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**LONDON STUDIO CENTRE LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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## LONDON STUDIO CENTRE LIMITED

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### COMPANY INFORMATION

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<b>Director</b>	Mr N Espinosa
<b>Company secretary</b>	Mr N Espinosa
<b>Registered number</b>	03787251
<b>Registered office</b>	Aston House Cornwall Avenue London N3 1LF
<b>Independent auditors</b>	Adler Shine LLP Chartered Accountants and Statutory Auditor Aston House Cornwall Avenue London N3 1LF

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## LONDON STUDIO CENTRE LIMITED

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## **LONDON STUDIO CENTRE LIMITED**

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### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2021**

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The director presents his report and the financial statements for the year ended 31 August 2021.

#### **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:

Mr N Espinosa

#### **Qualifying third party indemnity provisions**

The Company has granted indemnity to its director 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 Director's Report.

#### **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.

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**LONDON STUDIO CENTRE LIMITED**

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**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2021**

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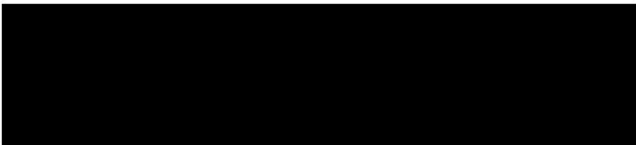
**Auditors**

The auditors, Adler Shine LLP, were appointed during the year and 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.



Mr N Espinosa  
Director

Date: 30<sup>th</sup> March 2022

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## LONDON STUDIO CENTRE LIMITED

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### CORPORATE GOVERNANCE AND INTERNAL CONTROL STATEMENT FOR THE YEAR ENDED 31 AUGUST 2021

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The director presents his report on corporate governance and internal controls for the year ended 31 August 2021.

#### 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 16 times during the year to 31 August 2021. Attendance during the year at meetings of the SMG members was as follows:

SMG member	Meetings attended	Out of a possible
Nicholas Espinosa – Director	16	16
Stephanie Ahern – Assistant Director	16	16
Robert Penman – Dean of Studies	16	16
Nicola Espinosa – Head of Student Programming	16	16
Ashleigh Ritchie – Head of Learning and Teaching (maternity leave from 29th March 2021)	11	11

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;
- To oversee the management of student debt;
- To oversee allocation of Student Scholarships;
- To identify ways to support underrepresented 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 LSC'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;

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## LONDON STUDIO CENTRE LIMITED

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### CORPORATE GOVERNANCE AND INTERNAL CONTROL STATEMENT FOR THE YEAR ENDED 31 AUGUST 2021

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- 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.

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

	Meetings attended	Out of a possible
<b>Committee Member</b>		
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 where value for money can be improved.

LSC has delivered improved value for money during the year by:

- Development and validation of additional undergraduate and postgraduate courses for commencement 2021/22, diversifying LSC's provision within the same specialist sector and spreading the core costs to gain economies of scale
- Purchase of Planet eStream and Drama Online – enabling enhancement of the library's digital catalogue eg by facilitating the upload & integration of VHS tapes. Further enhancements are planned, including the purchase of eBooks.
- Delivering blended learning provision, mainly to support learning during lockdown, however additionally to enhance not only value for money but also accessibility to respected professionals in the industry;
- Further enhancement of the budget monitoring process, contributing to the Company's culture of rigorous expenditure management;
- Continued improvement of the efficiency and effectiveness of the conservatoire's administrative functions;
- Further automation of processes and integration to cloud-based document storage, to eliminate paperwork and administration overheads;
- Further developing the use of online video conferencing and communication tools, to continue to support the response to COVID but also to progress the functionality of the Company to more efficient & less costly ways of working; and
- Entering into a joint commitment to monitor and enhance environmental sustainability with artsdepot

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 LSC's compliance with The BEMT's charitable objectives, in order to support the beneficiaries of the charity (the students).

#### Supporting Student Access to Training

LSC is committed to providing access to individuals from all backgrounds, regardless of their financial or socio-economic circumstances. LSC actively creates opportunities and aims to reduce barriers to training for underrepresented or disadvantaged groups. LSC 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 131 awards were made to students during 2020/21.

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## LONDON STUDIO CENTRE LIMITED

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### CORPORATE GOVERNANCE AND INTERNAL CONTROL STATEMENT FOR THE YEAR ENDED 31 AUGUST 2021

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#### 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 2021 and up to the date of approval of the annual report and financial statements.

#### 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 2021 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 9 times during 2020/21;
- The work of the Widening Access and the Financial Support Team;
- The work of the Admissions Review Board;
- The work of the external auditor.

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

  
Name Mr N Espinosa  
Director and CEO

Date 30th March 2022



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## **LONDON STUDIO CENTRE LIMITED**

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

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#### **Opinion**

We have audited the financial statements of London Studio Centre Limited (the 'Company') for the year ended 31 August 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity 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 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 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**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 director with respect to going concern are described in the relevant sections of this report.

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## **LONDON STUDIO CENTRE LIMITED**

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

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#### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The director is responsible for the other information contained within the Annual Report. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **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.

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## **LONDON STUDIO CENTRE LIMITED**

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

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#### **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.

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 identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have:

- considered the nature of the industry and sectors, control environment and business performance;
- made enquires of management about their own identification and assessment of the risk of irregularities;
- performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- undertaken appropriate sample based testing of bank transactions;
- identified and evaluated compliance with relevant laws and regulations and made enquiries of any instances of non-compliance;
- discussed matters among the audit engagement team regarding how and where fraud might occur in the financial statements and potential indicators of fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

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**LONDON STUDIO CENTRE LIMITED**

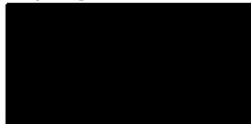
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON STUDIO CENTRE LIMITED  
(CONTINUED)**

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**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.



Alexander Chrysapiades FCA (Senior Statutory Auditor)

for and on behalf of

**Adler Shine LLP**

Chartered Accountants and Statutory Auditor

Aston House  
Cornwall Avenue  
London  
N3 1LF  
Date:

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LONDON STUDIO CENTRE LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2021

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	Note	2021 £	2020 £
Turnover	3	4,577,263	4,422,368
Cost of sales		(2,363,005)	(2,195,584)
<b>Gross profit</b>		<b>2,214,258</b>	<b>2,226,784</b>
Administrative expenses		(2,130,236)	(2,192,728)
Other operating income		12,577	52,001
<b>Operating profit</b>		<b>96,599</b>	<b>86,057</b>
Interest payable and similar expenses		(1,322)	(2,231)
<b>Profit before tax</b>		<b>95,277</b>	<b>83,826</b>
Tax on profit		(43,687)	(46,309)
<b>Profit for the financial year</b>		<b>51,590</b>	<b>37,517</b>

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 15 to 27 form part of these financial statements.

**LONDON STUDIO CENTRE LIMITED**  
**REGISTERED NUMBER: 03787251**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	6	40,096	6,315
Tangible assets	7	1,012,550	1,247,230
		<u>1,052,646</u>	<u>1,253,545</u>
<b>Current assets</b>			
Debtors	8	4,801,608	5,189,168
Cash at bank and in hand	9	940,530	743,726
		<u>5,742,138</u>	<u>5,932,894</u>
Creditors: amounts falling due within one year	10	(5,280,162)	(5,718,844)
<b>Net current assets</b>		<u>461,976</u>	<u>214,050</u>
<b>Total assets less current liabilities</b>		<u>1,514,622</u>	<u>1,467,595</u>
Creditors: amounts falling due after more than one year	11	(15,866)	(20,429)
<b>Provisions for liabilities</b>			
Deferred tax	13	(90,000)	(90,000)
		<u>(90,000)</u>	<u>(90,000)</u>
<b>Net assets</b>		<u>1,408,756</u>	<u>1,357,166</u>
<b>Capital and reserves</b>			
Called up share capital	14	2	2
Profit and loss account		1,408,754	1,357,164
		<u>1,408,756</u>	<u>1,357,166</u>

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**LONDON STUDIO CENTRE LIMITED**  
**REGISTERED NUMBER: 03787251**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2021**

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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:

  
Mr N Espinosa  
Director

Date: 31 March 2022

The notes on pages 15 to 27 form part of these financial statements.

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**LONDON STUDIO CENTRE LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2021**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 September 2019</b>	<b>2</b>	<b>1,319,647</b>	<b>1,319,649</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	37,517	37,517
<b>At 1 September 2020</b>	<b>2</b>	<b>1,357,164</b>	<b>1,357,166</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	51,590	51,590
<b>At 31 August 2021</b>	<b>2</b>	<b>1,408,754</b>	<b>1,408,756</b>

The notes on pages 15 to 27 form part of these financial statements.



**LONDON STUDIO CENTRE LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	51,590	37,517
<b>Adjustments for:</b>		
Amortisation of intangible assets	756	600
Depreciation of tangible assets	294,487	306,817
Government grants	(12,577)	(52,001)
Interest paid	1,322	2,231
Taxation charge	43,687	46,309
Decrease in debtors	387,560	102,067
(Decrease)/increase in creditors	(430,540)	202,580
Corporation tax (paid)	(52,119)	(34,804)
<b>Net cash generated from operating activities</b>	<b>284,166</b>	<b>611,316</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(34,537)	(1,200)
Purchase of tangible fixed assets	(59,807)	(69,203)
Government grants received	12,577	52,001
HP interest paid	(1,288)	(1,579)
<b>Net cash from investing activities</b>	<b>(83,055)</b>	<b>(19,981)</b>
<b>Cash flows from financing activities</b>		
Repayment of/new finance leases	(4,273)	(3,982)
Interest paid	(34)	(652)
<b>Net cash used in financing activities</b>	<b>(4,307)</b>	<b>(4,634)</b>
<b>Net increase in cash and cash equivalents</b>	<b>196,804</b>	<b>586,701</b>
Cash and cash equivalents at beginning of year	743,726	157,025
<b>Cash and cash equivalents at the end of year</b>	<b>940,530</b>	<b>743,726</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	940,530	743,726
	<b>940,530</b>	<b>743,726</b>

The notes on pages 15 to 27 form part of these financial statements.

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## **LONDON STUDIO CENTRE LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021**

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#### **1. General information**

London Studio Centre Limited is a private company, limited by shares, incorporated in England and Wales, with registration number 03787251. The company's registered address is Aston House, Cornwall Avenue, London, N3 1LF.

#### **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**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

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 performances occurs.

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

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## **LONDON STUDIO CENTRE LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021**

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## **2. Accounting policies (continued)**

### **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.

Temporary rent concessions occurring as a direct consequence of the COVID-19 pandemic have been recognised on a systematic basis over the periods that the change in lease payments is intended to compensate. This is conditional on:

- the change in lease payments resulting in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;
- any reduction in lease payments affecting only payments originally due on or before 30 June 2022;
- there being no significant change to other terms and conditions of the lease.

### **2.5 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

### **2.6 Finance costs**

Finance costs are charged to profit or loss 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.

### **2.7 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

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## LONDON STUDIO CENTRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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#### 2. Accounting policies (continued)

##### 2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet 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 balance sheet 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 balance sheet date.

##### 2.9 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.

##### 2.10 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.

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## LONDON STUDIO CENTRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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#### 2. Accounting policies (continued)

##### 2.10 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:

Long-term leasehold property	-	straight line over the terms of the lease
Plant and machinery	-	15% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	15% straight line
Production equipment	-	15% 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 profit or loss.

##### 2.11 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.

##### 2.12 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.

##### 2.13 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.

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## LONDON STUDIO CENTRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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## 2. Accounting policies (continued)

### 2.14 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet 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 Balance Sheet.

### 2.15 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 Comprehensive Income.

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

**LONDON STUDIO CENTRE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

**3. Turnover**

An analysis of turnover by class of business is as follows:

		2021 £	2020 £
Grant and fee income	4	4,378,752	4,239,998
Pre-vocational courses and miscellaneous income		198,511	182,370
		<u>4,577,263</u>	<u>4,422,368</u>

All turnover arose within the United Kingdom.

**4. Grant and fee income**

	2021 £	2020 £
Grant income from the OfS	-	-
Grant income from other bodies	55,000	54,000
Fee income for taught awards (exclusive of VAT)	4,094,522	4,041,373
Fee income for research awards (exclusive of VAT)	-	-
Fee income from non-qualifying courses (exclusive of VAT)	229,230	144,625
	<u>4,378,752</u>	<u>4,239,998</u>

**5. Employees**

The average monthly number of employees, including directors, during the year was 45 (2020 - 46).

**Higher paid staff**

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

	2021	2020
In the band £115,000 - £120,000	-	-
In the band £120,000 - £125,000	1	1
In the band £170,000 - £175,000	-	-
<-In the band £175,000 - £180,000	1	1
	<u>2</u>	<u>2</u>

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## LONDON STUDIO CENTRE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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#### Employees (continued)

##### Head of provider

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

	2021 £	2020 £
Salary	178,393	178,393
Pension contributions	1,316	1,315
Other taxable benefits	4,901	4,594
	<b>184,610</b>	<b>184,302</b>

Head of provider remuneration as a multiple of the median staff salaries was 4.31 (2020 - £4.5).

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:
  - (i) 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
  - (ii) spear-heading the recent development of Post-graduate 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.



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**LONDON STUDIO CENTRE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**6. Intangible assets**

	Develop- ment expenditure £	Computer software £	Total £
<b>Cost</b>			
At 1 September 2020	6,915	-	6,915
Additions	18,644	15,893	34,537
At 31 August 2021	<u>25,559</u>	<u>15,893</u>	<u>41,452</u>
<b>Amortisation</b>			
At 1 September 2020	600	-	600
Charge for the year on owned assets	756	-	756
At 31 August 2021	<u>1,356</u>	<u>-</u>	<u>1,356</u>
<b>Net book value</b>			
At 31 August 2021	<u>24,203</u>	<u>15,893</u>	<u>40,096</u>
At 31 August 2020	<u>6,315</u>	<u>-</u>	<u>6,315</u>

**LONDON STUDIO CENTRE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

**7. Tangible fixed assets**

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Production equipment £
<b>Cost or valuation</b>					
At 1 September 2020	656,652	447,246	35,302	323,743	1,200,355
Additions	-	24,511	-	-	35,296
At 31 August 2021	656,652	471,757	35,302	323,743	1,235,651
<b>Depreciation</b>					
At 1 September 2020	252,501	336,308	17,651	258,940	550,668
Charge for the year on owned assets	80,830	59,232	-	22,035	123,565
Charge for the year on financed assets	-	-	8,825	-	-
At 31 August 2021	333,331	395,540	26,476	280,975	674,233
<b>Net book value</b>					
At 31 August 2021	323,321	76,217	8,826	42,768	561,418
At 31 August 2020	404,151	110,938	17,651	64,803	649,687

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**LONDON STUDIO CENTRE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**7. Tangible fixed assets (continued)**

	<b>Total £</b>
<b>Cost or valuation</b>	
At 1 September 2020	2,663,298
Additions	59,807
At 31 August 2021	<u>2,723,105</u>
<b>Depreciation</b>	
At 1 September 2020	1,416,068
Charge for the year on owned assets	285,662
Charge for the year on financed assets	8,825
At 31 August 2021	<u>1,710,555</u>
<b>Net book value</b>	
At 31 August 2021	<u>1,012,550</u>
At 31 August 2020	<u>1,247,230</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<b>2021 £</b>	<b>2020 £</b>
Motor vehicles	8,826	17,651
	<u>8,826</u>	<u>17,651</u>

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**LONDON STUDIO CENTRE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**8. Debtors**

	2021 £	2020 £
<b>Due after more than one year</b>		
Other debtors	40,000	40,000
	<u>40,000</u>	<u>40,000</u>
<b>Due within one year</b>		
Trade debtors	3,735,458	3,591,237
Other debtors	806,015	1,343,583
Prepayments and accrued income	220,135	214,348
	<u>4,801,608</u>	<u>5,189,168</u>

**9. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	940,530	743,726
	<u>940,530</u>	<u>743,726</u>

**10. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Trade creditors	259,942	529,567
Corporation tax	43,562	51,994
Other taxation and social security	33,103	29,960
Obligations under finance lease and hire purchase contracts	4,563	4,273
Other creditors	196,019	17,999
Accruals and deferred income	4,742,973	5,085,051
	<u>5,280,162</u>	<u>5,718,844</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.

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**LONDON STUDIO CENTRE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**11. Creditors: Amounts falling due after more than one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	<b>15,866</b>	20,429
	<u><b>15,866</b></u>	<u>20,429</u>

**12. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Within one year	<b>4,563</b>	4,273
Between 1-5 years	<b>15,869</b>	20,429
	<u><b>20,432</b></u>	<u>24,702</u>

Hire purchase and finance leases are secured over the assets to which they relate.

**13. Deferred taxation**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
At beginning of year	<b>(90,000)</b>	(90,000)
<b>At end of year</b>	<u><b>(90,000)</b></u>	<u>(90,000)</u>

The provision for deferred taxation is made up as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>(90,000)</b>	(90,000)
	<u><b>(90,000)</b></u>	<u>(90,000)</u>

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**LONDON STUDIO CENTRE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**14. Share capital**

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
2 (2020 - 2) Ordinary shares of £1 each	<u>2</u>	<u>2</u>

**15. 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 £19,329 (2020 - £18,965). Contributions totaling £3,968 (2020 - £3,740) were payable to the fund at the reporting date and are included in creditors.

**16. Commitments under operating leases**

At 31 August 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	816,909	677,000
Later than 1 year and not later than 5 years	2,434,845	2,560,000
	<u>3,251,754</u>	<u>3,237,000</u>

**17. Related party transactions**

As at 31 August 2021, the Company was owed £805,280 (2020 - £1,336,259) by Bridget Espinosa's London Studio Centre Limited, a company under the common control of the director,

The loan is non-interest bearing and is repayable upon demand. During the year, the Company was charged for licence and marketing fees by Bridget Espinosa's London Studio Centre Limited totalling £250,000 plus VAT (2020 - £250,000 + VAT).

**18. Controlling party**

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.

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LONDON STUDIO CENTRE LIMITED

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DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2021

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	Note	2021 £	2020 £
Turnover		4,577,263	4,422,368
Cost Of Sales		(2,363,005)	(2,195,584)
<b>Gross profit</b>		<b>2,214,258</b>	<b>2,226,784</b>
<b>Gross profit %</b>		<b>48.4 %</b>	<b>50.4 %</b>
Other operating income		12,577	52,001
<b>Less: overheads</b>			
Administration expenses		(2,130,236)	(2,192,728)
<b>Operating profit</b>		<b>96,599</b>	<b>86,057</b>
Interest payable		(1,322)	(2,231)
Tax on profit on ordinary activities		(43,687)	(46,309)
<b>Profit for the year</b>		<b>51,590</b>	<b>37,517</b>

**LONDON STUDIO CENTRE LIMITED**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

	2021 £	2020 £
<b>Turnover</b>		
Grant and fee income	4,378,752	4,239,998
Pre-vocational courses and miscellaneous income	198,511	182,370
	<u>4,577,263</u>	<u>4,422,368</u>
	2021 £	2020 £
<b>Cost of sales</b>		
Wages and salaries	740,348	714,156
National insurance	68,799	70,788
CoS staff pens costs - defined contribution scheme	12,601	12,715
Teaching staff: recruitment, training and welfare	14,309	22,913
Subcontract labour	702,630	623,343
Licences	265,393	245,040
Performance costs	198,527	100,450
Teaching and learning other costs	236,833	286,144
Depreciation of production equipment	123,565	120,035
	<u>2,363,005</u>	<u>2,195,584</u>
	2021 £	2020 £
<b>Other operating income</b>		
Government grants receivable	12,577	52,001
	<u>12,577</u>	<u>52,001</u>



**LONDON STUDIO CENTRE LIMITED**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

	2021 £	2020 £
<b>Administration expenses</b>		
Directors salaries	178,393	178,393
Directors national insurance	24,237	22,567
Directors pension costs - defined contribution schemes	1,316	1,315
Staff salaries	238,999	243,401
Staff national insurance	28,898	24,846
Staff pension costs - defined contribution schemes	5,411	4,935
Staff: recruitment, training and welfare	15,390	16,808
Motor running costs	1,361	2,717
Hotels, travel and subsistence	510	9,434
Consultancy	25,000	30,800
Printing and stationery	2,941	4,964
Telephone and fax	3,826	3,371
Computer costs	37,537	34,792
Advertising and promotion	170,424	229,869
Trade subscriptions	3,122	1,243
Legal and professional	4,652	30,279
Auditors' remuneration	13,475	13,575
Accountancy fees	104,145	89,230
Equipment hire	41,764	44,010
Bank charges	5,099	6,166
Bad debts	9,489	19,138
Sundry expenses	1,134	1,206
Rent - operating leases	884,828	836,430
Rates	50,196	50,256
Water	257	178
Light and heat	10,620	12,212
Cleaning	16,762	16,788
Insurances	67,901	62,018
Repairs and maintenance	10,871	14,405
Depreciation - leasehold property	80,830	80,831
Depreciation - plant and machinery	59,232	59,532
Depreciation - motor vehicles	8,825	8,825
Depreciation - fixtures and fittings	22,035	37,594
Amortisation - intangible fixed assets	756	600
	<b>2,130,236</b>	<b>2,192,728</b>

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**LONDON STUDIO CENTRE LIMITED**

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**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Interest payable</b>		
Bank loan interest payable	<b>34</b>	-
Other loan interest payable	-	652
Hire purchase interest payable	<b>1,288</b>	1,579
	<b>1,322</b>	2,231