
LONDON STUDIO CENTRE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JULY 2023

LONDON STUDIO CENTRE LIMITED

COMPANY INFORMATION

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

LONDON STUDIO CENTRE LIMITED

CONTENTS

	Page
Director's Report	1 - 2
Corporate Governance And Internal Control Statement	3 - 6
Independent Auditors' Report	7 - 11
Statement of Comprehensive Income	12
Balance Sheet	13 - 14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements	17 - 29
The following pages do not form part of the statutory financial statements:	
Detailed Profit and Loss Account and Summaries	30 - 33

LONDON STUDIO CENTRE LIMITED

DIRECTOR'S REPORT FOR THE PERIOD ENDED 31 JULY 2023

The director presents his report and the financial statements for the period ended 31 July 2023.

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 period 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.

LONDON STUDIO CENTRE LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2023**

Auditors

The auditors, Adler Shine LLP, 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:

LONDON STUDIO CENTRE LIMITED

CORPORATE GOVERNANCE AND INTERNAL CONTROL STATEMENT FOR THE PERIOD ENDED 31 JULY 2023

The chairman presents his statement for the period.

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 9 times during the period to 31 July 2023. Attendance during the year at meetings of the SMG members was as follows:

SMG member	Meetings attended Out of a possible	
	9	9
Nicholas Espinosa – Director	9	9
Stephanie Ahern – Assistant Director (returned from maternity leave from 3rd May 2023)	3	3
Robert Penman – Dean of Studies	9	9
Nicola Espinosa – Head of Student Programming	9	9
Ashleigh Ritchie – Head of Learning and Teaching	9	9

LONDON STUDIO CENTRE LIMITED

CORPORATE GOVERNANCE AND INTERNAL CONTROL STATEMENT (CONTINUED) FOR THE PERIOD ENDED 31 JULY 2023

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 the 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;
- 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
Committee Member		
Nicholas Espinosa – Director	4	4
Stephanie Ahern – Assistant Director (returned from maternity leave 3rd May 2023)	2	2
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 for 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:

- Delivering undergraduate and postgraduate courses, diversifying LSC's provision within the same specialist sector and spreading the core costs to gain economies of scale
- 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;
- Awarding subsidised places on our post graduate courses to alumni (25%) faculty & support staff (50%) to further develop their professional / teaching skills as appropriate.
- Enhancing LSC's widening participation through the recruitment of a dedicated member of staff in this area

CORPORATE GOVERNANCE AND INTERNAL CONTROL STATEMENT (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2023

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 (incorporating Exceptional Talent Scholarships) to support these students, in addition to allocating scholarships from external charities. A total of 139 awards were made to students during 2022/23.

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 period ended 31 July 2023 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 period ended 31 July 2023 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.

LONDON STUDIO CENTRE LIMITED

**CORPORATE GOVERNANCE AND INTERNAL CONTROL STATEMENT (CONTINUED)
FOR THE PERIOD ENDED 31 JULY 2023**

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 7 times during the period 2022/23;
- The work of the Widening Access and 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

LONDON STUDIO CENTRE LIMITED

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 period ended 31 July 2023, 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 July 2023 and of its profit for the period 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.

LONDON STUDIO CENTRE LIMITED

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

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 Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with applicable legal requirements.

Opinion on other matters required by the Office for Students (OfS) Audit Code of Practice

In our opinion, in all material respects:

- funds from whatever source administered by the Company for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by OfS have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of the OfS's Accounts Direction have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- the Company's grant and fee income, as disclosed in the notes to the accounts, has been materially misstated; and
- the Company's expenditure on access and participation activities for the financial year has been materially misstated.

LONDON STUDIO CENTRE LIMITED

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

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 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.

LONDON STUDIO CENTRE LIMITED

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

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;
- reviewed minutes of meetings;
- 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. This description forms part of our Auditors' Report.

LONDON STUDIO CENTRE LIMITED

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.

Alexander Chrysaphiades 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:

LONDON STUDIO CENTRE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JULY 2023**

	Note	11 months ended 31 July 2023 £	Year ended 31 August 2022 £
Turnover	3	4,776,561	4,531,051
Cost of sales		(2,578,209)	(2,527,972)
Gross profit		2,198,352	2,003,079
Administrative expenses		(2,082,804)	(2,178,170)
Operating profit/(loss)		115,548	(175,091)
Interest payable and similar expenses		(4,241)	(1,061)
Profit/(loss) before tax		111,307	(176,152)
Tax on profit/(loss)		(39,250)	8,329
Profit/(loss) for the period		72,057	(167,823)

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 17 to 29 form part of these financial statements.

LONDON STUDIO CENTRE LIMITED
REGISTERED NUMBER: 03787251

BALANCE SHEET
AS AT 31 JULY 2023

	Note	31 July 2023 £	31 August 2022 £
Fixed assets			
Intangible assets	5	39,750	51,669
Tangible assets	6	680,106	800,028
		<u>719,856</u>	<u>851,697</u>
Current assets			
Debtors	7	4,108,268	5,224,573
Cash at bank and in hand	8	327,824	869,106
		<u>4,436,092</u>	<u>6,093,679</u>
Creditors: amounts falling due within one year	9	(3,558,790)	(5,381,694)
Net current assets		<u>877,302</u>	<u>711,985</u>
Total assets less current liabilities		<u>1,597,158</u>	<u>1,563,682</u>
Creditors: amounts falling due after more than one year	10	(194,169)	(232,750)
Provisions for liabilities			
Deferred tax	12	(90,000)	(90,000)
		<u>(90,000)</u>	<u>(90,000)</u>
Net assets		<u>1,312,989</u>	<u>1,240,932</u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account		1,312,987	1,240,930
		<u>1,312,989</u>	<u>1,240,932</u>

LONDON STUDIO CENTRE LIMITED
REGISTERED NUMBER: 03787251

BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2023

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



Mrs N Espinosa
Member of Senior Management Group
Head of Student Programming

Date:

Date:

The notes on pages 17 to 29 form part of these financial statements.

LONDON STUDIO CENTRE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JULY 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 September 2021	2	1,408,753	1,408,755
Comprehensive income for the year			
Loss for the year	-	(167,823)	(167,823)
At 1 September 2022	2	1,240,930	1,240,932
Comprehensive income for the period			
Profit for the period	-	72,057	72,057
At 31 July 2023	2	1,312,987	1,312,989

The notes on pages 17 to 29 form part of these financial statements.

LONDON STUDIO CENTRE LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JULY 2023**

	31 July 2023 £	31 August 2022 £
Cash flows from operating activities		
Profit/(loss) for the financial period	72,057	(167,823)
Adjustments for:		
Amortisation of intangible assets	11,919	13,002
Depreciation of tangible assets	231,173	279,340
Loss on disposal of tangible assets	(19,903)	-
Interest paid	4,241	1,060
Taxation charge	39,250	(8,329)
Decrease/(increase) in debtors	1,104,957	(411,611)
(Decrease)/increase in creditors	(1,904,718)	366,541
Corporation tax received/(paid)	-	(46,587)
Net cash generated from operating activities	(461,024)	25,593
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(24,575)
Purchase of tangible fixed assets	(111,251)	(66,819)
Sale of tangible fixed assets	19,903	-
HP interest paid	(1,592)	(997)
Net cash from investing activities	(92,940)	(92,391)
Cash flows from financing activities		
Net (repayment of)/new finance leases	15,331	(4,563)
Interest paid	(2,649)	(63)
Net cash used in financing activities	12,682	(4,626)
Net (decrease) in cash and cash equivalents	(541,282)	(71,424)
Cash and cash equivalents at beginning of period	869,106	940,530
Cash and cash equivalents at the end of period	327,824	869,106
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	327,824	869,106
	327,824	869,106

The notes on pages 17 to 29 form part of these financial statements.

LONDON STUDIO CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2023

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.

The financial statements are presented in Sterling (£) and rounded to the nearest £1.

The financial statements represent the 11 month period to 31 July 2023. The comparative period in these financial statements is for the year to 31 August 2022 and is not therefore entirely comparable.

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 Going concern

The company has made a profit for the period of £72,057 (2022: £167,823 loss) for the 11 month period ended 31 July 2023 and had net assets of £1,312,989 (2022: £1,240,932). The director has reviewed the available funds, in conjunction with the plans for the year ahead and is reasonably confident that the company will have sufficient access to working capital to support its planned activities for a period of at least 12 months from the date of signing these financial statements. The director is therefore satisfied that the going concern basis is appropriate for the preparation of these financial statements.

2.3 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2023**

2. Accounting policies (continued)

2.4 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.

2.5 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.

2.6 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.

2.7 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.

2.8 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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2023**

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the period 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.

2.10 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2023**

2. Accounting policies (continued)

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.

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 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 profit or loss.

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.

2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2023**

2. Accounting policies (continued)

2.16 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.

2.17 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 PERIOD ENDED 31 JULY 2023

3. Grant and fee income

	31 July 2023 £	31 August 2022 £
Grant income from the OfS	-	-
Grant income from other bodies	68,500	55,000
Fee income for taught awards (exclusive of VAT)	4,383,148	4,167,235
Fee income for research awards (exclusive of VAT)	-	-
Fee income from non-qualifying courses (exclusive of VAT)	87,251	100,250
Other income	237,662	208,566
	<u>4,776,561</u>	<u>4,531,051</u>

4. Employees

The average monthly number of employees given as full time equivalents was 28 (2022 - 29).

The average monthly number of employees, including directors, during the period was 53 (2022 - 58).

Higher paid staff

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

	31 July 2023	31 August 2022
In the band £120,000 - £124,999	-	1
In the band £125,000 - £129,999	1	-
In the band £180,000 - £184,999	-	1
In the band £185,000 - £189,999	1	-
	<u>2</u>	<u>2</u>

LONDON STUDIO CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2023

Employees (continued)

Head of provider

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

	31 July 2023 £	31 August 2022 £
Salary	170,133	181,961
Pension contributions	1,211	1,321
Other taxable benefits	5,191	4,814
	<u>176,535</u>	<u>188,096</u>

Head of provider remuneration as a multiple of the median staff salaries based on basic salary was 4.37 (2022 - 4.34). Head of provider remuneration as a multiple of the median staff salaries based on total remuneration was 4.41 (2022 - 4.42).

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 of exceptionally high levels of student satisfaction, graduate achievement, and excellent quality assurance, as attested to in student surveys and quality assurance reports;
- 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.

LONDON STUDIO CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2023**

5. Intangible assets

	Develop- ment expenditure £	Computer software £	Total £
Cost			
At 1 September 2022	26,295	39,732	66,027
At 31 July 2023	<u>26,295</u>	<u>39,732</u>	<u>66,027</u>
Amortisation			
At 1 September 2022	6,412	7,946	14,358
Charge for the period on owned assets	4,635	7,284	11,919
At 31 July 2023	<u>11,047</u>	<u>15,230</u>	<u>26,277</u>
Net book value			
At 31 July 2023	<u>15,248</u>	<u>24,502</u>	<u>39,750</u>
At 31 August 2022	<u>19,883</u>	<u>31,786</u>	<u>51,669</u>

Development expenditure relates to course development costs. These are amortised over 5 and 6 years as this relates to the course validation period which varies depending on which body a course was validated by.

LONDON STUDIO CENTRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2023**

6. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 September 2022	656,652	481,033	35,302	324,098	1,292,841	2,789,926
Additions	-	6,393	36,078	-	68,780	111,251
Disposals	-	-	(35,302)	-	-	(35,302)
At 31 July 2023	656,652	487,426	36,078	324,098	1,361,621	2,865,875
Depreciation						
At 1 September 2022	414,161	438,017	35,302	298,899	803,519	1,989,898
Charge for the period on owned assets	74,094	12,257	-	11,740	124,814	222,905
Charge for the period on financed assets	-	-	8,268	-	-	8,268
Disposals	-	-	(35,302)	-	-	(35,302)
At 31 July 2023	488,255	450,274	8,268	310,639	928,333	2,185,769
Net book value						
At 31 July 2023	168,397	37,152	27,810	13,459	433,288	680,106
At 31 August 2022	242,491	43,016	-	25,199	489,322	800,028

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

	31 July 2023 £	31 August 2022 £
Motor vehicles	27,810	-
	27,810	-

LONDON STUDIO CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2023

7. Debtors

	31 July 2023 £	31 August 2022 £
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	2,459,691	3,870,784
Other debtors	1,360,177	1,090,315
Prepayments and accrued income	248,400	212,126
Tax recoverable	-	11,348
	<u>4,108,268</u>	<u>5,224,573</u>

8. Cash and cash equivalents

	31 July 2023 £	31 August 2022 £
Cash at bank and in hand	327,824	869,106
	<u>327,824</u>	<u>869,106</u>

LONDON STUDIO CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2023

9. Creditors: Amounts falling due within one year

	31 July 2023 £	31 August 2022 £
Trade creditors	278,074	215,630
Corporation tax	27,902	-
Other taxation and social security	42,380	34,880
Obligations under finance lease and hire purchase contracts	4,028	15,866
Other creditors	269,213	112,083
Accruals and deferred income	2,937,193	5,003,235
	<u>3,558,790</u>	<u>5,381,694</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.

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

	31 July 2023 £	31 August 2022 £
Net obligations under finance leases and hire purchase contracts	27,169	-
Other creditors	167,000	232,750
	<u>194,169</u>	<u>232,750</u>

Restated 2022 comparative following decision to reclassify portion of repayable registration fees as noncurrent from current.

LONDON STUDIO CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2023

11. Hire purchase leases

Minimum lease payments under hire purchase fall due as follows:

	31 July 2023 £	31 August 2022 £
Within one year	4,027	15,866
Between 1-5 years	27,169	-
	<u>31,196</u>	<u>15,866</u>

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

12. Deferred taxation

	31 July 2023 £	31 August 2022 £
At beginning of year	(90,000)	(90,000)
At end of year	<u>(90,000)</u>	<u>(90,000)</u>

The provision for deferred taxation is made up as follows:

	31 July 2023 £	31 August 2022 £
Accelerated capital allowances	(90,000)	(90,000)
	<u>(90,000)</u>	<u>(90,000)</u>

13. Share capital

	31 July 2023 £	31 August 2022 £
Allotted, called up and fully paid		
2 (2022 - 2) Ordinary shares shares of £1 each	2	2
	<u>2</u>	<u>2</u>

LONDON STUDIO CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JULY 2023

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 £20,879 (2022: £21,265). Contributions totaling £5,527 (2022: £4,698) were payable to the fund at the reporting date and are included in creditors.

15. Commitments under operating leases

At 31 July 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	31 July 2023 £	31 August 2022 £
Not later than 1 year	659,000	622,159
Later than 1 year and not later than 5 years	713,917	1,544,318
	<u>1,372,917</u>	<u>2,166,477</u>

16. Related party transactions

As at 31 July 2023, the Company was owed £1,359,159 (2022: £1,084,978) 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 £96,000 (2022: £Nil).

As at 31 July 2023, the Company owed £13,132 (2022: £998) to Nicholas Espinosa (director).

There were medical insurance charges during the year of £5,191 (2022: £4,755) relating to Nicholas Espinosa and £4,814 (2022: £4,469) relating to Nicola Espinosa (a member of the Senior Management Group, the governing body of the Company).

17. Controlling party

The Company's parent undertaking is The Bridget Espinosa Memorial Trust, a registered unincorporated charity, registered in England and Wales. 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. Copies of the consolidated financial statements can be obtained from the Charities Commission.

LONDON STUDIO CENTRE LIMITED

**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 JULY 2023**

	Note	31 July 2023 £	31 August 2022 £
Turnover		4,776,561	4,531,050
Cost Of Sales		(2,578,209)	(2,527,972)
Gross profit		<u>2,198,352</u>	<u>2,003,078</u>
Gross profit %		46.0 %	44.2 %
Less: overheads			
Administration expenses		(2,082,804)	(2,178,170)
Operating profit/(loss)		<u>115,548</u>	<u>(175,092)</u>
Interest payable		(4,241)	(1,060)
Tax on profit/(loss) on ordinary activities		(39,250)	8,329
Profit/(Loss) for the period/year		<u>72,057</u>	<u>(167,823)</u>

LONDON STUDIO CENTRE LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE PERIOD ENDED 31 JULY 2023

	31 July 2023 £	31 August 2022 £
Turnover		
Grant and fee income	4,753,181	4,442,969
Pre-vocational courses and miscellaneous income	23,380	88,081
	<u>4,776,561</u>	<u>4,531,050</u>
	31 July 2023 £	31 August 2022 £
Cost of sales		
Wages and salaries	804,165	833,533
National insurance	82,918	87,334
Staff pension costs - defined contribution scheme	14,691	15,485
Teaching staff: recruitment, training and welfare	18,499	21,490
Subcontract labour	665,584	683,531
Licences	293,837	260,401
Performance costs	332,585	278,281
Teaching and learning other costs	241,116	218,633
Depreciation of production equipment	124,814	129,284
	<u>2,578,209</u>	<u>2,527,972</u>

LONDON STUDIO CENTRE LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE PERIOD ENDED 31 JULY 2023**

	31 July 2023 £	31 August 2022 £
Administration expenses		
Directors salaries	170,133	181,961
Directors national insurance	23,174	24,689
Directors pension costs - defined contribution schemes	1,211	1,321
Staff salaries	239,297	239,018
Staff private health insurance	9,947	9,283
Staff national insurance	23,942	24,631
Staff pension costs - defined contribution schemes	4,977	4,460
Staff: recruitment, training and welfare	16,912	14,363
Motor running costs	2,249	773
Hotels, travel and subsistence	14,269	9,100
Consultancy	7,997	-
Printing and stationery	2,667	4,611
Telephone and fax	4,273	4,056
Computer costs	32,587	31,013
Advertising and promotion	145,256	127,293
Trade subscriptions	4,742	4,009
Legal and professional	13,482	17,051
Auditors' remuneration	15,000	11,300
Accountancy fees	69,413	70,665
Equipment hire	28,019	47,410
Bank charges	6,456	4,495
Bad debts	2,504	36,639
Sundry expenses	506	1,437
Rent - operating leases	970,332	971,742
Rates	57,030	44,901
Water	587	241
Light and heat	32,361	20,988
Cleaning	8,282	21,107
Insurances	62,264	68,899
Repairs and maintenance	13,873	16,152
Depreciation - leasehold property	74,094	80,830
Depreciation - plant and machinery	12,257	42,475
Depreciation - motor vehicles	8,268	8,826
Depreciation - fixtures and fittings	11,740	17,925
Amortisation - intangible fixed assets	11,919	13,002
(Profit)/loss on sale of tangible assets	(19,903)	-
Gifts	687	1,504
	<u>2,082,804</u>	<u>2,178,170</u>

LONDON STUDIO CENTRE LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE PERIOD ENDED 31 JULY 2023

Administration expenses (continued)

	31 July 2023 £	31 August 2022 £
Interest payable		
Other interest payable	2,649	63
Hire purchase interest payable	1,592	997
	<u>4,241</u>	<u>1,060</u>