

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

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THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

COMPANY INFORMATION

Directors	Christianne Cavalier De Moncayo Eileen Cavalier (resigned 3 March 2016) Karen Rahbary (appointed 1 October 2016)
Company secretary	K Cavalier (terminated 1st Oct 2016), N Crawley (appointed 1st Oct 2016)
Registered number	03053799
Registered office	Ramillies House Ramillies Street 1-2 London W1F 7LN
Independent auditor	Nexia Smith & Williamson 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

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2016

Introduction

Strategic Report

The directors present the group strategic report for The London College Of Beauty Therapy Limited for the year ended 31 July 2016.

Principal activities

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

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

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2016

Business review

During the year ended 31 July 2016, the classroom based delivery funded by the Education Funding Agency (EFA) for 16-18 year olds experienced both funding allocation reduction of 10% on the previous year though had a learner number increase of 1%. This was due to the average funding provided by the EFA dropped by an average amount of £535 per learner.

2015/16 was the second year LCBT had seen the outgoing impact of the study programme, which was introduced in 2013/14. Continually, the main issue with study programmes have been the capacity in building and resource due to length of the programme and the GCSE delivery requirement for young people as part of Raising the Participating Age (RPA). This has continued to result in changes to our roll on roll off delivery to best accommodate and also on how our resources are deployed.

The reduction of the average funding per learner, combined with the continued financial inability to progress young people to higher levels within the academic year and the need to meet enrolment and financial targets of the contract, has impacted on the capacity and resource management.

The allocation of Skills Funding Agency (SFA) funded classroom delivery during the year decreased by 36% on the prior year. This is in addition to at 34% reduction from the year prior. This was due to the continued reductions and changes in adult funding introduced by SFA for adults wishing to participate in classroom based learning. The college outperformed the SFA classroom funding allocation by £158K.

The financial performance of the business show a loss to 31 July 2016. This is primarily due to the impact of the above issues in funding allocation and delivery as well as being unable to meet the EFA contract allocation for 16-18 year olds due to capacity issue resulting as £1,248,570 reduction. These have led LCBT to carry out further restructuring across its departments to create more operational efficiencies to ensure a strong company position over the long term.

Further LCBT invested this year in extensive refurbishment of teaching and learning areas, as a result of moving in to one core building. Investment in buildings lease hold property improvements are exceptional expenditure due to consolidation of two buildings into one main building.

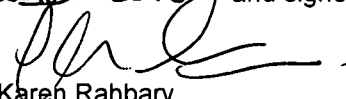
LCBT remains in a strong financial position and currently rated as outstanding within the SFA health categories from the last SFA due diligence submission.

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.

This report was approved by the board on 16 December 2016 and signed on its behalf.


Christianne Cavalier De Moncayo
Director


Karem Rahbary
Director

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2016

The directors present their report and the financial statements for the year ended 31 July 2016.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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.

Results and dividends

The loss for the year, after taxation, amounted to £202,312 (2015 - profit £432,457).

Directors

The directors who served during the year were:

Christianne Cavalier De Moncayo
Eileen Cavalier (resigned 3 March 2016)

Future developments

LCBT has taken measures to consolidate building resources and invested substantial capital expenditure improving the college training facilities, including gaining large employer sponsorships to brand key classrooms, which in turn provide learners with real world working environments.

In May 2017, LCBT will be launching the provision of new Apprenticeship Standards for including Management and Retailer standards for large employers and SMEs in the retail cosmetics industry.

LCBT will be increasing its classroom based by extending its courses in to additional regions starting with Leyton in January 2017.

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2016**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director 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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

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

This report was approved by the board on *16 December 2016* and signed on its behalf.



Christianne Cavalier De Moncayo
Director



Karen Rahbary
Director

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 2016, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2016 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements.

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

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

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 directors' 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

Jeffrey Selden (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

1 Bishops Wharf
Walnut Tree Close
Guildford
Surrey
GU1 4RA

Date: 19 December 2016

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2016

	Note	2016 £	2015 as restated £
Turnover	4	6,207,921	8,145,014
Cost of sales		(2,658,080)	(3,272,312)
Gross profit		3,549,841	4,872,702
Administrative expenses		(3,897,769)	(4,375,659)
Operating (loss)/profit	5	(347,928)	497,043
Interest receivable and similar income	9	35,432	55,617
(Loss)/profit before tax		(312,496)	552,660
Tax on (loss)/profit on ordinary activities	10	110,184	(120,203)
(Loss)/profit for the year		(202,312)	432,457

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

The notes on pages 11 to 20 form part of these financial statements.

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED
REGISTERED NUMBER: 03053799

BALANCE SHEET
AS AT 31 JULY 2016

	Note	£	2016 £	£	2015 as restated £
Fixed assets					
Tangible fixed assets			314,379		157,094
			<u>314,379</u>		<u>157,094</u>
Current assets					
Stocks	12	26,276		23,024	
Debtors: amounts falling due within one year	13	2,658,894		2,511,658	
Cash at bank and in hand	14	4,054,794		4,644,626	
			<u>6,739,964</u>	<u>7,179,308</u>	
Creditors: amounts falling due within one year	15	(1,840,624)		(1,991,204)	
Net current assets			<u>4,899,340</u>		<u>5,188,104</u>
Total assets less current liabilities			<u>5,213,719</u>		<u>5,345,198</u>
Provisions for liabilities					
	17	(425,000)		(354,167)	
			<u>(425,000)</u>		<u>(354,167)</u>
Net assets			<u><u>4,788,719</u></u>		<u><u>4,991,031</u></u>
Capital and reserves					
Called up share capital	18		100		100
Profit and loss account	19		4,788,619		4,990,931
			<u><u>4,788,719</u></u>		<u><u>4,991,031</u></u>

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

16 December 2016



Christianne Cavalier De Moncayo
Director



Karen Rahbary
Director

The notes on pages 11 to 20 form part of these financial statements.

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2016**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 August 2015	100	4,990,931	4,991,031
Comprehensive income for the year			
Loss for the year	-	(202,312)	(202,312)
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(202,312)	(202,312)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 July 2016	100	4,788,619	4,788,719
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2015**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 August 2014	100	4,558,474	4,558,574
Comprehensive income for the year			
Profit for the year	-	432,457	432,457
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	432,457	432,457
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 July 2015	100	4,990,931	4,991,031
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11 to 20 form part of these financial statements.

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2016**

	2016 £	2015 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(202,312)	432,457
Adjustments for:		
Depreciation of tangible assets	156,075	132,764
Interest received	(35,432)	(55,617)
Taxation	(110,184)	-
(Increase)/decrease in stocks	(3,252)	13,703
(Increase)/decrease in debtors	(150,236)	533,801
(Decrease)/increase in creditors	(34,252)	324,651
Increase in provisions	70,833	70,833
Corporation tax	(3,145)	(484,550)
Net cash generated from operating activities	<u>(311,905)</u>	<u>968,042</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(313,359)	(127,408)
Interest received	35,432	55,617
Net cash from investing activities	<u>(277,927)</u>	<u>(71,791)</u>
Cash flows from financing activities		
Issue of ordinary shares	-	98
Net cash used in financing activities	<u>-</u>	<u>98</u>
Net (decrease)/increase in cash and cash equivalents	<u>(589,832)</u>	<u>896,349</u>
Cash and cash equivalents at beginning of year	4,644,626	3,748,277
Cash and cash equivalents at the end of year	<u><u>4,054,794</u></u>	<u><u>4,644,626</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,054,794	4,644,626
	<u><u>4,054,794</u></u>	<u><u>4,644,626</u></u>

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

This is the first set of accounts produced under FRS 102, the transition date being 1 August 2014.

The following principal accounting policies have been applied:

1.2 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

1. Accounting policies (continued)

1.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- over the period of the lease
Office equipment	- 20-33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

1.4 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

1.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

1. Accounting policies (continued)

1.9 Operating leases: the Company as lessee

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

1.10 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

1.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. General information

The London College of Beauty Therapy Limited is a private limited company, limited by shares, incorporated in England and Wales. The address of the registered office is Ramillies House, Ramillies Street, 1-2, London, W1F 7LN (before 15 August 2016 the registered address was 47 Great Marlborough Street, London, W1F 7JP).

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the period.

Provision for liabilities

The company has entered into a contractual arrangement which requires it potentially to settle a present obligation arising out of a past event. Management have considered that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate currently available, taking into account the risks and uncertainties surrounding the obligation. Management has considered the advice of third party experts in its assessment of the amount of the liability.

4. Turnover

All turnover arose within the United Kingdom.

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	153,641	132,764
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	14,150	17,965
Other operating lease rentals	727,479	725,029
	<u>727,479</u>	<u>725,029</u>

6. Auditor's remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	14,150	17,965
	<u>14,150</u>	<u>17,965</u>

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	2,763,831	3,349,625
Social security costs	260,796	353,662
	<u>3,024,627</u>	<u>3,703,287</u>

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

	2016 No.	2015 No.
Beauty Therapy & Retail	54	61
Administration	6	32
Admissions & Business Support	28	10
	<u>88</u>	<u>103</u>

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	131,720	156,000
	<u>131,720</u>	<u>156,000</u>

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2015 - £NIL).

9. Interest receivable

	2016 £	2015 £
Other interest receivable	35,432	55,617
	<u>35,432</u>	<u>55,617</u>

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	(40,029)	116,329
Adjustments in respect of previous periods	(73,155)	(13,245)
	<u>(113,184)</u>	<u>103,084</u>
Total current tax	<u>(113,184)</u>	<u>103,084</u>
Deferred tax		
Origination and reversal of timing differences	2,118	15,191
Changes to tax rates	882	1,928
	<u>3,000</u>	<u>17,119</u>
Total deferred tax	<u>3,000</u>	<u>17,119</u>
Taxation on (loss)/profit on ordinary activities	<u>(110,184)</u>	<u>120,203</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.67%). The differences are explained below:

	2016 £	2015 £
(Loss)/profit on ordinary activities before tax	<u>(312,496)</u>	<u>552,660</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.67%)	<u>(61,279)</u>	<u>110,532</u>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,687	1,103
Capital allowances for year in excess of depreciation	-	(3,103)
Fixed asset differences	18,332	2,976
Adjustments to tax charge in respect of prior periods	(113,184)	(56,667)
Short term timing difference leading to an increase (decrease) in taxation	-	(11,568)
Other timing differences leading to an increase (decrease) in taxation	-	17,129
Losses carried back	40,028	(40,028)
Other permanent differences	584	(13,255)
Adjust closing deferred tax to average rate of 20%	648	113,084
Total tax charge for the year	<u>(110,184)</u>	<u>120,203</u>

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

10. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Office equipment £	Total £
Cost or valuation				
At 1 August 2015	497,785	270,303	528,696	1,296,784
Additions	279,992	-	33,367	313,359
At 31 July 2016	<u>777,777</u>	<u>270,303</u>	<u>562,063</u>	<u>1,610,143</u>
Depreciation				
At 1 August 2015	441,667	229,482	468,541	1,139,690
Charge for period on owned assets	99,124	22,774	34,177	156,075
At 31 July 2016	<u>540,791</u>	<u>252,256</u>	<u>502,718</u>	<u>1,295,765</u>
Net book value				
At 31 July 2016	<u>236,986</u>	<u>18,047</u>	<u>59,345</u>	<u>314,378</u>
At 31 July 2015	<u>56,118</u>	<u>40,821</u>	<u>60,155</u>	<u>157,094</u>

12. Stocks

	2016 £	2015 £
Raw materials and consumables	26,276	23,024
	<u>26,276</u>	<u>23,024</u>

Stock recognised in cost of sales during the year as an expense was £162,322 (2015 - £267,098).

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

13. Debtors

	2016	2015
	£	£
Trade debtors	61,641	91,180
Accrued Income	82,557	124,199
Director's loan account	258	1,499,999
Other debtors	2,094,554	375,000
Prepayments and accrued income	402,429	414,370
Tax recoverable	13,545	-
Deferred taxation	3,910	6,910
	<u>2,658,894</u>	<u>2,511,658</u>

14. Cash and cash equivalents

	2016	2015
	£	£
Cash at bank and in hand	4,054,794	4,644,626
	<u>4,054,794</u>	<u>4,644,626</u>

15. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	275,715	337,513
Corporation tax	-	116,329
Taxation and social security	60,942	78,915
Other creditors	4,620	4,597
Accruals and deferred income	1,499,347	1,453,850
	<u>1,840,624</u>	<u>1,991,204</u>

16. Deferred taxation

	2016	2015
	£	£
At beginning of year	6,910	24,029
Charged to the profit or loss	(3,000)	(17,119)
At end of year	<u>3,910</u>	<u>6,910</u>

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

16. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	910	1,001
Short term timing differences	3,000	5,909
	<u>3,910</u>	<u>6,910</u>

17 Provisions for liabilities

	£
At 1 August 2015	354,167
Charged to the profit or loss	70,833
At 31 July 2016	<u>425,000</u>

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

18. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100 100 Ordinary Shares of £1 each shares of £1 each	<u>100</u>	<u>100</u>

19. Reserves

Profit and loss account

The retained earnings balance is at a surplus of £4,641,538 (2015 - £4,990,931). The movement is due to the loss made in the Statement of Comprehensive Income.

20. Prior year adjustment

The prior year accounts did not recognise a material liability in respect of provisions for liabilities for which the company had an obligation. As such, the accounts have been amended. The impact of the adjustment is to reduce opening reserves at 1 August 2014 by £354,166. The corresponding charge to the profit and loss account in the prior year is £70,833.

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

21. Commitments under operating leases

At 31 July 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016	2015
	£	£
Not later than 1 year	790,500	725,000
Later than 1 year and not later than 5 years	3,148,000	2,900,000
Later than 5 years	54,583	494,583
Total land and buildings	3,993,083	4,119,583
	2016	2015
	£	£
Not later than 1 year	41,289	42,196
Later than 1 year and not later than 5 years	33,904	74,286
Total Other	75,193	116,482

22. Related party transactions

At the year end, the estate of Eileen Cavalier owed £1,606,370 (2015 - £1,499,999) to the company. A market rate of interest totalling £26,630 (2015 - £47,547) was charged on the outstanding balance.

23. Controlling party

Mrs K Rahbury and Ms Cavalier de Moncayo are joint controlling parties of the entity, by virtue of their shareholding and as the sole directors.