

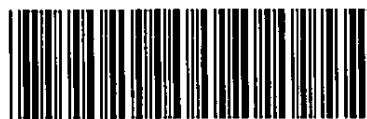
Registered number: 03053799

The London College of Beauty Therapy Limited

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2013

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The London College of Beauty Therapy Limited

COMPANY INFORMATION

Director	E Cavalier
Company secretary	K Cavalier
Registered number	03053799
Registered office	47 Great Marlborough Street London W1F 7JP
Independent 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

CONTENTS

	Page
Director's report	1 - 2
Director's responsibilities statement	3
Independent auditor's report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9 - 17

The London College of Beauty Therapy Limited

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 JULY 2013

The director presents her report and the financial statements for the year ended 31 July 2013

Principal activities

The principal 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 for the Retail Beauty and Hospitality industries 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

Beauty Therapy remains the core provision with steps taken to diversify into Fitness Training, Hair and Media Make-up along with Hospitality in order to provide a broader base from which to develop further growth in the future

Business review

During the year ended 31 July 2013, the classroom based delivery funded by the EFA experienced both funding and learner number growth of 8% and 15% respectively in its allocation on the previous year and outperformed the learner number target by 17%. Success rates for 16-18 had a marginal reduction to 85.6%, 20 percentage points (pts) above the provider group average and slightly above the national average

The allocation for SFA funded delivery during the year rose sharply by 24% on the prior year to £4.2m and the College delivered above the contract by 2%. Success rates for adult classroom based provision dropped by 3 percentage points to 90.9% yet continued to exceed both the provider group, and national, average by 5% and 4% respectively

The College successfully expanded the provision to include Fitness Training at both level 2 and 3 with plans to further expand the provision into the 16-18 learner groups and into Hospitality for Apprenticeship provision

The Beauty Industry remained buoyant and the Job Shop was recording a consistent 300 vacancies upward with 90% of learners progressing into further education or employment, consistent with the past five years

Profits of the business show a significant upturn to 31 July 2013 primarily due to the growth and performance of the Adult Single Budget. LCBT remains in a strong financial position rated as outstanding within the SFA health categories

Results and dividends

The profit for the year, after taxation, amounted to £1,019,068 (2012 - £320,897)

The director does not recommend any dividend payment for the year.

Director

The director who served during the year was

E Cavalier

The London College of Beauty Therapy Limited

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 JULY 2013**

Political and charitable contributions

During the year the company made various charitable contributions in the UK totalling £11,643 (2012 - £7,939)
No donations were made for political purposes (2012 - £Nil)

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.

Disclosure of information to auditor

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

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

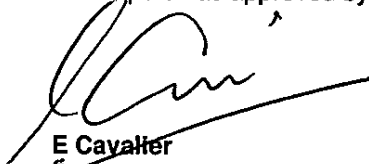
Auditor

Under section 487(2) of the Companies Act 2006, Nexia Smith & Williamson will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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.

This report was approved by the board on *16 December 2013* and signed on its behalf



E Cavaller
Director

The London College of Beauty Therapy Limited

**DIRECTOR'S RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 JULY 2013**

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 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 2013, 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 (APB) 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2013 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 *18 December 2013*

The London College of Beauty Therapy Limited

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2013**

	Note	2013 £	2012 £
TURNOVER	1,2	8,731,317	7,206,529
Cost of sales		(3,005,028)	(2,768,308)
GROSS PROFIT		5,726,289	4,438,221
Administrative expenses		(4,385,428)	(4,009,154)
OPERATING PROFIT	3	1,340,861	429,067
Interest receivable and similar income		14,002	5,945
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,354,863	435,012
Tax on profit on ordinary activities	6	(335,795)	(114,115)
PROFIT FOR THE FINANCIAL YEAR	13	1,019,068	320,897

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

The notes on pages 9 to 17 form part of these financial statements

The London College of Beauty Therapy Limited
REGISTERED NUMBER: 03053799

BALANCE SHEET
AS AT 31 JULY 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	7		162,611		172,940
CURRENT ASSETS					
Stocks	8	39,774		47,102	
Debtors	9	614,934		754,314	
Cash at bank		4,289,373		2,910,148	
		<u>4,944,081</u>		<u>3,711,564</u>	
CREDITORS: amounts falling due within one year	10	<u>(1,418,694)</u>		<u>(1,215,574)</u>	
NET CURRENT ASSETS			<u>3,525,387</u>		<u>2,495,990</u>
NET ASSETS			<u>3,687,998</u>		<u>2,668,930</u>
CAPITAL AND RESERVES					
Called up share capital	12		2		2
Profit and loss account	13		<u>3,687,996</u>		<u>2,668,928</u>
SHAREHOLDERS' FUNDS	14		<u>3,687,998</u>		<u>2,668,930</u>

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


E Cavalier
 Director

16 December 2013

The notes on pages 9 to 17 form part of these financial statements

The London College of Beauty Therapy Limited

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	17	1,544,668	836,605
Returns on investments and servicing of finance	18	14,002	5,948
Taxation		(88,607)	(155,867)
Capital expenditure and financial investment	18	(90,838)	(111,656)
CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES		1,379,225	575,030
Management of liquid resources	18	(1,300,000)	(1,250,000)
INCREASE/(DECREASE) IN CASH IN THE YEAR		79,225	(674,970)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 JULY 2013**

	2013 £	2012 £
Increase/(Decrease) in cash in the year	79,225	(674,970)
Cash outflow from decrease in liquid resources	1,300,000	1,250,000
MOVEMENT IN NET FUNDS IN THE YEAR	1,379,225	575,030
Net funds at 1 August 2012	2,910,148	2,335,118
NET FUNDS AT 31 JULY 2013	4,289,373	2,910,148

The notes on pages 9 to 17 form part of these financial statements

The London College of Beauty Therapy Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

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 2013**

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

All turnover arose within the United Kingdom

The London College of Beauty Therapy Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

3. OPERATING PROFIT

The operating profit is stated after charging

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned by the company	101,167	109,632
Auditor's remuneration	12,800	12,500
Auditor's remuneration - non-audit	3,000	15,700
Operating lease rentals		
- land and buildings	712,500	690,931
	<u>712,500</u>	<u>690,931</u>

4. STAFF COSTS

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

	2013 £	2012 £
Wages and salaries	3,204,256	3,093,664
Social security costs	316,755	299,757
Other pension costs	-	200,000
	<u>3,521,011</u>	<u>3,593,421</u>

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

	2013 No	2012 No
Beauty Therapy & Retail	59	53
Administration	31	27
Admissions & Business Support	10	10
	<u>100</u>	<u>90</u>

5. DIRECTOR'S REMUNERATION

	2013 £	2012 £
Remuneration	156,000	156,000
Company pension contributions to defined contribution pension schemes	-	200,000

During the year retirement benefits were accruing to no directors (2012 - 1) 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 2013**

6 TAXATION

	2013 £	2012 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	355,552	93,495
Adjustments in respect of prior periods	1,315	-
Total current tax	<u>356,867</u>	<u>93,495</u>
Deferred tax		
Origination and reversal of timing differences	(21,072)	16,185
Effect of tax rate change on opening balance	-	4,435
Total deferred tax (see note 11)	<u>(21,072)</u>	<u>20,620</u>
Tax on profit on ordinary activities	<u><u>335,795</u></u>	<u><u>114,115</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - lower than) the standard rate of corporation tax in the UK of 23 666% (2012 - 25 33%) The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>1,354,863</u>	<u>435,012</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23 67% (2012 - 25 33%)	320,639	110,203
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,842	13,533
Capital allowances for year in excess of depreciation	2,786	(1,403)
Adjustments to tax charge in respect of prior periods	1,315	-
Short term timing difference leading to an increase (decrease) in taxation	23,358	(14,513)
Marginal relief	(73)	(14,325)
Current tax charge for the year (see note above)	<u><u>356,867</u></u>	<u><u>93,495</u></u>

The London College of Beauty Therapy Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

7. TANGIBLE FIXED ASSETS

	S/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Office equipment £	Total £
Cost					
At 1 August 2012	410,579	181,189	8,670	492,904	1,093,342
Additions	14,759	40,673	-	35,406	90,838
Disposals	-	(19,881)	-	(42,559)	(62,440)
At 31 July 2013	425,338	201,981	8,670	485,751	1,121,740
Depreciation					
At 1 August 2012	343,182	167,516	8,670	401,034	920,402
Charge for the year	11,093	22,338	-	67,736	101,167
On disposals	-	(19,881)	-	(42,559)	(62,440)
At 31 July 2013	354,275	169,973	8,670	426,211	959,129
Net book value					
At 31 July 2013	71,063	32,008	-	59,540	162,611
At 31 July 2012	67,397	13,673	-	91,870	172,940

8. STOCKS

	2013 £	2012 £
Raw materials	46,435	52,404
Provision for slow - moving stock	(6,661)	(5,302)
	39,774	47,102

9. DEBTORS

	2013 £	2012 £
Trade debtors	19,016	31,651
Prepayments	382,682	385,697
Accrued income	142,274	282,757
Rent deposit	3,000	3,000
Other debtors	29,072	33,391
Deferred tax asset (see note 11)	38,890	17,818
	614,934	754,314

The London College of Beauty Therapy Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

**10 CREDITORS:
Amounts falling due within one year**

	2013 £	2012 £
Trade creditors	387,386	305,219
Corporation tax	355,552	93,495
Other taxation and social security	103,353	115,834
Other creditors	2,303	1,855
Accruals and deferred income	570,100	699,171
	<u>1,418,694</u>	<u>1,215,574</u>

11. DEFERRED TAX ASSET

	2013 £	2012 £
At beginning of year	17,818	38,438
Released during/(charged for) year (P&L)	21,072	(20,620)
At end of year	<u>38,890</u>	<u>17,818</u>

The deferred tax asset is made up as follows

	2013 £	2012 £
Accelerated capital allowances	16,189	17,818
Other short term timing differences	22,701	-
	<u>38,890</u>	<u>17,818</u>

The deferred tax asset has been calculated using an estimated future rate of 23% (2012 23%)

12. SHARE CAPITAL

	2013 £	2012 £
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 2013**

13. RESERVES

	Profit and loss account £
At 1 August 2012	2,668,928
Profit for the financial year	1,019,068
	<hr/>
At 31 July 2013	3,687,996
	<hr/>

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Opening shareholders' funds	2,668,930	2,348,033
Profit for the financial year	1,019,068	320,897
	<hr/>	<hr/>
Closing shareholders' funds	3,687,998	2,668,930
	<hr/>	<hr/>

15. OPERATING LEASE COMMITMENTS

At 31 July 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2013 £	2012 £	2013 £	Other 2012 £
Expiry date:				
Within 1 year	-	-	16,119	-
Between 2 and 5 years	725,000	614,344	18,896	-
After more than 5 years	-	120,000	-	-
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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 2013**

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating profit	1,340,861	429,067
Depreciation of tangible fixed assets	101,167	109,632
Decrease in stocks	7,328	71,609
Decrease/(increase) in debtors	154,253	(156,063)
(Decrease)/increase in creditors	(58,941)	382,360
Net cash inflow from operating activities	<u><u>1,544,668</u></u>	<u><u>836,605</u></u>

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

	2013 £	2012 £
Returns on Investments and servicing of finance		
Interest received	<u>14,002</u>	<u>5,948</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(90,838)</u>	<u>(111,656)</u>
Management of liquid resources		
Cash placed on short-term deposit	<u>(1,300,000)</u>	<u>(1,250,000)</u>

The London College of Beauty Therapy Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013

19. ANALYSIS OF CHANGES IN NET FUNDS

	1 August 2012 £	Cash flow £	Other non-cash changes £	31 July 2013 £
Cash at bank and in hand	2,910,148	1,379,225	-	4,289,373
Less deposits treated as liquid resources	(1,250,000)	(1,300,000)	-	(2,550,000)
	<u>1,660,148</u>	<u>79,225</u>	<u>-</u>	<u>1,739,373</u>
Liquid resources:				
Deposits included in cash	<u>1,250,000</u>	<u>1,300,000</u>	<u>-</u>	<u>2,550,000</u>
Net funds	<u><u>2,910,148</u></u>	<u><u>1,379,225</u></u>	<u><u>-</u></u>	<u><u>4,289,373</u></u>