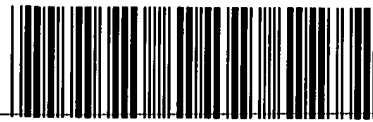


REGISTERED NUMBER: 02749258 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020  
FOR  
ACCESS TO MUSIC LIMITED**

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**ACCESS TO MUSIC LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**ACCESS TO MUSIC LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 JULY 2020**

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**DIRECTORS:**

J W Beaumont  
A Armstrong  
D Powell  
J H Taylor

**REGISTERED OFFICE:**

Heath Mill Studios  
68 Heath Mill Lane  
Digbeth  
Birmingham  
West Midlands  
B9 4AR

**BUSINESS ADDRESS:**

26 Hulme Street  
Manchester  
M1 5BW

**REGISTERED NUMBER:**

02749258 (England and Wales)

**SENIOR STATUTORY AUDITOR:** Valerie Wood

**AUDITORS:**

DPC Accountants Limited  
Stone House  
Stone Road Business Park  
Stoke on Trent  
ST4 6SR

**BANKERS:**

Royal Bank of Scotland plc  
38 Mosley Street  
Manchester  
M60 2BE

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## ACCESS TO MUSIC LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020

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The directors present their strategic report for the year ended 31 July 2020.

#### Review of the business

The company's principal activities during the year continued to be state funded educational and vocational training provision, mainly in the subject areas of music, digital and sport related industries. The company also transferred a small number of Apprentices from the National College of Creative Industries (NCCI) to diversify into further educational provisions.

100% of the share capital of Martinez Investment Limited (Access to Music Limited parent company) was acquired on March 4th 2020 by Project Alpha Bidco Limited, a wholly owned subsidiary of Project Alpha Midco Limited, a wholly owned subsidiary of the Group company Project Alpha Topco Limited. The activities of the Group will not change following the acquisition and all of the existing Directors remain Directors of the new companies.

The key financial and other performance indicators during the year were as follows:

	31.7.20	31.7.19 as restated	Change
	£	£	%
Turnover	18,540,283	17,163,746	8
Operating profit	233,586	722,807	(67.7)
Profit before tax	347,600	815,415	(57.4)
Equity shareholders' funds	8,120,675	7,785,466	4.3
Education Funding Agency (EFA) Learner numbers	3,404	3,065	11.1

Turnover increased by 8% during the year due to a refocus on core 16-18 Further Education and the expected unwind of 'lagged' growth from the ESFA allocation statement as reported last year.

Total operating profit decreased 67.7% during the year as a result of the strategic decision to grow 16-18 learner numbers over the EFSA funding allocation, receiving a low funding amount from a funding partner for 150 learners and paying a fee to the DfE for the transfer of Apprentices in the year.

Profit before tax decreased by 57.4% during the year. Profit before tax did not decrease in proportion to the decrease in operating profit due to the additional lending costs incurred by the company.

Shareholders' funds increased by 4.3% due to the retained earnings in the year.

EFA learner numbers is a key indicator given the fixed rate income received by the Government for each learner. Growth is also capped in the year to a maximum of £1m so any over-delivery of learners in excess of the cap is expected to be funded by the provider in full. During the year ESFA learner numbers increased 11.1% as the strategic approach to focus on this provision was realised. Due to the 'lagged' funding method of the ESFA, the related turnover increase from these extra learners will be crystallised in year ending July 2021.

At the time of report writing the learner numbers in the current year have exceeded budget and will result in c. £2.47m of over-delivery in 2021.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2020**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

**Competitive Risks**

The availability of funding from the ESFA is by specific contract with high barriers to entry. As the largest ITP in England we are well placed to maintain our market share in core music provision courses while also expanding into new curriculum areas of Digital, Games Design and Sports.

**Legislative Risks**

The core ESFA contracts are Government led and therefore open to change between parliamentary terms. It is not expected that any significant change will happen to 16-18 year old funding from the ESFA over the next three years.

**Exposure to price, credit, liquidity and cash flow risk**

The national funding formula for 16-18 year olds can be reviewed annually with rate changes and cash receipt dates open to review. These are still set annually in advance for the year so impacts can be planned well in advance and risks mitigated.

The Covid-19 impact on the business is limited due to the core ESFA funding stream and notification that allocation statements and payment profiles will be sent to providers as normal. The Students learning has not been impacted due to a switch to distance learning with all Colleges now fully re-open although still offering a blended learning approach due to social distancing requirements.

**ON BEHALF OF THE BOARD:**



D Powell - Director

28 April 2021

## **ACCESS TO MUSIC LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2020**

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The directors present their report with the financial statements of the company for the year ended 31 July 2020.

#### **DIVIDENDS**

Particulars of recommended dividends are detailed in note 9 to the financial statements.

#### **RESEARCH AND DEVELOPMENT**

Research and development expenditure is written off in the year in which it is incurred.

#### **FUTURE DEVELOPMENTS**

Likely future developments in the business of the entity have been disclosed in the strategic report.

#### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 August 2019 to the date of this report.

A Armstrong  
D Powell  
J H Taylor

Other changes in directors holding office are as follows:

J W Beaumont - appointed 3 October 2019

#### **EMPLOYMENT OF DISABLED PERSONS**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions, and to provide training and career development and promotion to disabled employees wherever appropriate.

#### **EMPLOYEE INVOLVEMENT**

The company recognises the significant contribution to the business of the commitment and quality of our employees. The company's policy is to consult and discuss the employees matters likely to affect their interests. This is generally achieved through briefing local centre managers.

#### **DISCLOSURE IN THE STRATEGIC REPORT**

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The strategic report can be found on page 2 of these financial statements.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 JULY 2020**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**



D Powell - Director

28 April 2021

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ACCESS TO MUSIC LIMITED**

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### **Opinion**

We have audited the financial statements of ACCESS TO MUSIC LIMITED (the 'company') for the year ended 31 July 2020 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
ACCESS TO MUSIC LIMITED**

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**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 Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
ACCESS TO MUSIC LIMITED**

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**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 a Report of the Auditors 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Report of the Auditors to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Report of the Auditors. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**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 a Report of the Auditors 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.



Valerie Wood (Senior Statutory Auditor)  
for and on behalf of DPC Accountants Limited  
Stone House  
Stone Road Business Park  
Stoke on Trent  
ST4 6SR

Date: 28th April 2021

**ACCESS TO MUSIC LIMITED**

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

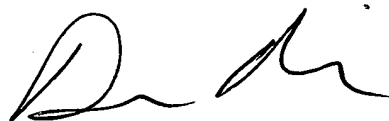
		31.7.20	31.7.19 as restated £
	Notes	£	£
<b>TURNOVER</b>	3	18,540,283	17,163,746
Cost of sales		(13,775,743)	(12,513,483)
<b>GROSS PROFIT</b>		4,764,540	4,650,263
Administrative expenses		(4,572,969)	(3,938,456)
		191,571	711,807
Other operating income		42,015	11,000
<b>OPERATING PROFIT</b>	5	233,586	722,807
Interest receivable and similar income		157,371	151,239
		390,957	874,046
Interest payable and similar expenses	7	(43,357)	(58,631)
<b>PROFIT BEFORE TAXATION</b>		347,600	815,415
Tax on profit	8	(12,391)	(115,385)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		335,209	700,030
Retained earnings at beginning of year as previously reported		7,718,781	7,785,436
Dividends	9	-	(700,000)
Prior year adjustment - corrections of material errors	10	66,685	-
<b>RETAINED EARNINGS AT END OF YEAR</b>		<u>8,120,675</u>	<u>7,785,466</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION  
31 JULY 2020

		31.7.20	31.7.19 as restated
	Notes	£	£
<b>FIXED ASSETS</b>			
Tangible assets	11	2,549,778	2,325,550
Investments	12	2	2
		<u>2,549,780</u>	<u>2,325,552</u>
<b>CURRENT ASSETS</b>			
Debtors	13	8,361,925	8,790,326
Cash at bank		1,872,339	979,307
		<u>10,234,264</u>	<u>9,769,633</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(4,143,561)	(2,458,413)
<b>NET CURRENT ASSETS</b>		<u>6,090,703</u>	<u>7,311,220</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		8,640,483	9,636,772
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(333,884)	(1,680,797)
<b>PROVISIONS FOR LIABILITIES</b>	18	(185,922)	(170,507)
<b>NET ASSETS</b>		<u><u>8,120,677</u></u>	<u><u>7,785,468</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	2	2
Retained earnings	20	8,120,675	7,785,466
<b>SHAREHOLDERS' FUNDS</b>		<u><u>8,120,677</u></u>	<u><u>7,785,468</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 April 2021 and were signed on its behalf by:



D Powell - Director

The notes form part of these financial statements

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

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**1. STATUTORY INFORMATION**

ACCESS TO MUSIC LIMITED is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The principal activity of the company is to provide a range of state funded education and vocational training, mainly in the subject areas of music and related creative industries.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the entity.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Project Alpha Topco Limited which can be obtained from 6 Warwick Street, London, United Kingdom, W1B 5LX. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.

**Significant judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

As described in the accounting policies of the financial statements, depreciation of tangible fixed assets has been based on estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate. Revisions take into account actual asset lives and residual values as evidence by disposals during current and prior accounting periods.

**Revenue recognition**

Turnover represents income receivable for goods and services provided in the period, exclusive of Value Added Tax and trade discounts. Turnover is recognised in the academic year to which it relates.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2020

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2. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold property	- straight line over the life of the lease
Instruments	- 20% on cost
Fixtures and fittings	- 33% on cost
Motor vehicles	- 25% reducing balance

Expenditure on assets is capitalised if individual items exceed £1,000 or where the combined cost of groups of related assets purchased for specific projects exceeds £1,000.

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

**Government grants**

Due to the Covid-19 pandemic, the company has claimed government backed grants under the Coronavirus Job Retention scheme. The grants are recognised as other income in the month to which the payroll costs relate.

Grants relating to capital expenditure on tangible assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grants relate.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2020

---

2. ACCOUNTING POLICIES - continued

**Financial instruments**

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

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

Debt instruments are subsequently measured at amortised cost.

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

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

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

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~~Current or deferred taxation assets and liabilities are not discounted.~~

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2020

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2. **ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Research and development**

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

**Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

**Dilapidation costs**

Provision has been made at the year end for the cost of dilapidations which resulted from events prior to the Balance sheet date.

**Employee benefits**

The company provides a range of benefits to employees.

Short term benefits, including holiday pay, are recognised as an expense in the profit and loss account in the period in which they are incurred.

**Finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

**Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 JULY 2020**

**2. ACCOUNTING POLICIES - continued**

**Impairment of fixed assets**

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

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	31.7.20	31.7.19 as restated
	£	£
Rendering of services	18,540,283	17,163,746
	<u>18,540,283</u>	<u>17,163,746</u>

An analysis of turnover by geographical market is given below:

	31.7.20	31.7.19 as restated
	£	£
United Kingdom	18,540,283	17,163,746
	<u>18,540,283</u>	<u>17,163,746</u>

**4. EMPLOYEES AND DIRECTORS**

	31.7.20	31.7.19 as restated
	£	£
Wages and salaries	6,547,288	5,680,180
Social security costs	581,408	467,408
Other pension costs	163,232	120,851
	<u>7,291,928</u>	<u>6,268,439</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2020

## 4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	31.7.20	31.7.19 as restated
Total number of staff	<u>284</u>	<u>245</u>

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

	31.7.20 £	31.7.19 £
Directors' remuneration	462,820	198,853
Company contributions to defined contribution pension plans	34,500	10,000
	<u>497,320</u>	<u>208,853</u>

The number of directors who accrued benefits under company pension plans was as follows:

	31.7.20 £	31.7.19 £
Defined contribution plans	<u>4</u>	<u>2</u>

## 5. OPERATING PROFIT

The operating profit is stated after charging:

	31.7.20 £	31.7.19 as restated £
Depreciation - owned assets	<u>903,932</u>	<u>517,824</u>

## 6. AUDITORS' REMUNERATION

Fees payable to the company's auditors for the audit of the company's financial statements

	31.7.20 £	31.7.19 as restated £
	<u>30,013</u>	<u>30,252</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 JULY 2020**

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.7.20	31.7.19 as restated
	£	£
Interest on banks loans and overdrafts	42,985	57,219
Other interest payable and similar charges	372	1,412
	<u>43,357</u>	<u>58,631</u>

**8. TAXATION****Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	31.7.20	31.7.19 as restated
	£	£
Current tax:		
UK corporation tax	30,143	65,880
Overprovision of corporation tax in prior periods	(33,167)	(28,169)
Total current tax	(3,024)	37,711
Deferred tax	15,415	77,674
Tax on profit	<u>12,391</u>	<u>115,385</u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.7.20	31.7.19 as restated
	£	£
Profit before tax	<u>347,600</u>	<u>815,415</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	66,044	154,929
Effects of:		
Expenses not deductible for tax purposes	4,413	2,665
Capital allowances in excess of depreciation	-	(1,370)
Over/ under provision in the prior year	(33,167)	(28,169)
Group relief	(37,569)	-
Profit arising from a prior period adjustment	12,670	(12,670)
Total tax charge	<u>12,391</u>	<u>115,385</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2020

## 9. DIVIDENDS

	31.7.20	31.7.19 as restated
	£	£
Ordinary shares of £1 each		
Equity dividends paid	-	700,000

## 10. PRIOR YEAR ADJUSTMENT

The prior period adjustment comprises an increase in the recognition of income of £233,178 relating to bursary income due to the company but previously thought to be student funding; and an increase in rent payable of £166,493 to recognise a rent free period.

The net effect of the adjustments is an increase to reserves of £66,685.

## 11. TANGIBLE FIXED ASSETS

	Leasehold property £	Instruments £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 August 2019	3,703,537	383,372	2,003,324	218,716	6,308,949
Additions	438,072	-	690,088	-	1,128,160
At 31 July 2020	<u>4,141,609</u>	<u>383,372</u>	<u>2,693,412</u>	<u>218,716</u>	<u>7,437,109</u>
<b>DEPRECIATION</b>					
At 1 August 2019	2,028,287	379,430	1,533,018	42,664	3,983,399
Charge for year	401,603	3,942	445,201	53,186	903,932
At 31 July 2020	<u>2,429,890</u>	<u>383,372</u>	<u>1,978,219</u>	<u>95,850</u>	<u>4,887,331</u>
<b>NET BOOK VALUE</b>					
At 31 July 2020	<u>1,711,719</u>	<u>-</u>	<u>715,193</u>	<u>122,866</u>	<u>2,549,778</u>
At 31 July 2019	<u>1,675,250</u>	<u>3,942</u>	<u>470,306</u>	<u>176,052</u>	<u>2,325,550</u>

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	31.7.20 £	31.7.19 £
Motor vehicles	122,866	176,052
	<u>122,866</u>	<u>176,052</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2020

## 12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
At 1 August 2019 and 31 July 2020	2
<b>NET BOOK VALUE</b>	
At 31 July 2020	<u>2</u>
At 31 July 2019	<u>2</u>

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Live Atom Limited**

Registered office: 26 Hulme Street, Manchester, M1 5BW

Nature of business: The company was dormant during the year

Class of shares:	%
Ordinary	holding 100.00

## 13. DEBTORS

	31.7.20 £	31.7.19 as restated £
Amounts falling due within one year:		
Trade debtors	9,764	110,085
Amounts owed by group undertakings	1,269,742	792
S455 tax recoverable	402,470	402,470
Directors' loan accounts	-	2,015,475
Prepayments and accrued income	1,276,880	1,015,806
	<u>2,958,856</u>	<u>3,544,628</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>5,403,069</u>	<u>5,245,698</u>
Aggregate amounts	<u>8,361,925</u>	<u>8,790,326</u>

The company charges 3% interest per annum on the amounts due from group undertakings after more than one year.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2020

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.20	31.7.19 as restated
	£	£
Bank loans and overdrafts (see note 16)	-	377,566
Hire purchase contracts (see note 17)	22,968	18,238
Trade creditors	408,405	154,844
Amounts owed to group undertakings	933,532	181,478
Tax	63,970	107,123
Social security and other taxes	108,681	107,521
VAT	35,050	40,463
Other creditors	66,423	44,479
Accruals and deferred income	2,504,532	1,426,701
	<u>4,143,561</u>	<u>2,458,413</u>

An unlimited inter-company guarantee exists between the company and Armstrong Learning Limited; Armstrong Works Limited; and The British Academy Of New Music Limited.

There is a charge in favour of The Royal Bank of Scotland PLC dated 27 February 2020 giving a fixed and floating charge over all the assets of the company.

## 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.7.20	31.7.19 as restated
	£	£
Bank loans (see note 16)	-	1,308,775
Hire purchase contracts (see note 17)	124,884	152,022
Accruals and deferred income	209,000	220,000
	<u>333,884</u>	<u>1,680,797</u>

Deferred income relates to a government grant received that is being recognised over 30 years.

## 16. LOANS

An analysis of the maturity of loans is given below:

	31.7.20	31.7.19 as restated
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>-</u>	<u>377,566</u>
Amounts falling due between one and two years:		
Bank loans - 1-5 years	<u>-</u>	<u>1,308,775</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2020

## 17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts 31.7.20	31.7.19 as restated £
Gross obligations repayable:		
Within one year	28,099	26,901
Between one and five years	130,719	158,818
	<u>158,818</u>	<u>185,719</u>
Finance charges repayable:		
Within one year	5,131	8,663
Between one and five years	5,835	6,796
	<u>10,966</u>	<u>15,459</u>
Net obligations repayable:		
Within one year	22,968	18,238
Between one and five years	124,884	152,022
	<u>147,852</u>	<u>170,260</u>
	Non-cancellable operating leases	
	31.7.20	31.7.19 as restated £
Within one year	864,742	1,009,188
Between one and five years	1,865,417	2,469,899
In more than five years	1,133,439	1,394,886
	<u>3,863,598</u>	<u>4,873,973</u>

## 18. PROVISIONS FOR LIABILITIES

	31.7.20	31.7.19 as restated £
Deferred tax		
Accelerated capital allowances	185,922	170,507
	<u>185,922</u>	<u>170,507</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2020

## 18. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 August 2019	170,507
Provided during year	15,415
	<u>185,922</u>
Balance at 31 July 2020	<u>185,922</u>

## 19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.7.20	31.7.19 as restated
			£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

## 20. RESERVES

Retained earnings - This reserve records retained earnings and accumulated losses.

## 21. OTHER FINANCIAL COMMITMENTS

The company guarantees bank borrowings of fellow group companies. The liabilities of the group covered by these guarantees totalled £Nil (2019: £Nil)

## 22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 July 2020 and 31 July 2019:

	31.7.20	31.7.19 as restated
	£	£
<b>A Armstrong</b>		
Balance outstanding at start of year	1,968,053	1,476,067
Amounts advanced	-	491,986
Amounts repaid	(1,968,053)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>1,968,053</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2020

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued

**D Powell**

Balance outstanding at start of year	47,422	-
Amounts advanced	-	61,432
Amounts repaid	(47,422)	(14,010)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	-	47,422
	<u>          </u>	<u>          </u>

23. RELATED PARTY DISCLOSURES

Details of the transactions between fellow group companies have not been disclosed in line with paragraph 33.1A of FRS102.

During the year, transactions took place with the following related parties:

- i) DSR Investments Pension Scheme, a connected party

The two parties are connected because A Armstrong, a company director, is a trustee of the pension scheme.

During the year, the company was charged rent of £78,125 by the pension scheme on an arms length basis.

- ii) Armstrong Learning SSAS, a connected company

The two parties are connected because A Armstrong, a company director, is a trustee of the pension scheme.

£4,625 was due to the connected party at the start of the year. During the year the company was charged rent of £9,250 by the pension scheme on an arms length basis, and paid £13,875. There was no balance due to the connected party at the end of the year.

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

As the main customer of the Company is the ESFA, all profiled revenue and related payments were received on time and no adverse effects from Covid 19 were experienced following the end of the reporting period. Learners were able to access remote lessons due to investment in remote curriculum material and a quick switch to a blend of 'in college' learning and home learning has enabled effective social distancing for all learners and staff members.

There were no material events up to the date of approval of the financial statements by the Board.

**25. ULTIMATE CONTROLLING PARTY**

The parent company is Armstrong Learning Limited which owned all of the issued share capital of the company throughout the current and prior year. Armstrong Learning Limited was incorporated in England and Wales.

Up to 4 March 2020, the ultimate parent company was Martinez Investments Limited. From 5 March 2020, the ultimate parent company is Project Alpha Topco Limited, a company incorporated in England and Wales. Project Alpha Topco Limited is the only group company that prepares consolidated financial statements, including the accounts of the company, which are available from 6 Warwick Street, London, United Kingdom, W1B 5LX.

Up to 4 March 2020, the ultimate controlling party was A Armstrong by virtue of his majority shareholding in the ultimate parent company, Martinez Investments Limited. Following the acquisition of the entire issued share capital of Martinez Investment Limited by Project Alpha Bidco Limited, there is no one controlling party.