

REGISTERED NUMBER: 02749258 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019
FOR
ACCESS TO MUSIC LIMITED**



ACCESS TO MUSIC LIMITED

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FOR THE YEAR ENDED 31 JULY 2019**

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ACCESS TO MUSIC LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2019**

DIRECTORS: A Armstrong
D Powell
J H Taylor
J W Beaumont

REGISTERED OFFICE: Heath Mill Studios
68 Heath Mill Lane
Digbeth
Birmingham
West Midlands
B9 4AR

BUSINESS ADDRESS: 26 Hulme Street
Manchester
M1 5BW

REGISTERED NUMBER: 02749258 (England and Wales)

SENIOR STATUTORY AUDITOR: Valerie Wood

AUDITORS: DPC Accountants Limited
Stone House
Stone Road Business Park
Stoke on Trent
ST4 6SR

BANKERS: Royal Bank of Scotland plc
38 Mosley Street
Manchester
M60 2BE

ACCESS TO MUSIC LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019

The directors present their strategic report for the year ended 31 July 2019.

Review of the business

The company's principal activities during the year continued to be state funded educational and vocational training provision, mainly in the subject areas of music, digital and sport related industries.

100% of the share capital of Martinez Investment Limited (Access to Music Limited parent company) was acquired on March 4th 2020 by Project Alpha Bidco Limited, a wholly owned subsidiary of Project Alpha Midco Limited, a wholly owned subsidiary of the Group company Project Alpha Topco Limited. The activities of the Group will not change following the acquisition and all of the existing Directors remain Directors of the new companies.

The key financial and other performance indicators during the year were as follows:

	2019 (£)	2018 (£)	Change (%)
Turnover	16,930,568	13,603,668	24.50
Operating profit	656,122	222,735	194.60
Profit before tax	748,730	348,151	115.10
Equity shareholders' funds	7,718,781	7,785,438	(0.90)
Education Funding Agency (EFA) Learner Numbers	3,065	2,625	16.80

Turnover increased by 24.5% during the year due to a refocus on core 16-18 Further Education and the expected unwind of 'lagged' growth from the ESFA allocation statement as reported last year.

Total operating profit increased 194.6% during the year as a result of the strategic decision to grow 16-18 learner numbers over the EFSA funding allocation and by taking on more sub-contract delivery. The same approach has been taken in 18/19 and a further increase should be unwinding in 19/20.

Profit before tax increased by 115.1% during the year. Profit before tax did not increase in proportion to the increase in operating profit due to the additional lending costs incurred by the company.

Shareholders' funds reduced by 0.9% due to the dividend paid (£700k) and retained earnings in the year.

EFA learner numbers is a key indicator given the fixed rate income received by the Government for each learner. Growth is also capped in the year to a maximum of £1m so any over-delivery of learners in excess of the cap is expected to be funded by the provider in full. During the year ESFA learner numbers increased 16.8% as the strategic approach to focus on this provision was realised.

Due to the 'lagged' funding method of the ESFA, the related turnover increase from these extra learners will be crystallised in year ending July 2020.

At the time of report writing the learner numbers in the current year have exceeded budget and will result in c. £1.5m of over-delivery in 2020.

ACCESS TO MUSIC LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2019**

Principal risks and uncertainties

Competitive Risks

The availability of funding from the ESFA is by specific contract with high barriers to entry. As the largest ITP in England we are well placed to maintain our market share in core music provision courses while also expanding into new curriculum areas of Digital, Games Design and Sports.

Legislative Risks

The core ESFA contracts are Government led and therefore open to change between parliamentary terms. It is not expected that any significant change will happen to 16-18 year old funding from the ESFA over the next three years.

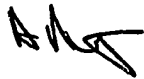
Exposure to price, credit, liquidity and cash flow risk

The national funding formula for 16-18 year olds can be reviewed annually with rate changes and cash receipt dates open to review. These are still set annually in advance for the year so impacts can be planned well in advance and risks mitigated.

Covid-19

The Covid-19 impact on the business is limited due to the core ESFA funding stream and notification that allocation statements and payment profiles will be sent to providers as normal. The Students learning has not been impacted due to a switch to distance learning and this will be continued until further notification around the re-opening of Colleges.

ON BEHALF OF THE BOARD:



A Armstrong - Director

9 April 2020

ACCESS TO MUSIC LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2019

The directors present their report with the financial statements of the company for the year ended 31 July 2019.

DIVIDENDS

Particulars of recommended dividends are detailed in note 9 to the financial statements.

RESEARCH AND DEVELOPMENT

Research and development expenditure is written off in the year in which it is incurred.

FUTURE DEVELOPMENTS

Likely future developments in the business of the entity have been disclosed in the strategic report of the consolidated financial statements.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2018 to the date of this report.

A Armstrong
D Powell
J H Taylor

Other changes in directors holding office are as follows:

J W Beaumont was appointed as a director after 31 July 2019 but prior to the date of this report.

DISCLOSURE IN THE STRATEGIC REPORT

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The strategic report can be found on page 2 of these financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

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

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

ACCESS TO MUSIC LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2019**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

ON BEHALF OF THE BOARD:



A Armstrong - Director

9 April 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ACCESS TO MUSIC LIMITED

Opinion

We have audited the financial statements of ACCESS TO MUSIC LIMITED (the 'company') for the year ended 31 July 2019 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ACCESS TO MUSIC LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Report of the Auditors to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Report of the Auditors. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ACCESS TO MUSIC LIMITED**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Valerie Wood (Senior Statutory Auditor)
for and on behalf of DPC Accountants Limited
Stone House
Stone Road Business Park
Stoke on Trent
ST4 6SR

Date: 17th April 2020

ACCESS TO MUSIC LIMITED**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 JULY 2019**

	Notes	31.7.19 £	31.7.18 £
TURNOVER	3	16,930,568	13,603,668
Cost of sales		<u>(12,346,990)</u>	<u>(9,970,696)</u>
GROSS PROFIT		4,583,578	3,632,972
Administrative expenses		<u>(3,938,456)</u>	<u>(3,421,237)</u>
		645,122	211,735
Other operating income		<u>11,000</u>	<u>11,000</u>
OPERATING PROFIT	5	656,122	222,735
Interest receivable and similar income		<u>151,239</u>	<u>147,071</u>
		807,361	369,806
Interest payable and similar expenses	7	<u>(58,631)</u>	<u>(21,655)</u>
PROFIT BEFORE TAXATION		748,730	348,151
Tax on profit	8	<u>(115,385)</u>	<u>(44,347)</u>
PROFIT FOR THE FINANCIAL YEAR		633,345	303,804
Retained earnings at beginning of year		7,785,436	7,681,632
Dividends	9	<u>(700,000)</u>	<u>(200,000)</u>
RETAINED EARNINGS AT END OF YEAR		<u><u>7,718,781</u></u>	<u><u>7,785,436</u></u>

The notes form part of these financial statements

ACCESS TO MUSIC LIMITED (REGISTERED NUMBER: 02749258)

**STATEMENT OF FINANCIAL POSITION
31 JULY 2019**

	Notes	31.7.19 £	31.7.18 £
FIXED ASSETS			
Tangible assets	10	2,325,550	1,639,820
Investments	11	2	2
		<u>2,325,552</u>	<u>1,639,822</u>
CURRENT ASSETS			
Debtors	12	8,790,326	7,502,951
Cash at bank and in hand		979,307	1,710,475
		<u>9,769,633</u>	<u>9,213,426</u>
CREDITORS			
Amounts falling due within one year	13	(2,525,098)	(2,271,045)
NET CURRENT ASSETS		<u>7,244,535</u>	<u>6,942,381</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,570,087</u>	<u>8,582,203</u>
CREDITORS			
Amounts falling due after more than one year	14	(1,680,797)	(703,932)
PROVISIONS FOR LIABILITIES	17	(170,507)	(92,833)
NET ASSETS		<u>7,718,783</u>	<u>7,785,438</u>
CAPITAL AND RESERVES			
Called up share capital	18	2	2
Retained earnings	19	7,718,781	7,785,436
SHAREHOLDERS' FUNDS		<u>7,718,783</u>	<u>7,785,438</u>

The financial statements were approved by the Board of Directors and authorised for issue on 9 April 2020 and were signed on its behalf by:



A Armstrong - Director

The notes form part of these financial statements

1. STATUTORY INFORMATION

ACCESS TO MUSIC LIMITED is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The principal activity of the company is to provide a range of state funded education and vocational training, mainly in the subject areas of music and related creative industries.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Financial Reporting Standard 102 - reduced disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Martinez Investments Limited which can be obtained from C/o DPC Accountants, Stone House, 55 Stone Road Business Park, Stoke on Trent, Staffordshire, ST4 6SR. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

As described in the accounting policies of the financial statements, depreciation of tangible fixed assets has been based on estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate. Revisions take into account actual asset lives and residual values as evidence by disposals during current and prior accounting periods.

Revenue recognition

Turnover represents income receivable for goods and services provided in the period, exclusive of Value Added Tax and trade discounts. Turnover is recognised in the academic year to which it relates.

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold property	- straight line over the life of the lease
Instruments	- 20% on cost
Fixtures and fittings	- 33% on cost
Motor vehicles	- 25% reducing balance

Expenditure on assets is capitalised if individual items exceed £1,000 or where the combined cost of groups of related assets purchased for specific projects exceeds £1,000.

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Grants received

Grants relating to capital expenditure on tangible assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grants relate.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Research expenditure is written off in the period in which it is incurred.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Dilapidation costs

Provision has been made at the year end for the cost of dilapidations which resulted from events prior to the Balance sheet date. Provision has also been made for one third of the dilapidation costs that will be due on leases which expire within three years of the Balance Sheet date. This will be reviewed annually by the directors.

2. ACCOUNTING POLICIES - continued

Employee benefits

The company provides a range of benefits to employees.

Short term benefits, including holiday pay, are recognised as an expense in the profit and loss account in the period in which they are incurred.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	31.7.19	31.7.18
	£	£
Rendering of services	16,930,568	13,603,668
	<u>16,930,568</u>	<u>13,603,668</u>
	<u><u>16,930,568</u></u>	<u><u>13,603,668</u></u>

ACCESS TO MUSIC LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019****3. TURNOVER - continued**

An analysis of turnover by geographical market is given below:

	31.7.19 £	31.7.18 £
United Kingdom	16,930,568	13,603,668
	<u>16,930,568</u>	<u>13,603,668</u>

4. EMPLOYEES AND DIRECTORS

	31.7.19 £	31.7.18 £
Wages and salaries	5,680,180	4,832,866
Social security costs	467,408	425,940
Other pension costs	120,851	97,839
	<u>6,268,439</u>	<u>5,356,645</u>

The average number of employees during the year was as follows:

	31.7.19	31.7.18
Total number of staff	<u>245</u>	<u>225</u>

The directors' aggregate remuneration in respect of qualifying services was:

	31.7.19 £	31.7.18 £
Directors' remuneration	198,853	224,768
Company contributions to defined contribution pension plans	10,000	55,277
	<u>208,853</u>	<u>280,045</u>

The number of directors who accrued benefits under company pension plans was as follows:

	31.7.19 £	31.7.18 £
Defined contribution plans	<u>1</u>	<u>1</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	31.7.19 £	31.7.18 £
Depreciation - owned assets	<u>517,824</u>	<u>434,842</u>

ACCESS TO MUSIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019**

6. AUDITORS' REMUNERATION		
	31.7.19	31.7.18
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>30,252</u>	<u>31,030</u>
7. INTEREST PAYABLE AND SIMILAR EXPENSES		
	31.7.19	31.7.18
	£	£
Interest on banks loans and overdrafts	57,219	9,754
Other interest payable and similar charges	<u>1,412</u>	<u>11,901</u>
	<u>58,631</u>	<u>21,655</u>
8. TAXATION		
Analysis of the tax charge		
The tax charge on the profit for the year was as follows:		
	31.7.19	31.7.18
	£	£
Current tax:		
UK corporation tax	65,880	57,000
Overprovision of corporation tax in prior periods	<u>(28,169)</u>	<u>(18,034)</u>
Total current tax	37,711	38,966
Deferred tax	<u>77,674</u>	<u>5,381</u>
Tax on profit	<u>115,385</u>	<u>44,347</u>
Reconciliation of total tax charge included in profit and loss		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:		
	31.7.19	31.7.18
	£	£
Profit before tax	<u>748,730</u>	<u>348,151</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	142,259	66,149
Effects of:		
Expenses not deductible for tax purposes	2,665	(592)
Capital allowances in excess of depreciation	(1,370)	(1,551)
Over/ under provision in the prior year	(28,169)	(18,034)
Group relief	-	(1,625)
Total tax charge	<u>115,385</u>	<u>44,347</u>

ACCESS TO MUSIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019**

9. DIVIDENDS

	31.7.19	31.7.18
	£	£
Ordinary shares of £1 each		
Equity dividends paid	<u>700,000</u>	<u>200,000</u>

10. TANGIBLE FIXED ASSETS

	Leasehold property £	Instruments £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 August 2018	2,884,421	383,372	1,726,666	110,936	5,105,395
Additions	819,116	-	276,658	107,780	1,203,554
At 31 July 2019	<u>3,703,537</u>	<u>383,372</u>	<u>2,003,324</u>	<u>218,716</u>	<u>6,308,949</u>
DEPRECIATION					
At 1 August 2018	1,799,720	368,684	1,280,781	16,390	3,465,575
Charge for year	228,567	10,746	252,237	26,274	517,824
At 31 July 2019	<u>2,028,287</u>	<u>379,430</u>	<u>1,533,018</u>	<u>42,664</u>	<u>3,983,399</u>
NET BOOK VALUE					
At 31 July 2019	<u>1,675,250</u>	<u>3,942</u>	<u>470,306</u>	<u>176,052</u>	<u>2,325,550</u>
At 31 July 2018	<u>1,084,701</u>	<u>14,688</u>	<u>445,885</u>	<u>94,546</u>	<u>1,639,820</u>

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

Motor vehicles at 2019: £176,052 (2018: £94,579).

11. FIXED ASSET INVESTMENTS

	Shares in group undertaking £
COST	
At 1 August 2018 and 31 July 2019	<u>2</u>
NET BOOK VALUE	
At 31 July 2019	<u>2</u>
At 31 July 2018	<u>2</u>

ACCESS TO MUSIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019**

11. FIXED ASSET INVESTMENTS - continued

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Live Atom Limited

Registered office: 26 Hulme Street, Manchester, M1 5BW

Nature of business: The company was dormant during the year

Class of shares:	% holding
Ordinary	100.00

12. DEBTORS

	31.7.19 £	31.7.18 £
Amounts falling due within one year:		
Trade debtors	110,085	59,454
Amounts owed by group undertakings	792	266,497
S455 tax recoverable	402,470	402,470
Directors' loan accounts	2,015,475	1,476,067
Prepayments and accrued income	1,015,806	257,153
	<u>3,544,628</u>	<u>2,461,641</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>5,245,698</u>	<u>5,041,310</u>
Aggregate amounts	<u>8,790,326</u>	<u>7,502,951</u>

The company charges 3% interest per annum on the amounts due from group undertakings after more than one year.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.19 £	31.7.18 £
Bank loans and overdrafts (see note 15)	377,566	334,915
Hire purchase contracts (see note 16)	18,238	9,549
Trade creditors	154,844	662,441
Amounts owed to group undertakings	181,478	-
Tax	107,123	50,029
Social security and other taxes	107,521	106,826
VAT	40,463	56,688
Other creditors	44,479	15,506
Accruals and deferred income	1,493,386	1,035,091
	<u>2,525,098</u>	<u>2,271,045</u>

ACCESS TO MUSIC LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019****13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

An unlimited inter-company guarantee exists between the company and Armstrong Learning Limited; Armstrong Works Limited; Live Atom Limited; and The British Academy Of New Music Limited.

There is a charge in favour of The Royal Bank of Scotland PLC dated 27 February 2020 giving a fixed and floating charge over all the assets of the company.

The bank loan is repayable over five years by monthly instalments. The interest rate is 2.75% above LIBOR.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.7.19	31.7.18
	£	£
Bank loans (see note 15)	1,308,775	394,254
Hire purchase contracts (see note 16)	152,022	78,678
Accruals and deferred income	220,000	231,000
	<u>1,680,797</u>	<u>703,932</u>

Deferred income relates to a government grant received that is being recognised over 30 years.

15. LOANS

An analysis of the maturity of loans is given below:

	31.7.19	31.7.18
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>377,566</u>	<u>334,915</u>
Amounts falling due between one and two years:		
Bank loans - 1-5 years	<u>1,308,775</u>	<u>394,254</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.7.19	31.7.18
	£	£
Net obligations repayable:		
Within one year	18,238	9,549
Between one and five years	152,022	78,678
	<u>170,260</u>	<u>88,227</u>

ACCESS TO MUSIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019**

16. LEASING AGREEMENTS - continued

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	31.7.19 £	31.7.18 £
Not later than 1 year	28,100	12,082
Later than 1 year and not later than 5 years	158,818	80,704
	<u>186,918</u>	<u>92,786</u>
Less: future finance charges	(16,658)	(4,559)
Present value of minimum lease payments	<u><u>170,260</u></u>	<u><u>88,227</u></u>

	Non-cancellable operating leases	
	31.7.19 £	31.7.18 £
Within one year	1,009,188	637,420
Between one and five years	2,469,899	873,814
In more than five years	1,394,886	244,589
	<u>4,873,973</u>	<u>1,755,823</u>

17. PROVISIONS FOR LIABILITIES

	31.7.19 £	31.7.18 £
Deferred tax		
Accelerated capital allowances	<u>170,507</u>	<u>92,833</u>
		Deferred tax £
Balance at 1 August 2018		92,833
Provided during year		77,674
Balance at 31 July 2019		<u><u>170,507</u></u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.7.19	31.7.18
Number:	Class:	Nominal value:	£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

19. RESERVES

Retained earnings - This reserve records retained earnings and accumulated losses.

ACCESS TO MUSIC LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019****20. PENSION COMMITMENTS**

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £118,351 (2018: £93,879).

21. OTHER FINANCIAL COMMITMENTS

The company guarantees bank borrowings of fellow group companies. The liabilities of the group covered by these guarantees totalled £Nil (2018: £Nil)

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 July 2019 and 31 July 2018:

	31.7.19 £	31.7.18 £
A Armstrong		
Balance outstanding at start of year	1,476,067	1,209,627
Amounts advanced	491,986	266,440
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>1,968,053</u>	<u>1,476,067</u>
D Powell		
Balance outstanding at start of year	-	-
Amounts advanced	61,432	-
Amounts repaid	(14,010)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>47,422</u>	<u>-</u>

By virtue of the loan accounts, an additional liability to taxation exists under section 455 of CTA 2010 in the sum of £176,933 which will be repaid or discharged when the loans are repaid. The loans have been repaid within nine months of the year end and as such, no provision for the taxation has been made.

23. RELATED PARTY DISCLOSURES

Details of the transactions between fellow group companies have not been disclosed in line with paragraph 33.1A of FRS102.

During the year, transactions took place with the following related parties:

i) DSR Investments Pension Scheme, a connected party

The two parties are connected because A Armstrong, the company director, is a trustee of the pension scheme. There was no balance due to the connected party at the start of the year. During the year, the company was charged rent of £30,000 to the pension scheme on an arms length basis, and paid £30,000. There was no balance due to the connected party at the end of the year.

ii) Armstrong Learning SSAS, a connected company

The two parties are connected because A Armstrong, the company director, is a trustee of the pension scheme. £nil was due to the connected party at the start of the year. During the year the company was charged rent of £18,500 by the pension scheme on an arms length basis, and paid £13,875. £4,625 was due to the connected party at the end of the year

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no material events up to the date of approval of the financial statements by the Board.

25. ULTIMATE CONTROLLING PARTY

The parent company is Armstrong Learning Limited which owned all of the issued share capital of the company throughout the current and prior year. Armstrong Learning Limited was incorporated in England and Wales.

Up to 4 March 2020, the ultimate parent company was Martinez Investments Limited, a company incorporated in England and Wales, and is the only group company that prepares consolidated financial statements, including the accounts of the company, which are available from beta.companieshouse.gov.uk.

Up to 4 March 2020, the ultimate controlling party was A Armstrong by virtue of his majority shareholding in the ultimate parent company, Martinez Investments Limited. Following the acquisition of the entire issued share capital of Martinez Investment Limited by Project Alpha Bidco Limited, there is no one controlling party.