansion at the current time, aligned to our new Strategic Plan and Property Strategy to meet the demand in places.

For Higher Education provision, data published by the University and Colleges Admissions Service (UCAS) on 24 September shows that a record number of students have obtained a UK university place. As of 10 September, there were 515,650 students (around 95% of applicants) with a confirmed place. This is a 4% increase on last year. These figures include both UK and international students. Within the total there were 441,720 UK students, an increase of 4%. Numbers of international students accepted from outside the EU increased by 9% to 44,300, but students from within the EU fell by 2% to 29,630. With reference to UK students, 253,890 were aged 18, meaning that a record 34.6% of all school and college leavers will start a university course this year. All of this has come as a relief as many were expecting a collapse in applications, along with a collapse in income due to COVID-19.

The past 15 years have brought enormous value to both our students and the industry as a whole. Almost 10,000 graduates now work in industry and that number is increasing by more than a thousand per year. In fact, there are very few retail companies where you will not find an FRA graduate in meaningful sustained employment throughout London and the UK. As the industry continues to evolve at a pace, so too will the FRA curriculum to ensure that this rate of employment not only continues, but meets the future skills needs of a highly competitive and fast changing industry.

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

Stakeholder Relationships

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

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

The Academy recognises the importance of these relationships and engages in regular communication with them through meetings and correspondence. In particular, the Academy continues to nurture our well-developed strong links with the sponsors and with other fashion retail employers. These enable the Academy to offer relevant and valuable substantial periods of work placement to all its students on Level 3 courses or above, ensure that the training and education provided remains relevant and up to date and also aids in staff development. In many cases these work placements lead directly to employment. In 2019/20 we further increased the breadth and effectiveness of industry touch points. These multiple, consistent interactions with industry enhanced learner's knowledge, skills and understanding and prepared them for the next step in their career. Outstanding touch points, in and out of the classroom, across programmes positively improve the learners experience and increase employability.

<u>Employer relationships 2019/20</u>
The FRA continues to build on and enjoys strong links with industry partners; enhancing and bringing unique value to our students' development.

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

The impact of Covid-19 and the subsequent national lockdown introduced in Mid-March 2020 significantly hampered the Academy's ability to fulfil its planned activities with retail partners for the benefit of our learners including work placements. However, the pandemic did in its stead bring opportunities for innovation in the way our students interact with brands and partners, bringing many activities and events on digital platforms such as 'Online Careers Day' and talks with members of the industry.

In total we have worked with 172 brands this academic year across several initiatives:

- Work Placements — 52 supporting over 156 students (including Hugo Boss, Moss Bros, Arcadia, Monsoon, New Look, PVH, Whistles and TM Lewin)
- November Careers Day — 29 brands in attendance (including Arcadia, ASOS, Aspinal of London, Dune, H&M, New Look, Oliver Bonas, Ralph Lauren and Reiss)
- October Industry Week — 38 events and talks from 31 brands (including ASOS, Arcadia, Sainsburys, Browns, River Island, Selfridges and Harvey Nichols)
- Sustainability Week — 10 brands (including Accenture, Ananas Anam, Arcadia, Lipsy, M&Co, M&S, MRL, My Wardrobe, Naeco Swimwear and Oxfam)
- May Careers Day — 6 brands (ASOS, M&S, Harvey Nichols, John Lewis, Waitrose, Tapestry)
- May Industry Week — 35 talks from brands (including ASOS, Matches, Liberty, Arcadia, Ann Summers, Alexander McQueen, Bestseller, Harvey Nichols and M&S)
- Industry Projects — 11 projects across 8 brands (including ASOS, Arcadia, New Look, Bicester Village, M&S, LK Bennett, Lipsy and John Lewis)
- Recruitment — 52 brands have been working with us for recruitment (including All Saint, Anthropologie, N16 Vintage, Dune, Gottex, Debenhams, Harrods, Harvey Nichols and Mountain Warehouse)
- Industry visits — 3 brands supported with 5 visits (M&S, Arcadia and Harvey Nichols)
- Masterclasses — 20 brands (including Tiffany & Co, Accenture, Farfetch, Aquascutum, Depop, GQ, ChiChi London, Selfridges and ASOS)
- Focus groups — Converse delivered 2 focus groups and Topman (Arcadia) 1 focus group
- Exclusive opportunities — 6 opportunities (including Gayle Rinkoff, fashion Scout, Models of Diversity, Oxfam, Asiana Bridal and Value Retail)
- Higher Education FMP Panel — 18 brands (including Adidas, ASOS, Browns, Chichi London, Converse, M&S, Topshop, Next, N16 Vintage)
- HE Mentoring — 116 mentors from 55 brands (Arcadia, ASOS, Bestseller, Bicester Village, Blood Brother, UNIQLO, Whistles, Browns and Farfetch)
- HE Jermyn St. Mentoring — 10 mentors from 10 brands (including Hawes & Curtis, Benson & Clegg, Pink Shirtmaker, Harvie & Hudson, Crockett & Jones and Fortnum & Mason)

<u>Impact of stakeholder relationships</u>

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

Financial results

For 2019/20, the Academy generated a net surplus of £295,591 *(18/19: £816,390 surplus)*.
Capital expenditure in 2019/20 amounted to £221,000 *(18/19: £663,000).*

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

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

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

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

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

Treasury policies and objectives

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

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

For 2019/20, the reserves policy criteria was satisfied as there are sufficient unrestricted reserves of £3.7m to meet 4 months of operating expenditure of £2.7m. 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 £985,000 (18/19 inflow: £1,004,000), reflecting the operational cash generation during the year.

Liquidity

The Academy continued to hold substantial cash at bank balances with £3,138,000 at the end of July 2020 (18/19 £2,369,000), hence gives a current ratio of 1.46 (18/19: 1.35).

Going concern

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

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

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

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

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

Future developments

Funding for the Academy in 2020/21 has been confirmed at £4,729,069 from the EFA (plus £101,238 of student and financial support).

Resources

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

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

Principal Risks and Uncertainties

The Academy employs 100.2 full time equivalent staff (18/19: 85.7) of whom 22 (18/19: 25) are teaching related staff.

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

Crowe UK were appointed as the new external auditors following a thorough tendering process, 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 2019/20 and an updated Risk Register was agreed.

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

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

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

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

Government funding

The Academy places considerable reliance on continued government funding through the EFA and the SFA. In 2018/19, 59% (18/19: 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 2019. In addition, the Academy has a business continuity insurance in place which is reviewed annually. The next review is planned in summer 2020/21.

Liquidity

The Academy's cashflows are healthy, the unrestricted funds have grown by 9% and are now at £3,688,000 versus £3,392,000 in 2018/19. Student numbers increased in 2019/20 in comparison to 2018/19 and the Academy benefitted from in year lagged funding payments as well as a boost to our Higher Education numbers in comparison to the previous year.

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

Equal opportunities and employment of disabled persons

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

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

Disability statement

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

a) The Academy has made significant investment in ensuring its premises have appropriate disability access. Information, advice and support is provided to all students with disabilities.
b) The admissions policy for all students is available from the Registry Office. Appeals against a decision not to offer a place are dealt with under the complaints policy.
c) The Academy has appointed specialist lecturers to support students with learning difficulties and/or disabilities. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
d) Specialist programmes are described in the Academy's prospectus. Achievements and destinations are published in standard format.

GOVERNORS' REPORT (INCLUDING STRATEGIC REPORT) CONTINUED
Disability statement (continued)

e) Counselling and welfare services are described in the Academy's Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

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

Disclosure of information to auditors

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

Approved by order of the Board on 2nd December 2020, and signed on its behalf by:



Kim Longman
Chair

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

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 2019 to 31st July 2020 and up to the date of approval of the annual report and financial statements.

The Academy endeavours to conduct its business:

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

The Board

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

Academy Board Members during 2019/20

	Date of Appointment	Term of office (years)	Date of resignation	Committees Served	Board meetings attended/ possible
Kim Longman Chair	13 July 2005 Reappointed 13 July 2008, 12 July 2011, 11 June 2014, 9 March 2017 and 2 July 2020	3	n/a	Finance Quality	8/8
James Barron	2 December 2018	3	n/a	Audit	8/8
Laura Charles	27 June 2017 Reappointed 2 July 2020	3	n/a	Quality	6/8
Fiona Gaughan	2 December 2018	3	n/a	Finance	7/8
Martin Gibson	4 December 2008 Reappointed 7 December 2011, 28 January 2015 and 30 November 2017	3	n/a	Audit (Chair)	3/8
David Kaye	7 December 2011. Reappointed 28 January 2015 and 30 November 2017	3	n/a	Audit	7/8
Lee Lucas (Principal)	6 October 2014	n/a	n/a	n/a	8/8
Jonathan Richens	3 July 2008 Reappointed 12 July 2011 and 11 June 2014, 9 March 2017 and 2 July 2020	3	n/a	Finance (Chair)	6 /8
Elizabeth Rouse Vice Chair	3 July 2008 Reappointed 12 July 2011, 13 March 2013, 28 January 2016 and 27 March 2019	3	n/a	Quality	8/8
Anne Secunda	1 September 2019	3	n/a	Quality	6/8
David Shepherd	09 July 2009 Reappointed 20 June 2012, 12 May 2015 and 14 March 2018	3	31 August 2019	Quality	0/0

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

Elaine Smith	11 June 2014. Reappointed 9 March 2017 and 2 July 2020	3	n/a	Quality (Chair)	7/8
Vanessa Spence	2 December 2018	3	n/a	Quality	7/8

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

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

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

All governance business is conducted through the Board. The Audit Committee, the Finance Committee 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

Articles 12 of the Articles of Association of the Academy stipulates that each of the Principal Sponsors (Arcadia Group Ltd and ASOS plc) shall each appoint up to 3 governors. All other governors are appointed by the Board except that the Prinicpal of the Academy is an ex-officiio governor.

Any 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 as required.

Members of the Board are appointed for a term of office not exceeding three years, following which members are eligible for re-appointment.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Audit Committee

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

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

Management is responsible for the implementation of audit recommendations and undertakes periodic follow-up reviews to ensure such recommendations have been implemented. The Academy's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

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

Finance Committee

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

Quality Committee

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

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

system of internal control has been in place in the Academy for the period ended 31 July 2020 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 2020 and up to the date of approval of the financial statements. This process is regularly reviewed by the Board.

The risk and control framework

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

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

Review of effectiveness

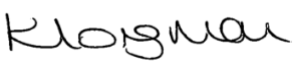
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

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

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

Going concern

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



Kim Longman
Chair
2nd December 2020



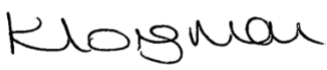
Lee Lucas
Principal, CEO & Accounting Officer
2nd December 2020

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
2nd December 2020



Lee Lucas
Principal, CEO & Accounting Officer
2nd December 2020

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
2nd December 2020

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

Opinion

We have audited the financial statements of Fashion Retail Academy for the year ended 31 July 2020 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 a summary of 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 charitable company's affairs as at 31 July 2020 and of its incoming resources and application of resources, including its 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the governors' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Opinions on other matters prescribed by the Companies Act 2006 (Continued)

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

Responsibilities of trustees

As explained more fully in the statement of responsibilities of the members of the board set out on page 20, the trustees (who are also the directors of the charitable company 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 trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Use of our report

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

London

24 December 2020

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2020

	Note	Unrestricted Funds	Restricted Funds	Year ended 31 July 2020	Year ended 31 July 2019
				Group	Group Restated
Income				**£'000**	£'000
Funding Body Grants	2	5,576	244	5,820	5,408
Tuition fees and Educational contracts	3	2,953	181	3,134	2,979
Other income	4	181		181	173
Donations	5	1,947		1,947	1,952
Endowment and investment income	6	11		11	3
Total income		**10,668**	**425**	**11,093**	10,515
Expenditure					
Staff costs	8	4,502	106	4,608	3,769
Other operating expenses	10	5,098	319	5,417	5,234
Depreciation and amortisation	11	765		765	689
Interest & other finance costs		6		6	7
Total expenditure		**10,371**	**425**	**10,796**	9,699
Surplus before other gains/losses		**297**	-	**297**	816
(Loss) on disposal of assets		(1)	-	(1)	-
Surplus for the year	15	**296**	-	**296**	816
Total comprehensive income for the year					
Unrestricted comprehensive income		296	-	296	816
		296	**-**	**296**	816

Consolidated and Academy Statement of Changes in Reserves
For the year ended 31 July 2020

	Income and Expenditure account – Unrestricted	Income and Expenditure account – Restricted	Total
	£'000	£'000	£'000
Group & Academy			
Balance at 1st August 2018	2,716	-	2,716
Surplus from the income and expenditure account	676	140	816
Total comprehensive income for the year	676	140	816
Balance at 31st July 2019	**3,392**	**140**	**3,532**
Surplus from the income and expenditure account	296	-	296
Total comprehensive income for the year	296	-	296
Balance at 31st July 2020	**3,688**	**140**	**3,828**

Balance Sheets

At 31 July 2020

	Note	Group 31 July 2020 £000	Academy 31 July 2020 £000	*Group 31 July 2019 £000 Restated*	*Academy 31 July 2019 £000 Restated*
Fixed assets					
Intangible Assets	11	**73**	**73**	*83*	*83*
Tangible Assets	11	**3,680**	**3,680**	*4,225*	*4,225*
Total fixed assets		**3,753**	**3,753**	*4,308*	*4,308*
Current assets					
Debtors	12	**2,504**	**2,518**	*2,534*	*2,506*
Cash at bank and in hand		**3,138**	**3,124**	*2,369*	*2,363*
Total current assets		**5,642**	**5,642**	*4,903*	*4,869*
Current liabilities					
Creditors: amounts falling due within one year	13	**(3,867)**	**(3,867)**	*(3,631)*	*(3,597)*
Net current assets		**1,775**	**1,775**	*1,272*	*1,272*
Total assets less current liabilities		**5,528**	**5,528**	*5,580*	*5,580*
Non current liabiltities					
Creditors: amounts falling due after more than one year	14	**(1,700)**	**(1,700)**	*(2,048)*	*(2,048)*
Net assets		**3,828**	**3,828**	*3,532*	*3,532*
Reserves					
Unrestricted income reserve		**3,688**	**3,688**	*3,392*	*3,392*
Restricted income reserve	16	**140**	**140**	*140*	*140*
	15	**3,828**	**3,828**	*3,532*	*3,532*

The financial statements on pages 26 to 47 were approved by the Board on 2nd December 2020 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

Consolidated Cash Flow Statement

For the year ended 31 July 2020

	Note	2020 £'000	2019 £'000 Restated
Cash inflow from operating activities			
Surplus for the year		296	816
Adjustment for non cash items			
Depreciation and amortisation		765	689
Impact from disposal of fixed assets		10	-
Decrease in debtors		30	2
Increase/ (decrease) in creditors due within one year		237	(165)
Release from Capital grants		(348)	(342)
Adjustment for investing or financing activities			
Investment income		(11)	(3)
Interest payable		6	7
Net cash inflow from operating activities		**985**	**1,004**
Cash flows from investing activities			
Investment income	6	11	3
Payments made to acquire fixed assets		(221)	(663)
Net cash outflow from investing activities		(210)	(660)
Cash flows from financing activities			
Interest paid		(6)	(7)
Net cash outflow from financing activities		(6)	(7)
Increase in cash and cash equivalents in the year		**769**	**337**
Cash and cash equivalents at beginning of the year		2,369	2,032
Cash and cash equivalents at end of the year		3,138	2,369

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 £295,591 (18/19 surplus £816,390).

Basis of consolidation
The consolidated financial statements include the Academy and its subsidiaries, FRA Enterprises Limited and Fashion & Retail Awards. 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 2020.

FRA Enterprises Limited is a private company limited by guarantee, and its principal activities are the provision of training courses and the letting of facilities at Fashion Retail 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. From 1st August 2019, FRA Enterprises Ltd did not carry out any trading activities .

Fashion & Retail Awards, was incorporated on 8th July 2019, and its principal activity is to be an End Point Assessment Organisation for the Academy.

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

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

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

Notes to the financial statements (continued)

1. Accounting policies (continued)

Recognition of income (continued)

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 receiveable.

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

Accounting for post-employment benefits
The Academy operates two schemes, both of which are defined contribution. Most people are included in the People's Pension scheme unless they opt out. The employers contribution was 3%, same as last year. The Arcadia Stakeholder Pension Scheme is administered by Prudential plc. The assets of the scheme are held separately from those of the company in an independently administered fund. The total amount paid into the scheme by the Academy in the year to 31 July 2020 was £63,142 (18/19 £38,546). The scheme is open to all staff employed at the Academy. The employer's contribution to the scheme is a maximum of 5%.

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

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.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Tangible fixed assets (continued)

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 econcomic life of the asset class to which it is transferred

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

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

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

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

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

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 tha qualify as basic financial instruments, which are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest

Notes to the financial statements (continued)

1. Accounting policies (continued)

Financial instruments (continued)

method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors excluding prepayments. Financial liabilities held at amortised cost comprise trade and other creditors.

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determined whether leases entered into by the Academy either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis. All leases have been identified as operating.

- Determined whether there are indicators of impairment of the group's fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Accruals, and provision for bad debts*

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

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

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

Notes to the financial statements (continued)

2. Funding Body Grants

	Unrestricted Funds	Restricted Funds	**Year ended 31 July 2020 Group**	Year ended 31 July 2019 Group Restated
	£'000	£'000	**£'000**	£'000
Education Funding Agency	4,649	182	4,831	4,502
Skills Funding Agency	575	62	637	565
Council Funding	7		7	-
Release of deferred LSC capital grant	313		313	310
Release of deferred GLA capital grant	32		32	31
	5,576	244	5,820	5,408

3. Tuition Fees and educational contracts

	Unrestricted Funds	Restricted Funds	**Year ended 31 July 2020 Group**	Year ended 31 July 2019 Group Restated
	£'000	£'000	**£'000**	£'000
UK Further Education students	837		837	975
HE degrees income	2,116	181	2,297	1,876
	2,953	181	3,134	2,851

4. Other Income

	Year ended 31 July 2020 Group	Year ended 31 July 2019 Group
	£'000	£'000
Venue hire and conferences	108	124
Short courses	18	44
Sundry other income	55	5
	181	173

Notes to the financial statements (continued)

5. Donations

	Year ended 31 July 2020 Group £'000	Year ended 31 July 2019 Group £'000
Gift aid from Gresse St.	1,947	1,947
Other donations (ICON for FE Graduation)	-	5
	1,947	1,952

6. Endowment and Investment Income

	Year ended 31 July 2020 Group £'000	Year ended 31 July 2019 Group £'000
Investment income	11	3

7. Staff numbers

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

	Year to 31 July 2020	Year to 31 July 2019
Average number of staff	123	108

	FTE's	FTE's
Teaching staff	22	25
Student support and Curriculum Services Staff	34	22
Academy support staff	44	38
	100	85

Notes to the financial statements (continued)

8. Staff costs

Staff costs for the persons listed in Note 7.	**Year ended 31 July 2020 Group** **£'000**	Year ended 31 July 2019 Group Restated £'000
Wages and salaries	4,072	3,159
Agency staff	51	188
Social security costs	376	300
Other pension costs	120	80
Movement in staff annual entitlement	(11)	42
	4,608	3,769

	Unrestricted Funds	Restricted Funds	**Year ended 31 July 2020 Group** **£'000**	Year ended 31 July 2019 Group Restated £'000
	£'000	£'000		
Teaching departments - teaching staff	1,359	41	1,400	1,041
Student support and Curriculum Services staff	1,481		1,481	1,193
Academy support staff	1,662	65	1,727	1,535
	4,502	106	4,608	3,769

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:

	2020	2019 Restated
£60,001 to £70,000	3	2
£70,001 to £80,000	1	-
£140,001 to £150,000	-	1
£180,001 to £190,000	1	-
	5	3

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

Notes to the financial statements (continued)

Termination costs:

Termination costs were incurred for 3 employees in the year 2019/20 (1 employee in 2018/19) as follows:
In 2019/20: payments were made for redundancy of £1.2k, compensation of £2k and pay in lieu of notice of £4k.
In 2018/19: payments were made for compensation of £5k and pay in lieu of notice of £15k.

9. Senior postholders' emoluments

Senior postholders are defined as the Principal and 5 directors of the company.

	Year to 31 July 2020 Number	Year to 31 July 2019 Number
The number of senior postholders:	6	6

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

	Year to 31 July 2020 £000	Year to 31 July 2019 £000
Wages and salaries	482	410
Social security costs	60	49
Pension contributions	31	23
	572	482

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

	Year to 31 July 2020 £000	Year to 31 July 2019 £000
Wages and salaries	182	149
Social security costs	24	19
Pension contributions	21	15
	227	183

Notes to the financial statements (continued)

10. Other operating expenses

	Unrestricted Funds	Restricted Funds	**Year ended 31 July 2020 Group**	Year ended 31 July 2019 Group Restated
	£'000	£'000	**£'000**	£'000
Teaching support services	348	319	666	730
Other support services	359		359	104
Admin and central services	1,311		1,311	1,265
Rent	2,356		2,356	2,356
Premises costs	634		634	684
Catering and conference costs	90		90	95
	5,098	319	5,416	5,234

Other operating expenses include:	**Year ended 31 July 2020 Group £'000**	Year ended 31 July 2019 Group £'000
Auditors' remuneration:		
Audit of Financial Statements*	34	38
Internal Audit	20	21
Operating leases:		
Hire of other assets	2,356	2,356

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.

* includes £27,000 excluding vat, in respect of the Academy and its subsidiaries, charged by the new auditors (2018/19: £29,000 excluding vat, in respect of the Academy and £3,000 excluding vat, in respect of FRA Enterprises Ltd.)

Notes to the financial statements (continued)

11. Fixed assets (Group & Academy)

TANGIBLE ASSETS

	Leasehold Improvem-ents	Computer Equipment	Fixtures & Fittings	Assets under Construction Restated	**Total Restated**
Cost:	£000	£000	£000	£000	**£000**
At 1 August 2019	7,984	1,062	1,122	62	**10,230**
Additions	15	154	52	-	**221**
Transfers	-	62	-	(62)	**-**
Disposals	-	(63)	(15)	-	**(78)**
At 31 July 2020	7,999	1,215	1,159	-	**10,373**
Accumulated depreciation:					
At 1 August 2019	4,313	860	832	-	**6,005**
Charge for year	393	247	115	-	**755**
Disposals	-	(57)	(10)	-	**(67)**
At 31 July 2020	4,706	1,050	937	-	**6,693**
Net Book value					
At 31 July 2020	**3,293**	**165**	**222**	**-**	**3,680**
Financed by capital grant	2,223	-	1	-	2,224
Finance by other	1,070	165	221	-	1,456
At 31 July 2019	*3,671*	*202*	*290*	*62*	*4,225*

INTANGIBLE ASSETS		Assets under Construction Restated	**Total Restated**
Cost:	£000	£000	**£000**
At 1 August 2019	47	54	101
Transfers	54	(54)	-
At 31 July 2020	**101**	**-**	**101**
Accumulated amortisation:			
At 1 August 2019	18		18
Charge for year	10		10
Disposals	-		-
At 31 July 2020	**28**	**-**	**28**
Net Book value			
At 31 July 2020	**73**	**-**	**73**
At 31 July 2019	*29*	*54*	*83*

Notes to the financial statements (continued)

12. Debtors

Amounts falling due within one year:	**Group Year to 31 July 2020 £000**	**Academy Year to 31 July 2020 £000**	Group Year to 31 July 2019 £000	Academy Year to 31 July 2019 £000
Trade debtors*	**381**	**381**	401	377
Other debtors	**-**	**-**	4	-
Amounts owing from EFA / SFA	**-**	**-**	24	24
Amount owing to/ from subsidiary	**-**	**14**	-	-
Prepayments and accrued income**	**2,123**	**2,123**	2,105	2,105
	2,504	**2,518**	2,534	2,506

*****Included within trade debtors, in 2019/20 £384k relates to 2020/21 (in 2018/19 £290k related to 2019/20).

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

13. Creditors: amounts falling due within one year

	Group Year to 31 July 2020 £000	**Academy Year to 31 July 2020 £000**	Group Year to 31 July 2019 £000 Restated	Academy Year to 31 July 2019 £000 Restated
Trade creditors**	**2,214**	**2,214**	2,188	2,178
Accruals	**610**	**610**	490	483
Amount owing to subsidiary	**-**	**-**	-	25
Other creditors including taxation and social security	**174**	**174**	186	163
Staff annual leave entitlement	**83**	**83**	94	94
Deferred income*	**441**	**441**	331	312
Deferred capital grant	**345**	**345**	342	342
	3,867	**3,867**	3,631	3,597

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

*In 2019/20, £441k of deferred income relates to 2020/21 fees, of which £384k had not been received by 31st July 2020 and is included in trade debtors (in 2018/19, all of the deferred income of £331k was for 2019/20 and included in trade debtors).

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

Notes to the financial statements (continued)

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

	Group 31 July 2020 £'000	**Academy 31 July 2020 £'000**	Group 31 July 2019 £'000	Academy 1 July 2019 £'000
Creditors: amounts falling due after more than one year:				
Deferred capital grant	**1,700**	**1,700**	2,048	2,048
	1,700	**1,700**	2,048,	2,048

15. Statement of Reserves (Group & Academy)

	Group and Academy Year to 31 July 2020 £'000	Group and Academy Year to 31 July 2019 Restated £'000
At 1 August 2019	**3,532**	2,716
Surplus for the year	**296**	816
At 31 July 2020	**3,828**	3,532

16. Statement of Restricted income reserves

	At 1 August 2019 Restated £000	Income £000	Expenditure £000	**At 31 July 2020 £000**
FE Learner Support Funds	-	244	223	**21**
HE Bursaries	68	181	181	**68**
Retailers Donations & Bursaries	54	-	15	**39**
Student Funds	13	-	6	**7**
Residential Housing Scheme	5	-	-	**5**
	140	425	425	**140**

17. Analysis of changes in net funds (Group)

	At 1 August 2019 £000	**Cash flows £000**	**At 31 July 2020 £000**
Cash at bank and in hand	2,369	**769**	**3,138**
	2,369	**769**	**3,138**

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

Notes to the financial statements (continued)

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

Analysis of net assets between funds (Group)

Fund balances at 31 July 2020:	Unrestricted £000	Restricted £000	**Total £000**
Fixed assets	3,754		**3,754**
Current assets	5,502	140	**5,642**
Current liabilities	(3,868)		**(3,868)**
Long term liabilities	(1,700)		**(1,700)**
	3,688	140	**3,828**

Notes to the financial statements (continued)

18. Related Party Transactions

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

During the year, the company paid Gresse Street Limited rent amounting to £2,355,500 (18/19: £2,355,500) and received a gift aid receipt from Gresse Street Limited of £1,947,023 (18/19: £1,947,023).

The Chair of Governors via Longman Consultancy was paid £32,400 during the year 2019/20 (18/19: £32,400) to oversee the relations with the sponsor organisations and other fashion retailers. Longman Consultancy is a related party as it employs the Chair of Governors.

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

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

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

For the Group	**31 July 2020**	31 July 2019
	£000	£000
Total expenditure incurred with UAL for 12 months ending	141	123
Creditors balance with UAL at	4	-
Total expenditure incurred with Longman Consultancy for 12 months ending	32	32
Creditors balance with Longman Consultancy at	-	3
Total expenditure incurred with Arcadia for 12 months ending	119	121
Creditors balance with Arcadia at	14	8
Total income received from Gresse Street for 12 months ending	1,947	1,947
Total expenditure incurred with Gresse Street for 12 months ending	2,356	2,356
Creditor and debtor balance with Gresse Street at	1,947	1,947

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

Notes to the financial statements (continued)

19. Operating lease commitments

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

Operating Lease Commitments:

	Year to 31 July 2020 £000	Year to 31 July 2019 Restated £000
Within one year	2,356	2,356
Within two to five years	9,422	9,422
After more than five years	-	2,356

20. Learner Support Funds

Monies received in respect of each year	**Year to 31 July 2020 £000**	Year to 31 July 2019 £000
EFA - carried over from previous year	-	27
EFA - Student Financial Support Funding	176	137
SFA - Hardship funds	62	6
	238	170
Used as follows:		
Disbursed to students	(238)	(170)
Administration costs	-	-
Total disbursed	(238)	(170)
Balance at 31 July	-	-

21. Contingent Asset/ Liabilities

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

22. Share Capital

No share capital (18/19 no share capital)

Notes to the financial statements (continued)

23. Limitation on governors' liability

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

24. Related party undertakings

Fashion Retail Academy has a subsidiary undertaking controlled at 100% incorporated in the UK named FRA Enterprises Limited.

FRA Enterprises Limited is included in the group consolidation. FRA Enterprises Limited aggregate capital and reserves are nil and the operating profit for the year ending 31 July 2020 is Nil (18/19 nil).

FRA Enterprises Limited 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.

Fashion Retail Academy has set up a new subsidiary, Fashion and Retail Awards, which was incorporated on 8th July 2019, whose principal activity is to be an End Point Assessment Organisation for the Academy.

The registered address for both subsidiaries is the same as disclosed on page 15 for Fashion Retail Academy.

25. Restatement

This year's fixed assets (Note 11) have been re-stated as £54k of the Assets in Construction in 2018/19 accounts related to Intangibles.

The Operating lease commitments schedule (Note 19), shows an adjustment to last year's accounts to show one year of lease outstanding over 5 years at £2,356k.

Turnover and expenditure for the year and comparatives (Note 26) have been grossed up for ESFA and HE Bursaries received and spent on student welfare. This income recognised had previously been held in Creditors. The reserves have accordingly been reclassified as restricted and unrestricted reserves.

Notes to the financial statements (continued)

26. Consolidated Statement of Comprehensive Income

For the year ended 31 July 2019

	Note	Unrestricted Funds	Restricted Funds	Year ended 31 July 2019 Group Restated £'000
Income				
Funding Body Grants	2	5,182	226	5,408
Tuition fees and Educational contracts	3	2,823	156	2,979
Other income	4	173		173
Donations	5	1,952		1,952
Endowment and investment income	6	3		3
Total income		**10,133**	**382**	**10,515**
Expenditure				
Staff costs	8	3,769		3,769
Other operating expenses	10	4,992	242	5,234
Depreciation and amortisation	11	689		689
Interest & other finance costs		7		7
Total expenditure		**9,457**	**242**	**9,699**
Surplus before other gains/losses		**676**	**140**	**816**
(Loss) on disposal of assets		-	-	-
Surplus for the year	15	**676**	**140**	**816**
Total comprehensive income for the year				
Unrestricted comprehensive income		676	140	816
		676	**140**	**816**

Notes to the financial statements (continued)

27. Comparative statement of Restricted income reserves

	At 1 August 2018 £000	Income £000	Expenditure £000	**At 31 July 2019 Restated £000**
FE Learner Support Funds	-	154	154	**-**
HE Bursaries	-	156	88	**68**
Retailers Donations & Bursaries	-	54	-	**54**
Student Funds	-	13	-	**13**
Residential Housing Scheme	-	5	-	**5**
	-	382	242	**140**

28. Comparative analysis of net assets between funds (Group)

Fund balances at 31 July 2019:	Unrestricted £000	Restricted £000	**Total £000**
Fixed assets	4,308		**4,308**
Current assets	4,763	140	**4,903**
Current liabilities	(3,631)		**(3,631)**
Long term liabilities	(2,048)		**(2,048)**
	3,392	140	**3,532**