Company Registration No. 03053799 (England and Wales)

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

COMPANY INFORMATION

Directors	Ms C Cavaliere De Moncayo	
	Ms K D Rahbary	
	Ms N Y Cavaliere	(Appointed 16 November 2021)
Secretary	Ms Aparna Sambasivan	(Appointed 16 November 2021)
Company number	03053799	
Registered office	Ramillies House 1 - 2 Ramillies Street London England W1F 7LN	
Auditor	FLS Accounting Solutions Limited T/A SP Vinshaw 36 The Metro Centre Dwight Road Watford WD18 9SB	

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 2021

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

Principal activities
The principal activity of the company during the year was the provision of government funded classroom based learning and Apprenticeships to 16-18 year olds and adults. The principal courses provided are in Beauty Therapy, Hair & Media Make Up and Hairdressing Diploma and Health & Fitness programmes as well as Advanced Level 4 courses in Aesthetics. New courses were developed in Health and Social Care and Digital Marketing.

London College of Beauty Therapy (LCBT) was founded in 1995 by Chairman Eileen Cavalier as a specialist independent Beauty college through a collaborative partnership with a General Further Education College. In 2004 LCBT was awarded a direct Further Education funding contract by Learning Skills Council London. Its mission is to deliver high quality training, create employment opportunities and provide business support to the beauty and retail sectors. Located in central London, LCBT offers a wide range of courses across the beauty, hair & media make-up, hairdressing, retail, customer service, health & fitness and well-being sectors, and provides a variety of routes to enter employment through classroom based and apprenticeship training. LCBT has additionally 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, industry experience through the in-house dedicated Job Shop specialist industry support founded in 2000.

Fair review of the business
In 2020/2021 LCBT continued a focus on investment in quality education and training provision as well as continuing to make efficiency savings, continuing also with a narrow and focused subcontracting as part of a strategic review of the business. Delivery through lockdowns due to the pandemic as well as restrictions meant teaching switched from online live learning and back to classroom based teaching at times throughout the year in line with Government recommendations. Achievement rates remained high and consistent despite the pandemic.

LCBT saw healthy enrolment throughout the year, and a small increase in 16-18 delivery.

New Apprenticeships were put on hold, due to industry closures, and a greater number of classroom based courses were run.

New Curriculum areas were developed to open up areas of Health and Social Care, and Childcare to expand pathways for learners, in the caring industries, as well as Digital Marketing to provide more pathways for learners wanting to enter business development within the Beauty, Hair and Makeup industries.

The main LCBT site has undergone significant refurbishment in 2020 by the landlord, as a result we have taken additional teaching space in Hoxton London, which has enabled us to trial provision within East London.

LCBT remains in a good financial position and currently rated as outstanding within the ESFA health categories.

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 continuing Covid pandemic provides continued uncertainty going forward. However, the college considers itself to be in a strong position to weather this impact on any future government funding policy changes, mainly due to both the college's professionalism and adaptability to optimise opportunities within the sector.

Future Developments

LCBT strategy is to increase the range of courses available as part of our core specialist areas including further development of advanced level qualifications and using LCBT's strong branding and reputation in the industry to build on franchising and other partnership delivery opportunities both domestically and internationally.

We are continuing to grow our L4 provision, which is a strong and growing area of provision. We are also continuing to work in partnership with employers to meet skills needs in line with the Chancellors jobs plan. We expect to see a growth in traineeships and apprenticeships in the next 12 months working in partnership with employers.

On behalf of the board

Ms C Cavaliere De Moncayo
Director

7 April 2022

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

The directors present their annual report and financial statements for the year ended 31 July 2021.

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

Results and dividends
The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £22,500. The directors do not recommend payment of a final dividend.

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

Ms C Cavaliere De Moncayo	
Ms K D Rahbary	
Ms N Y Cavaliere	(Appointed 16 November 2021)

Auditor
The auditor, FLS Accounting Solutions Limited T/A SP Vinshaw, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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

On behalf of the board

Ms C Cavaliere De Moncayo	Ms K D Rahbary
Director	**Director**

7 April 2022

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JULY 2021

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

Opinion

We have audited the financial statements of The London College Of Beauty Therapy Limited (the 'company') for the year ended 31 July 2021 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Conclusions relating to going concern

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 our audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the social services, accommodation and care sector;;

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation including compliance with customs regulations, data protection, anti-bribery, employment, and health and safety legislation;

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and

- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

- obtaining an understanding of the policies and procedures including internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations in order to design audit procedures that are appropriate in the circumstances (but not not for the purpose of expressing an opinion on the effectiveness of the company's internal control).

To address the risk of fraud through management bias and override of controls, we:

- identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion

- performed analytical procedures to identify any unusual or unexpected relationships;

- tested journal entries to identify unusual transactions;

- assessed whether judgements and assumptions made in determining the accounting estimates in relation to income recognition, collectability of debtors, impairment of tangible and intangible assets and valuation of stock were indicative of potential bias; and

- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

-evaluating 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 (i.e. gives a true and fair view);

-reading the minutes of meetings of those charged with governance;

-enquiring of management as to actual and potential litigation and claims;

-reviewing correspondence with HMRC and the company's legal advisors; and

- Concluding 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 auditor's report 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 auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve collusion, forgery, deliberate concealment and omissions, misrepresentations, or the override of internal control.

A further description of our responsibilities is available on the Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Sadikali Gulamabas Premji FCCA (Senior Statutory Auditor)
For and on behalf of FLS Accounting Solutions Limited T/A SP Vinshaw 7 April 2022

Chartered Certified Accountants
Statutory Auditor

36 The Metro Centre
Dwight Road
Watford
WD18 9SB

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 £	2020 £
Turnover	3	4,092,412	4,004,260
Cost of sales		(1,695,944)	(1,557,687)
Gross profit		2,396,468	2,446,573
Administrative expenses		(2,188,983)	(2,272,628)
Other operating income		7,516	63,316
Operating profit	4	215,001	237,261
Interest receivable and similar income	7	-	17,556
Profit before taxation		215,001	254,817
Tax on profit	8	(46,662)	(59,018)
Profit for the financial year		168,339	195,799
Retained earnings brought forward		4,949,967	4,754,168
Dividends	9	(22,500)	-
Retained earnings carried forward		5,095,806	4,949,967

The profit and loss account has been prepared on the basis that all operations are continuing operations.

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

BALANCE SHEET

AS AT 31 JULY 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	**10**		29,266		58,413
Current assets					
Stocks	**12**	3,140		3,140	
Debtors	**13**	249,889		259,043	
Cash at bank and in hand		6,071,337		5,772,725	
		6,324,366		6,034,908	
Creditors: amounts falling due within one year	**14**	(832,726)		(718,254)	
Net current assets			5,491,640		5,316,654
Total assets less current liabilities			5,520,906		5,375,067
Provisions for liabilities					
Provisions	**15**	425,000		425,000	
			(425,000)		(425,000)
Net assets			5,095,906		4,950,067
Capital and reserves					
Called up share capital	**18**		100		100
Profit and loss reserves			5,095,806		4,949,967
Total equity			5,095,906		4,950,067

The financial statements were approved by the board of directors and authorised for issue on 7 April 2022 and are signed on its behalf by:

Ms C Cavaliere De Moncayo
Director

Ms K D Rahbary
Director

Company Registration No. 03053799

THE LONDON COLLEGE OF BEAUTY THERAPY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from operations	**22**		383,497		494,836
Income taxes paid			(58,812)		(18,128)
Net cash inflow from operating activities			324,685		476,708
Investing activities					
Purchase of tangible fixed assets		(3,573)		-	
Interest received		-		17,556	
Net cash (used in)/generated from investing activities			(3,573)		17,556
Financing activities					
Dividends paid		(22,500)		-	
Net cash used in financing activities			(22,500)		-
Net increase in cash and cash equivalents			298,612		494,264
Cash and cash equivalents at beginning of year			5,772,725		5,278,461
Cash and cash equivalents at end of year			6,071,337		5,772,725

1 Accounting policies

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

1.1 Accounting convention

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

The directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors regard the foreseeable future as no less than twelve months following the publication of these annual financial statements. The directors have considered the company's balance sheet position as at the year end, its working capital forecasts, the current COVID19 crisis and projections, taking account of possible changes in trading performance and the current state of its operating market, and are satisfied that for the foreseeable future the company's
financial position is improving and will enable the company to remain in operational existence. In addition, the directors and shareholders have agreed to provide continuing financial support as and when required to enable the company to continue in operational existence. Consequently, the directors consider it to be appropriate to prepare the financial statements on the going concern basis.

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

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

1.2 Going concern

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

1.3 Turnover

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

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

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

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

1 Accounting policies **(Continued)**

1.4 Tangible fixed assets

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

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

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

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

1.5 Impairment of fixed assets

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

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

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

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

1.6 Stocks

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

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

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

1 Accounting policies **(Continued)**

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

1 Accounting policies **(Continued)**

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

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

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

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

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

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

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

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

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

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

1 Accounting policies **(Continued)**

Deferred tax

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

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

1.11 Provisions

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

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

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

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

1.14 Leases

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

1 Accounting policies **(Continued)**

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

All the turnover rose within the United Kingdom.

	2021	2020
	£	£
Other significant revenue		
Interest income	-	17,556
Grants received	7,516	63,316

4 Operating profit

	2021	2020
Operating profit for the year is stated after charging/(crediting):	£	£
Government grants	(7,516)	(63,316)
Fees payable to the company's auditor for the audit of the company's financial statements	9,300	17,200
Depreciation of owned tangible fixed assets	32,720	64,936
Operating lease charges	289,058	450,320

5 Employees

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

	2021 Number	2020 Number
Beauty Therapy & Retail	37	37
Administration	3	3
Admissions & Business Support	25	28
Total	65	68

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,717,190	1,712,496
Social security costs	162,912	167,237
Pension costs	37,972	36,411
	1,918,074	1,916,144

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	94,514	90,876
Company pension contributions to defined contribution schemes	1,315	1,315
	95,829	92,191

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	-	17,556

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	17,556

8 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	45,266	58,812
Deferred tax		
Origination and reversal of timing differences	1,396	206
Total tax charge	46,662	59,018

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

	2021	2020
	£	£
Profit before taxation	215,001	254,817
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	40,850	48,415
Tax effect of expenses that are not deductible in determining taxable profit	570	123
Capital allowances	(2,371)	(2,064)
Depreciation	6,217	12,338
Deferred tax adjustment	1,396	206
Taxation charge for the year	46,662	59,018

9 Dividends

	2021	2020
	£	£
Interim paid	22,500	-

10 Tangible fixed assets

	Leasehold improvements	Plant and equipment	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 August 2020	819,908	285,066	592,707	1,697,681
Additions	-	3,573	-	3,573
At 31 July 2021	819,908	288,639	592,707	1,701,254
Depreciation and impairment				
At 1 August 2020	769,155	280,967	589,146	1,639,268
Depreciation charged in the year	27,582	1,577	3,561	32,720
At 31 July 2021	796,737	282,544	592,707	1,671,988
Carrying amount				
At 31 July 2021	23,171	6,095	-	29,266
At 31 July 2020	50,753	4,099	3,561	58,413

11 Financial instruments

	2021	2020
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	168,460	187,801
Carrying amount of financial liabilities		
Measured at amortised cost	739,185	600,691

12 Stocks

	2021	2020
	£	£
Finished goods and goods for resale	3,140	3,140

13 Debtors

	2021	2020
Amounts falling due within one year:	£	£
Trade debtors	167,661	187,343
Other debtors	799	458
Prepayments and accrued income	74,878	63,295
	243,338	251,096

13 Debtors **(Continued)**

	2021	2020
Amounts falling due after more than one year:	£	£
Deferred tax asset (note 16)	6,551	7,947
Total debtors	249,889	259,043

14 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	26,761	17,584
Corporation tax	45,266	58,812
Other taxation and social security	48,275	58,751
Other creditors	181	181
Accruals and deferred income	712,243	582,926
	832,726	718,254

15 Provisions for liabilities

	2021	2020
	£	£
Provisions for liabilities	425,000	425,000

Movements on provisions:

	Provisions for liabilities
	£
At 1 August 2020 and 31 July 2021	425,000

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.

16 Deferred taxation

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

	Assets 2021	Assets 2020
Balances:	**£**	**£**
Accelerated capital allowances	6,551	7,947

	2021
Movements in the year:	**£**
Asset at 1 August 2020	(7,947)
Charge to profit or loss	1,396
Asset at 31 July 2021	(6,551)

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

17 Retirement benefit schemes

	2021	2020
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	37,972	36,411

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

18 Share capital

	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

19 Operating lease commitments

Lessee

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

	2021	2020
	£	£
Within one year	484,377	687,148
Between two and five years	2,093,946	29,414
	2,578,323	716,562

20 Events after the reporting date

The Covid-19 pandemic occurred during the Company's financial reporting period and continues. The directors have carefully considered the likely effect of the Covid-19 pandemic on the future performance of the company and consider that it is likely to have an adverse impact on this. However, the directors consider that the company has sufficient resources to enable it to remain in business for the foreseeable future.

21 Ultimate controlling party

The company is controlled by the directors.

22 Cash generated from operations

	2021	2020
	£	£
Profit for the year after tax	168,339	195,799
Adjustments for:		
Taxation charged	46,662	59,018
Investment income	-	(17,556)
Depreciation and impairment of tangible fixed assets	32,720	64,936
Movements in working capital:		
Increase in stocks	-	(276)
Decrease in debtors	7,758	70,683
Increase in creditors	128,018	122,232
Cash generated from operations	383,497	494,836

23 Analysis of changes in net funds

	1 August 2020	Cash flows	31 July 2021
	£	£	£
Cash at bank and in hand	5,772,725	298,612	6,071,337