

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 2022

THEATRICAL EDUCATIONAL SERVICES LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	A W Jeckells J R Ronane A Chevannes
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 - 5
Independent examiner's report	6
Statement of financial activities	7
Balance sheet	8
Notes to the financial statements	9 - 18

THEATRICAL EDUCATIONAL SERVICES LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2022

The Trustees present their report and independently examined financial statements for the year to 31st December 2022.

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 2022, the company was entitled to exemption from audit under section 477 of the companies act relating to small companies.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply 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)" (effective 1 January 2019).

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

A Chevannes

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.

THEATRICAL EDUCATIONAL SERVICES LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2022*

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.

Achievements and performance

Recruitment of students for purely vocational training in the theatre arts sector was affected in this period by the perceived reduced employment opportunity, within the theatre industry, post pandemic. Many young people chose to apply to study a formal degree in order to have a back-up qualification, rather than embark on a course aimed entirely at career aspiration and whose reputation has been established for enabling employment success.

Despite this factor, the school maintained an ethical approach by continuing to only offer places to those that were determined as being of the required potential to benefit from the specific training duration the course offers. On this basis, the school decided to run a reduced capacity course representing half the usual intake, from March 2022 to 31st December 2022, with a larger cohort of thirty individuals commencing in September 2022 to return to the previously established period for delivery.

For the purpose of this report the artistic achievements, nurturing of talent and career development concentrate on the reduced capacity course starting in March and finishing within the designated report period (January 1st to December 31st 2022). The Financial Statements include a suitable proportion of income from the previous trading year in respect of a final term delivered in January and February 2022 for a pandemic delayed course, and a proportion of funds received in respect of the September 2022 intake suitably apportioned for the delivery of two terms relevant to it.

However, the charitable objectives and artistic achievement of that later course will be contained in the next Trustee report when principal activity such as the Main Production, falls into that report period.

THEATRICAL EDUCATIONAL SERVICES LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Term Two Presentation

Princess Phyllida's Fortnight by Charles Miller and Tim Sanders.
Directed by Fenton Gray
Choreography by Bibi Jay
Designed by Rueben Speed

The term two piece is presented in the main hall at the LSMT building, with some lighting, costumes and an invited audience. It is a valued experience for the participants demonstrating the required speed of learning and delivery standard, expected in the professional industry.

The school is privileged to have as affiliated composer Charles Miller, whose works have been professionally produced throughout the UK, and abroad.

His connection with the school often offers the opportunity for students to develop a character and performance on a new piece. It allows the actor to develop and create a performance, unhindered by the influence of a former interpretation.

The students presenting Princess Phyllida's Fortnight rose to the challenge of delivery, and benefited from portraying the characters in the piece, and conveying the story.

Agent Placement

At LSMT students are given the best opportunity for career development, by auditioning for a selection of agents in the final term, in order to secure professional representation. The agents are able to select which material they hear from each student's portfolio, as well as have the invaluable opportunity of meeting the person face to face. The twenty students that graduated in December 2022, were offered private auditions with thirty-two Agents.

Fifteen were signed from this audition process, and a further two were placed by a direct approach from the Principal, to known industry contacts.

Main Production/Public Presentation

The show was presented in the thriving and highly regarded Union Theatre, in Southwark. Situated within easy reach of the LSMT building, the entire production term consisting of the rehearsal period within the Union designated rehearsal space, and the subsequent performances within their Theatre, entirely suited a training which gives an authentic experience of mounting a professional endeavour in suitable premises.

The show chosen was, Love's Labour's Lost. The following extracts are from a four star review by Jeremy Chapman, for Musical Theatre Review:

'Using a mix of Shakespeare's own prose and verse with the modern American-accented vernacular and a pop-rock score by Michael Friedman, book adapter Alex Timbers has come up with a madcap coming-of-age celebration of true love while touching on deeper issues of education and entitlement. Premiered at the Delacorte Theatre in New York in 2013 and rarely heard of since, it proves an ideal vehicle for the cohort of London School of Musical Theatre students graduating in December to show off their vocal and dance skills and their adaptability in working well as a team.'

'Somehow all 20 cast members and musical director Andrew Hilton's hard-working band of four manage to shoehorn into the bijou Union stage – at the same time on more than one occasion. The two-level set is a masterly creation by Zoe Hurwitz (also in charge of the costumes) and there's nothing but praise for Simon Hardwick's bright choreography or Adam King's inventive lighting. It is director Rafferty's debut for LSMT but surely not the last she collaborates with the company.'

'An evening brimming with talent.'

THEATRICAL EDUCATIONAL SERVICES LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Student Funding Support

There were 20 students on the course ending 31st December 2022, and the fees were £16,500.

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. We were able to offer nine of the students grants towards fees, and in total we distributed £24,000,

1 * £5,000

2 * £3,000

4 * £2,500

1 * £2,000

1 * £1,000

The application system for these LSMT awarded grants involves a declaration from the applicant outlining the need for financial assistance, answers to some relevant questions pertaining to wherewithal, and further information to assist the assessment process. All applicants are adults, and the right to some confidentiality is respected. The Trustees are tasked with assessment of the applications, endeavouring to offer the most funding to the most in need of support.

LSMT Building

We continue to be based in the building that has fulfilled our requirements for over twenty years. The landlord has confirmed our tenure until the end of our current lease on 31st June 2024, which enables the next course commencing in September 2023 to be delivered entirely at the premises.

As planning consent and the future schedule of re-development of the Borough Triangle site are yet to be confirmed, a continued LSMT tenure beyond the current lease could occur. However, in order to practise a prudent and well managed approach LSMT is considering any suitable buildings that arise, for planning future delivery of its charitable objectives. This is an important change, and any site considered must properly serve the needs of the charity.

Financial review

The charity suffered a deficit for the year of £26,772, having made a deficit of £1,696 in the previous year to 31 December 2021.

The charity is recovering well from the Pandemic. During the year one course was completed which commenced in 2021, another course started and finished in the year with a reduced intake and a third course commenced in September overlapping the previous course with more students but still not a full complement. Additional premises were hired to cater for the overlap.

Tutors fees have increased disproportionately due to smaller class sizes and therefore despite an overall increase in income from course fees compared to 2021, the charity has registered the deficit, as referred to above.

The course commencing in September 2023 has a full compliment of students and therefore, after the disruptions of the last few years operations are finally back to normal.

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.

THEATRICAL EDUCATIONAL SERVICES LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2022*

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 2022 the charity does not have reserves, but as explained above, with the pandemic behind us and recruitment parameters stronger, a 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.

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 in order to financially meet its objectives. The increased marketing approach and the promotion of career opportunity led by success of alumni, has led to a reasonable intake in September 2022, and the subsequent application rate for the course commencing in September 2023, indicates a return to the usual full cohort of students.

Plans for Future Periods

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

The school 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.

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

A W Jeckells

Trustee

Dated: 22 September 2023

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 2022.

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: 22 September 2023

THEATRICAL EDUCATIONAL SERVICES LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

		Unrestricted funds 2022	Restricted funds 2022	Total Unrestricted funds 2022	Total Unrestricted funds 2021
	Notes	£	£	£	£
Income from:					
Donations, grants and legacies	3	2,052	5,750	7,802	11,531
Charitable activities	4	632,973	-	632,973	558,941
Investments	5	181	-	181	73
Total income		635,206	5,750	640,956	570,545
Expenditure on:					
Charitable activities	7	670,906	2,750	673,656	583,265
Taxation	10	(5,928)	-	(5,928)	(11,024)
Total expenditure		664,978	2,750	667,728	572,241
Net (expenditure)/income for the year/ Net movement in funds		(29,772)	3,000	(26,772)	(1,696)
Fund balances at 1 January 2022		(31,994)	-	(31,994)	(30,298)
Fund balances at 31 December 2022		(61,766)	3,000	(58,766)	(31,994)

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 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Goodwill	11		6,925		7,450
Tangible assets	12		65,569		94,024
Current assets					
Debtors	13	90,294		390,573	
Cash at bank and in hand		172,188		38,924	
		<u>262,482</u>		<u>429,497</u>	
Creditors: amounts falling due within one year	15	(368,796)		(528,128)	
Net current liabilities			(106,314)		(98,631)
Total assets less current liabilities			(33,820)		2,843
Creditors: amounts falling due after more than one year	16		(24,946)		(34,837)
Net liabilities			<u>(58,766)</u>		<u>(31,994)</u>
Income funds					
Restricted funds			3,000		-
Unrestricted funds			(61,766)		(31,994)
			<u>(58,766)</u>		<u>(31,994)</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 2022.

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 22 September 2023

A W Jeckells
Trustee

Company Registration No. 03293892

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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 two delays in the courses caused by lockdowns due to the Coronavirus pandemic the school is back to operating normally again. The September 2023 has a full intake of students.

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.

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.

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

1.5 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.

1.6 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 the statement of financial activities.

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).

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

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 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 2022

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	Restricted funds	Total	Unrestricted funds
	2022	2022	2022	2021
	£	£	£	£
Donations and gifts	2,052	5,750	7,802	1,531
Coronavirus Job Retention Scheme	-	-	-	10,000
	<u>2,052</u>	<u>5,750</u>	<u>7,802</u>	<u>11,531</u>

4 Charitable activities

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Course fees	622,213	544,180
Audition income	548	190
Box income	3,984	9,846
Rental income	2,820	2,790
Other income	3,408	1,935
	<u>632,973</u>	<u>558,941</u>

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

5 Investments

	Unrestricted funds	Unrestricted funds
	2022 £	2021 £
Bank interest receivable	181	73

6 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
	3	3

Employment costs

	2022 £	2021 £
Wages and salaries	101,457	100,750
Social security costs	6,252	5,639
Other pension costs	12,769	12,765
	120,478	119,154

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

	2022 Number	2021 Number
£60,001 to £70,000	1	1

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Charitable activities

	Charitable activities 2022	Support costs 2022	Total 2022	Charitable activities 2021	Support costs 2021	Total 2021
	£	£	£	£	£	£
Staff costs	79,767	55,011	134,778	78,807	48,025	126,832
Depreciation	30,869	-	30,869	31,464	-	31,464
Rent, rates, and water	96,677	-	96,677	83,117	-	83,117
Trade mark licence	30,000	-	30,000	20,000	-	20,000
London School of Musical Theatre grants and charitable awards	40,750	-	40,750	52,000	-	52,000
Costs of productions	78,024	-	78,024	104,118	-	104,118
Advertising and promotion	7,093	-	7,093	4,283	-	4,283
Tutors fees	169,818	-	169,818	88,913	-	88,913
Establishment expenses	26,827	23,921	50,748	27,097	13,667	40,764
Office expenses	4,199	2,728	6,927	3,617	1,825	5,442
Travel and subsistence and outings	4,644	808	5,452	1,200	904	2,104
Miscellaneous expenses	-	2,586	2,586	-	1,224	1,224
Student maintenance grant	600	-	600	2,500	-	2,500
Cost of goods for resale	330	-	330	775	-	775
	569,598	85,054	654,652	497,891	65,645	563,536
Share of support costs (see note 8)	-	13,424	13,424	-	14,329	14,329
Share of governance costs (see note 8)	-	5,580	5,580	-	5,400	5,400
	569,598	104,058	673,656	497,891	85,374	583,265
Analysis by fund						
Unrestricted funds	566,848	104,058	670,906	497,891	85,374	583,265
Restricted funds	2,750	-	2,750	-	-	-
	569,598	104,058	673,656	497,891	85,374	583,265

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

8 Support costs

	Support costs	Governance costs	2022	Support costs	Governance costs	2021
	£	£	£	£	£	£
Professional fees	11,236	-	11,236	11,848	-	11,848
Provision for bad debts	40	-	40	26	-	26
Interest paid and bank charges	2,148	-	2,148	2,455	-	2,455
Accountancy fees	-	5,580	5,580	-	5,400	5,400
	<u>13,424</u>	<u>5,580</u>	<u>19,004</u>	<u>14,329</u>	<u>5,400</u>	<u>19,729</u>
Analysed between Charitable activities	<u>13,424</u>	<u>5,580</u>	<u>19,004</u>	<u>14,329</u>	<u>5,400</u>	<u>19,729</u>

Governance costs includes a payment to the accountants of £600 (2021- £600) for the independent examination fee.

9 Trustees

During the year Mr A Jeckells was paid a salary during the 12 month period of £63,500 (Year to 31 December 2021: £63,000) and pension contributions of £12,000 (Year to 31 December 2021: £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.

10 Taxation

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Theatre tax relief	(5,928)	(11,024)
	<u>(5,928)</u>	<u>(11,024)</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 YEAR ENDED 31 DECEMBER 2022

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2022 and 31 December 2022	40,500
Amortisation and impairment	
At 1 January 2022	33,050
Amortisation charged for the year	525
At 31 December 2022	33,575
Carrying amount	
At 31 December 2022	6,925
At 31 December 2021	7,450

12 Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2022	346,449	124,812	471,261
Additions	-	1,890	1,890
At 31 December 2022	346,449	126,702	473,151
Depreciation and impairment			
At 1 January 2022	282,275	94,963	377,238
Depreciation charged in the year	25,671	4,673	30,344
At 31 December 2022	307,946	99,636	407,582
Carrying amount			
At 31 December 2022	38,503	27,066	65,569
At 31 December 2021	64,174	29,850	94,024

13 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Accounts receivable	18,101	344,757
Corporation tax recoverable	5,929	11,025
Other debtors	17,635	28,311
Prepayments and accrued income	48,629	6,480
	90,294	390,573

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

14 Loans and overdrafts

	2022 £	2021 £
Bank loans	34,836	44,483
Directors' loans	-	1,638
	<u>34,836</u>	<u>46,121</u>
Payable within one year	9,890	11,284
Payable after one year	<u>24,946</u>	<u>34,837</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.

15 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	14	9,890	9,646
Other borrowings		-	1,638
Other taxation and social security		2,766	2,779
Accounts payable		42,669	43,335
Other creditors		2,000	200
Accruals and deferred income		311,471	470,530
		<u>368,796</u>	<u>528,128</u>

16 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans	14	<u>24,946</u>	<u>34,837</u>

THEATRICAL EDUCATIONAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

17 Analysis of net assets between funds

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total Unrestricted funds 2022 £	2021 £
Fund balances at 31 December 2022 are represented by:				
Intangible fixed assets	6,925	-	6,925	7,450
Tangible assets	65,569	-	65,569	94,024
Current assets/(liabilities)	(109,314)	3,000	(106,314)	(98,631)
Long term liabilities	(24,946)	-	(24,946)	(34,837)
	<u>(61,766)</u>	<u>3,000</u>	<u>(58,766)</u>	<u>(31,994)</u>

18 Operating lease commitments

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

	2022 £	2021 £
Between two and five years	<u>108,000</u>	<u>180,000</u>

19 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 (2021: £6,000) during the period for his work as financial controller. He was also paid £30,000 in respect of a Trade Mark licence agreement for the use of his intellectual property (2021: £20,000). The TM licence agreement has been in operation since 28th November 2007. The licence agreement was waived by Mr Lee for the first 4 months of 2021 to assist the charity financially in the Pandemic.