

**Charity Registration No. 1166152**

**Company Registration No. 03293892 (England and Wales)**

**THEATRICAL EDUCATIONAL SERVICES LIMITED**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2020**

# THEATRICAL EDUCATIONAL SERVICES LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	A W Jeckells J R Ronane N J Bell A Chevannes	(Appointed 17 May 2021)
<b>Secretary</b>	Havercroft Nominees Limited	
<b>Charity number</b>	1166152	
<b>Company number</b>	03293892	
<b>Registered office</b>	83 Borough Road Southwark London SE1 1DN	
<b>Independent examiner</b>	John Pudduck FCCA Martlet House E1, Yeoman Gate Yeoman Way Worthing West Sussex BN13 3QZ	

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# THEATRICAL EDUCATIONAL SERVICES LIMITED

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# THEATRICAL EDUCATIONAL SERVICES LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE PERIOD ENDED 31 DECEMBER 2020

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The Trustees present their report and independently examined financial statements for the period 1st September 2019 to 31st December 2020.

Due to the Coronavirus Pandemic our activities were suspended for five months mid-course and this report therefore covers a longer period than the usual 12 months in order to include relevant activity.

Reference and administrative information set out on page one forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019). For the period ending 31st December 2020, the company was entitled to exemption from audit under section 477 of the companies act relating to small companies.

#### Objectives and activities

The Advancement of Education and training in Musical Theatre Performance; and the advancement of the arts particularly but not exclusively in the medium of musical theatre.

#### Public Benefit

The Trustees are aware of the Charity Commission guidance regarding public benefit, and confirm that they have complied with the duty in section 4 of the charities act 2011 to have due regard to it. They consider that the information which follows in this annual report, about the organisation's aims, activities and achievements demonstrates public benefit in relation to the delivery of the objects of the company.

#### Structure, governance and management

The school was established as a full time training establishment in January 1995 and incorporated as a Company Limited by Guarantee on 18th December 1996. The Company was registered as a Charity on 21st March 2016.

The trustees, who are also the directors for the purpose of company law, and who served during the Period and up to the date of signature of the financial statements were:

A W Jeckells

J R Ronane

N J Bell

D R C Stewart (Resigned 10 June 2020)

A Chevannes (Appointed 17 May 2021)

In accordance with the Articles of Association, a Trustee shall hold office indefinitely unless they resign, are removed or are disqualified.

The Trustees have been appointed with due consideration to their background and experience, in respect to delivering the objects of the company.

Adrian Jeckells is both a Trustee and an employee of the company in the capacity of Principal. All other Trustees give their time voluntarily and receive no benefits from the charity. There must be at least three Trustees and no more than six, at any one time. There were no appointments to the board in the period of this report. David Stewart resigned his position in July 2020 and in May 2021 we have appointed a new trustee.

#### Meetings of the Board of Trustees

The Trustees meet at regular intervals throughout the year, depending on the importance of matters to be discussed, and such meetings are run in accordance with the articles of association.

#### Key Staff

London School of Musical Theatre employs three staff to administer the course; The Principal (Full-time), Course Manager (Full time) and Finance Manager (Part-time). All artistic/teaching staff are engaged on a freelance basis in line with their self-employed tax status.

# THEATRICAL EDUCATIONAL SERVICES LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

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### **Achievements and performance**

2020 was an extremely difficult year to navigate for the organisation, but despite the challenging situation we were able to deliver a course to the students which matched their expectations and our high standards. The first pandemic lockdown occurred after the students that had commenced in September 2019 had completed three terms of training but before the vital production and agent terms.

When we were forced to suspend the training in order to comply with government regulations and for the safety and well being of our staff and students, we made the decision that we would not compromise by moving classes online, as it was our belief that the nature of our training could not be fully delivered in that way.

We decided to offer the students extra online classes during their absence on-site, but this was given as additional provision to maintain their skill-base not as a replacement for in person delivery.

The student cohort were supported throughout their absence from face to face training with pastoral care administered by the Course Manager and Principal, with regular 'Zoom' full intake meetings to maintain the company cohesiveness and peer support.

Throughout the five months the students were away from the building the school worked relentlessly on drawing up a full action plan involving risk assessment of premises and viral transmission mitigation to ensure a covid safe environment when the students returned. This involved constant monitoring of the government guidance regarding social distancing, sanitising and ventilation.

LSMT decided to hire a second site in order to fulfill social distancing requirements, as well as enact strict protocols of hand cleansing and mask wearing.

In September 2020 the students returned to the building under the strict regulations to commence rehearsals for their socially distanced and filmed productions as outlined below.

After the filming of The Bridewell presentations the students had a brief respite before returning for daily individual appointments to audition one on one for agents. These auditions were run in a socially distanced way with all mitigations in place.

On 9th December the student cohort graduated having received a full training, including the experience of production and the opportunity to audition for 18 agents. Out of 41 graduating students we were able to place over 80% of them with agent representation despite the situation within the Industry.

### **Presentations To The Public**

This year saw the presentation of an original work at the end of term two; Under The Canvas Sky, with Music written by our Resident Composer, Charles Miller and book and lyrics by Kevin Hammonds. This was presented in-house in the school's main hall, fully costumed and lit, with some elements of set. The performance was free to the public, which consisted of friends and family, as well as invited industry members.

The organisation presented two main shows at The Bridewell Theatre, which is part of the St Bride Foundation (registered charity 207607). These were fully produced, with a professional team including Director, Designer, Choreographer, Musical Director and Production Manager.

We had planned to present Merrily We Roll Along and Made In Dagenham for the production season. However, upon the suspension of activity in March it was soon decided that the safest and most prudent course of action to account for any restrictions in place and for the well being of the students would be to present professionally filmed productions via on-line delivery, available to an audience remotely. This would allow the educational experience of a full production process to be offered to our students, but in a safe environment and with less risk of the project being cancelled due to restrictions placed on live Theatre.

The rights were no longer available for Merrily We Roll Along and Made In Dagenham in the context of a non-live and filmed presentation, so the school took the decision to present two pieces that had been commissioned by ourselves and would therefore allow us to present as we required. This also allowed us to choose pieces that could be rehearsed and filmed in a socially-distanced format.

# THEATRICAL EDUCATIONAL SERVICES LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE PERIOD ENDED 31 DECEMBER 2020*

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We choose to present a work previously commissioned by the school called No One In The World, as this piece was structured to tell the individual journeys of 15 performers arriving in New York to follow their aspirations and would afford the creative team a chance to maintain social distancing in the staging. This show was double cast. This piece had previously been written by our resident composer Charles Miller with book and lyrics by Kevin Hammonds and was now an established part of the LSMT Musical Theatre canon. The second piece was a brand new commission called Oregano, once again with music by our resident composer but with a book and lyrics by playwright Sean Cook. This piece was written with the pandemic circumstances and limitations in mind. Rehearsals began in September, with the primary concern being the well-being and health of all involved.

The school hired an additional space at The Union Theatre to ensure separation of each company and reduce transmission in the event of any cases of the virus.

The rehearsals were conducted with all government advised risk mitigations in place including social distancing, additional ventilation, hand-cleansing stations, temperature monitoring on arrival and mask wearing when instructed.

The productions moved into the theatre individually during October.

### **The Filming**

Having chosen to film our musicals it was important to engage a professional company to join our creative team at an early stage. We were pleased to contract independent videographer Julian Langham. He is a London based filmmaker who immediately engaged in discussion and brought expertise and practical technical support to the projects. He attended site visits, design meetings, production meetings and watched studio runs of both shows. Once at the theatre we removed 5 rows of seats and stationed 5 fixed camera positions around the auditorium, augmented by a central roving camera that followed the action and provided the close ups. Julian watched the dress rehearsals and offered constructive advice regarding lighting and sound. The audio was mixed from our multi channel sound desk alongside a central ambient mic positioned in the auditorium – our sound team provided Julian with the final mix to accompany Post-production.

Julian edited the action from the 6 cameras, sent a rough cut to the producer for comment before finalizing the finished films.

The students learnt a brand new set of skills enforced by this scenario. They have also been furnished with audio files of their solos that they can use as part of their show reels.

### Uploading and Audience Reach

The films were uploaded onto our private Youtube channel . We chose streaming dates and advertised this to parents, agents and industry professionals.

Each company was shown twice on two separate dates.

No One in the World: Cast A generated 989 views, Cast B 884, and Oregano 908.

The material now remains as an archive of this challenging time and something that the organisation, creative team and students can be immensely proud of achieving.

# THEATRICAL EDUCATIONAL SERVICES LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

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### **Student Funding Support**

There were 41 graduating students in the period ending 31st December 2020, and the fees were £15,750.

One student was fortunate to receive an award against fees of £2,000 from Chloe and Liam Together Forever Trust (Charity Number 1178806). The Institute of Entertainment and Arts Management awarded £500 towards fees for one of our students and a further £250 for another which will be received by the organisation at a presentation in summer 2021 once restrictions allow.

LSMT gave grants against fees, as follows:

Fiona Stephenson Grant - £4000

George Peabody Performing Arts Grant - £4000

General Training Grants as Follows:

1 Award of £4,000

2 Awards of £3,500

2 Awards of £3,000

5 Awards of £2,000

2 Awards of £1,500

8 Awards of £1,000

The Trustees understand that LSMT must operate for the public benefit, and in particular are committed to raising our support for those that need financial assistance in order to attend or organisation. In total we distributed £46,000 in funding which represents a considerable percentage of our overall turnover and demonstrates our continued commitment to this aim.

### **Support For Ethnic Diversity and Inclusivity**

During 2020 the world experienced the Black Lives Matters movement. As a result of this many institutions within the UK entertainment industry and arts education sector examined their role and approach towards the goal of increasing diversity and inclusivity within the Industry.

LSMT is determined to be at the forefront of change and to be proactive in its approach to increasing representation, equality and opportunity for performers from African and Caribbean heritage, South, East and South East Asian heritage, Middle Eastern heritage and those individuals that identify as bi-racial or multi-racial. The following measures have been initiated towards this objective:

#### More student representation from Diverse Ethnic Backgrounds

We introduced a grant in 2018 specifically aimed at funding students of diverse ethnicity to attend our organisation (George Peabody Performing Arts Grant). It is our intention to extend this scheme in the future. We shall be offering more grants and allocate more of our funding towards this goal. We may also initiate a targeted advertising campaign, along with outreach to community organisations and FE organisations.

#### More Staff of Diverse Ethnicity

We have recently appointed a suitable new Trustee to diversify the ethnicity of our board. We will be recruiting more staff of diverse heritage across the entire teaching faculty in all departments, to better represent the community in which we operate.

#### A supportive environment for our students and staff from all backgrounds

We have engaged a specialist firm, EB Consultancy, which is run by the head of inclusion and diversity at Brit School, Emma Balaam, to deliver training/guidance to our organisation in:

Inclusive Practice

Unconscious Bias

Diversity in Arts Education

#### Establishment of an Alumni Advisory Panel

We contacted all our graduates from our targeted diverse ethnicities to invite them to advise on our future approach and to contribute to the process from the perspective of first hand experience of our training.

The response was very positive and the first meeting of this alumni panel took place via Zoom in August 2020. The panel gave excellent advice to the Principal and Course Manager through an open forum.

# THEATRICAL EDUCATIONAL SERVICES LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

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### **LSMT Building**

In 2016 we undertook an extensive refurbishment of our current building. At that time a five year lease was issued by our landlord, Peabody, on very reasonable terms including a rent free period.

The understanding was that at the expiry of this lease we would be offered a long term tenure as part of their planned redevelopment of the entire area known as The Borough Triangle. In summer of 2020 we received an unexpected letter from new landlords. The whole site had been sold to Berkeley Homes. Our new landlord is exploring the potential of including our organisation in their planned redevelopment, but there is nothing definitive at present.

We have secured a three year lease extension to take effect from July 2021 at well below market rates which will assist in our endeavour to stabilise our financial position in the medium term.

### **Financial review**

#### Going Concern

When the pandemic occurred and we were forced to cease activity we actioned the following measures to ensure financial stability and the prospect of a viable return to trading when restrictions lifted:

1. We extended the term of a £50,000 overdraft facility that was due to finish.
2. We approached our landlord and a six month (£35,000) suspension of rent was agreed.
3. We secured a £50,000 government backed Bounce Back Loan.
4. We contacted the upcoming cohort of students due to start in September 2020 and postponed them to 2021. We managed to retain all 40 students.

In addition to the above measures enacted during the period of this report, in the first four months of 2021 both the Principal and Course Manager were placed on 50% (20 hours) furlough until the commencement of the next course (May 3rd).

The above measures kept the organisation viable, particularly the retention of the student intake, which has enabled a serious inflow of funds between January and May 2021.

In consideration of the above the Trustees consider the organisation to be a going concern, and on track for financial stabilisation in the near future.

#### Reserves

The Trustees have examined the charity's requirement for reserves in light of the main risks to the organisation.

The intention in the future is to hold reasonable levels of reserves in the organisation to protect against unforeseen circumstances and potential risks without over retention, which would be contrary to our charitable delivery.

#### Funding sources

The charity charges a set fee for the course it provides.

Some students secure funding from outside charitable bodies and trusts which are either paid directly to ourselves as a grant against fees or to the student directly to fund attendance.



# THEATRICAL EDUCATIONAL SERVICES LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE PERIOD ENDED 31 DECEMBER 2020*

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### **Risk Management including Current Risks**

The principal risks faced by the charity lie in obtaining sufficient income and reserves to achieve its objectives and the potential for further lockdowns due to the Coronavirus pandemic.

The charity needs a certain number of students to register in order to make each course viable. The charity consistently seeks to maintain its excellent reputation by facilitating graduates into London West End Theatre, television and film, thereby ensuring its attractiveness to future intakes of students. The promotion of vocational training during times when the industry itself is not fully functioning becomes considerably harder.

The operational risk of further lockdowns is mitigated by the preparedness now established in the previous lockdowns in 2020 and 2021. This includes enacting strict protocols regarding social distancing, sanitising and ventilation so that on-site delivery can continue to a satisfactory extent.

### Financial management

Where appropriate, systems or procedures have been established to mitigate the risk the charity faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions, and projects. Finance management is closely monitored with a Finance Manager being employed by the charity. Accounts are regularly prepared for inspection and discussion by the Trustees upon the calling of a Board Meeting.

### **Plans for Future Periods**

The charity plans to continue its activities to serve the community in which it operates in the forthcoming years.

The charity plans to stabilise and strengthen its financial health post pandemic.

The organisation plans to continue to offer subsidised places on our course to financially disadvantaged applicants.

A further objective of the organisation must now be to seek a permanent home to deliver its activities.

The trustees' report was approved by the Board of Trustees.

**A W Jeckells**

Trustee

Dated: 15 July 2021

# THEATRICAL EDUCATIONAL SERVICES LIMITED

## INDEPENDENT EXAMINER'S REPORT

### TO THE TRUSTEES OF THEATRICAL EDUCATIONAL SERVICES LIMITED

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I report to the trustees on my examination of the financial statements of Theatrical Educational Services Limited (the charity) for the Period ended 31 December 2020.

#### **Responsibilities and basis of report**

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

#### **Independent examiner's statement**

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of , which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.

John Pudduck FCCA

Martlet House  
E1, Yeoman Gate  
Yeoman Way  
Worthing  
West Sussex  
BN13 3QZ

Dated: 15 July 2021

# THEATRICAL EDUCATIONAL SERVICES LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 2020

		Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
	Notes						
<b>Income from:</b>							
Donations and legacies	3	1,050	2,000	3,050	-	8,750	8,750
Charitable activities	4	656,114	-	656,114	665,449	-	665,449
Investments	5	603	-	603	-	-	-
<b>Total income</b>		<b>657,767</b>	<b>2,000</b>	<b>659,767</b>	<b>665,449</b>	<b>8,750</b>	<b>674,199</b>
<b>Expenditure on:</b>							
Charitable activities	6	736,156	3,000	739,156	664,351	7,750	672,101
Taxation	9	(17,234)	-	(17,234)	(14,696)	-	(14,696)
<b>Total resources expended</b>		<b>718,922</b>	<b>3,000</b>	<b>721,922</b>	<b>649,655</b>	<b>7,750</b>	<b>657,405</b>
<b>Net (expenditure)/income for the year/ Net movement in funds</b>		<b>(61,155)</b>	<b>(1,000)</b>	<b>(62,155)</b>	<b>15,794</b>	<b>1,000</b>	<b>16,794</b>
Fund balances at 1 September 2019		30,857	1,000	31,857	15,063	-	15,063
<b>Fund balances at 31 December 2020</b>		<b>(30,298)</b>	<b>-</b>	<b>(30,298)</b>	<b>30,857</b>	<b>1,000</b>	<b>31,857</b>

The statement of financial activities includes all gains and losses recognised in the Period.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# THEATRICAL EDUCATIONAL SERVICES LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Goodwill	10		7,975		8,675
Tangible assets	11		123,684		161,883
<b>Current assets</b>					
Debtors	12	664,174		134,067	
Cash at bank and in hand		5,824		421,172	
		<u>669,998</u>		<u>555,239</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(787,472)</u>		<u>(693,940)</u>	
Net current liabilities			(117,474)		(138,701)
<b>Total assets less current liabilities</b>			14,185		31,857
<b>Creditors: amounts falling due after more than one year</b>	15		(44,483)		-
<b>Net (liabilities)/assets</b>			<u>(30,298)</u>		<u>31,857</u>
<b>Income funds</b>					
Restricted funds			-		1,000
Unrestricted funds			(30,298)		30,857
			<u>(30,298)</u>		<u>31,857</u>

# **THEATRICAL EDUCATIONAL SERVICES LIMITED**

## **BALANCE SHEET (CONTINUED)**

***AS AT 31 DECEMBER 2020***

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The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the Period ended 31 December 2020.

The directors acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The members have not required the company to obtain an audit of its financial statements for the Period in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 15 July 2021

A W Jeckells

**Trustee**

**Company Registration No. 03293892**

# THEATRICAL EDUCATIONAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED 31 DECEMBER 2020**

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### **1 Accounting policies**

#### **Charity information**

Theatrical Educational Services Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is 83 Borough Road, Southwark, London, SE1 1DN.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with the charity's constitution, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

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

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

#### **1.2 Going concern**

As shown in the balance sheet the charity has net liabilities, which is an indicator of potential insolvency.

However in 2016 a significant amount was spent on leasehold improvements in advance of the school returning to the premises at Borough Road. These improvements, amounting to £346k, were being amortised over the initial lease term of 5 years in accordance with accounting standards, until the lease was recently extended. In reality the charity should benefit from the leasehold improvements over a much longer period subject to future lease extensions at Borough Road being negotiated. Therefore the balance sheet would look more favourable if a longer lease term had been negotiated from the outset.

After 2 delays in the courses caused by lockdowns due to the Coronavirus pandemic the school is back to operating normally again. What would have been the 2020/21 course commenced on 3 May 2021 and will finish in February 2022. A single intake will follow in March 2022 finishing in December 2020 and a full intake will commence in September 2022 with plans afoot to ensure the necessary accommodation is available for the overlap.

The trustees are therefore confident that they can continue operating fully for at least the next 12 months and meet debts as they fall due. The trustees therefore consider that it is appropriate for the accounts to continue to be prepared on the going concern basis.

#### **1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

# THEATRICAL EDUCATIONAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 31 DECEMBER 2020**

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### **1 Accounting policies**

**(Continued)**

#### **1.4 Income**

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Turnover is measured at the fair value of the consideration received or receivable and is in the main derived from the annual course, from which the revenue is recognised as the courses are delivered.

Revenue from auditions are recognised when the auditions are incurred.

Revenue from the ticket sales of school productions are recognised when the productions are incurred.

#### **1.5 Expenditure**

Expenditure is recognised on an accruals basis as a liability is incurred.

#### **1.6 Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill shall be considered to have a finite useful life, and shall be amortised on a systematic basis over its 20 year life.

#### **1.7 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 lease term
Fixtures, fittings and equipment	15% reducing balance

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 recognised in net income/(expenditure) for the year.

#### **1.8 Impairment of fixed assets**

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible 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).

#### **1.9 Cash and cash equivalents**

Cash and cash equivalents 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.

# THEATRICAL EDUCATIONAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

The charity 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 charity's balance sheet when the charity 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.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of operations 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. Accounts payable are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### 1.11 Employee benefits

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 charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.12 Retirement benefits

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

#### 1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

#### 1.14 Irrecoverable VAT

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.



# THEATRICAL EDUCATIONAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees 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 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Restricted funds
	2020 £	2020 £	2020 £	2019 £
Donations and gifts	1,050	2,000	3,050	8,750

### 4 Charitable activities

	2020 £	2019 £
Course fees	651,438	643,478
Audition income	3,320	5,705
Box income	60	12,701
Charitable rental income	238	2,930
Other income	1,058	635
	656,114	665,449

### 5 Investments

	Unrestricted funds	Total
	2020 £	2019 £
Interest receivable	603	-

# THEATRICAL EDUCATIONAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

### 6 Charitable activities

	Charitable activities 2020 £	Support costs 2020 £	Total 2020 £	Charitable activities 2019 £	Support costs 2019 £	Total 2019 £
Staff costs	100,119	56,387	156,506	78,713	46,703	125,416
Depreciation and impairment	42,835	-	42,835	74,859	-	74,859
Rent, rates, and water	91,798	-	91,798	61,338	-	61,338
Trade mark licence	40,000	-	40,000	30,000	-	30,000
London School of Musical Theatre grants and charitable awards	48,000	-	48,000	46,250	-	46,250
Costs of production	141,472	-	141,472	128,202	-	128,202
Advertising and promotion	5,137	-	5,137	10,337	-	10,337
Tutors fees	119,704	-	119,704	118,561	-	118,561
Professional fees	-	19,042	19,042	-	15,778	15,778
Establishment expenses	30,631	21,575	52,206	26,155	18,648	44,803
Office expenses	3,742	4,773	8,515	3,643	978	4,621
Provision for bad debts	-	4,594	4,594	-	3,970	3,970
Interest paid and bank charges	-	2,087	2,087	-	2,097	2,097
Travel and subsistence and outings	2,851	1,957	4,808	3,796	639	4,435
Miscellaneous expenses	-	1,864	1,864	-	1,434	1,434
Cost of goods for resale	588	-	588	-	-	-
	<u>626,877</u>	<u>112,279</u>	<u>739,156</u>	<u>581,854</u>	<u>90,247</u>	<u>672,101</u>
	<u>626,877</u>	<u>112,279</u>	<u>739,156</u>	<u>581,854</u>	<u>90,247</u>	<u>672,101</u>
<b>Analysis by fund</b>						
Unrestricted funds	623,877	112,279	736,156	574,104	90,247	664,351
Restricted funds	3,000	-	3,000	7,750	-	7,750
	<u>626,877</u>	<u>112,279</u>	<u>739,156</u>	<u>581,854</u>	<u>90,247</u>	<u>672,101</u>

### 7 Trustees

During the year Mr A Jeckells was paid a salary during the 16 month period of £77,250 (Year to 31 August 2019: £61,500) and pension contributions of £16,000 (Year to 31 August 2019: £12,000) have been paid by the charity for his benefit.

The emoluments paid to Mr Jeckells is in accordance clause 6 of the Articles of Association concerning allowed payments for reasonable and proper remuneration for services rendered to the charity as the Principal.

# THEATRICAL EDUCATIONAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

### 8 Employees

The average monthly number of employees during the Period was:

	2020 Number	2019 Number
	3	3
	<u>3</u>	<u>3</u>
<b>Employment costs</b>	<b>2020 £</b>	<b>2019 £</b>
Wages and salaries	125,983	97,500
Social security costs	10,157	7,279
Other pension costs	16,992	12,634
	<u>153,132</u>	<u>117,413</u>

### 9 Taxation

	Unrestricted funds	Total
	2020	2019 £
Theatre tax relief	(17,234)	(14,696)
	<u>(17,234)</u>	<u>(14,696)</u>

Theatrical Educational Services, as a registered charity, is exempt from corporation tax under Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of the Chargeable Gains Act 1992 to the extent that surpluses are applied to its charitable purposes.

The charity does however qualify for Theatre Tax Relief in respect of certain expenditure it incurs on its theatrical productions, resulting in the tax credits included in the accounts as above.

# THEATRICAL EDUCATIONAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

### 10 Intangible fixed assets

Goodwill  
£

#### Cost

At 1 September 2019 and 31 December 2020

40,500

#### Amortisation and impairment

At 1 September 2019

31,825

Amortisation charged for the Period

700

At 31 December 2020

32,525

#### Carrying amount

At 31 December 2020

7,975

At 31 August 2019

8,675

### 11 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings and equipment	Total
	£	£	£

#### Cost

At 1 September 2019

346,449	119,599	466,048
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Additions

-	3,935	3,935
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At 31 December 2020

346,449	123,534	469,983
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#### Depreciation and impairment

At 1 September 2019

222,376	81,788	304,164
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Depreciation charged in the Period

34,228	7,907	42,135
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At 31 December 2020

256,604	89,695	346,299
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#### Carrying amount

At 31 December 2020

89,845	33,839	123,684
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At 31 August 2019

130,776	31,107	161,883
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# THEATRICAL EDUCATIONAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

### 12 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Accounts receivable	600,851	97,678
Corporation tax recoverable	17,234	14,696
Other debtors	18,700	17,500
Prepayments and accrued income	27,389	4,193
	<u>664,174</u>	<u>134,067</u>

### 13 Loans and overdrafts

	2020 £	2019 £
Bank overdrafts	9,322	-
Bank loans	49,482	-
Directors' loans	1,638	-
Loans from related parties	25,000	-
	<u>85,442</u>	<u>-</u>
Payable within one year	40,959	-
Payable after one year	44,483	-
	<u>85,442</u>	<u>-</u>

The bank loan was obtained on 12 May 2020 under the government's Bounce Bank Loan scheme in order to assist with the financial effects of the Coronavirus epidemic.

The loan is repayable in monthly instalments over a five year period commencing on the first anniversary after the loan was taken out. The interest for the first year of the loan was paid for by the government via a Business Interruption Payment. Interest charges for the charity are accruing at a rate of 2.5% per annum from 12 June 2021.

### 14 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	13	14,321	-
Other borrowings		26,638	-
Other taxation and social security		3,636	2,625
Accounts payable		71,459	6,243
Other creditors		200	139
Accruals and deferred income		671,218	684,933
		<u>787,472</u>	<u>693,940</u>

# THEATRICAL EDUCATIONAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2020

#### 15 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans	13	44,483	-

#### 16 Analysis of net assets between funds

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
Fund balances at 31 December 2020 are represented by:						
Intangible fixed assets	7,975	-	7,975	8,675	-	8,675
Tangible assets	123,684	-	123,684	161,883	-	161,883
Current assets/ (liabilities)	(117,474)	-	(117,474)	(138,701)	-	(138,701)
Long term liabilities	(44,483)	-	(44,483)	-	-	-
	<u>(30,298)</u>	<u>-</u>	<u>(30,298)</u>	<u>31,857</u>	<u>-</u>	<u>31,857</u>

#### 17 Related party transactions

##### Transactions with related parties

During the period the charity entered into the following transactions with related parties:

In December 2020 Mr G Lee, who is the school's original founder and is now financial controller, lent the charity £25,000 interest-free on a short term basis. The loan has been repaid since the year-end.

Mr Lee was paid a salary of £7400 (Year ended August 2019: £4000) during the period for his work as financial controller. He was also paid £40,000 in respect of a Trade Mark licence agreement for the use of his intellectual property (Year ended August 2019: £30,000). The TM licence agreement has been in operation since 28th November 2007. He has waived payment in respect of this agreement for the first four months of 2021 as the school was unable to fully trade due to pandemic restrictions.