

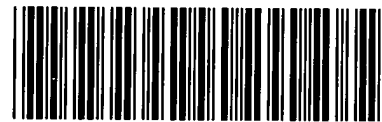


Report and Consolidated Financial Statements for the year ended 31 July 2020

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

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Report and Consolidated Financial Statements for the year ended 31 July 2020

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Report and Consolidated Financial Statements for the year ended 31 July 2020

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%



Report and Consolidated Financial Statements for the year ended 31 July 2020

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).



Report and Consolidated Financial Statements for the year ended 31 July 2020

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.



Report and Consolidated Financial Statements for the year ended 31 July 2020

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.



Report and Consolidated Financial Statements for the year ended 31 July 2020
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 remote delivery and remote 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.



Report and Consolidated Financial Statements for the year ended 31 July 2020

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.



Report and Consolidated Financial Statements for the year ended 31 July 2020

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. Opportunities 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 and 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 curriculum 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 FRA's 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.



Report and Consolidated Financial Statements for the year ended 31 July 2020

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.

Employer relationships 2019/20

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



Report and Consolidated Financial Statements for the year ended 31 July 2020

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, Aspinall 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)

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 life 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.



Report and Consolidated Financial Statements for the year ended 31 July 2020

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.



Report and Consolidated Financial Statements for the year ended 31 July 2020

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.



Report and Consolidated Financial Statements for the year ended 31 July 2020

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-bodiedness 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.



Report and Consolidated Financial Statements for the year ended 31 July 2020

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:

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

Kim Longman
Chair

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



Report and Consolidated Financial Statements for the year ended 31 July 2020

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



Report and Consolidated Financial Statements for the year ended 31 July 2020

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 Principal of the Academy is an ex-officio 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.



Report and Consolidated Financial Statements for the year ended 31 July 2020

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



Report and Consolidated Financial Statements for the year ended 31 July 2020

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 satisfied ourselves that funding contracts and fee income is secure. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

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

Kim Longman
Chair
2nd December 2020

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

Lee Lucas
Principal, CEO & Accounting Officer
2nd December 2020



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

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

Kim Longman
Chair
2nd December 2020

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

Lee Lucas
Principal, CEO & Accounting Officer
2nd December 2020



Report and Consolidated Financial Statements for the year ended 31 July 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

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

Kim Longman
Chair
2nd December 2020



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



Report and Consolidated Financial Statements for the year ended 31 July 2020

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.



Report and Consolidated Financial Statements for the year ended 31 July 2020

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



Report and Consolidated Financial Statements for the year ended 31 July 2020

Consolidated Statement of Comprehensive Income For the year ended 31 July 2020

		Unrestricted Funds	Restricted Funds	Year ended 31 July 2020 Group £'000	Year ended 31 July 2019 Group Restated £'000
Income	Note				
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



Report and Consolidated Financial Statements for the year ended 31 July 2020

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 £'000	Total £'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



Report and Consolidated Financial Statements for the year ended 31 July 2020

Balance Sheets

At 31 July 2020

	Note	Group 31 July 2020 £000	Academy 31 July 2020 £000	Group 31 July 2019 £000 <i>Restated</i>	Academy 31 July 2019 £000 <i>Restated</i>
Fixed assets					
Intangible Assets	11	73	73	83	83
Tangible Assets	11	3,680	3,680	4,225	4,225
Total fixed assets		<u>3,753</u>	<u>3,753</u>	<u>4,308</u>	<u>4,308</u>
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		<u>5,642</u>	<u>5,642</u>	<u>4,903</u>	<u>4,869</u>
Current liabilities					
Creditors: amounts falling due within one year	13	(3,867)	(3,867)	(3,631)	(3,597)
Net current assets		<u>1,775</u>	<u>1,775</u>	<u>1,272</u>	<u>1,272</u>
Total assets less current liabilities		<u>5,528</u>	<u>5,528</u>	<u>5,580</u>	<u>5,580</u>
Non current liabilities					
Creditors: amounts falling due after more than one year	14	(1,700)	(1,700)	(2,048)	(2,048)
Net assets		<u>3,828</u>	<u>3,828</u>	<u>3,532</u>	<u>3,532</u>
Reserves					
Unrestricted income reserve		3,688	3,688	3,392	3,392
Restricted income reserve	16	140	140	140	140
	15	<u>3,828</u>	<u>3,828</u>	<u>3,532</u>	<u>3,532</u>

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



Report and Consolidated Financial Statements for the year ended 31 July 2020

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		<u>985</u>	<u>1,004</u>
Cash flows from investing activities			
Investment income	6	11	3
Payments made to acquire fixed assets		(221)	(663)
Net cash outflow from investing activities		<u>(210)</u>	<u>(660)</u>
Cash flows from financing activities			
Interest paid		(6)	(7)
Net cash outflow from financing activities		<u>(6)</u>	<u>(7)</u>
Increase in cash and cash equivalents in the year		<u>769</u>	<u>337</u>
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



Report and Consolidated Financial Statements for the year ended 31 July 2020

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



Report and Consolidated Financial Statements for the year ended 31 July 2020

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 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 £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.



Report and Consolidated Financial Statements for the year ended 31 July 2020

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 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.

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



Report and Consolidated Financial Statements for the year ended 31 July 2020

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.



Report and Consolidated Financial Statements for the year ended 31 July 2020

Notes to the financial statements (continued)

2. Funding Body Grants

	Unrestricted Funds	Restricted Funds	Year ended 31 July 2020 Group £'000	Year ended 31 July 2019 Group Restated £'000
	£'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
	<u>5,576</u>	<u>244</u>	<u>5,820</u>	<u>5,408</u>

3. Tuition Fees and educational contracts

	Unrestricted Funds	Restricted Funds	Year ended 31 July 2020 Group £'000	Year ended 31 July 2019 Group Restated £'000
	£'000	£'000	£'000	£'000
UK Further Education students	837		837	975
HE degrees income	2,116	181	2,297	1,876
	<u>2,953</u>	<u>181</u>	<u>3,134</u>	<u>2,851</u>

4. Other Income

	Year ended 31 July 2020 Group £'000	Year ended 31 July 2019 Group £'000
Venue hire and conferences	108	124
Short courses	18	44
Sundry other income	<u>55</u>	<u>5</u>
	<u>181</u>	<u>173</u>



Report and Consolidated Financial Statements for the year ended 31 July 2020
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
	<u>1,947</u>	<u>1,952</u>

6. Endowment and Investment Income

	Year ended 31 July 2020 Group £'000	Year ended 31 July 2019 Group £'000
Investment income	<u>11</u>	<u>3</u>

7. Staff numbers

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

	Year to 31 July 2020	Year to 31 July 2019
Average number of staff	<u>123</u>	<u>108</u>
	FTE's	FTE's
Teaching staff	22	25
Student support and Curriculum Services Staff	34	22
Academy support staff	44	38
	<u>100</u>	<u>85</u>



Report and Consolidated Financial Statements for the year ended 31 July 2020

Notes to the financial statements (continued)

8. Staff costs

	Year ended 31 July 2020 Group £'000		Year ended 31 July 2019 Group Restated £'000	
Staff costs for the persons listed in Note 7.				
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	
	<u>4,608</u>		<u>3,769</u>	

	Unrestricted Funds £'000	Restricted Funds £'000	Year ended 31 July 2020 Group £'000		Year ended 31 July 2019 Group Restated £'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	
	<u>4,502</u>	<u>106</u>	<u>4,608</u>		<u>3,769</u>	

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

Higher paid staff:

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

	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	-
	<u>5</u>	<u>3</u>

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



Report and Consolidated Financial Statements for the year ended 31 July 2020

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 follows:

	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
	<u>572</u>	<u>482</u>

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
	<u>227</u>	<u>183</u>



Report and Consolidated Financial Statements for the year ended 31 July 2020

Notes to the financial statements (continued)

10. Other operating expenses

	Unrestricted Funds	Restricted Funds	Year ended 31 July 2020 Group £'000	Year ended 31 July 2019 Group Restated £'000
Teaching support services	£'000 348	£'000 319	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
	<u>5,098</u>	<u>319</u>	<u>5,416</u>	<u>5,234</u>
			Year ended 31 July 2020 Group £'000	Year ended 31 July 2019 Group £'000
Other operating expenses include:				
Auditors' remuneration:				
Audit of Financial Statements*			34	38
Internal Audit			20	21
Operating leases:				
Hire of other assets			<u>2,356</u>	<u>2,356</u>

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

* 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.)



Report and Consolidated Financial Statements for the year ended 31 July 2020

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
At 1 August 2019	47	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	83



Report and Consolidated Financial Statements for the year ended 31 July 2020

Notes to the financial statements (continued)

12. Debtors

	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
Amounts falling due within one year:				
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
	<u>2,504</u>	<u>2,518</u>	<u>2,534</u>	<u>2,506</u>

*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	Academy Year to 31 July 2019 £000
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
	<u>3,867</u>	<u>3,867</u>	<u>3,631</u>	<u>3,597</u>

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.



Report and Consolidated Financial Statements for the year ended 31 July 2020

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
	<u>1,700</u>	<u>1,700</u>	<u>2,048</u>	<u>2,048</u>

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	<u>3,828</u>	<u>3,532</u>

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
	<u>140</u>	<u>425</u>	<u>425</u>	<u>140</u>

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
	<u>2,369</u>	<u>769</u>	<u>3,138</u>

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



Report and Consolidated Financial Statements for the year ended 31 July 2020

Notes to the financial statements (continued)

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

Analysis of net assets between funds (Group)

	Unrestricted £000	Restricted £000	Total £000
Fund balances at 31 July 2020:			
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)
	<u>3,688</u>	<u>140</u>	<u>3,828</u>



Report and Consolidated Financial Statements for the year ended 31 July 2020

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.



Report and Consolidated Financial Statements for the year ended 31 July 2020

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 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

	Year to 31 July 2020 £000	Year to 31 July 2019 £000
Monies received in respect of each year		
EFA - carried over from previous year	-	27
EFA - Student Financial Support Funding	176	137
SFA - Hardship funds	62	6
	<u>238</u>	<u>170</u>
Used as follows:		
Disbursed to students	(238)	(170)
Administration costs	-	-
Total disbursed	<u>(238)</u>	<u>(170)</u>
Balance at 31 July	<u>-</u>	<u>-</u>

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)



Report and Consolidated Financial Statements for the year ended 31 July 2020

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.



Report and Consolidated Financial Statements for the year ended 31 July 2020

Notes to the financial statements (continued)

26. Consolidated Statement of Comprehensive Income For the year ended 31 July 2019

		Unrestricted Funds	Restricted Funds	Year ended 31 July 2019 Group Restated £'000
Income	Note			
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



Report and Consolidated Financial Statements for the year ended 31 July 2020

Notes to the financial statements (continued)

27. Comparative statement of Restricted income reserves

	At 1 August 2018	Income	Expenditure	At 31 July 2019
	£000	£000	£000	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)

	Unrestricted £000	Restricted £000	Total £000
Fund balances at 31 July 2019:			
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