

LONDON ARTSCOM LIMITED
REGISTRATION NUMBER: 2361261
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

Auditor
KPMG LLP
15 Canada Square, London, E14 5GL

LONDON ARTSCOM LIMITED
(COMPANY REGISTRATION NUMBER: 2361261)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

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LONDON ARTSCOM LIMITED
OFFICERS AND ADVISERS

Chairman: Nigel Carrington

Company Secretary: Stephen Marshall

Directors: Stephen Reid
Frances Corner
Christopher Wainwright
Natalie Brett
Jeremy Till
Danielle Salvadori (Appointed on 1 June 2015)

Registered Office: 272 High Holborn
London
WC1V 7EY

External Auditors: KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

Internal Auditors: PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers: National Westminster Bank Plc
North Audley Street Branch
1-4 Berkeley Square House
Berkeley Square
London
W1J 6BR

Solicitors: Nabarro Nathanson
Lacon House
Theobald's Road
London WC1X 8RW

Insurers: UMAL, UM Association (Special Risks) Limited and UM Services Limited
Hasilwood House
60 Bishopsgate
London EC2N 4AW

LONDON ARTSCOM LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 July 2015.

Principal Activity

The principal activity of the company is to act as a trading subsidiary of University of the Arts London specialising in short courses and related educational services. University of the Arts London is made up of the following constituent colleges:

Camberwell College of Arts
Chelsea College of Arts
Wimbledon College of Arts
Central Saint Martins
London College of Fashion
London College of Communication

Dividends

The directors do not recommend payment of a dividend (2014: nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

LONDON ARTSCOM LIMITED

Disclosure of Information to Auditors

The directors in office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

External Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



Stephen Marshall
Company Secretary

11 November 2015

272 High Holborn
London
WC1V 7EY

LONDON ARTSCOM LIMITED

STRATEGIC REPORT

Business Review

The results and key performance indicators of the company are set out below:

	2015		2014	
	Turnover £	Profit £	Turnover £	Profit £
Camberwell, Chelsea and Wimbledon	1,722,046	302,339	1,638,498	359,485
Central Saint Martins	5,317,389	680,928	5,897,786	935,154
London College of Fashion	2,537,961	832,578	2,434,885	674,929
London College of Communication	566,481	190,271	276,468	27,352
Artscom Centre	(152)	305,265	(1,034)	168,057
Winchester Shop	148,506	9,571	140,962	21,315
	<hr/>	<hr/>	<hr/>	<hr/>
	10,292,231	2,320,952	10,387,565	2,186,292
	<hr/>	<hr/>	<hr/>	<hr/>

The directors have pleasure in reporting another profitable year and would like to acknowledge the efforts made by staff to the continuing development of the company which has generated excellent overall results for the year. Although sales fell at Central Saint Martins, plans are in place to rectify this for 2015-16. The further improvement over last year achieved by London College of Communication is particularly noteworthy.

Risks and Uncertainties

London Artscom Limited is a wholly owned subsidiary of University of the Arts London. It provides short courses using the University and College brands and as such many risks and uncertainties are linked to those facing the University. The Financial Statements of the University of the Arts London are publicly available on the University website.

The directors acknowledge their responsibilities as set out in the Statement of Responsibilities, including that they are responsible for the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The University has a fully embedded Risk Management process and policy which identifies and manages the key risks associated to University group as a whole. Risks and associated migrating factors affecting the group are regularly monitored and reviewed.

Future Developments

The company will continue to deliver and develop its short course provision and act as a trading subsidiary of University of the Arts London for the foreseeable future.

By order of the Board



Stephen Marshall
Company Secretary

272 High Holborn
London
WC1V 7EY

11 November 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON ARTSCOM LIMITED

We have audited the financial statements of London Artscom Limited for the year ended 31 July 2015 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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.



Chris Wilson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL

Date: 26 November 2015

LONDON ARTSCOM LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2015

	Note	2015	2014
		£	£
Turnover	1 (c)	10,292,231	10,387,565
Cost of sales		(4,485,669)	(4,376,534)
		<hr/>	<hr/>
Gross profit		5,806,562	6,011,031
Administration expenses		(5,857,652)	(5,912,789)
Interest receivable	2	45,772	40,929
Management fee receivable	1 (d)	2,273,713	1,955,590
Other operating income		52,558	91,531
		<hr/>	<hr/>
Profit on ordinary activities	3	2,320,953	2,186,292
Payment under deed of covenant	5	(1,558,953)	(1,339,292)
Profit/Result before taxation		<hr/> 762,000	<hr/> 847,000
Taxation	8	-	-
Profit for the financial year		<hr/> 762,000	<hr/> 847,000

No operations were discontinued during the year.

LONDON ARTSCOM LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED
31 JULY 2015**

	2015	2014
	£	£
Profit for the financial year	762,000	847,000
Actuarial (loss) in respect of pension scheme	(762,000)	(1,370,000)
Total recognised gain/(loss) since the last period	-	(523,000)

LONDON ARTSCOM LIMITED

(COMPANY REGISTRATION NUMBER: 2361261)

BALANCE SHEET
AS AT 31 JULY 2015

	Note	£	2015 £	£	2014 £
CURRENT ASSETS					
Stock		52,910		47,310	
Debtors	9	5,100,012		3,521,016	
Cash at bank and in hand		314,499		721,658	
		<u>5,467,421</u>		<u>4,289,984</u>	
CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR					
	10	<u>(3,410,421)</u>		<u>(3,090,984)</u>	
NET CURRENT ASSETS					
			<u>2,057,000</u>		<u>1,199,000</u>
NET ASSETS EXCLUDING PENSION ASSETS					
			<u>2,057,000</u>		<u>1,199,000</u>
Pension (Liability)	7		<u>(2,057,000)</u>		<u>(1,199,000)</u>
NET (LIABILITY)/ ASSET INCLUDING PENSION ASSET					
			<u>-</u>		<u>-</u>
CAPITAL AND RESERVES CALLED UP SHARE CAPITAL					
	11		100		100
PROFIT AND LOSS RESERVE					
Profit and loss reserve excluding Pension Liability	13	2,056,900		1,198,900	
Pension (Liability)	7	<u>(2,057,000)</u>		<u>(1,199,000)</u>	
			<u>(100)</u>		<u>(100)</u>
SHAREHOLDERS FUNDS - EQUITY					
			<u>-</u>		<u>-</u>

These financial statements were approved on 11 November 2015 by the Board of Directors and signed on its behalf by:

Nigel Carrington  Chairman

Stephen Reid  Director

LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to these financial statements.

(a) Basis of Preparation

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost accounting rules.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of the University of the Arts London, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of University of the Arts London, within which this Company is included, can be obtained from University of the Arts London, 272 High Holborn, London WC1V 7EY.

(b) Going concern

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. Therefore the company's directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

(c) Turnover

Turnover for the year is derived primarily from operations in the United Kingdom, although many clients are drawn from overseas. It represents short course tuition fees, trading activities generically related to the provision of educational services and the sale of artwork. Fee income is recognised when the service is provided. It is shown net of value added tax and trade discounts.

(d) Management Fee receivable

A management fee is charged to the University of the Arts London for the design, marketing and co-ordination of the University's Study Abroad courses as well as the recruitment of students.

(e) Taxation

The charge for taxation is based on the result for the year.

(f) Pension Schemes

The Company operates a pension scheme providing benefits based on career average pensionable pay. The assets of the scheme are held separately from those of the company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

2. INTEREST RECEIVABLE

	2015 £	2014 £
Bank interest	3,772	8,929
Pension finance income	42,000	32,000
	45,772	40,929

3. PROFIT ON ORDINARY ACTIVITIES

Profit on ordinary activities is stated after charging:

	2015 £	2014 £
Auditor's remuneration for audit work	10,150	10,070
Management charge payable to holding company	1,374,473	1,536,992
	1,384,623	1,547,062

4. DIRECTORS' REMUNERATION

The Managing Director of the company resigned at the beginning of the year and received no remuneration from the company. The other directors received no remuneration for their services.

	2015 £	2014 £
Emoluments	28,583	-
Pension costs	4,916	-
	33,499	-

5. PAYMENT UNDER DEED OF COVENANT

	2015 £	2014 £
Payments to University of the Arts London Charge for the year	1,558,953	1,339,292
	1,558,953	1,339,992

These payments were made under the deed of covenant dated 31 July 2007 as a donation to University of the Arts London, which has charitable status.

LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

6. STAFF

Operations and administrative staff numbers during the year were 63 (2014: 62). Staff costs including teaching staff are as follows:

	2015	2014
	£	£
Wages and salaries	5,312,037	5,173,870
Social security costs	363,654	377,204
Pension costs	751,363	657,202
	6,427,054	6,208,276

7. PENSIONS

Pension schemes

Retirement benefits to employees of the company are provided by the London Pension Fund Authority (LPFA) under the Local Government Pension Scheme (LGPS), a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll.

Contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method.

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2015 was £959,000 of which employers' contributions totalled £677,000 and employees' contributions totalled £282,000. The local government pension scheme agreed contribution rate for periods beginning April 2015 is 13.9% for employers and 5.5% to 7.5% for employees (depending on earnings) throughout and for future periods.

FRS 17

The company operates a pension scheme providing benefits based on final pensionable pay.

The material assumptions used by the actuary were:

	2015	2014
	%	%
RPI Increases	3.6	3.6
CPI Increases	2.7	2.8
Salary increases	4.5	4.5
Pension increases	2.7	2.8
Discount rate	3.9	4.3

LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Males	Females
Current Pensioners	22.1 years	25.3 years
Future Pensioners	24.4 years	27.6 years

Scheme assets

The assets in the LGPS and the expected rate of return were:

	2015		2014		2013	
	Long-Term Return %	Fund Value	Long-Term Return %	Fund Value	Long-Term Return %	Fund Value
		£		£		£
Equities	5.8	2,673,000	6.7	2,134,000	6.4	1,794,000
LDI/Cashflow matching	5.8	874,000	3.4	297,000	3.4	305,000
Target Return Portfolio	5.8	1,174,000	6.1	1,389,000	4.9	1,107,000
Alternative Assets	-	-	-	-	5.4	573,000
Infrastructure	5.8	325,000	6.3	162,000	-	-
Commodities	5.8	27,000	6.1	52,000	-	-
Property	5.8	190,000	5.6	133,000	-	-
Cash	5.8	780,000	3.2	673,000	0.5	38,000
Total market value of assets		6,043,000		4,840,000		3,817,000

Assets that were previously shown as Alternative Assets are now split into Infrastructure, Commodities and Property.

LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The following amounts at 31 July 2015 were measured in accordance with the requirements of FRS 17.

Analysis of the amount shown in the balance sheet.

	2015	2014
	£	£
The company's estimated asset share	6,043,000	4,840,000
Present value of scheme liabilities	(8,100,000)	(6,039,000)
	<hr/>	<hr/>
(Deficit) in the scheme	(2,057,000)	(1,199,000)
	<hr/>	<hr/>

Analysis of the amount charged to staff costs within operating surplus

	2015	2014
	£	£
Current service cost	815,000	623,000
	<hr/>	<hr/>
Total operating charge	815,000	623,000
	<hr/>	<hr/>

Analysis of the amount that is credited to other finance income

	2015	2014
	£	£
Expected return on pension scheme assets	308,000	225,000
Interest on pension scheme liabilities	(266,000)	(193,000)
	<hr/>	<hr/>
Net return	42,000	32,000
	<hr/>	<hr/>

Analysis of the amount that would be recognised in statement of total recognised gains and losses (STRGL)

	2015	2014
	£	£
Actual return less expected return on pension scheme assets	(75,000)	(154,000)
Experience gains and losses	-	(208,000)
Changes in assumptions underlying the present value of scheme liabilities	(687,000)	(1,008,000)
	<hr/>	<hr/>
Actuarial (loss) recognised in STRGL	(762,000)	(1,370,000)
	<hr/>	<hr/>

LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Movement in surplus during the year

	2015	2014
	£	£
(Deficit)/Surplus in scheme at beginning of year	(1,199,000)	207,000
Movement in year:		
Current service costs	(815,000)	(623,000)
Employer contributions	677,000	555,000
Net return on assets	42,000	32,000
Actuarial (loss)	(762,000)	(1,370,000)
	(2,057,000)	(1,199,000)

Analysis of movement in the present value of the scheme liabilities

	2015	2014
	£	£
Opening defined benefit obligation	6,039,000	3,610,000
Movement in year:		
Current service costs	815,000	623,000
Interest cost	266,000	193,000
Contributions by members	282,000	218,000
Actuarial loss	687,000	1,431,000
Estimated benefits paid net of transfers in	11,000	(36,000)
	8,100,000	6,039,000

Analysis of movement in the market value of the scheme assets

	2015	2014
	£	£
Opening fair value of employer assets	4,840,000	3,817,000
Movement in year:		
Expected return on assets	308,000	225,000
Actuarial (loss)/gain	(75,000)	61,000
Employer contributions	677,000	555,000
Members contributions	282,000	218,000
Estimated benefits paid net of transfers in and including unfunded	11,000	(36,000)
	6,043,000	4,840,000

LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

History of experience gains or losses

	2015	2014	2013	2012	2011
	£	£	£	£	£
Difference between the expected and actual return on assets	(75,000)	61,000	415,000	(134,000)	4,000
Value of Assets	6,043,000	4,840,000	3,817,000	2,852,000	2,498,000
% of scheme assets	(1.2%)	1.3%	10.9%	(4.7%)	0.2%
Experience gains and losses on scheme liabilities	-	423,000	-	-	291,000
Total present value of liabilities	8,100,000	6,039,000	3,610,000	3,111,000	2,256,000
% of scheme liabilities	-	7.0%	-	-	12.9%
Total amounts recognised in statement of total recognised losses and gains	(762,000)	(1,370,000)	523,000	(524,000)	212,000
Value of liabilities	8,100,000	6,039,000	3,610,000	3,111,000	2,256,000
% of scheme liabilities	(9.4%)	(22.7%)	14.5%	(16.8%)	9.4%

8. TAXATION – ANALYSIS OF CHARGE DURING THE YEAR

There is no tax charge for the year. Taxable profit is distributed to University of The Arts London under deed of covenant.

9. DEBTORS

	2015	2014
	£	£
Trade debtors	126,988	251,006
Amount owed by holding company	4,662,655	3,020,859
Amount owed by group company	36,514	80,880
Prepayment	273,855	168,271
	<hr/>	<hr/>
	5,100,012	3,521,016
	<hr/>	<hr/>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Trade creditors	67,561	149,660
Taxation and social security	5,593	5,272
Other creditors	526,095	400,741
Accruals and deferred income	2,811,172	2,535,311
	<hr/>	<hr/>
	3,410,421	3,090,984
	<hr/>	<hr/>

LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

11. SHARE CAPITAL

	2015 £	2014 £
Authorised : 100 Ordinary shares of £1 each	100	100
Share capital allotted, called up and fully paid : 100 Ordinary shares of £1 each	100	100

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
Opening shareholders' funds	-	523,000
Profit for the year	762,000	847,000
FRS 17 adjustments: Actuarial (loss) in respect of pension scheme	(762,000)	(1,370,000)
	-	-
Closing shareholders' funds	-	-

13. GENERAL RESERVES

Movements on the general reserves during the year were as follows:

	2015 £	2014 £
Opening profit and loss reserve excluding pension liability	1,198,900	315,900
Profit for the year	762,000	847,000
Employer contributions less service costs (current and past)	138,000	68,000
Pension finance income	(42,000)	(32,000)
	2,056,900	1,198,900
Closing profit and loss reserve excluding pension liability	2,056,900	1,198,900

14. CONTINGENT LIABILITIES

University of the Arts London and London Artscom Limited have guaranteed the indebtedness of each other in respect of the National Westminster Bank Plc.

15. ULTIMATE HOLDING COMPANY

The ultimate holding company is University of the Arts London. Copies of the financial statements of University of the Arts London may be obtained from University of the Arts London, 272 High Holborn, London WC1V 7EY.

LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

16. RELATED PARTY TRANSACTIONS

The company's ultimate holding company is University of the Arts London. Due to the nature of the University's operations and the composition of the Court of Governors (being drawn from local, public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Court of Governors may have an interest. All transactions involving organisations in which a member of the Court of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

During the year there were no related party transactions which require separate disclosure.