

Futureworks Training Limited
Financial Statements
31 August 2019

LEONHERMAN

Chartered accountants & statutory auditor
7 Christie Way
Christie Fields
Manchester
M21 7QY

Futureworks Training Limited

Financial Statements

Year ended 31 August 2019

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Futureworks Training Limited

Officers and Professional Advisers

The board of directors

Mr C Mayo
Mr A Doyle
Mrs R Tyrell
Prof J S Brooks
Prof R J Campbell

Company secretary

C Mayo

Registered office

Aldine House
New Bailey Street
Manchester
M3 5FS

Auditor

Leonherman
Chartered accountants & statutory auditor
7 Christie Way
Christie Fields
Manchester
M21 7QY

Futureworks Training Limited

Directors' Report

Year ended 31 August 2019

The directors present their report and the financial statements of the company for the year ended 31 August 2019.

Directors

The directors who served the company during the year were as follows:

Mr C Mayo	
Mr A Doyle	
Mrs R Tyrell	
Prof J S Brooks	(Appointed 26 March 2019)
Prof R J Campbell	(Appointed 26 March 2019)

Corporate governance

Futureworks is committed to transparency and good governance in all of its activities and strives to conduct its affairs in a responsible and transparent way. It has adopted the CUC Higher Education Code of Governance, which sets out the core values of good governance in Higher Education and the primary elements of governance that support those values. The governance of Futureworks is conducted according to the Seven Principles identified by the Nolan Committee on Standards in Public Life and follows the Public Interest Governance Principles established by the Office for Students.

1. Governance Structure

During 2019 Futureworks has made a number of enhancements to its Governance Structures and practices. In 2017, Futureworks decided that, in order to continue to grow and develop not only as a provider of high-quality Higher Education programmes for the Creative Industries, but also as an increasingly autonomous and confident academic institution, it needed to create an advisory Board of Governors. In November 2017, the new Board was created with a membership which included the Managing Director of Futureworks, the former Pro Vice Chancellor (Academic) of the University of Bolton, the former Vice Chancellor of MMU and the former Registrar of MMU. Working closely with the Directors and senior management of Futureworks, the Board helped to develop the college's quality and academic governance structures and its strategic plans for the future. Because of its collective experience in the HE sector and its independence, the Board was able to provide constructive challenge and informed advice on possible options for the college's growth and development. As part of its feedback on Futureworks' application to be included on the Register of Higher Education providers, the Office for Students advised that it should consider reconfiguring its Board of Directors to introduce independent (non-executive) directors and an independent chair. Futureworks took this opportunity to review its governance structures enhanced by inviting the existing independent Governors to join the Board as Directors. Fortunately, all the Governors accepted this invitation and the Chair of the former Board of Governors was elected by the Board as Chair of the newly enlarged Board of Directors. The Board of Governors was dissolved, and its functions and responsibilities were transferred to the Board of Directors. The first meeting of the Board in its new form took place in October 2018.

The Board has the ultimate responsibility for the management of risk and for ensuring the regularity and propriety of the use of public funds. To aid the Board in this function and as part of this restructuring the Board approved a Scheme of Delegation and introduced a number of Board committees. This Scheme outlines the responsibilities delegated to the sub committees and the reporting requirements to the Board. As part of this process the Board created an Audit and Risk Committee in order to be in a position to assure the Board of Directors that quality was properly assured, standards met and risks identified and mitigated, and an Academic Board to be the senior academic authority at Futureworks.

Futureworks Training Limited

Directors' Report *(continued)*

Year ended 31 August 2019

2. Board Members

The Board now consists of 6 members, Gwyn Arnold (Ind), John Brooks (Ind), Rob Campbell (Ind. Chair), Alan Doyle, Chris Mayo and Renee Tyrrell.

Chris Mayo, Principal & Founder of Futureworks

Chris has operated within the higher education sector for more than 22 years in a career that has seen him work throughout Europe and America in various roles, including the first certified Pro Tools Expert Instructor in Europe, senior lecturer and director of facilities. Chris is the founder of Futureworks and has been on the board since incorporation.

Prof. Rob Campbell, Chair of the Board

Professor Campbell is Emeritus Professor of Philosophy at the University of Bolton and was, until 2015, Pro-Vice-Chancellor (Academic) there. He is Director of Quality Assurance at Finito Education, Governor of the United Kingdom College of Business and Computing and chair of the NHS Advisory Committee on Clinical Excellence Awards for the North West. Professor Campbell trained as a philosopher and has published books and articles on business ethics, jurisprudence, legal and social philosophy, medical ethics and health policy. He is a Fellow of the Royal Society of Arts, the Royal Society of Medicine and Fellow and trustee of the National Forum for Health and Wellbeing.

Professor John Brooks, Director

Professor Brooks was Vice-Chancellor of Manchester Metropolitan University from 2005 until 2015. He was also Vice-Chancellor of The University of Wolverhampton from 1998 until 2005 where he placed a strong emphasis on vocational education and providing HE opportunities to all. He maintains his interest in Higher Education as the Deputy Chair of The Open University as well as being a Director of Futureworks.

Gwyn Arnold, Director

Following early career positions in local education authorities Gwyn had a full-time career in HE for 35 years, before retiring from her role as Registrar and Clerk to the Board of Governors at Manchester Metropolitan University in 2014. She has undertaken numerous consultancy roles in a variety of Universities and for software companies that support HE and FE; was Interim University Secretary at the University of Bradford; and has also been a Trustee Board Member for the SHU Students Union. She is currently a Governor at The Sheffield College and a non-executive director at Istituto Marangoni London Ltd and has been a Governor / Non-executive director at Futureworks since 2017.

Alan Doyle, Finance Director

Alan joined the board of Futureworks at incorporation and has been a shareholder and Director continuously since then. In his role as Finance Director, Alan is a member of Futureworks Audit & Risk Assurance Committee and is Chair of the Finance Committee. He has nearly 30 years' experience in the European banking and finance market where he previously led teams in the corporate and syndicated loan markets.

Ben Norris, Vice-Principal & Clerk to the Board

Ben has been working in higher education management for over 18 years and is deeply committed to the mission of Futureworks as a high-quality independent provider of higher education. He joined the management team back in January 2007, when Futureworks first started. He has played a leading role in the development and growth of Futureworks and was instrumental in the institution's successful 2017 QAA Higher Education Review.

Futureworks Training Limited

Directors' Report *(continued)*

Year ended 31 August 2019

3. Audit & Risk Committee

The Audit & Risk Committee was established as part of the Governance review implemented by Futureworks to assure the Board of Directors that quality was properly assured, standards met and risks identified and mitigated. The committee consists of an Independent Chair (see below), one Independent Director and the Finance Director. The first meeting of the Audit and Risk Committee took place in February 2019.

Ian Richard Falconer

Ian has over 30 years of audit and advisory experience with Grant Thornton UK LLP and Robson Rhodes LLP, helping organisations in most parts of the UK's not for profit sector. For almost 20 years he acted as external audit or internal audit partner to many universities, colleges, government departments, local authorities, health bodies, social landlords and grant funded bodies. He also worked with a number of regulatory bodies, advising on professional standards for governance and audit. As a result, he has practical experience of most aspects of governance, risk management and control. He is currently Finance Director of Falconer Associates and holds a mixed portfolio of non-executive appointments, including at Futureworks Training Limited, The Sheffield College, Arches Housing Limited and the offices of the South Yorkshire Police & Crime Commissioner and the South Yorkshire Police. He is a member of the Audit & Risk Assurance Committees of each of those organisations. He is also Treasurer and a Member of Board of Trustees of the Sheffield Music Academy.

Report of the Chair of the Audit & Risk Committee

In its first six months of operation the Audit and Risk Assurance Committee has focussed on establishing the necessary arrangements to be able to provide independent advice to the Board on the adequacy and effectiveness of Futureworks' assurance framework. I believe that we have made reasonable progress such that, on the basis of our work to date, we have been able to confirm to the

Board the continued adequacy and effectiveness of the organisation's governance arrangements in 2018-19 and that adequate risk management, governance and control arrangements are being put in place for 2019-20.

4. Academic Board

The Board of Directors established an Academic Board as the senior academic authority at Futureworks. Subject to the Articles of Association and the overall responsibility of the Board of Directors, the Academic Board is charged with acting as the overarching authority and decision making body for all matters concerning academic strategies and policies, academic standards, curriculum design and development, the organisation of teaching, assessment and research and the overall quality of learning opportunities and student welfare. This committee members include Staff and Student representatives as well as an Independent member. The first meeting of the Academic Board took place in November 2019.

5. Finance Committee

The Finance Committee is a longstanding subcommittee of the Board. This committee consists of Principal, Vice Principal, Finance Director and Financial Accountant. The committee meets quarterly and is responsible for financial review and reporting to the Board. Key areas are, inter alia, review of quarterly accounts, variance analysis and reporting, recommendation to the Board of the annual budget, procurement and capital expenditure.

Futureworks Training Limited

Directors' Report *(continued)*

Year ended 31 August 2019

6. Internal Control

During 2019 Futureworks enhanced its Internal Control structures in addition to the Governance enhancements discussed above. This is a risk-based approach to all aspects of the business through the use of a strategic risk register and management reporting through the committee structures. Our approach to risk is based on;

- identifying and managing risk is part of an ongoing process linked to achieving Futureworks' strategic objectives,
- the process includes an evaluation of the likelihood and impact of risks becoming a reality,
- risk review procedures have been widened to cover business, operational and compliance risk as well as financial risk,
- the Board will receive regular reports on internal control and risk via the A&RRA Committee.

No incidents of significant internal control weaknesses or failures were reported during the accounts period.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the 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). 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 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 then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 are sufficient to 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.

Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Futureworks Training Limited

Directors' Report *(continued)*

Year ended 31 August 2019

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 10 January 2020 and signed on behalf of the board by:



Mr C Mayo
Director



Prof R J Campbell
Director

Registered office:
Aldine House
New Bailey Street
Manchester
M3 5FS

Futureworks Training Limited

Independent Auditor's Report to the Members of Futureworks Training Limited

Year ended 31 August 2019

Opinion

We have audited the financial statements of Futureworks Training Limited (the 'company') for the year ended 31 August 2019 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, 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 FRS 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 company's affairs as at 31 August 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly 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 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.

Futureworks Training Limited

Independent Auditor's Report to the Members of Futureworks Training Limited

(continued)

Year ended 31 August 2019

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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.

Matters on which we are required to report by exception

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.

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 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
- we have not received all the information and explanations we require for our audit; or
- 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.

Futureworks Training Limited

Independent Auditor's Report to the Members of Futureworks Training Limited

(continued)

Year ended 31 August 2019

Responsibilities of directors

As explained more fully in the 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.

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.

Opinions on other matters prescribed in the OfS

In our opinion, in all material respects:

- funds provided by the Higher Education Funding Council for England, the OfS and Research England have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them
- the requirements of the OfS's accounts direction have been met

Futureworks Training Limited

Independent Auditor's Report to the Members of Futureworks Training Limited (continued)

Year ended 31 August 2019

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.



Michael Rigby FCCA (Senior Statutory Auditor)

For and on behalf of
Leonherman
Chartered accountants & statutory auditor
7 Christie Way
Christie Fields
Manchester
M21 7QY

10 January 2020

Futureworks Training Limited
Statement of Income and Retained Earnings
Year ended 31 August 2019

	Note	2019 £	2018 £
Turnover		3,273,752	3,329,539
Cost of sales		<u>1,229,611</u>	<u>1,445,295</u>
Gross profit		2,044,141	1,884,244
Administrative expenses		<u>1,952,916</u>	<u>2,043,337</u>
Operating profit/(loss)		91,225	(159,093)
Interest payable and similar expenses		<u>141</u>	<u>1,439</u>
(Loss)/profit before taxation	9	91,084	(160,532)
Tax on profit/(loss)		<u>—</u>	<u>—</u>
Profit/(loss) for the financial year and total comprehensive income		<u>91,084</u>	<u>(160,532)</u>
Retained losses at the start of the year		<u>(3,410,903)</u>	<u>(3,250,371)</u>
Retained losses at the end of the year		<u>(3,319,819)</u>	<u>(3,410,903)</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 22 form part of these financial statements.

Futureworks Training Limited

Statement of Financial Position

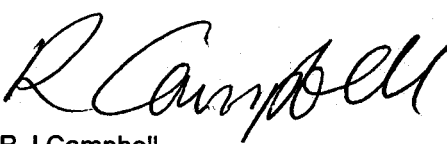
31 August 2019

	Note	2019 £	£	2018 £
Fixed assets				
Intangible assets	10		447,921	264,532
Tangible assets	11		430,679	481,165
			<u>878,600</u>	<u>745,697</u>
Current assets				
Debtors	12	307,464		368,368
Cash at bank and in hand		80,756		308,735
		<u>388,220</u>		<u>677,103</u>
Creditors: amounts falling due within one year	13	685,141		798,581
Net current liabilities			<u>296,921</u>	<u>121,478</u>
Total assets less current liabilities			<u>581,679</u>	<u>624,219</u>
Creditors: amounts falling due after more than one year	14		3,884,890	4,018,514
Provisions				
Taxation including deferred tax			15,108	15,108
Net liabilities			<u>(3,318,319)</u>	<u>(3,409,403)</u>
Capital and reserves				
Called up share capital			1,500	1,500
Profit and loss account			<u>(3,319,819)</u>	<u>(3,410,903)</u>
Shareholders deficit			<u>(3,318,319)</u>	<u>(3,409,403)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 10 January 2020, and are signed on behalf of the board by:


Mr C Mayo
Director


Prof R J Campbell
Director

Company registration number: 06032686

The notes on pages 14 to 22 form part of these financial statements.

Futureworks Training Limited

Statement of Cash Flows

Year ended 31 August 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit/(loss) for the financial year	91,084	(160,532)
<i>Adjustments for:</i>		
Depreciation of tangible assets	91,095	103,830
Amortisation of intangible assets	12,510	17,317
Interest payable and similar expenses	141	1,439
Accrued (income)/expenses	(218,899)	25,136
<i>Changes in:</i>		
Trade and other debtors	60,904	38,663
Trade and other creditors	(29,539)	38,804
Cash generated from operations	7,296	64,657
Interest paid	(141)	(1,439)
Net cash from operating activities	7,155	63,218
Cash flows from investing activities		
Purchase of tangible assets	(40,609)	(70,909)
Proceeds from sale of tangible assets	-	5,310
Purchase of intangible assets	(195,899)	(144,588)
Net cash used in investing activities	(236,508)	(210,187)
Cash flows from financing activities		
Proceeds from borrowings	1,374	(13,033)
Net cash from/(used in) financing activities	1,374	(13,033)
Net decrease in cash and cash equivalents	(227,979)	(160,002)
Cash and cash equivalents at beginning of year	308,735	468,737
Cash and cash equivalents at end of year	80,756	308,735

The notes on pages 14 to 22 form part of these financial statements.

Futureworks Training Limited

Notes to the Financial Statements

Year ended 31 August 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Aldine House, New Bailey Street, Manchester, M3 5FS.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. General information

The company is a private company limited by share capital incorporated in England & Wales.

The address of its registered office is:

Aldine House,
New Bailey Street,
Manchester,
M3 5FS

Principal Activity

The principal activity of the company during the year is the provision of technical and vocational higher education.

4. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, in accordance with the accounting policies set out below.

The financial statements are prepared in sterling, which is the functional currency of the entity. On transition to FRS 102 the company has taken advantage of the exemption under FRS 102 section 35.10 (p) in that lease incentives for leases entered into before the date of transition shall continue to be recognised on the same basis that was applied at the date of transition.

These accounts have been prepared using the OfS direction 9, which has been early adopted.

Grant

The OfS grant is recognised using the performance model.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

The OfS grant does not impose specified future performance-related conditions on the recipient.

Futureworks Training Limited

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

Going concern

Notwithstanding shareholders deficit of £3,318,319 (2018 - £3,409,403), the company has continued to retain positive cash reserves and returned to profit in 2019. The cash position of the company is closely monitored, and forecasts are in place to project the future cash position of the company. Post year end the approved increase in fees to £9,250 (35%) has been implemented for first year students in 2020 and all students by 2022 which will strengthen profitability. The directors believe the company has sufficient resources to be able to trade for the foreseeable future. The shareholders continue to support the company. As with any company placing reliance on the promise for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approving the financial statements, the directors have no reason to believe that the shareholders will not continue to provide support to the business as required.

Based on this understanding, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments which would result from the basis of preparation being inappropriate.

Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimations and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below:

(1) Useful economic lives of tangible assets

The annual depreciation charge for tangible asset is sensitive to changes in the estimated useful lives. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technical advancement. See amortisation policy for useful economic lives of each class of assets.

(2) Useful economic lives of intangible assets

The annual amortisation charge for intangible asset is sensitive to changes in the estimated useful lives. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technical advancement. See amortisation policy for useful economic lives of each class of assets.

Revenue recognition

Turnover represents the total invoice value, excluding VAT, of sales made during the year and derives from the provision of services falling within the company's ordinary activities.

Revenue from both private and degree courses is recognised based on performance over the period to which each course relates.

Futureworks Training Limited

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

4. Accounting policies *(continued)*

Income tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis with the exception of leases entered into pre transition to FRS 102. The aggregate benefit is included within creditors and is disclosed over the period to which it will be recognised and the comparative balance sheet has been adjusted between creditors due within one year and creditors due after more than one year to reflect this.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Website is written off in equal instalments over its estimated useful life of 3 years

The intangible asset relating to degree awarding powers has not been amortised as the asset is not available for use at the balance sheet date. The asset relates to the costs of the company obtaining its own degree awarding powers which it is working towards.

Website - 33% straight line

Futureworks Training Limited

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

4. Accounting policies *(continued)*

Amortisation *(continued)*

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Intangible asset

The intangible asset relates to the application for its own degree awarding powers.

Research expenditure is written off in the period in which it is incurred.

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	Straight line over the life of the lease
Plant & Machinery	-	20% reducing balance
Fixtures & Fittings	-	33% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Futureworks Training Limited

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

4. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

5. Auditor's remuneration

	2019	2018
	£	£
Fees payable for the audit of the financial statements	<u>10,500</u>	<u>10,500</u>

6. Employee numbers

The average number of persons employed by the company during the year amounted to 34 (2018: 34).

There are no staff member's with a full-time equivalent basic salary of over £100,000 in the year.

Futureworks Training Limited

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

7. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019	2018
	£	£
Remuneration	<u>40,562</u>	<u>84,178</u>

The directors remuneration is the total remuneration package for the head of provider.

The total directors remuneration includes £10,423 employers national insurance contribution and £1,058 employers pension contribution. It also includes a bonus for the previous year that was provided for in the previous years accounts and a percentage of the directors remuneration is capitalised, within the intangible asset representing time spent on achieving degree awarding powers.

The relationship between the head of provider's remuneration and that for all other employees is 3.18.

Justification of Principal salary

The Principal, Chris Mayo, has over 20 years' experience in the higher education sector and the media industry. Chris provides Futureworks with a strong mix of academic and industry experience, knowledge and skills. Over the past few years Chris has led Futureworks through a period of significant change in the Higher Education market which has been impacted by reduced student numbers, Brexit and regulatory changes. As Principal Chris sits on the Board of Directors, Finance Committee, Executive Management Team and Chairs the Academic committee. Remuneration to the Principal current comprises salary only. On this basis the remuneration provided to Chris, which is very competitive in market terms, is considered justified by the Directors. The Principal's remuneration is agreed by the Board of Directors based on performance of both the Principal and the company.

8. Grant income

	2019	2018
	£	£
Grant income from the OfS	<u>48,156</u>	<u>-</u>

9. (Loss)/profit before taxation

(Loss)/profit before taxation is stated after charging:

	2019	2018
	£	£
Amortisation of intangible assets	12,510	17,317
Depreciation of tangible assets	<u>91,095</u>	<u>103,830</u>

Futureworks Training Limited

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

10. Intangible assets

	Website costs £	Intangible asset £	Total £
Cost			
At 1 September 2018	52,368	249,822	302,190
Additions	–	–	–
Additions from internal developments	–	195,899	195,899
At 31 August 2019	<u>52,368</u>	<u>445,721</u>	<u>498,089</u>
Amortisation			
At 1 September 2018	37,658	–	37,658
Charge for the year	12,510	–	12,510
At 31 August 2019	<u>50,168</u>	<u>–</u>	<u>50,168</u>
Carrying amount			
At 31 August 2019	<u>2,200</u>	<u>445,721</u>	<u>447,921</u>
At 31 August 2018	<u>14,710</u>	<u>249,822</u>	<u>264,532</u>

11. Tangible assets

	Leasehold Property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 September 2018	782,723	712,905	211,767	1,707,395
Additions	16,733	12,847	11,029	40,609
At 31 August 2019	<u>799,456</u>	<u>725,752</u>	<u>222,796</u>	<u>1,748,004</u>
Depreciation				
At 1 September 2018	401,072	623,005	202,153	1,226,230
Charge for the year	60,344	20,550	10,201	91,095
At 31 August 2019	<u>461,416</u>	<u>643,555</u>	<u>212,354</u>	<u>1,317,325</u>
Carrying amount				
At 31 August 2019	<u>338,040</u>	<u>82,197</u>	<u>10,442</u>	<u>430,679</u>
At 31 August 2018	<u>381,651</u>	<u>89,900</u>	<u>9,614</u>	<u>481,165</u>

12. Debtors

	2019 £	2018 £
Other debtors	<u>307,464</u>	<u>368,368</u>

Futureworks Training Limited

Notes to the Financial Statements *(continued)*

Year ended 31 August 2019

13. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	422,529	456,280
Social security and other taxes	85,310	84,288
Other creditors	177,302	258,013
	<u>685,141</u>	<u>798,581</u>

The company's bank loan is secured by way of the following:-

- A debenture granted by Futureworks Training Limited.
- A joint guarantee totalling £450,000 from R Tyrell, A Doyle and C Mayo.
- Postponement of repayment of directors loans to R Tyrell of £2,738,387.

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

	2019	2018
	£	£
Other creditors	<u>3,884,890</u>	<u>4,018,514</u>

Included within creditors: amounts falling due after more than one year is an amount of £3,548,820 (2018: £3,554,820) in respect of liabilities payable or repayable otherwise than by instalments which fall due for payment after more than five years from the reporting date.

Included within creditors due after more than one year is £3,548,820 owing to R Tyrell, a director of the company. The loan is unsecured, interest free and repayable on or after the 30th September 2025.

The company's bank loan is secured by way of the following:-

- A debenture granted by Futureworks Training Limited.
- A joint guarantee totalling £450,000 from R Tyrell, A Doyle and C Mayo.
- Postponement of repayment of directors loans to R Tyrell of £2,738,387.

15. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Not later than 1 year	606,892	588,265
Later than 1 year and not later than 5 years	1,954,884	1,966,348
Later than 5 years	1,549,130	2,019,460
	<u>4,110,906</u>	<u>4,574,073</u>

