

LONDON STUDIO CENTRE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

LONDON STUDIO CENTRE LIMITED

COMPANY INFORMATION

Director	N Espinosa
Company secretary	N Espinosa
Registered number	03787251
Registered office	6th Floor 2 London Wall Place London EC2Y 5AU
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors 6th Floor 2 London Wall Place London EC2Y 5AU

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**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

The director presents his report and the financial statements for the year ended 31 August 2020.

Director's responsibilities statement

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the Company's financial statements 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 director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Director

The director who served during the year was:

N Espinosa

Qualifying third party indemnity provisions

The company has granted indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the report of the directors.

Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

LONDON STUDIO CENTRE LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



N Espinosa

Secretary

Date: 12 April 2021

**CORPORATE GOVERNANCE AND INTERNAL CONTROL STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020**

Scope of Responsibility

The Governing Body, the Senior Management Group (SMG), acknowledges that it has overall responsibility for ensuring London Studio Centre has an effective and appropriate system of control and risk management, however such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The SMG has reviewed and taken account of the guidance in the Higher Education Code of Governance.

Nicholas Espinosa is the Company's Director and CEO. The SMG has delegated the day to day responsibility to the CEO for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the ongoing conditions of registration between London Studio Centre and the Office for Students, validating universities, the Council for Dance Drama and Musical Theatre and The Bridget Espinosa Memorial Trust (the owning charity). The CEO is also responsible for reporting to the SMG any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Director's Report and in the Statement of Director's Responsibilities. The SMG has formally met 19 times during the year to 31 August 2020. Attendance during the year at meetings of the SMG members was as follows:

SMG member	Meetings attended	Out of a possible
Nicholas Espinosa – Director	19	19
Stephanie Ahern - Assistant Director	19	19
Robert Penman – Dean of Studies	19	19
Nicola Espinosa – Head of Student Programming	19	19
Lise Uytterhoeven – Head of Learning and Teaching (resigned 21st December 2019)	4	4
Ashleigh Ritchie – Head of Learning and Teaching (included in SMG from March 2020)	12	12

The Finance Committee reports to the SMG and its purposes are:

- To consider and recommend acceptance/non-acceptance of the Company's budget, including staffing levels and remuneration, at the start of each financial year;
- To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, ensuring the compatibility of all such proposals with the Company's priorities set out in the institutional strategy;
- To consider policies;
- To advise the SMG on the appointment, re-appointment, dismissal and remuneration of the external auditor;
- To review the Company's annual financial statements and reports, and to ensure they can be recommended to the SMG for final approval;
- To monitor the Company's risk management arrangements and advise the SMG on their adequacy and effectiveness;
- Overseeing the management of student debt;
- Overseeing allocation of Student Scholarships;
- Identifying ways to support under-represented groups within student population;
- To consider and advise the SMG about any alleged fraud and irregularity;
- To ensure that the Company's internal control systems meet, or exceed, the standards specified in Company Law and the Company's regulatory bodies;
- To keep under review the internal financial control of the Company, establish a programme of work to address identified risks, and so far as is possible, provide assurance to the external auditors;
- To ensure the Company is independently audited by an approved registered auditor; and
- To monitor the implementation of agreed recommendations relating to the financial statements auditor's management letter.

**CORPORATE GOVERNANCE AND INTERNAL CONTROL STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020**

Attendance at Finance Committee meetings in the year was as follows:

Committee Member	Meetings attended	Out of a possible
Nicholas Espinosa – Director	4	4
Stephanie Ahern – Assistant Director	4	4
Sarah Sharkey – Financial Controller	4	4
Nicola Espinosa – Head of Student Programming	4	4

Review of Value for Money

The Director has responsibility for ensuring the Company's use of its resources has provided good value for money and identifying areas where improvements can be made during each academic year. The Director reports to the SMG any areas where value for money can be improved.

The Company has delivered improved value for money during the year by:

- Development of new online courses within the organisation, spreading the core costs to gain economies of scale;
- Additional online Teaching & Learning provision which enhances not only value for money but also accessibility to respected professionals in the industry;
- Enhancing the budget monitoring process, contributing to the Company's culture of rigorous expenditure management;
- Improving the efficiency and effectiveness of the conservatoire's administrative functions through detailed reviews of support staff functions;
- Automating processes to eliminate paperwork and administration overheads;
- Further integration to cloud-based document storage in line with the Company's environmental commitment;
- Adopting online video conferencing and communication tools, not only to support the response to COVID but also to take the Company to alternative, more efficient & less costly ways of working; and
- Continued collaboration with award winning arts centre artsdepot, to provide exceptional value for money for students in relation to the professional resources available.

The Senior Management Group considers the tuition fees annually and has agreed to restrict increases to inflationary levels for the last several years. The Finance Committee meets regularly and identifies how the conservatoire can ensure transparency about fees to its stakeholders, publishing policies about tuition fee payment processes and refunds.

The SMG reports to The BEMT and demonstrates the Company's compliance with The BEMT's charitable objectives, in order to support the beneficiaries of the charity (the students).

Supporting Student Access to Training

The Company is committed to providing access to individuals from all backgrounds, regardless of their financial or socio-economic circumstances. The Company actively creates opportunities and aims to reduce barriers to training for under-represented or disadvantaged groups. The Company operates a Tuition Fee Scholarship and a Widening Participation Fund to support these students, in addition to allocating scholarships from external charities. A total of 158 awards were made to students during 2019/20.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Company's objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The current system of internal control has been in place since June 2018 and for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

**CORPORATE GOVERNANCE AND INTERNAL CONTROL STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020**

Capacity to Handle Risk

The SMG has reviewed the key risks to which the Company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The SMG is of the view that there is a formal on-going process for identifying, evaluating and managing the Company's significant risks that has been in place for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the SMG.

Risk and Control Framework

The Company's system of internal financial control is based on a framework of regular management information and administrative procedures. In particular, it includes:


- The Company's Financial Procedures;
- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the SMG;
- Delegation of authority and segregation of duties;
- Director review of proposed and actual procurement;
- Identification and management of other risks through the use of risk registers; and
- Setting targets to measure financial and other performance.

Review of Effectiveness

Review of the effectiveness of the Company's system of internal control is the responsibility of the CEO. During the year in question the review has been informed by:

- The work of the Finance Committee;
- The work of the Student Debt Review Team, a sub-committee of the Finance Committee which met 10 times during 2019/20;
- The work of the Widening Access and the Financial Support Team;
- The work of the Admissions Review Board; and
- The work of the external auditor.

Approved by order of the SMG on 9 April 2021 and signed on its behalf by:


N Espinosa
Director and CEO

Date 12 April 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON STUDIO CENTRE LIMITED

Opinion

We have audited the financial statements of London Studio Centre Limited (the 'Company') for the year ended 31 August 2020, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2020 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 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON STUDIO CENTRE LIMITED
(CONTINUED)**

Opinion 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 Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have 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 Strategic Report or the Director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was 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 Director's Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement set out on page 1, the director is 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 director determines 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 director is 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 Auditors' Report.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON STUDIO CENTRE LIMITED
(CONTINUED)**

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 Auditors' 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.


John Coverdale BSc FCA (Senior Statutory Auditor)
for and on behalf of

MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
London

Date:

12/4/2021

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 AUGUST 2020**

	2020 £	2019 £
Turnover	4,422,368	4,659,899
Cost of sales	(245,040)	(159,973)
Gross profit	4,177,328	4,499,926
Administrative expenses	(4,143,272)	(4,397,142)
Other operating income	52,001	-
Operating profit	86,057	102,784
Interest payable and expenses	(2,231)	(2,044)
Profit before tax	83,826	100,740
Tax on profit	(46,309)	(40,990)
Profit after tax	37,517	59,750
Retained earnings at the beginning of the year	1,319,647	1,259,897
Profit for the year	37,517	59,750
Retained earnings at the end of the year	1,357,164	1,319,647

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of income and retained earnings.

The notes on pages 12 to 22 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	5	6,315	5,715
Tangible assets	6	1,247,230	1,484,844
		<u>1,253,545</u>	<u>1,490,559</u>
Current assets			
Debtors	7	5,189,168	5,291,235
Cash at bank and in hand	8	743,726	157,025
		<u>5,932,894</u>	<u>5,448,260</u>
Creditors: amounts falling due within one year	9	(5,718,844)	(5,504,468)
Net current assets/(liabilities)		<u>214,050</u>	<u>(56,208)</u>
Total assets less current liabilities		<u>1,467,595</u>	<u>1,434,351</u>
Creditors: amounts falling due after more than one year	10	(20,429)	(24,702)
Provisions for liabilities			
Deferred tax	12	(90,000)	(90,000)
		<u>(90,000)</u>	<u>(90,000)</u>
Net assets		<u>1,357,166</u>	<u>1,319,649</u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account		1,357,164	1,319,647
		<u>1,357,166</u>	<u>1,319,649</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



N Espinosa

Director

Date: 12 April 2021

The notes on pages 12 to 22 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	37,517	59,750
Adjustments for:		
Amortisation of intangible assets	600	-
Depreciation of tangible assets	306,817	319,725
Loss on disposal of tangible assets	-	(2,300)
Government grants	(52,001)	-
Interest paid	2,231	2,044
Taxation charge	46,309	40,990
Decrease/(increase) in debtors	102,067	(403,834)
Increase/(decrease) in creditors	202,580	(42,347)
Corporation tax (paid)	(34,804)	(59,045)
Net cash generated from operating activities	611,316	(85,017)
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,200)	(5,715)
Purchase of tangible fixed assets	(69,203)	(188,489)
Sale of tangible fixed assets	-	2,300
Government grants received	52,001	-
HP interest paid	(1,579)	(345)
Net cash from investing activities	(19,981)	(192,249)
Cash flows from financing activities		
Repayment of/new finance leases	(3,982)	28,684
Interest paid	(652)	(1,699)
Net cash used in financing activities	(4,634)	26,985
Net increase/(decrease) in cash and cash equivalents	586,701	(250,281)
Cash and cash equivalents at beginning of year	157,025	407,306
Cash and cash equivalents at the end of year	743,726	157,025
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	743,726	157,025
	743,726	157,025

The notes on pages 12 to 22 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. General information

London Studio Centre Limited is a private company, limited by shares, incorporated in England and Wales, registration number 03787251. The company's registered address is 6th Floor 2 London Wall Place, London, EC2Y 5AU.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.3 Revenue

Tuition fees for all courses are charged to students by academic term. Income is recognised for academic terms falling within the year.

Amounts received from performances are recognised as revenue in the year in which the performance occurs.

Charitable donations are recognised on receipt or where there is a certainty of future receipt and the value can be measured reliably.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Government grants

Government grants are recognised in the statement of comprehensive income in the period in which they become receivable and are matched with the expenditure towards which they are intended to contribute.

2.7 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- Straight line over the term of the lease
Plant and machinery	- 15% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 15% straight line
Production equipment	- 10% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.16 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

3. Employees**Higher paid staff**

The number of employees with a full time equivalent basic salary exceeding £100,000 per annum was:

	2020	2019
	No.	No.
In the band £115,000 - £120,000	-	1
In the band £120,000 - £125,000	1	-
In the band £170,000 - £175,000	-	1
In the band £175,000 - £180,000	1	-

Head of provider remuneration

The following amounts were paid to the head of provider during the period:

	2020	2019
	£	£
Salary	178,393	174,895
Pension contributions	1,315	1,019
Other taxable benefits	4,594	4,401

Head of provider remuneration as a multiple of the median staff salaries was 4.5 (2019 - 4.4)

The total remuneration for the head of provider has risen in line with the company's annual cost of living pay awards, as applied to all salaries, for the duration of the current service agreement (signed in 2005).

The company does not consider it is appropriate to set performance related pay in an education setting.

The Remuneration Package is reviewed annually by the Chair of the Board of Trustees of the company's parent undertaking, The Bridget Espinosa Memorial Trust – Charity no. 803577, having regard to a number of factors including, but not limited to:

- the Director's inspirational & motivational leadership and management together with his depth of experience within the dance education sector;
- the personal guarantees provided to, and therefore unique personal financial responsibility for, the institution;
- the attainment and maintenance of TEF Gold-ranking, by sustaining exceptionally high levels of student satisfaction and graduate achievement;
- the ongoing development of the institution, including:
 - the transformation from a vocational conservatoire to one of the UK's leading dance and musical theatre training establishments in the Higher Education Sector; and
 - spear-heading the recent development of Postgraduate provision.

The Trustees of The Bridget Espinosa Memorial Trust are independent of the company and possess knowledge and expertise in commercial, public sector and Higher Education sector pay.

The average monthly number of employees, including directors, during the year was 46 (2019 - 43).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

4. Grant and fee income

	2020 £	2019 £
Grant income from the OfS	-	-
Grant income from other bodies	54,000	45,000
Fee income for taught awards (exclusive of VAT)	4,041,373	4,150,990
Fee income for research awards (exclusive of VAT)	-	-
Fee income from non-qualifying courses (exclusive of VAT)	144,625	188,125
Total grant & fee income	4,239,998	4,384,115

5. Intangible assets

	Development expenditure £
Cost	
At 1 September 2019	5,715
Additions	1,200
At 31 August 2020	6,915
Amortisation	
Charge for the year	600
At 31 August 2020	600
Net book value	
At 31 August 2020	6,315
At 31 August 2019	5,715

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

6. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Production equipment £
Cost					
At 1 September 2019	628,908	438,170	35,302	308,294	1,183,421
Additions	27,744	9,076	-	15,449	16,934
At 31 August 2020	656,652	447,246	35,302	323,743	1,200,355
Depreciation					
At 1 September 2019	171,670	276,776	8,826	221,346	430,633
Charge for the year on owned assets	80,831	59,532	8,825	37,594	120,035
At 31 August 2020	252,501	336,308	17,651	258,940	550,668
Net book value					
At 31 August 2020	404,151	110,938	17,651	64,803	649,687
At 31 August 2019	457,238	161,394	26,476	86,948	752,788
					Total £
Cost					
At 1 September 2019					2,594,095
Additions					69,203
At 31 August 2020					2,663,298
Depreciation					
At 1 September 2019					1,109,251
Charge for the year on owned assets					306,817
At 31 August 2020					1,416,068
Net book value					
At 31 August 2020					1,247,230
At 31 August 2019					1,484,844

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

7. Debtors

	2020 £	2019 £
Due after more than one year		
Other debtors	40,000	40,000
	<u>40,000</u>	<u>40,000</u>
Due within one year		
Trade debtors	3,591,237	3,731,316
Other debtors	1,557,931	1,519,919
	<u>5,189,168</u>	<u>5,291,235</u>

8. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	743,726	157,025
	<u>743,726</u>	<u>157,025</u>

9. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	529,567	416,242
Corporation tax	51,994	40,489
Other taxation and social security	29,960	35,733
Obligations under finance lease and hire purchase contracts	4,273	3,982
Other creditors	17,999	26,696
Accruals and deferred income	5,085,051	4,981,326
	<u>5,718,844</u>	<u>5,504,468</u>

The company's bankers have a debenture including a fixed charge over all present freehold and leasehold property; a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and a first floating charge over all assets and undertaking both present and future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

10. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Net obligations under finance leases and hire purchase contracts	20,429	24,702
	<u>20,429</u>	<u>24,702</u>

11. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	4,273	3,982
Between 1-5 years	20,429	24,702
	<u>24,702</u>	<u>28,684</u>

12. Deferred taxation

	2020 £
At beginning of year	(90,000)
At end of year	<u>(90,000)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(90,000)	(90,000)
	<u>(90,000)</u>	<u>(90,000)</u>

13. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
2 (2019 - 2) Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

14. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £18,965 (2019 - £12,512). Contributions totaling £3,740 (2019 - £3,002) were payable to the fund at the reporting date and are included in creditors.

15. Commitments under operating leases

At 31 August 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£	£
Not later than 1 year	677,000	677,000
Later than 1 year and not later than 5 years	2,560,000	2,597,000
Later than 5 years	-	640,000
	3,237,000	3,914,000

16. Related party transactions

The company's parent undertaking is The Bridget Espinosa Memorial Trust, a registered unincorporated charity. The company's results are included in the consolidated financial statements of The Bridget Espinosa Memorial Trust whose place of business is c/o Lester Aldridge LLP, 1 Fore Street Avenue, London, EC2Y 5EJ.

As at 31 August 2020 the company was owed £1,336,259 (2019 - £1,292,563) by Bridget Espinosa's London Studio Centre Limited, the loan is non-interest bearing and is repayable upon demand. The director Nic Espinosa has control over both the company and Bridget Espinosa's London Studio Centre Limited.

During the year ended 31 August 2020 the company accrued for licence and marketing fees which are due to be paid to Bridget Espinosa's London Studio Centre Limited of £250,000 plus VAT (2019 - £Nil).

LONDON STUDIO CENTRE LIMITED

**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2020**

	2020 £	2019 £
Turnover	4,422,368	4,659,899
Cost Of Sales	(245,040)	(159,973)
Gross profit	4,177,328	4,499,926
Gross profit %	94.5 %	96.6 %
Other operating income	52,001	-
Less: overheads		
Administration expenses	(4,143,272)	(4,397,142)
Operating profit	86,057	102,784
Interest payable	(2,231)	(2,044)
Tax on profit on ordinary activities	(46,309)	(40,990)
Profit for the year	37,517	59,750

LONDON STUDIO CENTRE LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020

	2020 £	2019 £
Turnover		
Fees receivable	<u>4,422,368</u>	<u>4,659,899</u>
	<u>4,422,368</u>	<u>4,659,899</u>
	2020 £	2019 £
Cost of sales		
Teaching and learning cost of sales	<u>245,040</u>	<u>159,973</u>
	<u>245,040</u>	<u>159,973</u>
	2020 £	2019 £
Other operating income		
Government grants receivable	<u>52,001</u>	<u>-</u>
	<u>52,001</u>	<u>-</u>

LONDON STUDIO CENTRE LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2020

	2020 £	2019 £
Administration expenses		
Teaching and learning salaries	797,659	829,300
Teaching and learning sub-contract costs	644,149	652,228
Teaching and learning other costs	215,483	163,650
Performance costs	100,450	404,864
Advertising and marketing	229,869	158,516
Marketing salaries	28,226	35,643
Development	-	5,659
Director's salaries	178,393	174,895
Director's national insurance	22,567	22,944
Director's pension costs	1,315	1,019
Administrative salaries	244,956	174,506
Other administration staff costs	3,244	4,456
Premises costs	947,726	1,059,016
Equipment hire	26,553	26,601
Motor vehicle expenses	2,717	3,763
Travel and entertainment	9,434	13,579
Administration costs	61,247	50,443
Insurances	62,018	57,812
Bank charges	6,166	6,125
Depreciation	306,817	319,725
Amortisation	600	-
Profit/loss on sale of tangible assets	-	(2,300)
Bad debts	19,138	(21,329)
Professional fees	234,545	256,027
	4,143,272	4,397,142
	2020 £	2019 £
Interest payable		
Bank interest payable	-	441
Other interest paid	652	1,258
Hire purchase interest payable	1,579	345
	2,231	2,044