

Charity registration number 1166152

Company registration number 03293892 (England and Wales)

THEATRICAL EDUCATIONAL SERVICES LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

THEATRICAL EDUCATIONAL SERVICES LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

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

THEATRICAL EDUCATIONAL SERVICES LIMITED

CONTENTS

	Page
Trustees' report	1 - 6
Independent examiner's report	7
Statement of financial activities	8
Balance sheet	9
Notes to the financial statements	10 - 18

THEATRICAL EDUCATIONAL SERVICES LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2021

The Trustees present their report and independently examined financial statements for the year to 31st December 2021.

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 year ending 31st December 2021, 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 year and up to the date of signature of the financial statements were:

A W Jeckells

J R Ronane

N J Bell

A Chevannes

(Resigned 31 December 2021)

(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.

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.

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.

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 YEAR ENDED 31 DECEMBER 2021

Achievements and performance

Due to the coronavirus pandemic the students that were due to commence their training in September 2020, eventually started in May 2021.

Despite the logistic challenge of such a delay, we were able to deliver a course to the students which matched their expectations and our high standards.

The school had monitored the impact of the coronavirus on the industry, and in the context of group activity. We wisely chose to delay to minimise the effect on the training. The student cohort were supported throughout their absence from the start of training with pastoral care administered by the Course Manager and Principal, with regular full intake online video meetings to maintain the company cohesiveness and peer support.

Towards the end of 2021 the school presented two highly regarded and hugely successful shows at the Union Theatre in central London. *Children of Eden* was directed by Graham Hubbard who had been an original cast member of the piece back in 1992 when it first emerged in the West End, and the highly regarded Shaun Kerrison directed *The Drowsy Chaperone*. Both shows elicited an enthusiastic response from the public and the industry.

The following are the reviews of the two productions from musicaltheatrereview.com:

Children of Eden, performed by London School of Musical Theatre students, continues at the Union Theatre, London until 18 December 2021.

Star rating: four stars ★ ★ ★ ★ ☆

It's a simple piece which more or less follows the Biblical account of the creation on into the descendants of Adam and Eve, blighted by the curse of Cain. Noah and his family with hints of Jonah, Abraham and Isaac follow.

Premiered in 1991 it never really caught on commercially but it is a perfect show for a drama school – lots of meaty main roles, smaller solo parts and plenty of ensemble work.

London School of Musical Theatre (LSMT) has really run with this gentle epic which celebrates family life along with love, redemption and forgiveness.

My first accolade goes to director Graham Hubbard and Christopher Tendai who staged some of the choreography. Somehow they manage to get 20 people on and off and moving dynamically on David Shields' ingenious split level set in the Union Theatre's very small space without it ever looking crowded or contrived.

The serpent sequence, in which a team of seven female cast members in shiny red wigs, fishnets and bustiers form the seductive, writhing beast, is particularly memorable.

Anneka Needham is serenely magisterial as Father, the controlling "God" figure. She commands the stage with authority and sings beautifully.

So does Hannah Edser as Eve and Mother Noah, first appearing as a young innocent and eventually becoming an anxious matriarch – a fine performance.

Ollie Wray matches her well, as Adam and Noah – the former in simple jeans and the latter in naval uniform. He is a totally convincing actor and sings with warmth.

There's a startling moment when João Basílio sings four lines from the balcony and suddenly we're in a different world. He has a gloriously accurate high tenor voice and I wasn't surprised to read in the programme that he studied classical music first. Let's hear more of him very soon, please.

But I think it is the ensemble work which I shall remember most about this production. Whether they are kneeling, stamping, silent or still the grey robed storytellers are effective without ever being showy.

THEATRICAL EDUCATIONAL SERVICES LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Stephen Schwartz's score includes some outstanding music, accompanied here by a good four piece band (MD Tim Jackson) concealed behind a curtain at the side of the stage. The woodwind work (Rosie Reed) in particular is very evocative. Influences of Haydn's Creation are very clear in the orchestration.

When the music is choral Hubbard allows his cast to stand and deliver so that the music does the work – and we're allowed to listen to it without distraction and I like that.

The 'Children of Eden' number which ends Act I, for example, is so movingly sung in this production that I had to find a tissue. And I don't know whose idea it was to have the cast show climate change photographs at the same time but it's very powerful – as is the Extinction Rebellion reference at the beginning of Act II. Eden is indeed a metaphor for our times.

Susan Elkin

The Drowsy Chaperone was performed by London School of Musical Theatre students at the Union Theatre, London.

Star rating: five stars ★ ★ ★ ★ ★

This might not have been an in-house production at the Union Theatre, but that doesn't mean it wasn't of the same top quality. This London School of Musical Theatre production of The Drowsy Chaperone was a pure thrill from beginning to end.

In these grim and heavy times, such a light, funny and fast-paced musical-within-a-comedy was the perfect choice indeed, especially since producer Adrian Jeckells had the good idea to make some appropriate tweaks and take some liberties to ensure the show was also relevant to today.

Despite its Tony-winning successful run on Broadway, Lisa Lambert and Greg Morrison's tuneful score and Bob Martin and Don McKellar's hilarious book lasted barely a hundred performances at the Novello Theatre in the West End in 2007, and, apart from an excellent in-house production at Upstairs at the Gatehouse a few years later, this was a rare occasion for a London audience to get another crack at this little gem of a show — and what a cast.

As the Man in Chair, Nicholas Follows is much more engaging and closer to the audiences than in the original. As for Grace McGill, she owes nothing to Sutton Foster as diva Janet van de Graaff, not even the high extensions and long notes. As womaniser Adolpho, Martim Fornetti also impresses. The choreography by tap dancing expert Jo McShane is of West End calibre, and so are the sets and period costumes by David Shields and clever direction by Shaun Kerrison.

It's interesting — after seeing this highly professional production, the Jerry Herman concert at the Royal Academy and Bandstand at Arts Ed last month — to realise that school productions are now often more entertaining than West End shows. Maybe it's because they don't have the same commercial imperatives, maybe it's because we have the chance today to see the stars of tomorrow.

Patrick Honoré

THEATRICAL EDUCATIONAL SERVICES LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Student Funding Support

There were 40 graduating students in the year ending 31st December 2021, and the fees were £16,100. The course had a delayed start which resulted in it finishing at the end of February 2022.

The Trustees understand that LSMT must operate for the public benefit, and in particular are committed to supporting those that need financial assistance in order to attend our organisation. In total we distributed £52,000 (2020: £46,000) in funding which represents a considerable percentage of our overall turnover and demonstrates our continued commitment to this aim.

LSMT gave grants against fees, as follows:

Fiona Stephenson Grant	- £1,500
George Peabody Performing Arts Grant	- £5,000

A further £45,500 was distributed in different amounts ranging from £500 to £5,000 according to the need and submitted grant application of the individual.

Support For Ethnic Diversity and Inclusivity

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.

We appointed a new trustee in 2021 which diversified the ethnicity of our board, and we have increased representation of staff from diverse heritage across the entire teaching faculty in all departments to better represent the community in which we operate.

The intention of increasing diverse ethnic and cultural representation in our staff is to assure students who attend, that our organisation recognises their contribution to the industry and also that they have people to approach to discuss all aspects of representation and recognition should they wish to explore this aspect.

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

Inclusive Practice
Unconscious Bias
Diversity in Arts Education.

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. A new landlord now owns the site and is currently exploring the potential for redevelopment.

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

However, the period absent from the site during any building works might prevent us from awaiting this outcome and we continue our search for suitable premises to replace our current home.

THEATRICAL EDUCATIONAL SERVICES LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Financial review

The charity suffered a deficit for the year of £1,696, compared to the previous deficit of £62,155 which was an extended accounting period of 16 months to 31 December 2020.

The deficit can be attributed to the pandemic lock-down which occurred in the first few months of 2021 resulting in the start of the 2021 course being delayed and not being completed until the end of February 2022. In the accounts the fee income has been apportioned accordingly by reference to costs incurred in each accounting period.

Some costs have reduced proportionately, such as tutors fees, but others haven't and consequently, due to this and the lower income, the deficit has resulted.

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). This enabled the organisation to claim government financial support during this period.

The above measure along with the full retention of the student intake kept the organisation a going concern and on track for financial stabilisation.

Lock-downs are now, hopefully, behind us. During the current year the 2022 course will begin and end in the calendar year with a half complement of 20 students and in September an overlapping course of 30 students will commence and run until July 2023, after which, it is planned, the pre-pandemic course level of 40 plus students will return.

Due to course fees being paid in advance we have been able to meet all financial obligations as they fall due, although astute financial management aims to ensure that funding is adequate to complete each course. These financial obligations include a Coronavirus Bounce-Back Loan which is being repaid in instalments and is due to be fully repaid in May 2026.

In consideration of the above the Trustees consider the charity to be a going concern for at least the foreseeable 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.

At the end of the accounting year to December 2021 the charity does not have reserves, but as explained above, with the pandemic behind us a stronger and more sustainable balance sheet is projected.

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 YEAR ENDED 31 DECEMBER 2021*

Risk Management including Current Risks

The principal risk faced by the charity lies in failing to generate sufficient income and resulting surpluses to build up reserves to face any difficult times that may arise in the future.

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.

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 continue stabilising and strengthening its financial health.

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: 4 August 2022

THEATRICAL EDUCATIONAL SERVICES LIMITED

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF THEATRICAL EDUCATIONAL SERVICES LIMITED

I report to the trustees on my examination of the financial statements of Theatrical Educational Services Limited (the charity) for the year ended 31 December 2021.

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: 4 August 2022

THEATRICAL EDUCATIONAL SERVICES LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

		Unrestricted funds 2021 (16 months) £	Unrestricted funds 2020 (16 months) £	Restricted funds 2020 (16 months) £	Total 2020 (16 months) £
	Notes				
Income from:					
Donations, grants and legacies	3	11,531	1,050	2,000	3,050
Charitable activities	4	558,941	656,114	-	656,114
Investments	5	73	603	-	603
Total income		<u>570,545</u>	<u>657,767</u>	<u>2,000</u>	<u>659,767</u>
Expenditure on:					
Charitable activities	6	<u>583,265</u>	<u>736,156</u>	<u>3,000</u>	<u>739,156</u>
Taxation	10	<u>(11,024)</u>	<u>(17,234)</u>	<u>-</u>	<u>(17,234)</u>
Total expenditure		<u>572,241</u>	<u>718,922</u>	<u>3,000</u>	<u>721,922</u>
Net expenditure for the year/ Net movement in funds		(1,696)	(61,155)	(1,000)	(62,155)
Fund balances at 1 January 2021		<u>(30,298)</u>	<u>30,857</u>	<u>1,000</u>	<u>31,857</u>
Fund balances at 31 December 2021		<u><u>(31,994)</u></u>	<u><u>(30,298)</u></u>	<u><u>-</u></u>	<u><u>(30,298)</u></u>

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

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 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Goodwill	11		7,450		7,975
Tangible assets	12		94,024		123,684
Current assets					
Debtors	13	390,573		664,174	
Cash at bank and in hand		38,924		5,824	
		<u>429,497</u>		<u>669,998</u>	
Creditors: amounts falling due within one year	15	<u>(528,128)</u>		<u>(787,472)</u>	
Net current liabilities			(98,631)		(117,474)
Total assets less current liabilities			2,843		14,185
Creditors: amounts falling due after more than one year	16		(34,837)		(44,483)
Net liabilities			<u>(31,994)</u>		<u>(30,298)</u>
Income funds					
Unrestricted funds			(31,994)		(30,298)
			<u>(31,994)</u>		<u>(30,298)</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2021.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year 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 4 August 2022

A W Jeckells
Trustee

Company Registration No. 03293892

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 Reporting period

The charity extended its accounting period from 31 August 2020 to 31 December 2020. The reason for doing so was due to the rescheduling of the school year due to interruptions caused by the Covid-19 pandemic. The figures in the accounts for the current year are for a 12 month period but the comparative period covers 16 months and therefore the figures are not entirely comparable.

1.2 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.

1.3 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 finished in February 2022. A single intake has followed in March 2022 finishing in December 2022 and an intake of about 30 students is due to commence in September 2022 with plans afoot to ensure the necessary accommodation is available for the overlap. From September 2023 a full intake of at least 40 students is anticipated.

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.

1.4 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.

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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

1.5 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. In the event of a school year spanning more than one accounting period course revenue is apportioned between the accounting periods by reference to costs incurred in each period.

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.

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

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

1.7 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.

1.8 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 the statement of financial activities.

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.9 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).

1.10 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.

1.11 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.

1.12 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.

1.13 Retirement benefits

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

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 YEAR ENDED 31 DECEMBER 2021

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, grants and legacies

	Unrestricted funds	Unrestricted funds	Restricted funds	Total
	2021	2020	2020	2020
	(16 months)	(16 months)	(16 months)	(16 months)
	£	£	£	£
Donations and gifts	1,531	1,050	2,000	3,050
Coronavirus Job Retention Scheme	10,000	-	-	-
	<u>11,531</u>	<u>1,050</u>	<u>2,000</u>	<u>3,050</u>

4 Charitable activities

	Unrestricted funds	Unrestricted funds
	2021	2020
	(16 months)	(16 months)
	£	£
Course fees	544,180	651,438
Audition income	190	3,320
Box income	9,846	60
Rental income	2,790	238
Other income	1,935	1,058
	<u>558,941</u>	<u>656,114</u>

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Investments

	Unrestricted funds	Unrestricted funds
		(16 months)
	2021	2020
	£	£
Bank interest receivable	73	603

6 Charitable activities

	Charitable activities 2021	Support costs 2021	Total 2021	Charitable activities 2020	Support costs 2020	Total 2020
	£	£	£	£	£	£
Staff costs	78,807	48,025	126,832	100,119	56,387	156,506
Depreciation	31,464	-	31,464	42,835	-	42,835
Rent, rates, and water	83,117	-	83,117	91,798	-	91,798
Trade mark licence	20,000	-	20,000	40,000	-	40,000
London School of Musical Theatre grants and charitable awards	52,000	-	52,000	48,000	-	48,000
Costs of production	104,118	-	104,118	141,472	-	141,472
Advertising and promotion	4,283	-	4,283	5,137	-	5,137
Tutors fees	88,913	-	88,913	119,704	-	119,704
Establishment expenses	27,097	13,667	40,764	30,631	21,575	52,206
Office expenses	3,617	1,825	5,442	3,742	4,773	8,515
Travel and subsistence and outings	1,200	904	2,104	2,851	1,957	4,808
Miscellaneous expenses	-	1,224	1,224	-	1,864	1,864
Student maintenance grant	2,500	-	2,500	-	-	-
Cost of goods for resale	775	-	775	588	-	588
	497,891	65,645	563,536	626,877	86,556	713,433
Share of support costs (see note 7)	-	14,329	14,329	-	19,705	19,705
Share of governance costs (see note 7)	-	5,400	5,400	-	6,018	6,018
	497,891	85,374	583,265	626,877	112,279	739,156
Analysis by fund						
Unrestricted funds	497,891	85,374	583,265	623,877	112,279	736,156
Restricted funds	-	-	-	3,000	-	3,000

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Support costs

	Support costs	Governance costs	2021	Support costs	Governance costs	2020
	£	£	£	(16 months)	(16 months)	(16 months)
	£	£	£	£	£	£
Professional fees	11,848	-	11,848	13,024	-	13,024
Provision for bad debts	26	-	26	4,594	-	4,594
Interest paid and bank charges	2,455	-	2,455	2,087	-	2,087
Accountancy fees	-	5,400	5,400	-	6,018	6,018
	<u>14,329</u>	<u>5,400</u>	<u>19,729</u>	<u>19,705</u>	<u>6,018</u>	<u>25,723</u>
Analysed between						
Charitable activities	<u>14,329</u>	<u>5,400</u>	<u>19,729</u>	<u>19,705</u>	<u>6,018</u>	<u>25,723</u>

Governance costs includes a payment to the accountants of £600 (2020- £600) for the independent examination fee.

8 Trustees

During the year Mr A Jeckells was paid a salary during the 12 month period of £63,000 (Period to 31 December 2020: £77,250) and pension contributions of £12,000 (Period to 31 December 2020: £16,000) 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.

9 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
	<u>3</u>	<u>3</u>
Employment costs	2021	2020
	£	(16 months) £
Wages and salaries	100,750	125,983
Social security costs	5,639	10,157
Other pension costs	12,765	16,992
	<u>119,154</u>	<u>153,132</u>

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

9 Employees

(Continued)

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2021 Number	2020 Number
£60,001 to £70,000	1	-
£70,001 to £80,000	-	1
	<u> </u>	<u> </u>

10 Taxation

	Unrestricted funds 2021	Unrestricted funds (16 months) 2020 £
Theatre tax relief	(11,024)	(17,234)
	<u> </u>	<u> </u>
	(11,024)	(17,234)
	<u> </u>	<u> </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.

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2021 and 31 December 2021	40,500
	<u> </u>
Amortisation and impairment	
At 1 January 2021	32,525
Amortisation charged for the year	525
	<u> </u>
At 31 December 2021	33,050
	<u> </u>
Carrying amount	
At 31 December 2021	7,450
	<u> </u>
At 31 December 2020	7,975
	<u> </u>

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings and equipment	Total
	£	£	£
Cost			
At 1 January 2021	346,449	123,534	469,983
Additions	-	1,279	1,279
At 31 December 2021	346,449	124,813	471,262
Depreciation and impairment			
At 1 January 2021	256,604	89,695	346,299
Depreciation charged in the year	25,671	5,268	30,939
At 31 December 2021	282,275	94,963	377,238
Carrying amount			
At 31 December 2021	64,174	29,850	94,024
At 31 December 2020	89,845	33,839	123,684

13 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Accounts receivable	344,757	600,851
Corporation tax recoverable	11,025	17,234
Other debtors	28,311	18,700
Prepayments and accrued income	6,480	27,389
	390,573	664,174

14 Loans and overdrafts

	2021	2020
	£	£
Bank overdrafts	-	9,322
Bank loans	44,483	49,482
Directors' loans	1,638	1,638
Loans from related parties	-	25,000
	46,121	85,442
Payable within one year	11,284	40,959
Payable after one year	34,837	44,483

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Loans and overdrafts

(Continued)

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.

15 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	14	9,646	14,321
Other borrowings		1,638	26,638
Other taxation and social security		2,779	3,636
Accounts payable		43,335	71,459
Other creditors		200	200
Accruals and deferred income		470,530	671,218
		<u>528,128</u>	<u>787,472</u>

16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans	14	34,837	44,483

17 Related party transactions

Transactions with related parties

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

Mr Lee was paid a salary of £6,000 (Period ended December 2020: £7,400) during the period for his work as financial controller. He was also paid £20,000 in respect of a Trade Mark licence agreement for the use of his intellectual property (Period ended December 2020: £40,000). 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.

Document Activity Report

Document Sent Thu, 04 Aug 2022 09:50:06 GMT

Document Approval Status Approved

Approval Activity Summary

Adrian Jeckells Approved Thu, 04 Aug 2022 11:10:30 GMT

Document Activity History

Document history shows most recent activity first

Date	Activity
Fri, 05 Aug 2022 15:42:11 GMT	Glenn Lee viewed the document
Fri, 05 Aug 2022 15:39:52 GMT	Glenn Lee viewed the document
Fri, 05 Aug 2022 15:38:50 GMT	Glenn Lee viewed the document
Fri, 05 Aug 2022 15:38:48 GMT	Glenn Lee viewed the document
Thu, 04 Aug 2022 12:10:13 GMT	Adrian Jeckells Approved the document
Thu, 04 Aug 2022 12:08:03 GMT	Adrian Jeckells viewed the document
Thu, 04 Aug 2022 11:01:57 GMT	Document Sent