

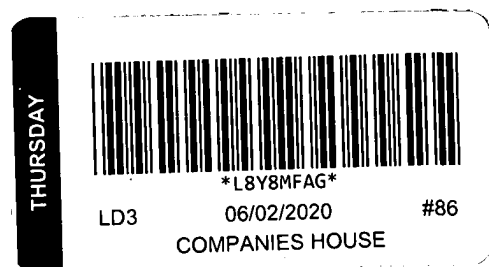
Backstage Centre Limited

Financial Statements

For the Year ended

31 July 2019

Company Registration Number 06627718



Backstage Centre Limited

Year ended 31 July 2019

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Backstage Centre Limited
Year ended 31 July 2019

Directors

The directors who served the company during the year were as follows:

Ms A J Efunshile (Chair)
Mr E R Moore
Mr B A Raven
Mr G R Sparkes

Company Secretary

Melissa Drayson

Registered Office: The Backstage Centre, High House Production Park, Vellacott Close, Purfleet Bypass, Purfleet, Essex, RM19 1RJ

Auditor: RSM UK Audit LLP, Chartered Accountants & Statutory Auditor, 25 Farringdon Street, London, EC4A 4AB

Bankers: Barclays Bank plc, 29 Borough High Street, Southwark, London SE1 1LY

Backstage Centre Limited

Directors' Report

12 Months ended 31 July 2019

Directors' Annual Report

The Directors submit their report and financial statements of Backstage Centre Limited for the year ended 31 July 2019.

Background

Backstage Centre Limited is a private company limited by shares of which the single shareholder is the National College for the Creative and Cultural Industries (NCCI).

Plans are underway to transfer ownership of the company to South Essex College on dissolution of NCCI in January 2020 and formation of NCCI Limited, a new company limited by guarantee. The new company will work in partnership with South Essex College and Access Creative College to deliver further education under the NCCI brand. South Essex College will operate Backstage Centre Limited and acquire all its assets and liabilities.

Principal Activities

The company manages and operates The Backstage Centre in Purfleet, Essex, a purpose-built facility for technical theatre and live events training and rehearsal. It also manages any other trading activity for the National College Creative Industries which is located within The Backstage Centre.

The Backstage Centre is owned by High House Production Park (the charity that runs the Park). Backstage Centre Limited has a 125-year lease which was drawn up in 2012.

Activity in the Period

In the year to 31 July 2019, the activity of the company included operating The Backstage Centre as a hire-able space and building up training activity.

The main activities were:

- Co locating with the National College Creative Industries and supporting its educational activities;
- Hosting Further Education technical, music and production courses delivered by South Essex College;
- Industry hires of the Sound Stage, dance studio, recording studio, classrooms and working spaces;
- Hosting events including with the Royal Opera House and Thurrock Community Choir, the National Skills Academy's annual industry conference and local community events; and
- Careers events delivered in partnership with industry experts.

Going Concern

The directors note the net current liability position of £161,167 (and net liability of £99,927) at 31 July 2019. Notwithstanding, the directors consider the company to be a going concern as it will be acquired by South Essex College as part of the business reconfiguration described above and supported with working capital required in the initial period before sustainable annual surpluses are achieved.

On 31 January 2017, the company entered into a loan agreement with Creative & Cultural Industries Limited providing £263,000 secured against assets, to be repaid over five years. The loan amount includes £152,000 drawn down under a previous loan agreement.

Interest payable on the loan during the period was £10,785 (2018: £8,902), which was at 4% (2018: 3%) above the Bank of England base rate. The company is able to meet the interest payments from its operating income.

Backstage Centre Limited
Directors' Report
12 Months ended 31 July 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

In preparing the Directors' Report, advantage has been taken of the small companies' exemption.

On behalf of the board


Ms A. J. Efunshile CBE
Chair

Date: 4/12/2019

Backstage Centre Limited

Independent Auditor's report to the Members of Backstage Centre Limited

Opinion

We have audited the financial statements of Backstage Centre Limited (the 'company') for the year ended 31 July 2019 which comprise Statement of Income and Retained Earnings, Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

Backstage Centre Limited

Independent Auditor's report to the Members of Backstage Centre Limited

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out 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, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

RSM UK Audit LLP

HANNAH CATCHPOOL (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

3 February 2020

Backstage Centre Limited
Statement of Income and Retained Earnings
For the 12 months ended 31 July 2019

	31 July 2019 £	31 July 2018 £
Turnover	1,421,682	637,165
Other operating income	59,464	36,767
Administrative expenses	(1,441,323)	(758,200)
Profit / (loss) on ordinary activities before taxation and Total Comprehensive Income for the period	39,823	(84,268)
Tax on profit on ordinary activities	-	-
Retained profit / (loss) for the year	39,823	(84,268)
Reserves brought forward	(139,751)	(55,483)
Reserves carried forward	(99,928)	(139,751)

No separate Statement of Changes in Equity has been presented as all such gains and losses have been dealt with in the above.

Backstage Centre Limited
Statement of Financial Position
As at 31 July 2019

Company Registration Number 06627718

Notes

		31 July 2019 £	31 July 2018 £
Fixed assets			
Tangible fixed assets	5	4,481,135	5,268,519
		4,481,135	5,268,519
Current assets			
Debtors	6	321,200	314,368
Cash at bank and in hand		24,765	29,254
		345,965	343,622
Less: Creditors – amounts falling due within one year	7	(507,133)	(476,350)
Net current liabilities		(161,168)	(132,728)
Total assets less current liabilities		4,319,967	5,135,791
Less: Creditors – amounts falling due after more than one year	8	(4,419,894)	(5,275,541)
Total assets less total liabilities		(99,927)	(139,750)
Capital and Reserves			
Called up share capital	10	1	1
Profit and loss account	11	(99,928)	(139,751)
Total unrestricted reserves		(99,927)	(139,750)

The accounts have been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime.

The financial statements on pages 6 to 15 were approved and authorised for issue by the Board of Directors on 4th December 2019 and were signed on its behalf on that date by:


A. J. Efunshile CBE
Director

Backstage Centre Limited

Notes to the Financial Statements

For the 12 months ended 31 July 2019

1. ACCOUNTING POLICIES

COMPANY INFORMATION

Backstage Centre Limited is a limited company domiciled and incorporated in England and Wales. The registered office is The Backstage Centre, High House Production Park, Vellacott Close, Purfleet, Essex, RM19 1RJ. The company's principal activities are disclosed in the Directors' Report

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

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

ACCOUNTING UNDER FRS 102

Backstage Centre Limited is a subsidiary of the National College Creative Industries which meets the definition of a public benefit entity under FRS 102.

REDUCED DISCLOSURES

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values
- Section 33 'Related Party Disclosures' - Disclosure of key management personnel compensation.

The National College Creative Industries, as the ultimate parent entity prepares consolidated financial statements incorporating the results of both entities. These financial statements can be obtained from the company's registered office address shown on page 1.

GOING CONCERN

The financial statements have been prepared on the going concern basis. Financial budgets are set at least a year in advance and management accounts are presented monthly to the Board throughout the financial year to report on progress against budget. Any changes in funding within the year are reflected as soon as practicable and action is taken by management to ensure that the company spends within its available resources. In the opinion of the directors, there are no judgements made that have a significant effect on the amounts recognised in the financial statements nor any key assumptions or estimates made which might cause a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

The directors consider the company to be a going concern despite the current liability position as it will be acquired by South Essex College as part of the business reconfiguration being implemented by the parent undertaking from 31st January 2020. South Essex College will support the company with the working capital required in the initial period before sustainable annual surpluses are achieved.

TURNOVER

The turnover of the company consists of income from hires of space and equipment. Income is accounted for under the accrual model as permitted by FRS 102. Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102.

FIXED ASSETS

All fixed assets are initially recorded at cost and are subsequently measured at cost less depreciation and any impairment losses.

Backstage Centre Limited

Notes to the Financial Statements

For the 12 months ended 31 July 2019

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Long Leasehold	Over the period of the lease – 125 years
Other Equipment	33% straight line
Fixtures & Fittings	10% straight line
Furniture	20% straight line

Depreciation is charged from the period in which the assets are brought into use by the entity.

Items of a capital nature are reviewed for their purpose and are capitalised where they are considered to provide an ongoing use to the company.

CAPITAL GRANTS

Where assets are acquired with the aid of specific grants, they are capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the profit and loss account over the expected useful economic life of the related asset.

FINANCIAL ASSETS AND LIABILITIES

The company only holds basic financial instruments as defined by Section 11 'Basic Financial Instruments' of FRS 102, which comprise trade and other debtors, accrued income, trade and other creditors and accruals which are initially recognised at transaction value and subsequently measured at their settlement value.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short-term deposits held by the company are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the company has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans that are payable within one year are not discounted.

TAXATION

The tax expense represents the sum of the current tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax is based on taxable profit for the period. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

Backstage Centre Limited

Notes to the Financial Statements

For the 12 months ended 31 July 2019

RETIREMENT BENEFITS

The company operates a defined contribution pension scheme with pensions provided under an insurance company scheme. Contributions payable by the company are charged to the Statement of income and retained earnings as they accrue.

Differences between amounts paid and amounts payable are recognised on the balance sheet.

JUDGEMENTS / UNCERTAINTIES

In the opinion of the directors, there were no judgements made that have a significant effect on the amounts recognised in the financial statements nor any key assumptions or estimates made which might cause a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

GOING CONCERN

The parent undertaking, NCCI will dissolve on 31st January 2020 and a new company NCCI Limited will be created. All assets and liabilities in NCCI will transfer to South Essex College and Access Creative College who will operate under licence from NCCI Limited to continue delivery of the NCCI branded provision.

Backstage Centre Limited will transfer to South Essex College as part of the business reconfiguration described above and supported with the working capital required in the initial period before sustainable annual surpluses are achieved.

Backstage Centre Limited
Notes to the Financial Statements
For the 12 months ended 31 July 2019

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 July 2019 £	Year ended 31 July 2018 £
Profit on ordinary activities before taxation is stated after charging:		
Auditor's fees	6,220	4,750
Impairment of fixed assets	706,274	-
Depreciation	91,463	98,669
	<hr/>	<hr/>

3. STAFF COSTS

	Year ended 31 July 2019 £	Year ended 31 July 2018 £
The aggregate payroll costs were:		
Wages and salaries	144,602	138,722
Social security costs	12,994	10,931
Other pension costs	12,191	10,339
	<hr/>	<hr/>
	169,787	159,992
	<hr/>	<hr/>

The average monthly number of employees during the period were:

	Year ended 31 July 2019 No.	Year ended 31 July 2018 No.
Administration	3	3
Project delivery	2	2
	<hr/>	<hr/>
	5	5
	<hr/>	<hr/>

Backstage Centre Limited
Notes to the Financial Statements
For the 12 months ended 31 July 2019

4. TAXATION

The company makes gross payments under deed of covenant to the National College Creative Industries, an exempt charity, which is the company's ultimate parent undertaking and eliminates all taxable profits of the company.

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2019 £	2018 £
<i>Current tax</i>		
UK corporation tax on profit/(loss) on ordinary activities	-	-

Factors affecting the tax charge for the current year

The current tax charge for the year is the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
Profit/(Loss) on ordinary activities before taxation	39,823	(84,268)
Profit/(Loss) on ordinary activities multiplied by the standard rate in the UK of 19%.	7,566	-
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	-
Accelerated capital allowances and other timing differences not provided	-	-
Tax losses carried forward/(utilised)	-	-
Gift aid payment for the year	(7,566)	-
Total tax expense included in profit or loss	-	-

As explained in the accounting policies note, no provision has been made for deferred tax on the grounds that the company transfers its taxable profits by deed of covenant to National College Creative Industries and therefore no deferred tax asset or liability will be realised in the company.

Backstage Centre Limited
Notes to the Financial Statements
For the 12 months ended 31 July 2019

5. TANGIBLE FIXED ASSETS

	Building	Furniture	Computer & Office Equipment	Fixtures & Fittings	Total
	£	£	£	£	£
Cost					
At 1 August 2018	5,294,295	137,497	136,044	473,547	6,041,383
Additions	-	-	-	10,353	10,353
At 31 July 2019	5,294,295	137,497	136,044	483,900	6,051,736
Depreciation					
At 1 August 2018	245,659	137,497	135,622	254,086	772,864
Charge for the year	42,362	-	338	48,763	91,463
Impairment	706,274	-	-	-	706,274
At 31 July 2019	994,295	137,497	135,960	302,849	1,570,601
Net book value at 31 July 2019	4,300,000	-	84	181,051	4,481,135
Net book value at 31 July 2018	5,048,636	-	422	219,461	5,268,519

The Backstage Centre building was revalued in August 2019 at market value of £4.3 million and the impairment recognised in the value of the asset. The revaluation was undertaken by an independent qualified valuer.

6. DEBTORS

	2019 £	2018 £
Trade debtors	176,381	163,439
Prepayments and accrued income	18,863	55,596
Other debtors	125,956	95,333
	321,200	314,368

Backstage Centre Limited
Notes to the Financial Statements
For the 12 months ended 31 July 2019

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	22,720	141,805
Amounts owed to group undertakings	215,195	67,746
Other creditors and deferred income	54,219	71,626
Other tax and social security	25,626	29,133
CC Skills loan	73,333	50,000
Deferred capital grant	116,040	116,040
	507,133	476,350

8. CREDITORS: AMOUNTS FALLING DUE IN GREATER THAN ONE YEAR

	2019	2018
	£	£
CC Skills loan	159,600	192,933
Deferred capital grant	4,260,294	5,082,608
	4,419,894	5,275,541

	Balance at 31 July 2018	Released to Statement of Income & Retained Earnings in respect of depreciation	Released to Statement of Income & Retained Earnings in respect of impairment	Balance at 31 July 2019
	£		£	£
Deferred capital grant	5,198,648	(116,040)	(706,274)	4,376,334
	5,198,648	(116,040)	(706,274)	4,376,334

Backstage Centre Limited

Notes to the Financial Statements

For the 12 months ended 31 July 2019

9. EVENTS AFTER THE REPORTING PERIOD

Following the year end, the DfE approved the new business structure which involves the dissolution of NCCI on 31st January 2020. As part of the new business structure, Backstage Centre will be transferred to South Essex College at the point of the NCCI dissolution on 31st January 2020. The decision for the new model was approved by the Boards of NCCI and Backstage Centre Limited on 30th May 2019 and was later approved by the minister for education in January 2020.

10. RELATED PARTY TRANSACTIONS

The company supplied staffing services valued at £563,441 (2018: £494,743) to the parent undertaking. This is in relation to the salary costs of 21 full-time equivalent staff employed by the company. In addition, the company charged £32,000 (2018: 32,000) for space hire to the College and incurred a management fee of £36,000 (2018: £36,000) for services received from the College.

At 31 July 2019, the company owed £215,195 (2018: 67,746) to the College in intercompany charges and cash advances. In addition, there was a sales ledger outstanding amount of £5,069 receivable from the College.

During the year no Director received any remuneration (2018: Nil).

Due to the nature of the company's operations and the composition of the board of directors being drawn from the creative industries employers, it is inevitable that transactions will take place with organisations in which a member of the board of directors may have an interest. All transactions involving such organisations are conducted in accordance with the company's normal procurement procedures.

11. SHARE CAPITAL

	2019 £	2018 £
Allotted, called up and fully paid:		
1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

11. PROFIT AND LOSS ACCOUNT

	2019 £	2018 £
At the beginning of the year	(139,751)	(55,483)
Profit / (Loss) for the period	39,823	(84,268)
	<u>(99,928)</u>	<u>(139,751)</u>