REGISTERED NUMBER: 02749258 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

FOR

ACCESS TO MUSIC LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2021

DIRECTORS:	J W Beaumont A Armstrong J H Taylor P D Smith
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:	Michelle Coates
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

The directors present their strategic report for the year ended 31 July 2021.

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.

Learner numbers increased by 20.0% in the year with growth across all business streams supported by strong growth in digital and sport related courses. The business remains the largest independent training provider (ITP) in England that holds an ESFA contract.

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

	31.07.2021	31.07.2020	Change
	£	£	%
Turnover	21,351,170	18,540,283	15.2
Operating profit	926,700	233,586	296.7
Profit before tax	1,245,193	347,600	258.2
Equity shareholders' funds	9,083,329	8,120,675	11.9
Education Funding Agency (ESFA) Learner numbers	2,714	2,261	20.0

Turnover increased by 15.2% 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.

Profit before tax increased by 258.2% during the year. Profit before tax increased in proportion to the increase in operating profit.

Shareholders' funds increased by 11.9% due to the retained earnings in the year.

ESFA 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 20.0%.

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. The business has regular contact with the Large Provider Unit at the ESFA to ensure the business has a good amount of lead time relating to any proposed changes and the ability to help shape strategy where support and input is requested by the ESFA. The ESFA have confirmed an increase of 8% in the base funding per learner for academic year 2022-23. As part of the funding change, the minimum number of teacher hours will increase by 40 hours from 540 to 580 hours for a band 5 learner. There is not expected to be any degradation in gross margin due to the funding rate change and additional hour requirement.

Going Concern Risks

The group remains a going concern due to the strong cash position, strategic forward planning and ability to raise any necessary bank debt in the future to satisfy the year on year growth in student numbers. As none of the current debt is held with an external bank, none of the interest accruing is payable.

There was no financial impact in the year from Covid-19 due to the payment structures adopted by the ESFA and that all monthly payments are guaranteed over a year in advance.

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 in the year was 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 was not impacted due to a switch to blended learning with a mix of in-college and distance learning when required to support social distancing.

ON BEHALF OF THE BOARD:

P D Smith - Director

28 April 2022

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2021

The directors present their report with the financial statements of the company for the year ended 31 July 2021.

DIVIDENDS
No dividends will be distributed for the year ended 31 July 2021.

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

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 2020 to the date of this report.

J W Beaumont
A Armstrong
J H Taylor

Other changes in directors holding office are as follows:

D Powell - resigned 2 July 2021
P D Smith - appointed 2 July 2021

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. This includes the likely future developments of the business.

The strategic report can be found on page 2-3 of these financial statements.

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:

P D Smith - Director

28 April 2022

Opinion
We have audited the financial statements of Access to Music Limited (the 'company') for the year ended 31 July 2021 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

Identifying and assessing potential risks related to irregularities

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

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
- Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Based on this approach, we were able to assess the company risks and ensure the risks were considered throughout all areas of audit testing. The audit team was professionally sceptical throughout the audit and remained alert for inaccurate or misleading information.

Audit response to risks identified

As a result of performing the above, we identified the outcome of professional body audits as a key audit matter related to the potential risk of fraud or irregularities. The company is regulated by Ofsted and is also audited by the ESFA. Health and Safety regulations must also be adhered to in all colleges.

Our procedures to respond to risks identified included the following:
- reviewing any audits completed by professional bodies in the year and the outcomes of these to ensure the company has met the relevant obligations.
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- obtained an understanding of provisions and held discussions with management to understand the basis of recognition or non-recognition of tax provisions; and

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Audit testing was completed on a targeted sample basis based on our assessment of risk and materiality. Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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.

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

29 April 2022

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 JULY 2021

	Notes	31.7.21 £	31.7.20 £
TURNOVER	3	21,351,170	18,540,283
Cost of sales		(15,302,026)	(13,775,743)
GROSS PROFIT		6,049,144	4,764,540
Administrative expenses		(5,138,788)	(4,572,969)
		910,356	191,571
Other operating income		16,344	42,015
OPERATING PROFIT	5	926,700	233,586
Interest receivable and similar income		324,184	157,371
		1,250,884	390,957
Interest payable and similar expenses	7	(5,691)	(43,357)
PROFIT BEFORE TAXATION		1,245,193	347,600
Tax on profit	8	(282,541)	(12,391)
PROFIT FOR THE FINANCIAL YEAR		962,652	335,209
Retained earnings at beginning of year as previously reported		8,120,675	7,718,781
Prior year adjustment - corrections of material errors		-	66,685
RETAINED EARNINGS AT END OF YEAR		9,083,327	8,120,675

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 JULY 2021

	Notes	31.7.21	31.7.20
		£	£
FIXED ASSETS			
Tangible assets	9	4,714,923	2,549,778
Investments	10	2	2
		4,714,925	2,549,780
CURRENT ASSETS			
Debtors	11	9,151,449	8,361,925
Cash at bank and in hand		1,686,487	1,872,339
		10,837,936	10,234,264
CREDITORS			
Amounts falling due within one year	12	(5,832,356)	(4,143,561)
NET CURRENT ASSETS		5,005,580	6,090,703
TOTAL ASSETS LESS CURRENT LIABILITIES		9,720,505	8,640,483
CREDITORS			
Amounts falling due after more than one year	13	(198,000)	(333,884)
PROVISIONS FOR LIABILITIES	15	(439,176)	(185,922)
NET ASSETS		9,083,329	8,120,677
CAPITAL AND RESERVES			
Called up share capital	16	2	2
Retained earnings	17	9,083,327	8,120,675
SHAREHOLDERS' FUNDS		9,083,329	8,120,677

The financial statements were approved by the Board of Directors and authorised for issue on 28 April 2022 and were signed on its behalf by:

P D Smith - Director

The notes form part of these financial statements

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

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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

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.

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 cashgenerating 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.

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, under the accruals method.

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. Grants for tangible assets are recognised under the accruals method.

Investments in subsidiaries
Investments in subsidiary undertakings are recognised at cost.

continued...

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.

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.

continued...

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.

continued...

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:

	31.7.21	31.7.20
	£	£
Rendering of services	21,351,170	18,540,283
	21,351,170	18,540,283

An analysis of turnover by geographical market is given below:

	31.7.21	31.7.20
	£	£
United Kingdom	21,351,170	18,540,283
	21,351,170	18,540,283

4. EMPLOYEES AND DIRECTORS

	31.7.21	31.7.20
	£	£
Wages and salaries	7,454,169	6,547,288
Social security costs	654,802	581,408
Other pension costs	177,707	163,232
	8,286,678	7,291,928

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

	31.7.21	31.7.20
Total number of staff	327	284

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

	31.7.21	31.7.20
	£	£
Directors' remuneration	453,161	462,820
Company contributions to defined contribution pension plans	17,163	34,500
	470,324	497,320

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

	31.7.21	31.7.20
Defined contribution plans	5	4

continued...

5. OPERATING PROFIT

The operating profit is stated after charging:

	31.7.21	31.7.20
	£	£
Depreciation - owned assets	1,035,083	903,932

6. AUDITORS' REMUNERATION

	31.7.21	31.7.20
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	28,898	30,013

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.7.21	31.7.20
	£	£
Interest on banks loans and overdrafts	-	42,985
Other interest payable and similar charges	5,691	372
	5,691	43,357

8. TAXATION

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

	31.7.21	31.7.20
	£	£
Current tax:		
UK corporation tax	59,963	30,143
Overprovision of corporation tax in prior periods	(30,676)	(33,167)
Total current tax	29,287	(3,024)
Deferred tax	253,254	15,415
Tax on profit	282,541	12,391

continued...

8. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.7.21	31.7.20
	£	£
Profit before tax	1,245,193	347,600
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	236,587	66,044
Effects of:		
Expenses not deductible for tax purposes	31,290	4,413
Depreciation in excess of capital allowances	134,101	-
Over/ under provision in the prior year	(30,676)	(33,167)
Group relief	(88,761)	(37,569)
Profit arising from a prior period adjustment	-	12,670
Total tax charge	282,541	12,391

9. **TANGIBLE FIXED ASSETS**

	Leasehold property	Instruments	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£	£
COST					
At 1 August 2020	4,141,609	383,372	2,693,412	218,716	7,437,109
Additions	2,418,876	-	781,352	-	3,200,228
At 31 July 2021	6,560,485	383,372	3,474,764	218,716	10,637,337
DEPRECIATION					
At 1 August 2020	2,429,890	383,372	1,978,219	95,850	4,887,331
Charge for year	418,069	-	563,795	53,219	1,035,083
At 31 July 2021	2,847,959	383,372	2,542,014	149,069	5,922,414
NET BOOK VALUE					
At 31 July 2021	3,712,526	-	932,750	69,647	4,714,923
At 31 July 2020	1,711,719	-	715,193	122,866	2,549,778

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

	31.7.21	31.7.20
	£	£
Motor vehicles	69,647	122,866
	69,647	122,866

continued...

10. FIXED ASSET INVESTMENTS

	Shares in group undertaking £
COST	
At 1 August 2020 and 31 July 2021	2
NET BOOK VALUE	
At 31 July 2021	2
At 31 July 2020	2

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:	% holding
Ordinary	100.00

11. DEBTORS

	31.7.21 £	31.7.20 £
Amounts falling due within one year:		
Trade debtors	76,227	9,764
Amounts owed by group undertakings	1,452,324	1,269,742
Other debtors	18,545	-
S455 tax recoverable	429,715	402,470
Prepayments and accrued income	1,447,385	1,276,880
	3,424,196	2,958,856
Amounts falling due after more than one year:		
Amounts owed by group undertakings	5,727,253	5,403,069
Aggregate amounts	9,151,449	8,361,925

Amounts owed by group undertakings within one year are unsecured, interest free and are repayable on demand.

The company charges 6% interest per annum on the amounts due from group undertakings after more than one year. The loan is unsecured.

continued...

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.21	31.7.20
	£	£
Hire purchase contracts (see note 14)	125,443	22,968
Trade creditors	1,230,721	408,405
Amounts owed to group undertakings	939,032	933,532
Tax	87,208	63,970
Social security and other taxes	148,854	108,681
VAT	31,012	35,050
Other creditors	80,778	66,425
Accruals and deferred income	3,189,308	2,504,530
	5,832,356	4,143,561

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

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.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.7.21	31.7.20
	£	£
Hire purchase contracts (see note 14)	-	124,884
Accruals and deferred income	198,000	209,000
	198,000	333,884

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

continued...

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.7.21	31.7.20
	£	£
Gross obligations repayable:		
Within one year	127,108	28,099
Between one and five years	-	130,719
	127,108	158,818
Finance charges repayable:		
Within one year	1,665	5,131
Between one and five years	-	5,835
	1,665	10,966
Net obligations repayable:		
Within one year	125,443	22,968
Between one and five years	-	124,884
	125,443	147,852

	Non-cancellable	operating leases
	31.7.21	31.7.20
	£	£
Within one year	1,062,325	864,742
Between one and five years	2,117,446	1,865,417
In more than five years	1,634,702	1,133,439
	4,814,473	3,863,598

15. PROVISIONS FOR LIABILITIES

	31.7.21	31.7.20
	£	£
Deferred tax		
Accelerated capital allowances	439,176	185,922

	Deferred tax
	£
Balance at 1 August 2020	185,922
Provided during year	253,254
Balance at 31 July 2021	439,176

continued...

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.7.21 £	31.7.20 £
2	Ordinary	£1	2	2

17. RESERVES

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

18. OTHER FINANCIAL COMMITMENTS

The company guarantees bank borrowings of fellow group companies. The liabilities of the group covered by these guarantees totalled £Nil (2020: £Nil)

19. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 July 2021 and 31 July 2020:

	31.7.21 £	31.7.20 £
A Armstrong		
Balance outstanding at start of year	-	1,968,053
Amounts repaid	-	(1,968,053)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	-	-
D Powell		
Balance outstanding at start of year	-	47,422
Amounts repaid	-	(47,422)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	-	-

continued...

20. 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 £97,500 by the pension scheme on an arms length basis. There was no balance due to the connected party at the start or end of the year.

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.

There was no balance due to the connected party at the start of the year. During the year the company was charged rent of £13,875 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.

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

In August 2021, the company opened an expanded and re-modelled further education centre in Bristol. This will provide additional learner capacity and enhanced learner experiences.

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

22. ULTIMATE CONTROLLING PARTY

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. There is no one controlling party in the ultimate parent company.