

The London College of Beauty Therapy Limited

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2012



The London College of Beauty Therapy Limited

COMPANY INFORMATION

| | |
|--------------------------|---|
| Director | E Cavalier |
| Company secretary | K Cavalier |
| Company number | 03053799 |
| Registered office | 47 Great Marlborough Street London W1F 7JP |
| Auditor | Nexia Smith & Williamson Chartered Accountants & Statutory Auditor 1 Bishops Wharf Walnut Tree Close Guildford Surrey GU1 4RA |

The London College of Beauty Therapy Limited

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The London College of Beauty Therapy Limited

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 JULY 2012

The director presents her report and the financial statements for the year ended 31 July 2012

Principal activities

The principle activity of the company during the year was the provision of government funded classroom based learning to 16-18 year olds and adults, for Beauty Therapy NVQ Programmes and Apprenticeships to the Retail Beauty Industry nationally

LCBT was founded in 1995 as a Specialist College for the Beauty Industry, the College is open all year, has no term breaks and offers monthly enrolment on all Beauty Therapy classroom based programmes, with fast progression into further education or employment through the in house Job Shop founded in 2000. In 2004 LCBT was awarded a direct funding contract for further education funding enabling it to operate as a Further Education College with Specialist Status. In 2004 LCBT worked with key employers within the Retail Beauty Sector and developed a BTEC Level 2 Retail Beauty Consultant Diploma used as the Technical Certificate for delivery of Apprenticeship programmes and Train to Gain nationally.

Business review

During the preceding year (2010/11) the classroom based delivery funded by the SFA and EFA saw increased growth with student enrolments rising to 1,979, recording overall results of Retention 92%, Success 89% and Achievement 97% putting LCBT in the top quartile of providers in the UK. The Beauty Industry remained buoyant and the Job Shop was recording a consistent 350 vacancies upwards with 90% of learners' progressing into further education or employment, consistent with the past five years.

However, changes to funding and the delivery specification of Apprenticeships have had a significant impact on the uptake by employers of Apprenticeships in the retail sector and on success results. These changes were:

- The revision of fundable programmes on the National Qualifications Framework (NQF) to the Qualification Credit Framework (QCF) in 2010 resulted in the specialist BTEC removed and changed to a series of specialist units within the general Retail Qualification. This led to a profound change in the focus of the framework and evidence and assessment requirements.
- The introduction of the Specification of Apprenticeship Standards for England (SASE) in 2011 requiring 240 hours off the job training unacceptable by the national retail employers which LCBT works with.
- The introduction by the SFA of profiled quarterly reconciliation of funding contracts 2011 clashed with retail trading patterns of Christmas and sale periods when new enrolments cannot take place.
- Changes to the Apprenticeship framework by the Sector Skills Council (SSC) without due notice in January 2011 impacted on enrolment.

From a high of 81.6% Success and 77.4% Timely results recorded in 2009/10, results recorded in 2011/12 were 71% Success and 49% Timely. The changes had a significant impact on LCBT because of the focus on specialist delivery of Apprenticeships for the Beauty Retail industry and because of the recession and employers' need to focus on the business.

Whilst the profits of the business show a downturn to 31st July, due to the impact of change to the Apprenticeship programme and recession on retail generally, LCBT remains in a strong financial position rated as outstanding within the SFA Framework for Excellence.

The London College of Beauty Therapy Limited

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 JULY 2012

Business review (continued)

The impact of change within this key delivery area were recognised by the senior management team and the decision was made to diversify into other Apprenticeship routes and Programme delivery areas. Significant investment was made into strengthening the Senior Management Team with the appointment of three new members with broad experience of working within the sectors identified. The new SMT members are John Hunt Financial Director, Mike Welsh Quality and Curriculum Director (OfSTED Inspector) and Tony Brodie Business Development Director.

The Director is confident that the business now has solid foundations on which to build upon and expand into more diverse areas of curriculum and delivery.

Key Performance Indicators

The key financial performance indicators used by the business are Turnover, EBITDA, and Net Cash Inflow, and the SFA Financial Health score. In addition, LCBT also monitors a number of operational key performance indicators which include success rates, timely success rates, and 16-18 learner numbers.

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.

Results

The generated an operating profit for the year of £0.42m (2010/11 – operating profit of £1.24m). The reduction in the operating profit is explained in the business review above.

The profit for the year, after taxation, amounted to £320,897 (2011 - £844,992).

Director

The director who served during the year was

E Cavalier

Political and charitable contributions

During the year the company made charitable donations of £7,939 (2011 - £6,534).

Provision of information to auditor

The director at the time when this Director's report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The London College of Beauty Therapy Limited

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 JULY 2012**

This report was approved by the board on 18.12.12

and signed on its behalf



E Cavalier
Director

The London College of Beauty Therapy Limited

**DIRECTOR'S RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 JULY 2012**

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The London College of Beauty Therapy Limited

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

We have audited the financial statements of The London College of Beauty Therapy Limited for the year ended 31 July 2012, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of director and auditor

As explained more fully in the Director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2012 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

The London College of Beauty Therapy Limited

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE LONDON COLLEGE OF BEAUTY
THERAPY LIMITED

Matters on which we are required to report by exception

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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Nexia Smith & Williamson

Jeffery Selden (Senior statutory auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants
Statutory Auditor

1 Bishops Wharf
Walnut Tree Close
Guildford
Surrey
GU1 4RA

Date *20 December 2012*

The London College of Beauty Therapy Limited

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2012**

| | Note | 2012 £ | 2011 £ |
|--|------|-------------|-------------|
| TURNOVER | 1 | 7,206,529 | 7,405,824 |
| Cost of sales | | (2,768,308) | (1,992,923) |
| GROSS PROFIT | | 4,438,221 | 5,412,901 |
| Administrative expenses | | (4,009,154) | (4,171,818) |
| OPERATING PROFIT | 3 | 429,067 | 1,241,083 |
| Interest receivable and similar income | | 5,945 | 3,184 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 435,012 | 1,244,267 |
| Tax on profit on ordinary activities | 6 | (114,115) | (399,275) |
| PROFIT FOR THE FINANCIAL YEAR | 13 | 320,897 | 844,992 |

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 10 to 18 form part of these financial statements

The London College of Beauty Therapy Limited
REGISTERED NUMBER: 03053799

BALANCE SHEET
AS AT 31 JULY 2012

| | Note | £ | 2012 £ | £ | 2011 £ |
|---|------|------------------|-------------------------|------------------|-------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 7 | | 172,940 | | 170,916 |
| CURRENT ASSETS | | | | | |
| Stocks | 8 | 47,102 | | 118,711 | |
| Debtors | 9 | 754,314 | | 612,671 | |
| Cash at bank | | 2,910,148 | | 2,335,118 | |
| | | <u>3,711,564</u> | | <u>3,066,500</u> | |
| CREDITORS: amounts falling due within one year | 10 | (1,215,574) | | (889,383) | |
| NET CURRENT ASSETS | | | <u>2,495,990</u> | | <u>2,177,117</u> |
| NET ASSETS | | | <u><u>2,668,930</u></u> | | <u><u>2,348,033</u></u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 12 | | 2 | | 2 |
| Profit and loss account | 13 | | <u>2,668,928</u> | | <u>2,348,031</u> |
| SHAREHOLDERS' FUNDS | 14 | | <u><u>2,668,930</u></u> | | <u><u>2,348,033</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


E Cavalier
Director

18.12.12

The notes on pages 10 to 18 form part of these financial statements

The London College of Beauty Therapy Limited

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2012**

| | Note | 2012 £ | 2011 £ |
|--|------|------------------|----------------|
| Net cash flow from operating activities | 17 | 836,605 | 1,379,504 |
| Returns on investments and servicing of finance | 18 | 5,948 | 3,184 |
| Taxation | | (155,867) | (732,062) |
| Capital expenditure and financial investment | 18 | (111,656) | (157,909) |
| CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES | | 575,030 | 492,717 |
| Management of liquid resources | 18 | (1,250,000) | - |
| (DECREASE)/INCREASE IN CASH IN THE YEAR | | (674,970) | 492,717 |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 JULY 2012**

| | 2012 £ | 2011 £ |
|--|------------------|------------------|
| (Decrease)/Increase in cash in the year | (674,970) | 492,717 |
| Cash outflow from decrease in liquid resources | 1,250,000 | - |
| MOVEMENT IN NET FUNDS IN THE YEAR | 575,030 | 492,717 |
| Net funds at 1 August 2011 | 2,335,118 | 1,842,401 |
| NET FUNDS AT 31 JULY 2012 | 2,910,148 | 2,335,118 |

The notes on pages 10 to 18 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Turnover from Government contracts which is the nature of grant income is recognised to the extent of completion of the contract or the service

Other turnover is recognised as the services or goods are provided

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

| | | |
|---------------------------|---|------------------------------|
| S/Term Leasehold Property | - | over the period of the lease |
| Motor vehicles | - | 20% straight line |
| Office equipment | - | 20-33% straight line |
| Computer equipment | - | 33% straight line |

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

The London College of Beauty Therapy Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

1. ACCOUNTING POLICIES (continued)

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.10 Liquid resources

Liquid resources comprise term deposits with banks

2. TURNOVER

Turnover for the prior year was reduced by £419,771 being an adjustment in respect of grant funding relating to the year ended 31 July 2010

The London College of Beauty Therapy Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

3. OPERATING PROFIT

The operating profit is stated after charging

| | 2012 £ | 2011 £ |
|---------------------------------------|-----------------------------|-----------------------------|
| Depreciation of tangible fixed assets | | |
| - owned by the company | 109,632 | 161,618 |
| Auditor remuneration | 12,500 | 11,000 |
| Auditor's remuneration - non-audit | 15,700 | 28,717 |
| Operating lease rentals | | |
| - land and buildings | 690,931 | 607,639 |
| Difference on foreign exchange | - | 1,003 |
| | <u> </u> | <u> </u> |

4. STAFF COSTS

Staff costs, including director's remuneration, were as follows

| | 2012 £ | 2011 £ |
|-----------------------|-----------------------------|-----------------------------|
| Wages and salaries | 3,093,664 | 2,918,613 |
| Social security costs | 299,757 | 305,039 |
| Other pension costs | 200,000 | - |
| | <u> </u> | <u> </u> |
| | 3,593,421 | 3,223,652 |
| | <u> </u> | <u> </u> |

The average monthly number of employees, including the director, during the year was as follows

| | 2012 No | 2011 No |
|-------------------------------|-----------------------------|-----------------------------|
| Beauty Therapy & Retail | 53 | 62 |
| Administration | 27 | 28 |
| Admissions & Business Support | 10 | 8 |
| | <u> </u> | <u> </u> |
| | 90 | 98 |
| | <u> </u> | <u> </u> |

5. DIRECTOR'S REMUNERATION

| | 2012 £ | 2011 £ |
|---|-----------------------------|-----------------------------|
| Emoluments | 156,000 | 156,000 |
| | <u> </u> | <u> </u> |
| Company pension contributions to defined contribution pension schemes | 200,000 | - |
| | <u> </u> | <u> </u> |

During the year retirement benefits were accruing to 1 director (2011 - NIL) in respect of defined contribution pension schemes

The London College of Beauty Therapy Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

6. TAXATION

| | 2012 £ | 2011 £ |
|--|-----------------------|-----------------------|
| Analysis of tax charge in the year | | |
| Current tax (see note below) | | |
| UK corporation tax charge on profit for the year | 93,495 | 404,265 |
| Adjustments in respect of prior periods | - | (8) |
| Total current tax | <u>93,495</u> | <u>404,257</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 16,185 | (7,379) |
| Effect of tax rate change on opening balance | 4,435 | 2,397 |
| Total deferred tax (see note 11) | <u>20,620</u> | <u>(4,982)</u> |
| Tax on profit on ordinary activities | <u><u>114,115</u></u> | <u><u>399,275</u></u> |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 25 33% (2011 - 27 33%) The differences are explained below

| | 2012 £ | 2011 £ |
|--|----------------------|-----------------------|
| Profit on ordinary activities before tax | <u>435,012</u> | <u>1,244,267</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25 33% (2011 - 27 33%) | 110,203 | 340,077 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 13,533 | 53,851 |
| Capital allowances for year in excess of depreciation | (1,403) | 4,390 |
| Adjustments to tax charge in respect of prior periods | - | (8) |
| Short term timing difference leading to an increase (decrease) in taxation | (14,513) | 6,275 |
| Marginal relief | (14,325) | (328) |
| Current tax charge for the year (see note above) | <u><u>93,495</u></u> | <u><u>404,257</u></u> |

The London College of Beauty Therapy Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

7. TANGIBLE FIXED ASSETS

| | S/Term Leasehold Property £ | Plant & machinery £ | Motor vehicles £ | Office equipment £ | Total £ |
|-----------------------|--------------------------------------|---------------------------|------------------------|--------------------------|------------|
| Cost | | | | | |
| At 1 August 2011 | 358,043 | 166,560 | 8,670 | 455,455 | 988,728 |
| Additions | 52,536 | 14,629 | - | 44,491 | 111,656 |
| Disposals | - | - | - | (7,042) | (7,042) |
| At 31 July 2012 | 410,579 | 181,189 | 8,670 | 492,904 | 1,093,342 |
| Depreciation | | | | | |
| At 1 August 2011 | 331,223 | 142,936 | 8,670 | 334,983 | 817,812 |
| Charge for the year | 11,959 | 24,580 | - | 73,093 | 109,632 |
| On disposals | - | - | - | (7,042) | (7,042) |
| At 31 July 2012 | 343,182 | 167,516 | 8,670 | 401,034 | 920,402 |
| Net book value | | | | | |
| At 31 July 2012 | 67,397 | 13,673 | - | 91,870 | 172,940 |
| At 31 July 2011 | 26,820 | 23,624 | - | 120,472 | 170,916 |

8. STOCKS

| | 2012 £ | 2011 £ |
|-----------------------------------|-----------|-----------|
| Raw materials | 52,404 | 125,667 |
| Provision for slow - moving stock | (5,302) | (6,956) |
| | 47,102 | 118,711 |

9. DEBTORS

| | 2012 £ | 2011 £ |
|----------------------------------|-----------|-----------|
| Trade debtors | 31,651 | 37,156 |
| Prepayments | 385,697 | 309,596 |
| Accrued income | 282,757 | 224,481 |
| Rent deposit | 3,000 | 3,000 |
| Other debtors | 33,391 | - |
| Deferred tax asset (see note 11) | 17,818 | 38,438 |
| | 754,314 | 612,671 |

The London College of Beauty Therapy Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

10 CREDITORS:
Amounts falling due within one year

| | 2012 £ | 2011 £ |
|---------------------------------|------------------|----------------|
| Trade creditors | 305,219 | 319,898 |
| Corporation tax | 93,495 | 149,664 |
| Social security and other taxes | 115,834 | 100,683 |
| Other creditors | 1,855 | 1,473 |
| Accruals and deferred income | 699,171 | 317,665 |
| | <u>1,215,574</u> | <u>889,383</u> |

11. DEFERRED TAX ASSET

| | 2012 £ | 2011 £ |
|-----------------------------------|---------------|---------------|
| At beginning of year | 38,438 | 33,456 |
| (Charge for)/released during year | (20,620) | 4,982 |
| | <u>17,818</u> | <u>38,438</u> |

The deferred tax asset is made up as follows

| | 2012 £ | 2011 £ |
|-------------------------------------|---------------|---------------|
| Accelerated capital allowances | 17,818 | 23,543 |
| Other short term timing differences | - | 14,895 |
| | <u>17,818</u> | <u>38,438</u> |

The deferred tax asset has been calculated using an estimated future rate of 23.00% (2011: 26.00%)

12. SHARE CAPITAL

| | 2012 £ | 2011 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid | | |
| 2 Ordinary shares shares of £1 each | <u>2</u> | <u>2</u> |

The London College of Beauty Therapy Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

13. RESERVES

| | Profit and loss account £ |
|---------------------|---------------------------------|
| At 1 August 2011 | 2,348,031 |
| Profit for the year | 320,897 |
| At 31 July 2012 | <u>2,668,928</u> |

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | 2012 £ | 2011 £ |
|-----------------------------|------------------|------------------|
| Opening shareholders' funds | 2,348,033 | 1,503,041 |
| Profit for the year | 320,897 | 844,992 |
| Closing shareholders' funds | <u>2,668,930</u> | <u>2,348,033</u> |

15. OPERATING LEASE COMMITMENTS

At 31 July 2012 the company had annual commitments under non-cancellable operating leases as follows

| | Land and buildings 2012 £ | 2011 £ |
|-------------------------|---------------------------------|----------------|
| Expiry date: | | |
| Within 1 year | - | 4,850 |
| Between 2 and 5 years | 614,344 | 614,344 |
| After more than 5 years | 120,000 | - |
| | <u>614,344</u> | <u>614,344</u> |

16. CONTROLLING PARTY

Mrs E Cavalier, the director of the company, is the ultimate controlling party by virtue of her shareholding in the company

The London College of Beauty Therapy Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012**

17. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2012 £ | 2011 £ |
|--|----------------|------------------|
| Operating profit | 429,067 | 1,241,083 |
| Depreciation of tangible fixed assets | 109,632 | 161,619 |
| Decrease in stocks | 71,609 | 20,591 |
| Increase in debtors | (156,063) | (144,996) |
| Increase in creditors | 382,360 | 101,207 |
| Net cash inflow from operating activities | <u>836,605</u> | <u>1,379,504</u> |

18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | 2012 £ | 2011 £ |
|--|--------------------|------------------|
| Returns on investments and servicing of finance | | |
| Interest received | <u>5,948</u> | <u>3,184</u> |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | <u>(111,656)</u> | <u>(157,909)</u> |
| Management of liquid resources | | |
| Cash placed on short-term deposit | <u>(1,250,000)</u> | <u>-</u> |

The London College of Beauty Therapy Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2012

19. ANALYSIS OF CHANGES IN NET FUNDS

| | 1 August 2011 £ | Cash flow £ | Other non-cash changes £ | 31 July 2012 £ |
|--|-------------------------|-----------------------|-----------------------------------|-------------------------|
| Cash at bank and in hand | 2,335,118 | 575,030 | - | 2,910,148 |
| Less deposits treated as liquid resources | - | (1,250,000) | - | (1,250,000) |
| | <u>2,335,118</u> | <u>(674,970)</u> | <u>-</u> | <u>1,660,148</u> |
| Liquid resources: | | | | |
| Deposits included in cash | - | 1,250,000 | - | 1,250,000 |
| | <u>2,335,118</u> | <u>575,030</u> | <u>-</u> | <u>2,910,148</u> |
| Net funds | <u><u>2,335,118</u></u> | <u><u>575,030</u></u> | <u><u>-</u></u> | <u><u>2,910,148</u></u> |