

LONDON ARTSCOM LIMITED
REGISTRATION NUMBER: 2361261
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

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

LONDON ARTSCOM LIMITED
(COMPANY REGISTRATION NUMBER: 2361261)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

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

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

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

Solicitor: Nabarro LLP
Lacon House
Theobald's Road
London WC1X 8RW

Insurer: 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 2016.

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 (2015: 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 Auditor

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



16 November 2016

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:

	2016		2015	
	Turnover £	Profit £	Turnover £	Profit £
Camberwell, Chelsea and Wimbledon	1,502,493	263,999	1,722,046	302,339
Central Saint Martins	5,178,164	907,634	5,317,389	680,928
London College of Fashion	2,725,944	824,907	2,537,961	832,578
London College of Communication	600,764	165,415	566,481	190,271
Artscom Centre	5,331	(125,017)	(152)	218,391
Winchester Shop	129,234	(2,363)	148,506	9,571
	<hr/>	<hr/>	<hr/>	<hr/>
	10,141,930	2,034,575	10,292,231	2,234,078
	<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. Sales levels were maintained during the year and we are looking forward to another positive year in 2016-17.

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

16 November 2016

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 2016 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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 Financial Reporting Council'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 2016 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.



Fleur Nieboer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, Canary Wharf, London, E14 5GL

Date: 23 November 2016

LONDON ARTSCOM LIMITED
PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2016

	Note	2016 £	2015 £
Turnover	1 (c)	10,141,930	10,292,231
Cost of sales		(4,345,553)	(4,485,669)
Gross profit		<u>5,796,377</u>	<u>5,806,562</u>
Administration expenses		(6,134,605)	(5,865,527)
Interest receivable	2	1,698	3,772
Management fee receivable	1 (d)	2,366,125	2,273,713
Other operating income		68,980	52,558
Operating profit	3	<u>2,098,575</u>	<u>2,271,078</u>
Interest payable	7	(64,000)	(37,000)
Profit before taxation		<u>2,034,575</u>	<u>2,234,078</u>
Taxation	8	(406,915)	-
Profit for the financial year		<u>1,627,660</u>	<u>2,234,078</u>
Other comprehensive income			
Actuarial gain / (loss) in respect of pension scheme		2,000	(676,000)
Total comprehensive income for the year		<u>1,629,660</u>	<u>1,558,078</u>

No operations were discontinued during the year.

The accompanying notes form part of financial statements

LONDON ARTSCOM LIMITED
STATEMENT OF CHANGES IN EQUITY

	Called up Share capital £	Profit and loss account £	Total £
Balance at 1 August 2014	100	(49,098)	(48,998)
Total comprehensive income for the year			
Profit for the year	-	2,234,078	2,234,078
Actuarial gain / (loss) in respect of pension scheme	-	(676,000)	(676,000)
Deed of Covenant	-	(1,558,953)	(1,558,953)
Tax Effect of Deed of Covenant	-	-	-
Total comprehensive income for the year	-	(875)	(875)
Balance at 31 July 2015	100	(49,973)	(49,873)
Total comprehensive income for the year			
Profit for the year	-	1,627,660	1,627,660
Actuarial gain / (loss) in respect of pension scheme	-	2,000	2,000
Deed of Covenant	-	(1,579,687)	(1,579,687)
Tax Effect of Deed of Covenant	-	315,762	315,762
Total comprehensive income for the year	-	365,735	365,735
Balance at 31 July 2016	100	315,762	315,862

The accompanying notes form part of financial statements.

LONDON ARTSCOM LIMITED
(COMPANY REGISTRATION NUMBER: 2361261)

BALANCE SHEET
AS AT 31 JULY 2016

	Note	£	2016 £	£	2015 £
CURRENT ASSETS					
Stock		38,075		52,910	
Debtors	9	5,404,647		5,100,012	
Cash at bank and in hand		324,068		314,499	
		<u>5,766,790</u>		<u>5,467,421</u>	
CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR					
	10	<u>(3,238,928)</u>		<u>(3,460,294)</u>	
NET CURRENT ASSETS			<u>2,527,862</u>		<u>2,007,127</u>
NET ASSETS EXCLUDING PENSION ASSETS					
			2,527,862		2,007,127
Pension (Liability)	7		<u>(2,212,000)</u>		<u>(2,057,000)</u>
NET (LIABILITY)/ ASSET INCLUDING PENSION ASSET			<u>315,862</u>		<u>(49,873)</u>
CAPITAL AND RESERVES					
CALLED UP SHARE CAPITAL	11		100		100
PROFIT AND LOSS RESERVE					
Profit and loss reserve excluding Pension Liability	12	2,527,762		2,007,027	
Pension (Liability)	7	<u>(2,212,000)</u>		<u>(2,057,000)</u>	
			<u>315,762</u>		<u>(49,973)</u>
SHAREHOLDERS FUNDS - EQUITY			<u>315,862</u>		<u>(49,873)</u>

These financial statements were approved on 16 November 2016 by the Board of Directors and signed on its behalf by:


Nigel Carrington
Chairman


Stephen Reid
Director

The accompanying notes form part of financial statements.

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 Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The financial statements have been prepared on the historical cost basis.

In the transition to FRS 102, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 16.

The Company has applied the exemptions available under FRS 102, 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 102 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

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(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.

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.

(g) Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the Company. Any unused benefits are accrued and measured as the additional amount the Company expects to pay as a result of the unused entitlement.

2. INTEREST RECEIVABLE

	2016 £	2015 £
Bank interest	1,698	3,772
	<hr/>	<hr/>
	1,698	3,772
	<hr/>	<hr/>

3. PROFIT ON ORDINARY ACTIVITIES

Profit on ordinary activities is stated after charging:

	2016 £	2015 £
Auditor's remuneration for audit work	10,150	10,150
Management charge payable to holding company	1,598,719	1,374,473
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LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

	2016	2015
	£	£
Emoluments	-	28,583
Pension costs	-	4,916
	<hr/>	<hr/>
	-	33,499
	<hr/>	<hr/>

5. PAYMENT UNDER DEED OF COVENANT

	2016	2015
	£	£
Payments to University of the Arts London Charge for the year	1,579,687	1,558,953
	<hr/>	<hr/>
	1,579,687	1,558,953
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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.

6. STAFF

Operations and administrative staff numbers during the year were 59 (2015: 57). Staff costs including teaching staff are as follows:

	2016	2015
	£	£
Wages and salaries	5,181,660	5,312,037
Social security costs	378,248	363,654
Pension costs	1,022,115	751,363
	<hr/>	<hr/>
	6,582,023	6,427,054
	<hr/>	<hr/>

LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 2016 was £1,138,000 of which employers' contributions totalled £849,000 and employees' contributions totalled £289,000. The local government pension scheme agreed contribution rate for periods beginning April 2016 is 17.2% for employers and 5.5% to 7.5% for employees (depending on earnings) throughout and for future periods.

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

The material assumptions used by the actuary were:

	2016 %	2015 %
RPI increases	2.9	3.6
CPI Increases	1.9	2.7
Salary increases	2.15	4.5
Pension increases	1.9	2.7
Discount rate	2.7	3.9

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	21.7 years	24.9 years
Future Pensioners	23.9 years	27.1 years

LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Scheme assets

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

	2016		2015		2014	
	Long-Term Return %	Fund Value £	Long-Term Return %	Fund Value £	Long-Term Return %	Fund Value £
Equities	5	3,853,000	5.8	2,673,000	6.7	2,134,000
LDI/Cashflow matching	5	654,000	5.8	874,000	3.4	297,000
Target Return Portfolio	5	1,821,000	5.8	1,174,000	6.1	1,389,000
Alternative Assets	-	-	-	-	-	-
Infrastructure	5	529,000	5.8	325,000	6.3	162,000
Commodities	5	40,000	5.8	27,000	6.1	52,000
Property	5	280,000	5.8	190,000	5.6	133,000
Cash	5	311,000	5.8	780,000	3.2	673,000
Total market value of assets		7,488,000		6,043,000		4,840,000

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

The following amounts at 31 July 2016 were measured in accordance with the requirements of FRS 102.

Analysis of the amount in Statement of Comprehensive Income

	2016 £	2015 £
Return on fund assets in excess of interest	94,000	11,000
Change in demographic assumptions	(284,000)	-
Change in financial assumptions	192,000	(687,000)
Actuarial gain / (loss) recognised in Statement of Comprehensive Income	2,000	(676,000)

Expense recognised in the profit and loss account

	2016 £	2015 £
Current service costs	(933,000)	(815,000)
Net interest on the net defined liability	(64,000)	(37,000)
Administration expenses	(9,000)	(7,000)
Total expense recognised in profit or loss	(1,006,000)	(859,000)

LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Analysis of movement in the present value of the scheme liabilities

	2016 £	2015 £
At 1 August	8,100,000	6,039,000
Current service costs	933,000	815,000
Interest cost	321,000	266,000
Contributions by members	289,000	282,000
Estimated benefits paid net of transfers in	(35,000)	11,000
Change in financial assumptions	284,000	687,000
Change in demographic assumptions	(192,000)	-
	<hr/>	<hr/>
Liability in scheme at end of year	9,700,000	8,100,000
	<hr/>	<hr/>

Analysis of movement in the market value of the scheme assets

	2016 £	2015 £
At 1 August	6,043,000	4,840,000
Interest on assets	257,000	229,000
Expected return on assets	94,000	11,000
Employer contributions	849,000	677,000
Members contributions	289,000	282,000
Estimated benefits paid net of transfers in and including unfunded	(35,000)	11,000
Administration expenses	(9,000)	(7,000)
	<hr/>	<hr/>
Surplus in scheme at end of year	7,488,000	6,043,000
	<hr/>	<hr/>

8. Taxation

	2016 £	2015 £
Profit on ordinary activities before tax	2,034,575	2,234,078
Tax at 20.00% (2015: nil)	406,915	-
Current tax charge for the year	406,915	-
	<hr/>	<hr/>
Tax impact of Deed of Covenant	315,762	-
	<hr/>	<hr/>
Recognised in Statement of Comprehensive Income	406,915	-
Recognised in Statement of Changes in Equity	(315,762)	-
	<hr/>	<hr/>
Total tax to be relieved in future periods	91,153	-
	<hr/>	<hr/>

LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

9. DEBTORS	2016	2015
	£	£
Trade debtors	41,386	126,988
Amount owed by holding company	4,958,519	4,662,655
Amount owed by group company	202,285	36,514
Prepayment	202,457	273,855
	<hr/>	<hr/>
	5,404,647	5,100,012
	<hr/>	<hr/>
 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	2016	2015
	£	£
Trade creditors	176,754	67,561
Taxation and social security	-	5,593
Other creditors	139,509	575,968
Accruals and deferred income	2,922,665	2,811,172
	<hr/>	<hr/>
	3,238,928	3,460,294
	<hr/>	<hr/>
 11. SHARE CAPITAL		
	2016	2015
	£	£
Authorised :		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Share capital allotted, called up and fully paid :		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
 12. GENERAL RESERVES		
Movements on the general reserves during the year were as follows:		
	2016	2015
	£	£
Opening profit and loss reserve excluding pension liability	2,007,027	1,149,902
Profit for the year	1,627,660	2,234,078
Deed of Covenant	(1,579,687)	(1,558,953)
Tax impact of Deed of Covenant	315,762	0
Pension movement for the year transferred to pension reserve	157,000	182,000
	<hr/>	<hr/>
Closing profit and loss reserve excluding pension liability	2,527,762	2,007,027
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LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

13. 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.

14. 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.

15. RELATED PARTY TRANSACTIONS

The company's ultimate holding company is University of the Arts London. Due to the nature of the University's and Company's operations and the composition of the Company Directors, it is inevitable that transactions will take place with organisations in which a Director may have an interest. All transactions involving organisations in which a Director 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.

16. TRANSITION TO FRS 102

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 2015 and the comparative presented in these financial statements for the year ended 2014.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its previous basis of accounting UK GAAP. An explanation of how the transition from previous Financial Reporting Standard to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables:

Financial position

		2015 £	2014 £
Shareholders' funds under previous FRS		-	-
Employee leave accrual	1	(49,873)	(48,997)
Pension		-	-
		<hr/>	<hr/>
Shareholders' funds under new FRS 102		(49,873)	(48,997)
		<hr/>	<hr/>

LONDON ARTSCOM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Financial performance

		2015 £
Profit for the year under previous FRS		762,000
Employee leave accrual	2	(875)
Pension scheme – finance cost	3	(86,000)
Pension scheme – actuarial movement	4	(676,000)
Deed of covenant	5	1,558,953
		<hr/>
Total comprehensive income for the year under new FRS 102		1,558,078
		<hr/>

Note:

1. Previously no accrual was made for employees' annual leave which was earned but not taken by the year-end.
2. The movement in the employee annual leave provision from 31st July 2014 to 31st July 2015.
3. The pension amount is recognised in Profit and Loss account within administration costs. Previously it was presented in the Statement of Total Recognised Gains and Losses. There is no effect on the overall financial position.
4. The actuarial movement on the pension scheme is now recognised within Other Comprehensive Income. Previously it was presented in the Statement of Total Recognised Gains and Losses.
5. The Deed of Covenant is now recognised in Statement of Changes in Equity. Previously it was presented in the Profit and Loss account.