

Company Registration No. 03053799 (England and Wales)

**THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

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# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Ms C Cavalier De Moncayo Ms K D Rahbary	(Appointed 1 October 2016)
<b>Secretary</b>	Ms N Crawley	
<b>Company number</b>	03053799	
<b>Registered office</b>	Ramillies House 1 - 2 Ramillies Street London England W1F 7LN	
<b>Auditor</b>	FLS Accounting Solutions Limited T/A SP Vinshaw UCB House 3 George Street Watford Hertfordshire England WD18 0BX	

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# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

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# **THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 JULY 2017**

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The directors present the strategic report for the year ended 31 July 2017.

### **Principal activities**

The principal activity of the company during the year was the provision of government funded classroom based learning and Apprenticeships to 16-18 year olds and adults. The principal courses provided are in Beauty Therapy, Hair & Media Make Up, Hairdressing Diploma and Health & Fitness programmes as well as Advanced Level 4 courses in Aesthetics and Electrolysis. In regard to Apprenticeships, the company continues to deliver Apprenticeship frameworks and standards in Beauty Therapy, Retail, Management and Team Leading.

London College of Beauty Therapy (LCBT) was founded in 1995 by Chairman Eileen Cavalier as a specialist independent Beauty college through a collaborative partnership with a General Further Education College. In 2004 LCBT was awarded a direct Further Education funding contract by Learning Skills Council London. Its mission is to deliver high quality training, create employment opportunities and provide business support to the beauty and retail sectors. Located in central London, LCBT offers a wide range of courses across the beauty, hair & media make-up, hairdressing, retail, customer service, health & fitness and well-being sectors and provides a variety of routes to enter employment through classroom based and apprenticeship training. LCBT has been delivering a range of apprenticeship programmes over many years, working closely with employers to facilitate successful outcomes for both apprentices and employers alike. All LCBT training courses offer monthly enrolments and therefore enable individuals to enrol and commence training all year round, supporting the engagement of learners as the needs arise and a gradual stream of completions which maximises the opportunities to gain employment after training. LCBT offers 'careers, not courses' and provides a holistic approach to training including an extensive programme of support exceeding their accredited training including life skills, employability skills, work experience through the in-house dedicated Job Shop, specialist industry support founded in 2000.

### **Fair review of the business**

In 2017 LCBT experienced a decline in turnover due to a reduction in subcontracts as part of a strategic review of the business. This result was also due to a change in government policy for the direct funding of adults wanting to undertake a Level 3 qualification, with a shift towards Advanced Learner Loans which resulted in a decline in learner numbers and the loan funding being less than previous available. Our 16 – 18 year old funding allocation also had a reduction in funding per learner which is part of a national picture for providers in receipt of FE funding. Since 2015/16 Directors have refocused the direction of LCBT away from wider service delivery in areas such as health and social care and catering among others to focus directly on our core specialist delivery in Beauty, Hair, Fitness and Media Make-up of which they are all growth areas. LCBT also made a significant investment in our buildings and quality training in 2016/17.

### **Principal risks and uncertainties**

The College and its business strategy are subject to key risks, which include changes to Government funding policy and stakeholder relationships. The College considers itself to be well placed to mitigate these risks.

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# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

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### Future Developments

LCBT has taken measures to consolidate and refocussed the direction of LCBT away from wider service delivery in areas such as health and social care and catering among others to focus directly on our core specialist delivery in Beauty, Hair, Fitness and Media Make-Up.

LCBT is continuing to grow the provision of new Apprenticeship Standards including Management and Retailer standards for large employers and SMEs in the retail cosmetics industry with new partnerships established in 2016/17.

LCBT strategy is to increase the range of courses available as part of our core specialist areas including advanced level qualifications and is working with new partnerships in 2017/18 to deliver these.

On behalf of the board



Ms C Cavaller De Moncayo

Director

15 December 2017

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 JULY 2017**

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The directors present their annual report and financial statements for the year ended 31 July 2017.

### Principal activities

The principal activity of the company continued to be that of provision of government funded classroom based learning and Apprenticeships to 16 - 18 year olds and adults, for Beauty Therapy, Hair & Media Make Up and Hairdressing Diploma programmes, Health & Fitness Diplomas and Certificates and Apprenticeships in Beauty, Retail, Management, Team leading, Customer Service, Business Administration and Hospitality industries.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Ms C Cavalier De Moncayo

Ms K D Rahbary

(Appointed 1 October 2016)

### Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### Auditor

FLS Accounting Solutions Limited T/A SP Vinshaw were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

**THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2017**

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On behalf of the board



Ms C Cavalier De Moncayo

**Director**

15 December 2017



Ms K D Rahbary

**Director**

15 December 2017

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

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#### Opinion

We have audited the financial statements of The London College Of Beauty Therapy Limited (the 'company') for the year ended 31 July 2017 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2017 and of its loss 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

#### Other information

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

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

We have nothing to report in this regard.

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

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

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



# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THE LONDON COLLEGE OF BEAUTY THERAPY 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 and the Directors' Report.

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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Sadikali Gulamabbas Premji FCCA (Senior Statutory Auditor)  
for and on behalf of FLS Accounting Solutions Limited T/A SP  
Vinshaw

15 December 2017

Chartered Certified Accountants  
Statutory Auditor

UCB House  
3 George Street  
Watford  
Hertfordshire  
England  
WD18 0BX

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 JULY 2017

	Notes	2017 £	2016 £
Turnover	3	5,205,996	6,207,921
Cost of sales		(2,300,153)	(2,658,080)
<b>Gross profit</b>		<b>2,905,843</b>	<b>3,549,841</b>
Administrative expenses		(3,197,058)	(3,897,769)
<b>Operating loss</b>	4	<b>(291,215)</b>	<b>(347,928)</b>
Interest receivable and similar income	7	2,093	35,432
<b>Loss before taxation</b>		<b>(289,122)</b>	<b>(312,496)</b>
Tax on loss	8	3,265	110,184
<b>Loss for the financial year</b>		<b>(285,857)</b>	<b>(202,312)</b>
Retained earnings brought forward		4,788,619	4,990,931
Retained earnings carried forward		4,502,762	4,788,619

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## BALANCE SHEET

AS AT 31 JULY 2017

	Notes	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		271,754		314,379
<b>Current assets</b>					
Stocks	11	25,165		26,276	
Debtors	12	2,327,950		2,658,894	
Cash at bank and in hand		3,054,666		4,054,794	
		<u>5,407,781</u>		<u>6,739,964</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(751,673)</u>		<u>(1,840,624)</u>	
<b>Net current assets</b>			<u>4,656,108</u>		<u>4,899,340</u>
<b>Total assets less current liabilities</b>			<u>4,927,862</u>		<u>5,213,719</u>
<b>Provisions for liabilities</b>	14		<u>(425,000)</u>		<u>(425,000)</u>
<b>Net assets</b>			<u>4,502,862</u>		<u>4,788,719</u>
<b>Capital and reserves</b>					
Called up share capital	17		100		100
Profit and loss reserves			<u>4,502,762</u>		<u>4,788,619</u>
<b>Total equity</b>			<u>4,502,862</u>		<u>4,788,719</u>

The financial statements were approved by the board of directors and authorised for issue on 15 December 2017 and are signed on its behalf by:



Ms C Cavalier De Moncayo  
Director



Ms K D Rahbary  
Director

Company Registration No. 03053799

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	21		(1,026,792)		286,053
Income taxes refunded/(paid)			90,398		(491,328)
<b>Net cash outflow from operating activities</b>			<u>(936,394)</u>		<u>(205,275)</u>
<b>Investing activities</b>					
Purchase of tangible fixed assets		(66,189)		(313,360)	
Proceeds on disposal of tangible fixed assets		204		-	
Proceeds from other investments and loans		158		(106,629)	
Interest received		2,093		35,432	
<b>Net cash used in investing activities</b>			<u>(63,734)</u>		<u>(384,557)</u>
<b>Net cash used in financing activities</b>			-		-
<b>Net decrease in cash and cash equivalents</b>			<u>(1,000,128)</u>		<u>(589,832)</u>
Cash and cash equivalents at beginning of year			4,054,794		4,644,626
<b>Cash and cash equivalents at end of year</b>			<u><u>3,054,666</u></u>		<u><u>4,054,794</u></u>

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

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### 1 Accounting policies

#### Company information

The London College Of Beauty Therapy Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ramillies House, 1 - 2 Ramillies Street, London, England, W1F 7LN.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the period of the lease
Plant and equipment	20% - 33% straight line
Fixtures and fittings	20% - 33% straight line

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

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### 1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

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**1 Accounting policies** (Continued)

**1.8 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

**Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities**

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 company after deducting all of its liabilities.

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.



# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.11 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.14 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

All the turnover rose within the United Kingdom.

	2017	2016
	£	£
<b>Other significant revenue</b>		
Interest income	2,093	35,432

### 4 Operating loss

	2017	2016
	£	£

Operating loss for the year is stated after charging:

Fees payable to the company's auditor for the audit of the company's financial statements	18,000	23,642
Depreciation of owned tangible fixed assets	108,501	156,075
Loss on disposal of tangible fixed assets	109	-
Operating lease charges	736,212	727,479

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	2016
	Number	Number
Beauty Therapy & Retail	43	54
Administration	3	6
Admissions & Business Support	27	28
	73	88

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

<b>5 Employees</b>	<b>(Continued)</b>	
Their aggregate remuneration comprised:		
	<b>2017</b>	<b>2016</b>
	£	£
Wages and salaries	2,415,977	2,745,440
Social security costs	227,925	260,796
Pension costs	16,750	18,391
	<u>2,660,652</u>	<u>3,024,627</u>
<b>6 Directors' remuneration</b>	<b>2017</b>	<b>2016</b>
	£	£
Remuneration for qualifying services	162,838	131,720
Company pension contributions to defined contribution schemes	1,104	-
	<u>163,942</u>	<u>131,720</u>
<b>7 Interest receivable and similar income</b>	<b>2017</b>	<b>2016</b>
	£	£
<b>Interest income</b>		
Interest on bank deposits	2,093	8,802
Other interest income	-	26,630
	<u>2,093</u>	<u>35,432</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<u>2,093</u>	<u>8,802</u>

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

### 8 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	(40,029)
Adjustments in respect of prior periods	-	(73,155)
<b>Total current tax</b>	<u>-</u>	<u>(113,184)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(3,265)</u>	<u>3,000</u>
<b>Total tax credit</b>	<u>(3,265)</u>	<u>(110,184)</u>

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Loss before taxation	<u>(289,122)</u>	<u>(312,496)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.66% (2016: 19.61%)	(56,841)	(61,280)
Tax effect of expenses that are not deductible in determining taxable profit	1,655	4,688
Adjustments in respect of prior years	-	(113,184)
Effect of change in corporation tax rate	-	648
Capital allowances	(16,886)	-
Depreciation	21,332	-
Other permanent differences	-	584
Deferred tax adjustment	(3,265)	-
Fixed asset difference	-	18,332
Losses carried forward	<u>50,740</u>	<u>40,028</u>
<b>Taxation credit for the year</b>	<u>(3,265)</u>	<u>(110,184)</u>

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

### 9 Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 August 2016	777,778	270,303	562,063	1,610,144
Additions	42,130	8,955	15,104	66,189
Disposals	-	-	(782)	(782)
At 31 July 2017	819,908	279,258	576,385	1,675,551
<b>Depreciation and impairment</b>				
At 1 August 2016	540,791	252,256	502,718	1,295,765
Depreciation charged in the year	59,352	17,332	31,817	108,501
Eliminated in respect of disposals	-	-	(469)	(469)
At 31 July 2017	600,143	269,588	534,066	1,403,797
<b>Carrying amount</b>				
At 31 July 2017	219,765	9,670	42,319	271,754
At 31 July 2016	236,986	18,047	59,346	314,379

### 10 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,694,828	1,668,269
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	677,955	1,779,682

### 11 Stocks

	2017 £	2016 £
Finished goods and goods for resale	25,165	26,276

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

12 Debtors	2017	2016
Amounts falling due within one year:	£	£
Trade debtors	88,358	61,641
Corporation tax recoverable	397,786	488,184
Other debtors	1,606,470	1,620,173
Prepayments and accrued income	228,161	484,986
	<u>2,320,775</u>	<u>2,654,984</u>
	2017	2016
	£	£
Amounts falling due after more than one year:		
Deferred tax asset (note 15)	7,175	3,910
	<u>7,175</u>	<u>3,910</u>
<b>Total debtors</b>	<u>2,327,950</u>	<u>2,658,894</u>
13 Creditors: amounts falling due within one year	2017	2016
	£	£
Trade creditors	37,580	275,715
Other taxation and social security	73,718	60,942
Other creditors	2,009	4,620
Accruals and deferred income	638,366	1,499,347
	<u>751,673</u>	<u>1,840,624</u>
14 Provisions for liabilities	2017	2016
	£	£
Provisions for liabilities	<u>425,000</u>	<u>425,000</u>
Movements on provisions:		Provisions for liabilities
		£
At 1 August 2016 and 31 July 2017		<u>425,000</u>

The company has provided for liabilities in respect of property commitments. The amounts provided are the directors current best estimate of the likely consideration to be paid to discharge its obligations.

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

### 15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2017 £	Assets 2016 £
<b>Balances:</b>		
Accelerated capital allowances	910	910
Short term timing differences	6,265	3,000
	<u>7,175</u>	<u>3,910</u>
		<b>2017</b>
<b>Movements in the year:</b>		<b>£</b>
Liability/(Asset) at 1 August 2016		(3,910)
Credit to profit or loss		(3,265)
		<u>(7,175)</u>

The deferred tax asset set out above is expected to reverse in more than 12 months and relates to timing differences.

### 16 Retirement benefit schemes

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	16,750	18,391

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 17 Share capital

	2017 £	2016 £
<b>Ordinary share capital Issued and fully paid</b>		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

# THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2017

### 18 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	762,739	831,789
Between two and five years	1,993,535	3,181,904
In over five years	-	54,583
	<u>2,756,274</u>	<u>4,068,276</u>

### 19 Related party transactions

At the year end, the estate of Eileen Cavalier owed £1,606,370 (2016 - £1,606,370) to the company.

### 20 Controlling party

Smith & Williamson Trust Corporation are the controlling party of the entity, by virtue of its majority shareholding.

### 21 Cash generated from operations

	2017 £	2016 £
Loss for the year after tax	(285,857)	(202,312)
<b>Adjustments for:</b>		
Taxation credited	(3,265)	(110,184)
Investment income	(2,093)	(35,432)
Loss on disposal of tangible fixed assets	109	-
Depreciation and impairment of tangible fixed assets	108,501	156,075
(Decrease)/increase in provisions	-	70,833
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	1,111	(3,252)
Decrease in debtors	230,108	458,121
(Decrease) in creditors	(1,075,406)	(47,796)
<b>Cash (absorbed by)/generated from operations</b>	<u>(1,026,792)</u>	<u>286,053</u>