

Company Registration No. 02963163 (England and Wales)

POINT BLANK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

POINT BLANK LIMITED

COMPANY INFORMATION

Directors	Mr R A Cowan Mr M J Brookes Dr A C Gower Mr K Harris D P Black	(Appointed 19 December 2019) (Appointed 19 December 2019) (Appointed 25 February 2020)
Secretary	Mr M J Brookes	
Company number	02963163	
Registered office	c/o Jack Ross Chartered Accountants Barnfield House The Approach Blackfriars Road Manchester M3 7BX	
Auditor	PM+M Solutions for Business LLP New Century House Greenbank Technology Park Challenge Way Blackburn Lancashire BB1 5QB	
Business address	23/28 Penn Street London N1 5DL	

POINT BLANK LIMITED

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POINT BLANK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Fair review of the business

The Directors of the business are satisfied with the results for the year ended 31 December 2019, as turnover has increased in the current year and the administrative expenses are in line with the budgeted expenses showing the business is controlling expenditure effectively.

Principal risks and uncertainties

The company has a Collegiate agreement in place with Middlesex University that awards students degrees upon the successful completion of their courses.

The majority of the company's revenue is generated from the London and Online schools and is secured before each term start (September, January, April and June) by virtue of the recruitment process which ensures the majority of students have contracts in place by the start of each academic term.

The Principal risk in the business is student achievement and retention rates. In the event that these were to fall significantly, this could result in a decline in student numbers and potential losses could be incurred. This risk is managed by the delivery of focused student support and engagement across the schools managed through use of the Virtual Learning Environment (VLE).

The retention and achievement rates are strong and are measured on a regular basis and reviewed by both the school managers and the directors. This process is also supported by both Quality Assurance and Student Support teams, who also review the information and follow up and resolve issues as they occur.

During 2019 further investment was made to maintain and enable the expansion of the educational offering of Point Blank Ltd.

Development and performance

The principal activity of the company is the provision of higher education courses in music. With focus on continued expansion and development of both the London and Online schools.

Key performance indicators

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

	2019	2018	Variance
Turnover	£6,710k	£5,891k	+13.9%
Gross profit margin	53.5%	56.7%	-3.2%
EBITDA	£1,676k	£1,746k	-4.0%

POINT BLANK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Financial Risk

The company's principal financial instruments comprise of bank balances, trade debtors and trade creditors. The purpose of these instruments is to raise funds to finance the company's operations. As a result, the main risks the company is exposed to are credit and liquidity.

The academic fees are set annually and students enrolling on three year degree course are able to avail themselves of a student loan paid by the Student Loan Company however the fees are not subject to the statutory fee cap. Student loans are paid by the Student Loan Company directly to Point Blank during the course of the year. The Board consider there to be sufficient access to working capital facilities to manage the cycle with appropriate levels of fiscal headroom. Students who pay privately are required to do so in advance of each term and international visa students in advance of the start of their academic year

On behalf of the board

Robert Cowan

Mr R A Cowan (Apr 28, 2020, 11:09am)

Director

28 April 2020

Jules Brookes

Mr M J Brookes (Apr 28, 2020, 11:10am)

Director

POINT BLANK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company is the provision of higher education courses in music. The company has a Collegiate agreement in place with Middlesex University that awards students degrees upon the successful completion of their courses.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R A Cowan	
Mr M J Brookes	
Dr A C Gower	(Appointed 19 December 2019)
Mr K Harris	(Appointed 19 December 2019)
D P Black	(Appointed 25 February 2020)

Results and dividends

The results for the year are set out on page 11.

Ordinary dividends were paid amounting to £1,124,208 (2018: £982,007). The directors do not recommend payment of a final dividend.

Financial instruments

Credit risk

The company's principle financial assets are investments, bank balances and cash, and trade debtors. Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All students who wish to trade on credit terms are subject to credit verification procedures. The amounts presented in the balance sheet are net of allowances for doubtful debts where necessary.

Research and development

The company undertakes research and development activities in order to further develop the e-learning platform and Virtual Learning Environment (VLE).

Events after the balance sheet date

In March 2020 the global Covid-19 Pandemic required the Company to close the College facilities resulting in all staff and students being confined to their homes.

The majority of current students have been able to continue their studies via a new Point Blank online provision based on the School's online platform which has been in operation since 2007. The transfer of on-campus students to the new Virtual Classroom online learning system was carried out following consultation with the students and the validating partner Middlesex University whose quality processes are maintained online. PB has been delivering validated online HE courses since 2012.

Student numbers enrolled for the April term have been maintained and a revised budget and cash flow forecast for 2020 has been prepared. This shows that with existing student enrolment the company will have sufficient financial resources to maintain student services at the appropriate academic standard without the need for a cash injection for the foreseeable future.

POINT BLANK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Auditor

PM+M Solutions for Business LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company has chosen 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.

On behalf of the board

Robert Cowan

Mr R A Cowan
Mr R A Cowan (Apr 28, 2020, 11:09am)
Director

Jules Brookes

Mr M J Brookes
Mr M J Brookes (Apr 28, 2020, 11:10am)
Director

28 April 2020

POINT BLANK LIMITED

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

Point Blank Ltd (PB) is committed to the highest standards of governance and probity.

PB's Board of Directors is responsible for the affairs of PB and corporate governance reporting. The powers and responsibilities of the Board of Directors are limited and managed by its by-laws and Schedule of Delegation, as well as the obligation to provide higher education services in line with the regulations and requirements of Middlesex University. Point Blank Music School is a collegiate partner of Middlesex University and as such, all higher education courses are validated and awarded by Middlesex University.

The Board of Directors confirm that the School operates by and complies with the Office for Students' public interest principles. All Directors have agreed to adhere to and conduct all business in line with the seven Nolan principles. The Board of Directors have agreed to conduct all business and make decisions in line with the CUC Higher Education Code of Governance and IoD guidelines and CUC Remuneration Code as appropriate for the size of the School, with an "apply or explain" system.

The Board of Directors is responsible for ensuring the following: financial regularity; safeguarding of assets; ensuring value for money for the School and students; effective academic governance (e.g. overseeing the Academic Board); strategic planning and direction; providing a high quality education and making sure students get a valuable and worthwhile degree; and ensuring the reputation of the School.

In 2018 the Board authorised the creation of an External Advisory Committee chaired by an external advisor with recognised experience in higher education, assisted by an experienced music industry professional. This Board met bi-annually and the directors have acted on their recommendations. Both of these advisors were formally appointed as non-executive directors in November 2019 and therefore the External Advisory Committee was no longer necessary. A further non-executive director was appointed in February 2020. Moving forward, new members will be recruited following a process where they will be scrutinised for appropriate qualification and agreement with the Nolan principles. The size and composition of the Board has been developed in line with guidelines, as appropriate for the size of the School.

The Board is now 60% independent and its committees, chaired by non-executive directors, are as follows: the Nomination and Remuneration Committee which oversees the process of senior staff recruitment and setting remuneration levels; and the Audit and Value for Money Committee which ensures that the finances of the School are in order and that funds are being spent efficiently and correctly. This structure was formally adopted in November 2019.

In addition, the Board has established an Executive Committee chaired by the General Manager and comprising all department heads plus Student Representatives to review Operations and Strategic Planning at departmental levels and report to the Board.

Committee meetings will be held quarterly, with the exception of the Nomination and Remuneration Committee, which will meet annually.

Board meetings are held quarterly to receive the Committee reports, engage with the committee Chairs and to act on the recommendations made.

The Board have acted to implement the Governance requirements of the Office for Students and consider that it has established robust procedures to meet its regulatory obligations and ensure academic experience. Systems are in place to review quarterly management accounts and approve the annual budget and strategic plan.

Internal audit procedures have been documented and an external review of internal controls will be carried out in 2020. The Board appointed PM+M Solutions for Business LLP as its external auditor for 2019.

POINT BLANK LIMITED

STATEMENT ON INTERNAL CONTROLS

FOR THE YEAR ENDED 31 DECEMBER 2019

Scope of Responsibility

Point Blank Ltd acknowledges that it has responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the Regulatory Advice 9; Accounts Direction published by the Office for Students.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely manner.

The system of internal control, which has been in place for the year ended 31st December 2019 and up to the date of approval of the Financial Statements, is commensurate with the size of the organisation and accords with the guidance issued by the OfS.

Risk and Control Framework

The Risk and Control Framework consists of an ongoing review process which identifies the main risks to the School's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. Risk management processes and procedures evolve from within our internal processes with the support and assistance of our outsourced management accountancy provider. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level. The system of internal control incorporates a comprehensive financial planning process including assessment of income, expenditure, capital and cash flow budgets during the year and periodic review of management information including the reporting of material variances and the projection of turnover for the year.

Ongoing Monitoring and Review

On behalf of the Board, the Audit Committee will monitor the effectiveness of control, governance, the management of risk and gains assurance on the School's arrangements to secure value for money. It receives reports from the Heads of Department, and where relevant, the external auditors. Senior management provides updates on the steps they are taking to manage risks in their area of responsibility and are delivered to the Board and its committees.

Review of Effectiveness

The Board undertook a comprehensive review of all internal systems covering financial, academic and human resources which has been documented during the year. This, together with a review of the senior management team, identified the need for improved monitoring and controls relating to student billing. This has been addressed in the following ways: the appointment of a suitably qualified Finance Officer who took up post in summer 2019; the updating of the student invoicing administration system, particularly with regard to the generation of credit notes; a review of the Tuition Fee Policy for 2020; and tighter controls on the withdrawal of non-paying students.

Outcome of Review

The Audit and Value for Money Committee will ensure the implementation of the Board's proposed appointment of an outsourced independent internal auditor to further strengthen the procedures put in place during the year under review.

The Board is confident that there are robust and proper arrangements in place to ensure that PB uses its public apportioned funds for the purpose intended by the Student Loans Company.

POINT BLANK LIMITED

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE *FOR THE YEAR ENDED 31 DECEMBER 2019*

Point Blank Ltd can confirm that no instances of irregularity, impropriety, bribery or funding non-compliance have been discovered to date. If any instances are identified subsequently, these will be notified to the Board and the Office for Students accordingly.

POINT BLANK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF POINT BLANK LIMITED

Opinion

We have audited the financial statements of Point Blank Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- meet the requirements of the OFS's accounts direction.

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 *Auditor's 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 included in the annual report, other than the financial statements and our auditor's report 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.

POINT BLANK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF POINT BLANK LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 and the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' responsibilities statement, 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 is 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.

Auditor's 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 an auditor's report 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

POINT BLANK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF POINT BLANK LIMITED

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Christopher Johnson FCA
(Senior Statutory Auditor)
for and on behalf of PM+M Solutions for Business LLP

Chartered Accountants
Statutory Auditor

PM+M Solutions for Business LLP

Christopher Johnson (Apr 29, 2020,

4:02pm)

Date: 29 Apr 2020

New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

POINT BLANK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	6,710,494	5,891,057
Cost of sales		(3,120,714)	(2,548,483)
Gross profit		<u>3,589,780</u>	<u>3,342,574</u>
Administrative expenses		(2,038,863)	(1,741,575)
Operating profit	4	<u>1,550,917</u>	<u>1,600,999</u>
Interest receivable and similar income	8	14,122	12,124
Amounts written off investments	9	59,593	(30,647)
Profit before taxation		<u>1,624,632</u>	<u>1,582,476</u>
Tax on profit	10	(265,279)	(229,199)
Profit for the financial year		<u><u>1,359,353</u></u>	<u><u>1,353,277</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

POINT BLANK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	12		861,234		956,099
Investments	13		487,453		430,336
			<u>1,348,687</u>		<u>1,386,435</u>
Current assets					
Debtors	14	2,351,416		2,338,515	
Cash at bank and in hand		2,451,524		2,395,734	
		<u>4,802,940</u>		<u>4,734,249</u>	
Creditors: amounts falling due within one year	15	(2,104,842)		(1,769,336)	
Net current assets			<u>2,698,098</u>		<u>2,964,913</u>
Total assets less current liabilities			<u>4,046,785</u>		<u>4,351,348</u>
Provisions for liabilities	17		(123,583)		(135,085)
Accruals and deferred income	16		(432,101)		(960,307)
Net assets			<u><u>3,491,101</u></u>		<u><u>3,255,956</u></u>
Capital and reserves					
Called up share capital	19		102		102
Profit and loss reserves			3,490,999		3,255,854
Total equity			<u><u>3,491,101</u></u>		<u><u>3,255,956</u></u>

The financial statements were approved by the board of directors and authorised for issue on 28 April 2020 and are signed on its behalf by:

Robert Cowan

Mr R A Cowan
Mr R A Cowan (Apr 28, 2020, 11:09am)
Director

Jules Brookes

Mr M J Brookes
Mr M J Brookes (Apr 28, 2020, 11:10am)
Director

Company Registration No. 02963163

POINT BLANK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2018		102	2,884,584	2,884,686
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	1,353,277	1,353,277
Dividends	11	-	(982,007)	(982,007)
Balance at 31 December 2018		102	3,255,854	3,255,956
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	1,359,353	1,359,353
Dividends	11	-	(1,124,208)	(1,124,208)
Balance at 31 December 2019		102	3,490,999	3,491,101

POINT BLANK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	23	1,442,599		1,865,004	
Income taxes paid		(248,657)		(152,067)	
		<u>1,193,942</u>		<u>1,712,937</u>	
Net cash inflow from operating activities			1,193,942		1,712,937
Investing activities					
Purchase of tangible fixed assets		(30,542)		(55,840)	
Purchase of fixed asset investments		(133,744)		(47,588)	
Proceeds on disposal of fixed asset investments		136,220		78,226	
Proceeds from other investments and loans		-		(31,321)	
Interest received		8,661		5,906	
Dividends received		5,461		6,218	
		<u>(13,944)</u>		<u>(44,399)</u>	
Net cash used in investing activities			(13,944)		(44,399)
Financing activities					
Dividends paid		(1,124,208)		(982,007)	
		<u>(1,124,208)</u>		<u>(982,007)</u>	
Net cash used in financing activities			(1,124,208)		(982,007)
Net increase in cash and cash equivalents			<u>55,790</u>		<u>686,531</u>
Cash and cash equivalents at beginning of year			2,395,734		1,709,203
Cash and cash equivalents at end of year			<u><u>2,451,524</u></u>		<u><u>2,395,734</u></u>

POINT BLANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Point Blank Limited is a private company limited by shares incorporated in England and Wales. The registered office is c/o Jack Ross Chartered Accountants, Barnfield House, The Approach, Blackfriars Road, Manchester, M3 7BX.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Point Blank Holdings Limited. These consolidated financial statements are available from its registered office.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the period, after adjusting for income relating to future courses.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

POINT BLANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold properties	5% straight line
Fixtures, fittings & equipment	3 years straight line / 25% reducing balance
Studio equipment	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

POINT BLANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

POINT BLANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

POINT BLANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.11 Retirement benefits

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

POINT BLANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Deferred Income

The value of deferred income is calculated as the proportion of fees invoiced for courses not yet delivered at the balance sheet date.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Sale of Services	6,554,948	5,772,588
Sale of Equipment	58,795	70,763
Advertising Income	5,811	4,822
Franchise Income	90,913	42,856
Royalties Income	27	28
	<u>6,710,494</u>	<u>5,891,057</u>
	2019 £	2018 £
Other significant revenue		
Interest received	8,661	5,906
Dividends received	5,461	6,218
	<u>14,122</u>	<u>12,124</u>
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	6,518,203	5,695,555
Europe	88,292	69,217
Rest of the World	103,999	126,285
	<u>6,710,494</u>	<u>5,891,057</u>

POINT BLANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	36,800	(9,194)
Fees payable to the company's auditor for the audit of the company's financial statements	11,820	6,600
Depreciation of owned tangible fixed assets	125,407	144,631
Operating lease charges	311,838	309,989
	<u> </u>	<u> </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to loss of £36,800 (2018: £-9,194).

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019	2018
	Number	Number
Management	2	2
Admissions	7	6
Marketing	11	6
Education	61	53
Office	4	7
	<u> </u>	<u> </u>
	85	74
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	1,955,838	1,620,319
Social security costs	193,413	153,346
Pension costs	100,613	82,616
	<u> </u>	<u> </u>
	2,249,864	1,856,281
	<u> </u>	<u> </u>

POINT BLANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Employees

(Continued)

No staff received a basic salary of £100,000 or more in the current or prior year.

Head of provider total remuneration:

	2019	2018
	£	£
Basic pay	20,000	20,000
Dividends in lieu of salary	100,008	95,007
Performance related pay and other bonuses	-	-
Pension contributions	12,255	13,500
Other benefits/remuneration	-	-
	<u>132,263</u>	<u>128,507</u>

The remuneration of the head of provider is commensurate with the duties and obligations of the office.

Relationship of head of provider basic pay and total remuneration expressed as a multiple:

	2019	2018
Head of provider's basic pay as a multiple of the median of all staff	0.68	0.69
Head of provider's total remuneration as a multiple of the median of all staff	4.51	4.45

There was no compensation for loss of office paid.

6 Retirement benefit schemes

	2019	2018
	£	£
Charge to profit or loss in respect of defined contribution schemes	<u>100,613</u>	<u>82,616</u>

The company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the company. The company contributes a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the company with respect to the scheme is to make the specified contributions.

7 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	40,764	40,490
Company pension contributions to defined contribution schemes	62,255	63,500
	<u>103,019</u>	<u>103,990</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018: 2).

POINT BLANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	7,996	5,133
Other interest income	665	773
	<u>8,661</u>	<u>5,906</u>
Other income from investments		
Dividends received	5,461	6,218
	<u>14,122</u>	<u>12,124</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	7,996	5,133
Dividends from financial assets measured at fair value through profit or loss	5,461	6,218
	<u>7,996</u>	<u>5,133</u>

9 Amounts written off investments fixed asset investments

	2019 £	2018 £
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	29,297	(32,584)
Other gains/(losses)		
Gain on disposal of financial assets held at fair value through profit or loss	30,296	1,937
	<u>59,593</u>	<u>(30,647)</u>

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	270,258	273,711
Adjustments in respect of prior periods	-	(35,201)
	<u>270,258</u>	<u>238,510</u>
Total UK current tax	270,258	238,510
Foreign current tax on profits for the current period	6,523	690
	<u>276,781</u>	<u>239,200</u>
Deferred tax		
Origination and reversal of timing differences	(11,502)	(10,001)
	<u>265,279</u>	<u>229,199</u>
Total tax charge	265,279	229,199

POINT BLANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	1,624,632	1,582,476
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	308,680	300,670
Tax effect of expenses that are not deductible in determining taxable profit	2,233	1,161
Gains not taxable	(5,756)	(368)
Double tax relief	(6,523)	(690)
Effect of revaluations of investments	(5,566)	6,191
Effect of overseas tax rates	6,523	690
Under/(over) provided in prior years	-	(35,201)
Dividend income	(1,038)	(1,181)
Deferred Tax	(11,502)	(10,001)
Depreciation Add Back	23,827	27,480
Capital Allowances	(8,957)	(14,456)
Other Tax Adjustments	(41,135)	(45,096)
Chargeable Gains	4,493	-
Taxation charge for the year	265,279	229,199

11 Dividends

	2019 £	2018 £
Interim paid	1,124,208	982,007

POINT BLANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets

	Leasehold properties	Fixtures, fittings & equipment	Studio equipment	Total
	£	£	£	£
Cost				
At 1 January 2019	875,462	501,701	714,376	2,091,539
Additions	12,794	14,184	3,564	30,542
At 31 December 2019	888,256	515,885	717,940	2,122,081
Depreciation and impairment				
At 1 January 2019	223,836	401,737	509,867	1,135,440
Depreciation charged in the year	38,045	35,366	51,996	125,407
At 31 December 2019	261,881	437,103	561,863	1,260,847
Carrying amount				
At 31 December 2019	626,375	78,782	156,077	861,234
At 31 December 2018	651,626	99,964	204,509	956,099

13 Fixed asset investments

	2019 £	2018 £
Listed investments	487,453	430,336
Listed investments included above:		
Listed investments carrying amount	487,453	430,336

Fixed asset investments revalued

Fixed asset investments are valued with reference to market value.

POINT BLANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

13 Fixed asset investments (Continued)

Movements in fixed asset investments

	Listed investments £
Cost or valuation	
At 1 January 2019	430,336
Additions	133,744
Valuation changes	29,297
Disposals	(105,924)
At 31 December 2019	<u>487,453</u>
Carrying amount	
At 31 December 2019	<u>487,453</u>
At 31 December 2018	<u><u>430,336</u></u>

14 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	476,259	499,569
Amounts owed by group undertakings	1,746,582	1,768,232
Other debtors	17,911	2,375
Prepayments and accrued income	110,664	68,339
	<u>2,351,416</u>	<u>2,338,515</u>

The amounts owed by group undertakings are provided interest free, unsecured and are repayable on demand.

15 Creditors: amounts falling due within one year

	2019 £	2018 £
Payments received on account	1,450,557	1,239,980
Trade creditors	92,018	180,845
Amounts owed to group undertakings	1,866	-
Corporation tax	74,189	46,065
Other taxation and social security	61,146	47,585
Other creditors	425,066	254,861
	<u>2,104,842</u>	<u>1,769,336</u>

The amounts owed to group undertakings are interest free, unsecured and are repayable on demand.

POINT BLANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

16 Accruals and deferred income

	2019 £	2018 £
Accruals	192,192	187,402
Deferred income	239,909	772,905
	<u>432,101</u>	<u>960,307</u>

17 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	18	123,583	135,085

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	<u>123,583</u>	<u>135,085</u>
Movements in the year:		2019 £
Liability at 1 January 2019		135,085
Credit to profit or loss		(11,502)
Liability at 31 December 2019		<u>123,583</u>

The deferred tax liability set out above in relation to capital allowances is not expected to fully reverse within 12 months as it relates to accelerated capital allowances that are not expected to mature within the same period.

19 Share capital

	2019 £	2018 £
Ordinary share capital Issued and fully paid		
102 Ordinary shares of £1 each	<u>102</u>	<u>102</u>

POINT BLANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

20 Operating lease commitments

Lessee

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

	2019 £	2018 £
Within one year	308,592	308,592
Between two and five years	1,234,368	1,234,368
In over five years	511,456	820,048
	<u>2,054,416</u>	<u>2,363,008</u>

21 Related party transactions

Transactions with related parties

The only key management personnel are the Directors and their remuneration is disclosed in Note 7.

During the year the company entered into the following transactions with related parties:

There was an amount outstanding in respect of loans received from Point Blank Holdings Limited, the parent company, of £1,866 (2018: £Nil) which was still outstanding at the balance sheet date.

There was also an amount outstanding in respect of loans advanced of £1,635,385 (2018: £1,756,238) from Point Blank Properties Limited, which is a 100% owned subsidiary of the parent company Point Blank Holdings Limited.

In addition there was an amount outstanding in respect of loans advanced of £111,196 (2018: £11,994) due from Point Blank Los Angeles Inc, which is a 100% owned subsidiary of the parent company Point Blank Holding Limited.

Included in other debtors is an amount owed from the directors of £1,722 (2018: £2,132). This loan is provided interest free, unsecured and repayable on demand. The maximum balance in the year was £4,651 and the total of repayments made was £40,793.

The company has taken advantage of the exemption in FRS 102 from disclosing related party transactions with fellow members of the group which are wholly owned subsidiaries.

22 Ultimate controlling party

The immediate and ultimate parent company is Point Blank Holdings Limited, a company registered in England and Wales with its registered office at c/o Jack Ross Chartered Accountants, Barnfield House, The Approach, Blackfriars Road, Manchester, M3 7BX.

The ultimate controlling party is the director, Mr R Cowan, by virtue of his interest in the share capital of the immediate and ultimate parent company, Point Blank Holdings Limited.

POINT BLANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

23 Cash generated from operations

	2019	2018
	£	£
Profit for the year after tax	1,359,353	1,353,277
Adjustments for:		
Taxation charged	265,279	229,199
Investment income	(14,122)	(12,124)
Depreciation and impairment of tangible fixed assets	125,407	144,631
Amounts written off investments	(59,593)	30,647
Decrease in accruals and deferred income	(528,206)	(215,399)
Movements in working capital:		
Increase in debtors	(12,901)	(15,942)
Increase in creditors	307,382	350,715
Cash generated from operations	<u>1,442,599</u>	<u>1,865,004</u>