

The FutureLets Limited

**Annual Report and Financial Statements
For the year ended 31 July 2021**

Registered number: 09136328



The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Contents

General information	1
Directors' report	2
Directors' responsibilities statement	5
Independent auditor's report	6
Profit and loss account	10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

General Information

Directors	Appointed	Resigned
The following were members of the Board of Directors during the year ended 31 July 2021 and to the date of signing this report, unless stated otherwise.		
A Shukla	21 September 2021	
N Wynn-Evans		31 August 2021
R S Bagri		
M A Hoppitt		
N J C Sale		31 August 2021
P F Wright		
P D Noon		
A Obey	14 September 2020	
I M Marshall		
R N Y Owen		31 August 2020
Director and Chair of Board		
A D Meehan		31 August 2021
Company Secretary		
H J Fulford		
Registered office	Company Secretariat Alan Berry Building Coventry University Priory Street Coventry CV1 5FB	
Registered number	09136328	
Auditors	BDO LLP Chartered Accountants and Statutory Auditor Two Snowhill Birmingham B4 6GA	
Bankers	Barclays Bank 25 High Street Coventry CV1 5QZ	

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Directors' Report

The Directors present their annual report on the affairs of The FutureLets Limited ('the company'), together with the financial statements and auditor's report for the year ended 31 July 2021.

In preparing this Directors' report, the directors have taken advantage of the small companies' exemptions available. Under the provisions of S414B of the Companies Act 2006, the company is entitled to small company exemption in relation to the preparation of a Strategic report.

Legal status

The FutureLets Limited was incorporated in United Kingdom on 17 July 2014 and commenced trading on 1 July 2015. The FutureLets Limited is a private company.

Changes to Directors

Changes to directors are shown in the tables on page 1.

The Board of Governors of the university has appointed an Enterprise Advisory Committee to advise on the governance of the company, members of that committee are also Directors of the company and will make decisions within that committee as Directors.

Going concern

In preparing the financial statements, the Directors have considered going concern. Financial sustainability was already a key foundation for the Strategy but has become a more significant focus in the light of COVID-19. This involved a cash flow forecast covering the period 1 August 2021 to 31 July 2023. The Company's income is predominantly intercompany and so cash flow forecasts for the year ahead are based on approved budgets. The Company has already taken a series of actions to ensure financial sustainability.

The Company has been impacted by the pandemic, and had been hit by a significant decline in management fees as this was earned as a percentage of rent charged to tenants of university owned accommodation. The University has increased the management fee it has paid in 2020/21 to ensure that the company was able to remain a going concern, and has taken the decision that from 1 August 2021 this company will cease to earn a percentage of rent as management fees, and will instead be funded on a cost basis against all costs incurred in managing University owned accommodation. This will mean that the company will no longer be at the same level of risk should further restrictions occur.

This year, cash flow forecasts have been based on approved budgets, as the Company's future revenues will be intercompany and based on cost, this is deemed to be sufficiently stable to make budgeted cash flow appropriate for understanding going concern.

The forecasts demonstrate that the Company remains financially viable and is able to meet all its financial obligations as they fall due with sufficient cash balances being maintained. Given that the income generated by this company is intercompany and based on cost, to support the forecast position a letter of support has been provided by Coventry University, confirming that it will provide financial support to the company by not requesting that liabilities payable to Coventry University are paid unless the company has sufficient funds to make such repayments without adversely affecting its ability to continue to trade as a going concern, and confirming legally binding support for a period of at least 12 months from the date of signing the 31 July 2021 financial statements.

At the date of approval of these financial statements, the Board has prepared cash flow forecasts to 31 July 2023 and performed an assessment which considers a period of at least 12 months from this date of approval. Given the unprecedented nature of the COVID-19 events, it is difficult to predict future performance and cash flows with certainty. However, as costs will be recovered through intercompany revenues, it is expected that this uncertainty will not give rise to a significant going concern uncertainty.

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Directors' Report (continued)

Going concern (continued)

The Directors believe that the financial support provided by Coventry University will be sufficient to support its planned requirements for the foreseeable future and at least the next 12 months from the date of these financial statements. The Directors acknowledge that uncertainty exists but do not consider this to be material uncertainty that would cast doubt on the Company's ability to continue as a going concern, as uncertainty in respect of costs will be offset by the intercompany arrangements in respect of revenue.

Therefore the Board of Directors considers it appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

Principal activities

The main activities of The FutureLets Limited are concerned with management and placement of students into student accommodation predominantly on behalf of Coventry University. The business has two key arms, one focuses on purpose built student accommodation (PBSA) whether that is University owned or privately owned whilst the other focuses on the private residential rental market.

Directors and their interests

Directors who held office during the year can be seen on page 1. None of the directors have any beneficial interest in the shares of the company related to their undertakings with The FutureLets Limited.

Directors' indemnities

The company has made qualifying third party indemnity provision for the benefit of its directors which were made during the year and remain in force at the date of this report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

BDO LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's stakeholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year.

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Directors' Report (continued)

Approval of reduced disclosures (continued)

Approved by the Board and signed on its behalf by:



Mr I Marshall
Director

Date: 23/03/2022

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, United Kingdom accounting standards and applicable law including FRS102 (the Financial Reporting Standard applicable in the UK & Republic of Ireland). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Independent Auditor's Report to the Members of The FutureLets Limited

Qualified opinion on the financial statements

In our opinion the financial statements, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

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

We have audited the financial statements of The FutureLets Limited ("the Company") for the year ended 31 July 2021 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the 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).

Basis for qualified opinion

As disclosed in note 16, the Company is a member of a local government multi-employer defined benefit scheme in relation to which the Company recognises a total net liability of £1,276,000 at the balance sheet date. This liability is net of amounts representing pension assets of £4,963,000. The decrease in the Company net liability in the year of £138,000 is reflected in the Profit and Loss Account with £368,000 recognised in the Statement of Comprehensive Income. Further information on the scheme and the impact on the financial statements is disclosed in note 16.

Our work on the amounts representing scheme assets involved seeking to obtain evidence concerning the existence and valuation of scheme assets. The Directors have made relevant enquiries of the scheme's trustees and their nominated investment managers, custodians and administrators, and Directors have been unable to obtain all the relevant information about existence and valuation of the underlying assets. Consequently, the information available to us as auditors was limited in scope.

We have therefore been unable to obtain sufficient, appropriate audit evidence in relation to the total net liability and consequently have been unable to determine whether any adjustment to the amounts presented in the financial statements is necessary, including the related movement in the Profit and Loss Account and Statement of Comprehensive Income. We were unable to satisfy ourselves by alternative means concerning the existence and valuation of scheme assets by using other audit procedures. Our opinion is therefore qualified in this respect.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the 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.

Conclusions relating to going concern

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

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Independent Auditor's Report to the Members of The FutureLets Limited (continued)

Conclusions relating to going concern (continued)

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

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

Other information

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

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

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the net pension liability of £1,276,000 for the Company. We have concluded that where the other information refers to the net pension liability or related movement such as those made to the Profit and Loss Account and Statement of Comprehensive income, it may be materially misstated for the same reason.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Arising solely from the limitation on the scope of our work relating to defined benefit pension scheme assets, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Independent Auditor's Report to the Members of The FutureLets Limited (continued)

Other Companies Act 2006 reporting (continued)

- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities statement, the Directors 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 Directors 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 Directors are responsible for assessing the 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 Directors either intend to liquidate the 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We made enquiries of management, the Audit and Risk Committee and the Directors. This included the following:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances on non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. These include, but are not limited to, Companies Act 2006, UK GAAP, employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and management and inspection of regulatory and legal correspondence if any.

We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Independent Auditor's Report to the Members of The FutureLets Limited (continued)

Audit response to risks identified

We designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- discussions with management, the Audit and Risk Committee and the Directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;
- reviewing items included in the fraud register as well as the results of internal audit's investigation into these matters;
- challenging assumptions made by management in their significant accounting estimates in particular in relation to the assumptions applied in calculating the pension liabilities;
- in addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud through improper income recognition, we tested the appropriateness of certain journals and tested the application of cut-off and revenue recognition.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>

This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Kyla Bellingall

A11A16013DD84AC...

Kyla Bellingall (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Birmingham

Date: 01 April 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Profit and loss account

For the year ended 31 July 2021

	Note	2020/21	2019/20
		£000	£000
Turnover	3	5,179	5,411
Cost of sales		(4,223)	(4,113)
Gross profit		956	1,298
Administrative costs		(1,074)	(1,138)
Other operating income		134	130
Operating profit	5	16	290
Interest receivable	6	1	8
Interest payable	7	(21)	(21)
Profit before taxation		(4)	277
Taxation	8	59	(244)
Profit after taxation and retained for the year		55	33

All income and expenditure has arisen from continuing activities.

The notes on pages 14 to 27 form part of these financial statements.

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Statement of comprehensive income

For the year ended 31 July 2021

	2020/21	2019/20
	£000	£000
Profit for the financial year	55	33
Actuarial gain/(loss) on defined benefit pension scheme	368	(273)
Taxation in respect of gain on defined benefit pension scheme	5	52
Total comprehensive income/(loss) attributable to equity shareholders of the Company	428	(188)

The notes on pages 14 to 27 form part of these financial statements.

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Balance Sheet

As at 31 July 2021

	Note	2021	2020
		£000	£000
Non-current assets			
Tangible assets	9	22	31
Total fixed assets		22	31
Current assets			
Debtors	10	2,182	1,463
Cash at bank and in hand		359	854
Total current assets		2,541	2,317
Current liabilities			
Creditors - amounts falling due within one year	11	(574)	(648)
Net current assets		1,967	1,669
Total assets less current liabilities		1,989	1,700
Creditors - amounts falling due after more than one year	12	(259)	(285)
Provisions for liabilities	13	(1,381)	(1,494)
Net assets/(liabilities)		349	(79)
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account		349	(79)
Total Shareholders' funds/(deficit)		349	(79)

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

The financial statements of The FutureLets Limited (registered number 09136328) were approved by the Board of Directors and authorised for issue on

The notes on pages 14 to 27 form part of these financial statements. They were signed on its behalf by:



Mr I Marshall
Director
Date: 23/03/2022

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Statement of Changes in Equity

At 31 July 2021

	Called up Share Capital	Profit & Loss Account	Total
	£000	£000	£000
Balances at 1 August 2019	-	109	109
Total comprehensive loss for the year			
Profit for the year	-	33	33
Actuarial losses on defined benefit pension scheme	-	(273)	(273)
Taxation	-	52	52
Balances at 31 July 2020	-	(79)	(79)
Balances at 1 August 2020	-	(79)	(79)
Total comprehensive income for the year			
Profit for the year	-	55	55
Actuarial gains on defined benefit pension scheme	-	368	368
Taxation	-	5	5
Balances at 31 July 2021	-	349	349

The profit and loss account represents cumulative profits or losses net of dividends paid, including gift aid payments.

The notes on pages 14 to 27 form part of these financial statements.

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Notes to the Financial Statements

For the year ended 31 July 2021

1. Accounting Policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

The FutureLets Limited ('the Company') is a company limited by shares and incorporated and domiciled in the United Kingdom. The address of the registered office is given on page 1.

The nature of the Company's operations and its principal activities are set out in the Directors' report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (The financial reporting standard applicable in the UK and Republic of Ireland ("FRS 102")).

The presentation currency of these financial statements is sterling. All amounts have been rounded to the nearest £000 unless otherwise stated.

The Company is consolidated in the financial statements of its ultimate parent, Coventry University, which may be obtained from Coventry University, Priory Street, Coventry, CV1 5FB.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

b. Going concern

In preparing the financial statements, the Directors have considered going concern. Financial sustainability was already a key foundation for the Strategy but has become a more significant focus in the light of COVID-19. This involved a cash flow forecast covering the period 1 August 2021 to 31 July 2023. The Company's income is predominantly intercompany and so cash flow forecasts for the year ahead are based on approved budgets. The Company has already taken a series of actions to ensure financial sustainability.

The Company has been impacted by the pandemic, and had been hit by a significant decline in management fees as this was earned as a percentage of rent charged to tenants of university owned accommodation. The University has increased the management fee it has paid in 2020/21 to ensure that the company was able to remain a going concern, and has taken the decision that from 1 August 2021 this company will cease to earn a percentage of rent as management fees, and will instead be funded on a cost basis against all costs incurred in managing University owned accommodation. This will mean that the company will no longer be at the same level of risk should further restrictions occur.

This year, cash flow forecasts have been based on approved budgets, as the Company's future revenues will be intercompany and based on cost, this is deemed to be sufficiently stable to make budgeted cash flow appropriate for understanding going concern.

The forecasts demonstrate that the Company remains financially viable and is able to meet all its financial obligations as they fall due with sufficient cash balances being maintained. Given that the income generated by this company is intercompany and based on cost, to support the forecast position a letter of support has been provided by Coventry University, confirming that it will provide financial support to the company by not requesting that liabilities payable to Coventry University are paid unless the company has sufficient funds to make such repayments without adversely affecting its ability to continue to trade as a going concern, and confirming legally binding support for a period of at least 12 months from the date of signing the 31 July 2021 financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 July 2021

1. Accounting Policies (continued)

b. Going concern (continued)

At the date of approval of these financial statements, the Board has prepared cash flow forecasts to 31 July 2023 and performed an assessment which considers a period of at least 12 months from this date of approval. Given the unprecedented nature of the COVID-19 events, it is difficult to predict future performance and cash flows with certainty. However, as costs will be recovered through intercompany revenues, it is expected that this uncertainty will not give rise to a significant going concern uncertainty.

The Directors believe that the financial support provided by Coventry University will be sufficient to support its planned requirements for the foreseeable future and at least the next 12 months from the date of these financial statements. The Directors acknowledge that uncertainty exists but do not consider this to be material uncertainty that would cast doubt on the Company's ability to continue as a going concern, as uncertainty in respect of costs will be offset by the intercompany arrangements in respect of revenue.

Therefore the Board of Directors considers it appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

c. Business segments

The business activities fall into one class of business which is conducted predominantly in the UK.

d. Income Recognition

Income from services rendered is included when the services are supplied to customers or the terms of the contract have been satisfied.

e. Government Grants

Government grants are released as income to the Profit and Loss Account when a group entity is entitled to it, subject to any performance related conditions being met. Income received in advance is credited to deferred income within one year or more than one years and released to the Profit and Loss Account in line with such conditions being met.

Where a revenue Government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

f. Employment Benefits

(i) Short-term employee benefits

Short term employment benefits such as salaries and short term compensated absences are recognised as an expense in the period in which the employee renders the service. Any unused holiday as at 31 July cannot be rolled forward into the next financial year unless they have a statutory entitlement.

(ii) Defined Contribution Plan

The company participates in a defined contribution scheme provided by Aviva in accordance with the Group personal pension plan arrangement. The scheme is accounted for on a defined contribution basis and the contributions to the scheme are included as expenditure in the period in which they are payable. The assets and liabilities of the provider are held independently from the company.

Notes to the Financial Statements (continued)

For the year ended 31 July 2021

1. Accounting Policies (continued)

f. Employment Benefits (continued)

(ii) Defined Benefit Plan (continued)

The Company's net obligation in respect of defined benefit pension schemes is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) and any unrecognised past service costs are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated corporate bonds that have maturity dates approximating to the terms of the Group's obligations.

The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements. Provision is made for enhanced pensions where employees have taken early retirement.

The amounts charged to operating profit and loss are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within interest and other finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other income.

Where the Company, however, is unable to identify its share of multi-employer defined benefit schemes underlying assets and liabilities on a consistent and reasonable basis these are accounted for as defined contribution plans. Employer contributions are recognised as an expense in the Profit and Loss account in the periods during which services are rendered by employees. No liability for future payments of benefits is recognised in the Balance Sheet, except where, there is a contractual commitment to fund a past deficit and in which case a provision is recognised in the balance sheet and movements in the provision are charged/credited to the Statement of Comprehensive Income.

g. Operating Leases

Costs in respect of operating leases are charged to the Profit and Loss Account on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term. Rental income from operating leases is recognised on a straight-line basis over the term of the lease irrespective of when such payments are due.

h. Cash and cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Cash and cash equivalents includes cash in hand, short term deposits and investments and overdrafts repayable on demand. Short term deposits and investments are those with an original maturity of three months or less.

i. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the company has a present obligation (legal or constructive) because of a past event it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Notes to the Financial Statements (continued)

For the year ended 31 July 2021

1. Accounting Policies (continued)

i. Provisions, contingent liabilities and contingent assets (continued)

A contingent liability arises from a past event that gives the company a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the company. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the company a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the company.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

j. Taxation

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

Where possible, all taxable profits of the company are paid under gift aid to Coventry University subject to the company having sufficient reserves. Where the payment of gift aid would result in the company reporting negative reserves, an apportionment is made between gift aid and an external tax liability. The tax effect of expected gift aid payments are accounted for in the year that the taxable profit is generated.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered.

k. Qualifying Charitable Donations

The company is a subsidiary of a charitable higher education institution and makes qualifying charitable donations of an amount equal to taxable profits to its parent entity either within the year or within nine months of the year ended in each financial year. As these amounts represent distributions they are presented in the Statement of Changes in Equity. This distribution will be presented in the financial statements of the period in which the distribution is paid.

l. Financial Assets – Trade and Other Debtors

Debtors are initially measured at transaction price less attributable transaction costs. At the end of each reporting period debtors are assessed for impairment to their recoverable value. Age profile of debts and historical experience are management considerations. Changes in impairment provisions are included in the profit and loss account.

m. Financial Liabilities – Trade and Other Creditors

Trade and other creditors are initially measured at transaction price plus attributable transaction costs. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Notes to the Financial Statements (continued)

For the year ended 31 July 2021

1. Accounting Policies (continued)

n. Fixed Assets

(i) Acquisition

Fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses.

The purchase of a single item of land, buildings, adaptations, vehicles or equipment constitutes the purchase of a tangible asset when its value equals or exceeds a minimum cost threshold and it has a useful life estimated to be more than one year. The minimum cost threshold, including installation where applicable, is £25,000.

Single items costing less than the minimum cost thresholds can be grouped for the purposes of capitalisation, but only under the following circumstance:

- they have an association with one another;
- they will be used for the same process; and
- they will be used for the same specifically identifiable project.

(ii) Valuation

A review for impairment of a fixed asset is carried out at the reporting date. If events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable, an impairment charge is made to the Profit and Loss account.

(iii) Depreciation

Freehold land is not depreciated. Buildings are subject to straight-line depreciation over the expected useful life determined by management.

The following assets useful economic life is determined by management but generally as follows:

- Furniture and fittings 5-10 years.

No depreciation is charged on assets in the course of construction.

Notes to the Financial Statements (continued)

For the year ended 31 July 2021

2. Accounting Estimates and Judgements

a. Key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are described below:

(i) West Midlands Pension Fund

The Company operates within the West Midlands Metropolitan Authorities defined benefit pension scheme. The Company sought advice from the pension scheme actuary to select key actuarial assumptions in order to determine the pension deficit at the period end. Small movements in these assumptions can result in significant changes to the pension deficit calculation. Management believe that the key assumptions used in the latest pension deficit calculation, £1,275,000 at July 2021, are reasonable.

(ii) Trade Debtors

Management has estimated the recoverability of outstanding accounts receivable balances at period end. A review of the aged debtors report is performed to determine whether debt is recoverable by aged group and at predetermined rates then judgement is used to assess which accounts are likely to not be recoverable.

(iii) Intercompany Debtors

Management has estimated that the risk that intercompany debtors are not recoverable is low and there are no accounts at the balance sheet date that are considered to be not recoverable. There remains a risk that these debtors will not be recoverable, this is monitored on an ongoing basis to assess the recoverability of these balances.

(iv) Leases

Management have determined whether leases entered into by the University and Group 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.

b. Critical accounting judgements in applying the Company's policies

There are no such judgements in the current or prior year.

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Notes to the Financial Statements (continued)

For the year ended 31 July 2021

3. Turnover

	2020/21	2019/20
	£000	£000
Management services	252	473
Rental income	811	792
Inter-company turnover	4,116	4,146
	5,179	5,411

All turnover arose in the United Kingdom.

All inter-company turnover relates to accommodation services.

4. Staff costs and numbers

The total remuneration paid to staff, during the year excluding inter-company recharges and apprenticeships amounted to:

	2020/21	2019/20
	£000	£000
Salaries	1,942	1,944
Social security costs	141	162
Cost of defined contribution scheme	23	50
Cost of defined benefit scheme	308	251
Total	2,414	2,407

	Average FTEs	Average FTEs
Average staff numbers by major category:		
Management & specialist	34	35
Technical	36	39
	70	74

5. Operating profit

	2020/21	2019/20
	£000	£000
This is stated after charging/(crediting):		
Operating lease payment in respect of land and buildings	1,012	1,378
Fee payable to the company's auditor for the audit of the company's annual financial statements	7	6
Government grants - Coronavirus Job Retention Scheme	(134)	(130)
Defined benefit pension cost (note 16)	278	253

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Notes to the Financial Statements (continued)

For the year ended 31 July 2021

6. Interest receivable

	2020/21	2019/20
	£000	£000
Bank interest receivable	1	8
	1	8

7. Interest payable

	2020/21	2019/20
	£000	£000
Net interest on defined benefit liability	21	21
	21	21

8. Taxation

	2020/21	2019/20
	£000	£000
Recognised in the profit and loss account		
Current tax		
Group relief on profit for the period	-	108
Adjustment in respect of previous years	(34)	180
Total current tax	(34)	294
Deferred tax		
Origination and reversal of timing differences	(25)	(50)
Deferred tax charge	(25)	(50)
Total tax (credit)/charge	(59)	244
Factors affecting the tax charge for the current year		
Profit before tax	(4)	277
UK corporation tax at the effective rate of corporation tax in the UK of 19% (2019/20: 19%)	(1)	53
Effects of:		
Expenses not deductible for tax purposes	3	61
Adjustments in respect of prior periods - current tax	(34)	180
Adjustments in respect of prior periods - deferred tax	-	(50)
Gift Aid	(29)	-
Adjustments to brought forward values	2	-
Total tax (credit)/charge	(59)	244

The current corporation tax rate is 19% and will be maintained at this rate for the financial year beginning 1st April 2022. The Chancellor has confirmed an increase in the corporation tax rate from 19% to 25% with effect from 1st April 2023. The 19% will continue to apply to companies with profits of not more than £50,000.

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Notes to the Financial Statements (continued)

For the year ended 31 July 2021

9. Fixed Asset

	Fixtures, Fittings & Equipment	Total
	£000	£000
Cost or Valuation		
At 1 August 2020	43	43
Additions	-	-
At 31 July 2021	43	43
Depreciation		
At 1 August 2020	12	12
Charge for the year	9	9
At 31 July 2021	21	21
Net Book Value		
At 31 July 2021	22	22
At 31 July 2020	31	31

10. Debtors

	2021	2020
	£000	£000
Amounts falling due within one year:		
Trade debtors	8	12
Amounts due from other group companies	1,616	864
Other debtors	1	4
Prepayments and accrued income	238	294
Deferred tax asset (see below)	319	289
Total	2,182	1,463

Deferred Tax Asset

	2021	2020
	£000	£000
At beginning of the year	289	187
Credited to the profit and loss account	25	50
Credited to the statement of comprehensive income	5	52
At end of the year	319	289
The deferred tax asset is made up as follows:		
Pension provision	319	289
	319	289

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Notes to the Financial Statements (continued)

For the year ended 31 July 2021

11. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	57	1
Amounts due to other group companies	147	171
Corporation tax	-	6
Social security and other taxation payable	164	147
Other creditors	8	75
Accruals and deferred income	198	248
	574	648

12. Creditors: Amounts due after more than one year

	2021	2020
	£000	£000
Lease incentive deferral	259	285
Total	259	285

This is a lease incentive deferral and hence no settlement will be made, this amount will be released as rent is paid over the lifetime of the lease.

13. Provision for Liabilities

	Redundancy	Defined Benefit Scheme Deficit	Total
	£000	£000	£000
At 1 August 2020	-	1,494	1,494
Released in year	-	(219)	(219)
Provided in year	106	-	106
At 31 July 2021	106	1,275	1,381

The provision relates to the deficit on defined benefit pension scheme based on an actuarial valuation at 31 July 2021. See Note 16 - Defined Benefit Pension Scheme. Redundancy provisions relate to redundancies that were announced but not complete at the Balance Sheet date.

14. Financial Commitments

At 31 July 2021, the total future minimum lease payments under non-cancellable operating leases are as follows:

	2021		2020
	Land and Buildings	Total	Total
	£000	£000	£000
Within one year	1,017	1,017	978
Between one and five years	4,098	4,098	3,982
After five years	4,223	4,223	5,055
	9,338	9,338	10,015

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Notes to the Financial Statements (continued)

For the year ended 31 July 2021

15. Share Capital

	2021	2020
	£000	£000
Ordinary shares of £1 each	-	-
	Number	Number
Ordinary shares of £1 each	1	1

The company has issued one ordinary share with a nominal value of £1 for which the company has received £1. Share capital represents the nominal value of allotted and fully paid up ordinary share capital. Shares rank equally for voting purposes and for any dividends declared. Each share ranks equally for any distribution made on a winding up. The shares are not redeemable.

16. Defined Benefit Pension Scheme

West Midlands Pension Fund (WMPF)

The West Midlands Metropolitan Authorities Pension Scheme is a funded defined benefits scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provided benefits to some Coventry University Enterprises Limited staff based on career average earnings.

Contributions are set every three years as a result of an actuarial valuation of the Fund required by the Regulations. The next actuarial review of the Fund will be carried out as at 31 March 2022 by a qualified independent actuary. A roll forward valuation to 31 July 2021 has been made by the actuary using the following major assumptions, and these form the basis for the full implementation in these accounts of the requirements of FRS102. The last full actuarial valuation was at 31 March 2019.

The following components of the pensions charge have been recognised in the profit and loss account for the period ended 31 July 2021.

	2021	2020
	£000	£000
Service cost (recognised in operating profit)	277	251
Net interest on the defined liability (recognised in interest payable)	21	21
Administration expenses (recognised in operating profit)	1	2
Total cost	299	274

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	2021	2020
	£000	£000
Opening defined benefit obligation	5,604	5,253
Current service cost	277	251
Interest cost	84	110
Change in financial assumptions	352	180
Change in demographic assumptions	(38)	(81)
Experience loss on defined benefit obligations	(48)	(126)
Estimated benefits paid net of transfers in	(37)	(28)
Contributions by Scheme participants and other employers	45	45
Closing defined benefit obligation	6,239	5,604

The FutureLets Limited
Annual Report and Financial Statements
For the Year Ended 31 July 2021

Notes to the Financial Statements (continued)

For the year ended 31 July 2021

16. Defined Benefit Pension Scheme (continued)

The liability at 31 July 2021 includes an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively. This allowance was incorporated into the accounting results as at 31 July 2019. These results, including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31 July 2021.

On 31 May 2021, the Government issued a ministerial statement on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. We do not believe there are any material differences between the approach underlying our estimated allowance and the proposed remedy. A more detailed analysis at this stage would require a significant volume of member data which is not yet available. Therefore we have not included any further adjustment in light of the expected changes to the Regulations in this report.

Therefore, the estimated impact on the total liabilities as at 31 July 2021 is the same as at 31 July 2020 at £108,000 (or 1.7% as a percent of total liabilities).

Reconciliation of opening and closing balances of the fair value of Fund assets:

	2021	2020
	£000	£000
Opening fair value of Fund assets	4,110	4,170
Interest on assets	63	89
Return on assets less interest	634	(2)
Other actuarial losses	-	(298)
Administration expenses	(1)	(2)
Contributions by employer including unfunded	149	136
Contributions by Scheme participants and other employers	45	45
Estimated benefits paid plus unfunded net of transfer in	(37)	(28)
Closing fair value	4,963	4,110

The estimated asset allocation for The FutureLets Limited as at 31 July 2021 is as follows:

	2021		2020	
Assets in the scheme were:	£000	%	£000	%
Equities	3,022	61%	2,309	56%
Government bonds	410	8%	446	11%
Other Bonds	304	6%	159	4%
Property	349	7%	310	8%
Cash	183	4%	273	7%
Other	695	14%	613	14%
Total fair value of fund assets	4,963	100%	4,110	100%

The return on the Fund (on a bid value to bid value basis) for the period to 31 July is estimated to be 16.63%.

Notes to the Financial Statements (continued)

For the year ended 31 July 2021

16. Defined Benefit Pension Scheme (continued)

The principal assumptions in the pension valuation are summarised as follows:

	2021	2020
Rate of increase in salaries	2.65%	3.05%
Rate of increase of pensions in payment	2.65%	2.05%
Discount rate	1.65%	1.50%
Inflation assumption (CPI)	1.00%	2.05%

Salaries are assumed to increase in line with CPI for the two years to 31 Jul 2022 and as per the table above thereafter.

This year has seen a reduction in the deficit due to an increase in discount rates meaning that liabilities have not increased by as much as if the discount rate had remained the same and these have been more than offset by gains in the value of assets. Increases to pensions in payment and deferred pensions are based on CPI inflation, in line with the Government's adoption of CPI as the preferred measure of inflation for determining pension increases for public sector schemes. We have assumed that on average CPI inflation will be 1.0% p.a. lower than RPI inflation.

In line with the revised benefits structure of the pension scheme, allowance has been made for 50% of members to commute part of their pension.

The current mortality assumptions include sufficient allowance for future changes in mortality rates. The assumed life expectancies on retirement age at 65 are:

	2021	2020
Retiring today	Years	Years
Males	20.80	21.00
Females	23.30	23.20
Retiring in 20 years		
Males	22.20	22.40
Females	24.80	24.80

For FRS 102 purposes a 1.25% minimum has been applied for future annual improvements in mortality rates from 2010 onwards. The demographic assumptions are consistent with those used for the most recent Fund valuation carried out as at 31 March 2019. The post retirement mortality tables are the S3PA tables with a multiplier of 85% for males and 95% for females.

17. Defined Contribution Pension Scheme

The company participates in the AVIVA Pension Scheme. This is a defined contribution multi-employer scheme, the assets and liabilities of which are held independently from the Company. The contributions to this scheme are included as expenditure in the period in which they are payable. The total cost charged to the profit and loss account for the company in respect of its participation in the AVIVA scheme, representing regular contributions paid was £70,000 (2019/20: £50,000). As at July 31 2021, there was £8,000 (2019/20: £20,000) due in respect of the period which had not been paid over to the scheme.

Notes to the Financial Statements (continued)

For the year ended 31 July 2021

18. Related Parties

During the year, the company was a wholly owned subsidiary of Coventry University Higher Education Corporation and as such has adopted the FRS102 section 33 exemption for wholly owned subsidiaries in relation to transactions with other wholly owned group companies.

19. Ultimate Parent Undertaking

Coventry University is both the immediate and ultimate parent undertaking and controlling party, a Higher Education Corporation established under the Education Reform Act 1988. The results of the Company have been reported in the financial statements of Coventry University, copies of which can be obtained from Coventry University, Priory Street, Coventry, CV1 5FB. The largest and smallest group in which its financial statements are consolidated is Coventry University.