

**Company Registration No. 01245304 (England and Wales)**

**BPP Holdings Limited**

**Annual report and  
group financial statements  
for the year ended 31 August 2020**

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## **BPP Holdings Limited**

### **Company information**

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**Directors** Gregory Cappelli  
Mary Folline Morris Cullen  
Graham Stuart Mark Gaddes  
Erin Kelly  
Richard John Simmons  
Timothy Stewart  
Marissa Vega

**Company number** 01245304

**Registered office** BPP House  
Aldine Place  
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London  
W12 8AA

**Independent auditor** Deloitte LLP  
Statutory Auditor  
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United Kingdom  
AL1 3TF

**Bankers** Barclays Bank plc  
27 Soho Square  
London  
W1D 3QR

**Solicitors** Eversheds LLP  
1 Wood Street  
London  
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## **BPP Holdings Limited**

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## **BPP Holdings Limited**

### **Strategic report**

**For the year ended 31 August 2020**

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The directors present the Strategic report of BPP Holdings Limited ("BPP" or "the company") and its subsidiaries (together "the Group") for the year ended 31 August 2020.

#### **Results and dividends**

The trading results for the year ended 31 August 2020, and the group's and company's financial position at the end of the year, are shown in the attached group financial statements.

#### **Principal activity of the business**

The principal activity of the Group is to provide education and training in law, business, finance, accountancy, banking, technology and nursing both through relationships with corporates (B2B) and directly to consumers (B2C). The Group is a global leader in education with expertise that covers learning for a number of different levels and includes apprenticeships, university courses, professional qualifications and professional development. The Group educates over 80,000 learners each year and works with c7000 businesses across industry, many of which are working on an exclusive basis. The Group works closely with employers and professional bodies to make learning as real world, relevant and future facing as possible. The programmes utilise the Groups innovative and unique learning framework, focussing entirely on assessment and career success, and aligning the educational experience to focus with employability and career progression. Courses are built by industry experts and feature various study options wherever possible.

Most programmes are delivered through online and face to face or blended delivery methods, with locations being primarily throughout the United Kingdom and certain European countries. Further information can be found at [www.bpp.com](http://www.bpp.com).

#### **Strategic review**

Consolidated turnover from continuing operations increased by £11.755 million, to £172.970 million (2019: £161.215 million) due to a change in the product mix including an increase in turnover from apprenticeship programmes and university courses. The Group operating profit increased to £27.327 million (2019: £12.397 million), which totals an increase of £14.930 million. This occurred following the increase in both turnover and margin resulting from changing product mix along with continued proactive management of property, staff and other operating costs. The Group was still able to grow both revenue and operating profit despite the impact of COVID-19, due to a range of operational, liquidity and financial sustainability measures put in place, as outlined in this report under key risks and uncertainties. Therefore whilst COVID-19 had an operational impact it didn't have a significant financial impact when Group performance is compared to prior year.

The Group profit after tax for the financial year increased to £21.297 million (2019: £19.191 million). The prior year included a £7.643 million settlement following resolution with the tax authority. At 31 August 2020 Group net assets increased by £7.571 million compared with the prior year. This was due to profit of £21.297 million being offset by dividends and return of capital to the parent entity of £13.747 million. The consolidated cash position improved by £20.800 million, primarily due to positive operating cash flows of £31.010 million and the draw down of the £10m revolving credit facility which remained unused offset by dividends of £13.747 million as well.

**Key performance indicators**

The key performance indicators have been identified as turnover and net income, which can be found in the Statement of comprehensive income on page 16. Regulatory compliance has also been identified as a key performance indicator and as at the date of this report the Group continues to meet the ongoing requirements for the relevant regulatory bodies, including the Office for Students (OfS), Office for Standards in Education (Ofsted) and Education and Skills Funding Agency (ESFA).

Further discussion on risk management of regulatory compliance can be found under the key risks and uncertainties section of the report.

**Key risks and uncertainties**

Outlined below is a description of the principal risk factors the directors consider as impacting the Group. Not all factors are within the Group's control, and other factors besides those listed below could also impact the Group.

*Competition*

The Group primarily operates in the UK but also in international markets that are highly competitive, and therefore the Group competes with other proprietary companies, and in certain circumstances, with government supported schools and institutions. Competitive factors for the Group vary by both programme, subject and delivery channel as well as geography. Competitive factors generally include the following:

- active and relevant curriculum development that considers needs of employers and regulatory requirements;
- breadth of reliable and high-quality programmes and classes;
- qualified and experienced faculty;
- brand reputation of the institution and of the programmes and classes;
- ability to provide flexible and convenient access to programmes and classes; and
- affordability, access and price.

The Group addresses these risks by maintaining high standards of education and by closely monitoring the market, economic conditions and competitor actions specific to the market in which each subsidiary of the Group operates.

*Compliance and regulatory risk*

The Group's subsidiaries are subject to regulatory requirements and must be approved by relevant regulatory authorities under applicable local laws. In some cases they require accreditation. The Group addresses these risks by working to maintain such approvals and/or accreditations and keeping abreast of current regulations that may impact the operation of its business. Management have implemented internal control processes related to compliance with the relevant regulations and an infrastructure to manage this regulatory risk, which is under regular review and evolves as required.

The Group continued to meet the requirements of key regulators with regular external reviews from various regulatory bodies each financial year. In 2020, BPP University Limited was granted indefinite taught degree awarding powers (iTDA) under the Office for Students (OfS) new regulatory framework. The award of iTDA, will come into force on 1st September 2020.

**Key risks and uncertainties (continued)**

*Inherent risks related to operating in a variety of international markets*

The Group operations are predominantly centered in the United Kingdom but also has a presence in Europe, China, Hong Kong, Singapore, and Malaysia. As such, risks inherent in conducting businesses in various foreign jurisdictions arise, including:

- currency exchange rate fluctuations;
- monetary policy risks, such as inflation, hyperinflation, and devaluation;
- potential political and economic instability in the countries where the Group operates;
- compliance with anti-corruption regulations such as the UK Bribery Act of 2010;
- local labour laws that make it more expensive and complex to negotiate with, retain or terminate employees; and
- increased risk of acts of terrorism, war, epidemics and natural disasters.

Specific examples of some of these risks impacting the Group are as follows:

- the global emergence of a novel strain of coronavirus ("COVID-19"), which is discussed further below.
- the announcement of the UK to leave the European Union ("Brexit") will continue to be a risk for the future as the potential impact on the UK economy is still unknown.

These risks could have a negative impact on student enrolment, currency fluctuation and Group turnover. The Group therefore seeks to mitigate these risks by closely monitoring the economic outlook caused by local and global economic events, and maintaining flexible resources so that each subsidiary within the Group is able to respond to changes in economic and political conditions.

**COVID-19**

The global emergence of COVID-19 has impacted global economic activity, caused business disruption in a number of industries and caused significant volatility in UK, European and other international debt and equity markets. COVID-19 has impacted the majority of businesses in the UK and the response from the Group can be split between operational and liquidity and financial sustainability. Given the initial impacts of the pandemic and the uncertainty on how long the impact will continue into the future, the liquidity of the business in the short and medium term were made key priorities to ensure the business had sufficient working capital to continue in operations.

**Operational**

- **Teaching and Exams** – All teaching moved online as of late March 2020 and 98% of the courses have been successfully taught. This includes an innovative approach to deliver to International students from the UK, which enabled new student cohorts to start in the latter part of the financial year.
- **Learning Centres** – In line with government guidance, all Group centres were closed in late March 2020. They were partially reopened in line with guidance to support students in September 2020.
- **Exams and Onboarding** - From April 2020 University exams have been delivered online using an e-proctoring solution. All new student cohorts have been successfully onboarded online.
- **Staff Offices** – The substantial majority of Group's staff have been working remotely and have been provided with the relevant technology and resources to ensure a successful transition.

**Key risks and uncertainties (continued)**

**Operational (continued)**

- **Staff and Student Well-being Focus** – The Group put in place specific initiatives focused on staff and student well-being during this challenging time. This included a dedicated HR Well-being strategy to support staff, including well-being resources, hints and tips on looking after yourself and how to access further support. For students a series of well-being initiatives included regular meditation sessions, well-being webinars, coping with exam stress webinars, wellbeing resources on the virtual learning environment and promotion of support services throughout.
- **Communications to Key Stakeholders** – The Group established clear, concise and transparent communications with students, clients and employees.

**Liquidity and financial sustainability**

- **Cost Saving Actions** – The Group acted quickly to address the cost base with key activities and savings made on flexible staffing (freelance and overtime), tight management of headcount, property related expense (cleaning, utilities and maintenance, capital property spend), room hire (both exams and teaching), travel and entertainment.
- **Supplier Negotiations** – The Group reviewed supplier contracts were reviewed with a view to smooth payment profiles by updating terms where payments were historically made in advance.
- **Cash flow Monitoring and Focus** – The Group enhanced its cash flow forecast monitoring and reporting inclusive of reviews and updates to key stakeholders with a focus on daily, weekly, monthly and rolling 18 week near-term cash requirements..
- **Revolving Credit Facility (RCF)** – BPP Holdings drew down on the £10 million RCF held with Barclays at the end of March 2020. This was a precautionary step due to uncertainty over credit markets at the time. The funds remained unused and were repaid in December 2020.
- **UK Government Support schemes** – The Group utilized both the Coronavirus Job Retention scheme for a small group of staff who couldn't fulfil their roles due to closure of the physical centres and the VAT tax payment deferral scheme.

**Credit risk**

Credit risk refers to the risk that a customer will default on any type of debt by failing to make payments in accordance with general terms. Members of the Group contract with individual students and, for certain programmes, corporate clients. Each subsidiary has mechanisms and policies in place to monitor potential defaulters with corporate clients undergoing credit checks and in a number of cases individuals pay a percentage of their course fees in advance.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

**Key risks and uncertainties (continued)**

*Liquidity and cash flow risks*

The liquidity and cash flow of the Group could have a material effect on the operational and financial condition of the Group. The cash flows of the Group, however, continue to be positive, with limited external debt financing. In 2019, BPP Holdings Limited entered into a £10 million revolving credit facility, which expires in April 2024. The revolving credit facility is available for use for general corporate purposes and during March 2020, BPP Holdings Limited borrowed the full £10 million under the revolving credit facility, which remained outstanding as at 31 August 2020. BPP Holdings Limited repaid the entire amount borrowed under the revolving credit facility during December 2020.

The Group manages its financial risk through a cash pooling arrangement between its UK subsidiary companies, meaning that they can lend and borrow funds between them where required. The Group use this facility as an efficient treasury management tool to manage its liquidity risk.

*Reputational risk*

BPP's brand is one of the most successful and best established brands in the global training and professional education market and represents a key element of the Group's overall marketing and positioning. To prevent brand and reputational damage we have many quality assurance mechanisms to ensure that our teaching and course materials remain of the highest standard.

**Section 172 (1) statement**

The directors, in line with their duties under section 172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole. In doing so, the directors have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term;
- Interests of the Group's employees;
- Need to foster the Group's business relationships with suppliers, customers and others;
- Impact of the Group's operations on the community and environment;
- Desirability of the Group maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the Group.

In discharging the section 172 duties, the directors have regard to the factors set out above. The directors also have regard to other factors they consider relevant to the decision being made. Those factors, for example, include the interests and views of the Group's investors. The directors acknowledge that every decision that is made will not necessarily result in a positive outcome for all of the Group's stakeholders. However, by considering the Group's purpose, vision and values together with its strategic priorities and having a process in-place for decision-making, the directors aim to make sure their decisions are consistent and predictable.



**Section 172 (1) statement (continued)**

Strategic Reviews

As described earlier in this Strategic report, the Group's strategy is to deliver world-class experiences and outcomes for students and employers, accelerate organic growth of the Group and improve the Group's operating efficiency and effectiveness in order to maximise the value of each of the Group's educational institutions. The directors are responsible for establishing and monitoring the implementation of the Group's strategy, oversight of performance and risk management and setting a strong cultural foundation built around ethical values. The directors include both executive management and those who form part of the ownership Group. The directors delegate authority for day-to-day management of the Group to executive management and to senior management at each subsidiary in overseeing execution of the business strategy and related policies. Regular meetings are held between senior executives and directors where performance, key developments and future strategy are discussed. The approach allows the Group, and specifically, each of its subsidiaries, to be more efficient and effective in responding to local economic, political, regulatory and other market changes that impact the Group and its subsidiaries. Further, this approach ultimately supports the Group in achieving its strategy to maximise the value of each of the Group's educational institutions for the Group's investors.

Financial and operational performance

During the year, the directors review matters relating to a variety of areas, including, but not limited to, financial and operational performance, business strategy, key risks, governance, compliance and legal and regulatory matters. This is done through regular meetings and dialogue with senior management, the consideration of reports and other supporting information. As part of this review process and through discussions with senior management, the directors contributed to the key activities carried out by the Group during the year, including the implementation of strategies to mitigate the impact of COVID-19 on each subsidiary's business through the management and preservation of cash and overall liquidity such as drawing down of the £10 million revolving credit facility. See specific subsection on COVID-19 response in the Strategic report.

Stakeholder Engagement

The Group's key stakeholders include its investors, customers, employees and regulators, the communities in which the Group operates and the partners and suppliers that the Group works with. The Group's success is impacted by the way the Group conducts itself with these key stakeholders. As such, the views and impact of the Group's activities on its stakeholders are an important consideration for the directors when making relevant decisions. For example, the directors regularly engages with employees through employee surveys to ascertain how involved and satisfied employees feel in their position. As a result, action is taken by senior management to make improvements, for example changing the employee appraisal system to enhance employee personal development. While there are cases where the directors determine that they should engage directly with certain stakeholder Groups or on certain issues, the size of our stakeholders means that generally, the Group's stakeholder engagement best takes place at an operational or subsidiary level. The Group finds that this is a more efficient and effective approach, and also helps the Group achieve a greater positive impact on environmental, social and other issues. Directors regularly provide employees with updates on the Group's performance and outlook and to share any business news that employees will find useful to know.

**Section 172 (1) statement (continued)**

The Group, and specifically, each of its subsidiaries, strives to create a culture of collaboration and inclusion, and create an environment that ensures its employees have the requisite skills and resources needed to effectively complete their job and deliver value to the Group's customers. The Group is geographically and culturally diverse and recognises the importance of engaging employees to help make their fullest contribution to the Group, which is fundamental to achieving the Group's strategy. The Group leverages a number of different initiatives and tools in engaging with its employees, including offering learning, development and training courses, health and wellness programs, and other benefit programs.

**Customer and supplier relationships**

The Group's customers are an integral component to achieving the Group's strategic goals. The Group and specifically, each of its subsidiaries, strives to ensure that its customers are treated fairly and that customer feedback about the educational services provided by the Group's subsidiaries is taken into consideration. The Group's subsidiaries engage with their customers in a variety of ways, including, for example, through student Groups and student surveys, such as daily satisfaction scores. The Group, and specifically its subsidiaries have employees whose work is dedicated to the customer experience and wellbeing, focusing on both corporate customers and individual student Groups. For example, BPP University operates hardship funds which are accessible to students to fulfil vital and immediate needs. Specific teams are also in place across the Group to work collaboratively with corporate customers and understand how we can improve any elements of the product offerings or customer experience.

The Group, and specifically, each of its subsidiaries, recognises the importance of fostering business relationships with its suppliers in order to meet strategic priorities, maximise efficiency and optimize costs. The Group engages with suppliers on a regular basis through multiple communication channels to ensure suppliers are providing the goods and services as anticipated by the Group's subsidiaries and seeking feedback from suppliers, when applicable. During the year, following consultation with a number of suppliers, payment methods were updated, thus satisfying the supplier and helping the company achieve a predictable cash outflow.

**Environmental**

Finally, the Group also recognises its responsibility to reducing its environmental impact. The Group reports environmental usage annually to its investors. As described in the energy and carbon reporting section in the Directors' report, the Group closely analyses its energy performance to understand usage trends, identify opportunities for reduction and recognize the impacts of its energy saving projects.

**Future developments**

The directors will continue to monitor the risks disclosed in this Strategic report. The directors will continue to look for ways to maximise the student experience, enhance student curriculum and review strategic alternatives for its educational institutions that result in creating and maximising value.

The current outlook for the Group is positive, especially given the increased operating profit for the year in spite of the changing economic conditions caused by COVID-19. The Group continues to invest in and launch new products to help strengthen its position in the markets in which it operates. The Group believes the challenging economic conditions will further increase the demand for career focussed education and the Group plans to use their core competencies and experience to capitalise on these opportunities.

**Distributable reserves**

All interim dividends in the fiscal year 2020 were made with sufficient distributable profits.

**BPP Holdings Limited**

**Strategic report (continued)**

**For the year ended 31 August 2020**

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Approved by the Board of directors, and signed on its behalf by



.....  
Graham Stuart Mark Gaddes  
**Director**

Date: 16 December 2020

## **BPP Holdings Limited**

### **Directors' report**

**For the year ended 31 August 2020**

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The directors present their annual report and audited financial statements for the year ended 31 August 2020.

#### **Principal activities**

The principal activity of the company continued to be that of providing accommodation related services to fellow Group companies, and acting as an intermediary holding company.

The principal activity of the Group is to provide education and training in law, business, finance, accountancy, banking, technology and nursing both through relationships with corporates (B2B) and directly to consumers (B2C).

The Group performance, proposed dividends, outlook, strategy, policies, future developments and risk uncertainties can be found in the Strategic report.

#### **Branches**

The Group primarily operates throughout the UK, and has presence in other European countries, China, Hong Kong, Singapore and Malaysia. A comprehensive list of the Group and company's subsidiaries and associated undertakings can be found in note 16.

#### **Directors**

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

Gregory Cappelli  
Mary Folline Morris Cullen  
Graham Stuart Mark Gaddes  
Erin Kelly  
Richard John Simmons  
Timothy Stewart  
Marissa Vega

#### **Results and dividends**

The results for the year are set out on page 16.

Ordinary dividends were paid amounting to £7.097 million (2019: £30.350 million) and a return of capital of £6.650 million (2019: £3.550 million). The directors have not recommended payment of a final dividend. The majority of these distributions (80%) were conducted before the half year of 28 February 2020.

#### **Events after the balance sheet date**

The £10 million revolving credit facility, drawn in March 2020, was repaid in full in December 2020.

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**Energy and carbon reporting**

Below are the Group's sources of greenhouse gas (GHG) emissions and energy usage as required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended:

GHG emissions and energy usage data for period 1 September 2019 to 31 August 2020	
	UK and offshore
	2019/2020
Emissions from combustion of gas (Scope 1 – tonnes of CO <sub>2</sub> e)	363.80
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO <sub>2</sub> e)	-
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO <sub>2</sub> e)	896.70
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 - tonnes of CO <sub>2</sub> e)	27.10
<b>Total gross CO<sub>2</sub>e based on above</b>	<b>1,287.60</b>
Energy consumption used to calculate emissions - kwh	5,912,295
Overall net carbon intensity (total gross emissions tCO <sub>2</sub> e per £m of turnover)	7.44

The above data is limited to GHG emissions and energy usage for the Group's subsidiary operations based in the UK. Subsidiary operations that are not based in the UK are not included in the above data.

Greenhouse gas emissions and energy usage have been calculated in line with the UK Government's 'Environmental Reporting Guidelines' and the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

Emissions and conversion factors have been taken from the UK Government's 'GHG Conversion Factors for Company Reporting' for the year 2020.

We closely analyse our energy performance – using half-hourly data, where possible – to understand usage trends, identify opportunities for reduction and recognise the impacts of our energy-saving projects. During the year, we have taken a number of steps to improve energy efficiency, including replacing fluorescent lights with LEDs, replacing aged air conditioning and heating systems with cleaner and more efficient systems, and establishing firm parameters concerning minimum and maximum temperatures throughout our buildings.

**Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

## **BPP Holdings Limited**

### **Directors' report (continued) For the year ended 31 August 2020**

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#### **Employee involvement**

The Group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

#### **Qualifying third party indemnity provisions**

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were in place throughout the year and remain in force at the date of this report.

#### **Going concern**

After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the company financial statements (see note 1.3 for further details).

#### **Re-appointment of auditor**

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual 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), 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 Group and company, and of the profit or loss of the Group 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;
- 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 Group and company will continue in business.

**BPP Holdings Limited**

**Directors' report (continued)**

**For the year ended 31 August 2020**

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**Statement of directors' responsibilities (continued)**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Strategic report**

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's Strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' report. It has done so in respect of the Group's performance, outlook, strategy, policies, future developments and key risks and uncertainties.

**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 auditor of the company 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 auditor of the company is aware of that information.

The Directors' report was approved by the Board of directors, and signed on its behalf by



.....  
Graham Stuart Mark Gaddes

**Director**

Date: 16 December 2020  
.....

**BPP Holdings Limited**

**Independent auditor's report**

**To the members of BPP Holdings Limited**

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**Opinion**

In our opinion the financial statements of BPP Holdings Limited (the 'parent company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 August 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- Group statement of comprehensive income;
- Group statement of financial position;
- Company statement of financial position;
- Group statement of changes in equity;
- Company statement of changes in equity;
- Group statement of cash flows
- the related notes 1 to 34.

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).

**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 Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors use of the going concern basis of accounting in 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 Group's or the parent 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.

We have nothing to report in respect of these matters.



**BPP Holdings Limited**

**Independent auditor's report (continued)**  
**To the members of BPP Holdings Limited**

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**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 respect of these matters.

**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 Group's and the parent 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 Group or the parent 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**BPP Holdings Limited**

**Independent auditor's report (continued)**  
**To the members of BPP Holdings Limited**

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**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the 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.

In the light of the knowledge and understanding of the Group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

**Other matter**

As the company did not prepare consolidated financial statements due to taking the exemption from consolidation under section 400 of the Companies Act 2006 in the prior year we have not audited the corresponding consolidated amounts for that year.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.



David Halstead, FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

St Albans 16 December 2020

**BPP Holdings Limited****Group statement of comprehensive income  
For the year ended 31 August 2020**

		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£'000</b>	<b>Unaudited £'000</b>
<b>Turnover</b>	<b>3</b>	172,970	161,215
Cost of sales		(92,544)	(98,897)
<b>Gross profit</b>		80,426	62,318
Administrative expenses		(53,099)	(49,921)
<b>Operating profit</b>	<b>4</b>	27,327	12,397
Interest receivable and similar income	<b>8</b>	12	619
Interest payable and similar expenses	<b>9</b>	(463)	(306)
Other gains and losses	<b>10</b>	-	7,643
<b>Profit before taxation</b>		26,876	20,353
Tax on profit	<b>11</b>	(5,579)	(1,162)
<b>Profit for the financial year</b>	<b>29</b>	21,297	19,191
Currency translation differences		21	(20)
<b>Total comprehensive income for the year</b>		21,318	19,171

Profit for the financial year is all attributable to the owners of the parent company.

The Statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

**BPP Holdings Limited**

**Group statement of financial position  
As at 31 August 2020**

			2020	2019
	Notes	£'000	£'000	Unaudited £'000
<b>Fixed assets</b>				
Goodwill	13		247	336
Other intangible assets	13		6,475	4,165
Total intangible assets			6,722	4,501
Tangible assets	14		72,619	74,895
			79,341	79,396
<b>Current assets</b>				
Stocks	17	834		1,772
Debtors: falling due within one year	18	35,854		30,771
Restricted cash	19	714		2,152
Cash at bank and in hand		30,269		9,469
		67,671		44,164
<b>Creditors: amounts falling due within one year</b>	20	(65,609)	(52,451)	
<b>Net current assets/(liabilities)</b>			2,062	(8,287)
<b>Non-current assets</b>				
Debtors: falling due after one year	18	3,921		2,150
<b>Total assets less current liabilities</b>			85,324	73,259
<b>Creditors: amounts falling due after more than one year</b>	21		(11,353)	(8,510)
<b>Provisions for liabilities</b>				
Provisions	24	(3,528)		(3,431)
Deferred tax liability	25	(3,740)		(2,186)
			(7,268)	(5,617)
<b>Net assets</b>			66,703	59,132


**BPP Holdings Limited**

**Group statement of financial position (continued)**  
**As at 31 August 2020**

			2020		2019
	Notes	£'000	£'000	£'000	Unaudited £'000
<b>Capital and reserves</b>					
Called up share capital *	28		-		-
Revaluation reserve	29		22,752		22,752
Capital contribution reserve	29		500		7,150
Capital redemption reserve	29		1,017		1,017
Other reserves	29		16,655		16,526
Profit and loss reserves	29		25,779		11,687
<b>Total equity</b>			<u>66,703</u>		<u>59,132</u>

\* = amount less than £1,000, due to rounding.

The financial statements were approved by the board of directors and authorised for issue on 16/12/2020 and are signed on its behalf by:

  
.....  
Graham Stuart Mark Gaddes  
Director

**BPP Holdings Limited**

**Company statement of financial position  
As at 31 August 2020**

			2020		2019
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	14		71,689		73,507
Investments	15		13,569		13,569
			<u>85,258</u>		<u>87,076</u>
<b>Current assets</b>					
Debtors	18	8,176		4,411	
Cash at bank and in hand		10,788		805	
		<u>18,964</u>		<u>5,216</u>	
<b>Creditors: amounts falling due within one year</b>	20	(34,857)		(10,531)	
<b>Net current liabilities</b>			(15,893)		(5,315)
<b>Total assets less current liabilities</b>			<u>69,365</u>		<u>81,761</u>
<b>Creditors: amounts falling due after more than one year</b>	21		(11,351)		(8,424)
<b>Provisions for liabilities</b>					
Provisions	24	(2,802)		(2,576)	
Deferred tax liability	25	(9,209)		(8,398)	
		<u>(12,011)</u>		<u>(10,974)</u>	
<b>Net assets</b>			<u>46,003</u>		<u>62,363</u>
<b>Capital and reserves</b>					
Called up share capital *	28		-		-
Revaluation reserve	29		22,752		22,752
Capital contribution reserve	29		500		7,150
Capital redemption reserve	29		1,017		1,017
Other reserves	29		16,469		16,469
Profit and loss reserves	29		5,265		14,975
<b>Total equity</b>			<u>46,003</u>		<u>62,363</u>

\* = amount less than £1,000, due to rounding.

**BPP Holdings Limited**

**Company statement of financial position (continued)**  
**As at 31 August 2020**

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As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £5.113 million (2019: £91.565 million loss).

The financial statements were approved by the board of directors and authorised for issue on ...16/12/2020..... and are signed on its behalf by:



.....  
Graham Stuart Mark Gaddes  
Director

**Company Registration No. 01245304**

**BPP Holdings Limited**

**Group statement of changes in equity**  
**For the year ended 31 August 2020**

	Notes	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Capital contribution reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Profit and loss reserves £'000	Total controlling interest £'000	Non- controlling interest £'000	Total £'000
<b>Unaudited balance at 1 September 2018</b>		34,351	12,491	22,752	10,700	1,017	16,546	(24,726)	73,131	32	73,163
<b>Year ended 31 August 2019:</b>											
Profit for the year		-	-	-	-	-	-	19,191	19,191	-	19,191
Other comprehensive expense:											
Currency translation differences		-	-	-	-	-	(20)	-	(20)	-	(20)
Total comprehensive income for the year		-	-	-	-	-	(20)	19,191	19,171	-	19,171
Issue of share capital	28	138	659	-	-	-	-	-	797	-	797
Dividends	12	-	-	-	(3,550)	-	-	(30,350)	(33,900)	-	(33,900)
Capital reduction	28	(34,489)	(13,150)	-	-	-	-	47,639	-	-	-
Purchase of shares in subsidiary from non- controlling interest		-	-	-	-	-	-	-	-	(32)	(32)
Other movements		-	-	-	-	-	-	(67)	(67)	-	(67)
<b>Unaudited balance at 31 August 2019</b>		-	-	22,752	7,150	1,017	16,526	11,687	59,132	-	59,132



**BPP Holdings Limited**

**Group statement of changes in equity (continued)**  
**For the year ended 31 August 2020**

	Notes	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Capital contribution reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Profit and loss reserves £'000	Total controlling interest £'000	Non- controlling interest £'000	Total £'000
<b>Year ended 31 August 2020:</b>											
Profit for the year		-	-	-	-	-	-	21,297	21,297	-	21,297
Other comprehensive income:											
Currency translation differences		-	-	-	-	-	17	4	21	-	21
Total comprehensive income for the year		-	-	-	-	-	17	21,301	21,318	-	21,318
Dividends	12	-	-	-	(6,650)	-	-	(7,097)	(13,747)	-	(13,747)
Company restructure		-	-	-	-	-	112	(112)	-	-	-
<b>Balance at 31 August 2020</b>		-	-	22,752	500	1,017	16,655	25,779	66,703	-	66,703

Issued share capital at 31 August 2020 and 2019 was £344.88.

**BPP Holdings Limited**

**Company statement of changes in equity  
For the year ended 31 August 2020**

	Notes	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Capital contribution reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
<b>Balance at 1 September 2018</b>		34,351	12,491	22,752	10,700	1,017	16,469	89,251	187,031
<b>Year ended 31 August 2019:</b>									
Loss and total comprehensive expense for the year		-	-	-	-	-	-	(91,565)	(91,565)
Issue of share capital	28	138	659	-	-	-	-	-	797
Dividends	12	-	-	-	(3,550)	-	-	(30,350)	(33,900)
Capital reduction	28	(34,489)	(13,150)	-	-	-	-	47,639	-
<b>Balance at 31 August 2019</b>		-	-	22,752	7,150	1,017	16,469	14,975	62,363
<b>Year ended 31 August 2020:</b>									
Loss and total comprehensive expense for the year		-	-	-	-	-	-	(5,113)	(5,113)
Dividends	12	-	-	-	(6,650)	-	-	(4,597)	(11,247)
<b>Balance at 31 August 2020</b>		-	-	22,752	500	1,017	16,469	5,265	46,003

Issued share capital at 31 August 2020 and 2019 was £344.88.

**BPP Holdings Limited**

**Group statement of cash flows**  
**For the year ended 31 August 2020**

		2020	2019
			Unaudited
	Notes	£'000	£'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	32	35,659	45,166
Interest paid		(77)	(34)
Interest received		12	30
Income taxes paid		(4,584)	(3,895)
<b>Net cash inflow from operating activities</b>		<b>31,010</b>	<b>41,267</b>
<b>Investing activities</b>			
Purchase of intangible assets		(3,826)	(2,983)
Purchase of property, plant and equipment		(2,304)	(1,319)
Proceeds from sales of property, plant and equipment		2	125
Purchase of non-controlling interest		-	(68)
<b>Net cash used in investing activities</b>		<b>(6,128)</b>	<b>(4,245)</b>
<b>Financing activities</b>			
Proceeds from issue of shares		-	797
Proceeds from borrowings		10,000	-
Payment of finance leases obligations		(405)	(465)
Dividends paid to equity shareholders		(13,747)	(33,900)
<b>Net cash used in financing activities</b>		<b>(4,152)</b>	<b>(33,568)</b>
<b>Net increase in cash and cash equivalents</b>		<b>20,730</b>	<b>3,454</b>
Cash and cash equivalents at beginning of year		9,469	6,033
Effect of foreign exchange rates		70	(18)
<b>Cash and cash equivalents at end of year</b>		<b>30,269</b>	<b>9,469</b>

**BPP Holdings Limited**

**Notes to the financial statements  
For the year ended 31 August 2020**

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**1 Accounting policies**

**Company information**

BPP Holdings Limited ("the company") is a holding company that provides accommodation related services to fellow Group companies and through its subsidiaries (together "the Group") provides education and training programmes in a variety of areas. The Group delivers most of its programmes through a mix of online and on-ground or blended delivery methods, with locations being primarily throughout the United Kingdom and certain European countries.

The company is a private limited company limited by shares and incorporated in England and Wales. The registered office is BPP House, Aldine Place, 142-144 Uxbridge Road, London, W12 8AA. The Company's registration number is 01245304.

The Group consists of BPP Holdings Limited and all of its subsidiaries.

**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 £1,000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings. The principal accounting policies adopted are set out below.

This is the first year of preparation of consolidated financial statements and as such, the comparative figures are unaudited.

**Notes to the financial statements (continued)**  
**For the year ended 31 August 2020**

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**1 Accounting policies (continued)**

The 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 for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- 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; and
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the Group are consolidated in the financial statements of Socrates Global Parent Limited. These consolidated financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

**1.2 Basis of consolidation**

The Group financial statements incorporate those of BPP Holdings Limited and all of its subsidiaries (i.e., entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 August 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

**1 Accounting policies (continued)**

**1.3 Going concern**

The Group's business activities, together with factors likely to affect its future development and position, are set out in the Strategic report and the Directors' report.

The Group meets its day-to-day working capital requirements through cash generated from its operations and, as applicable, its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, including the recent global emergence of a novel strain of coronavirus ("COVID-19"), show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

**1.4 Turnover**

Turnover is recognised when the following conditions are fulfilled:

- services have been rendered or the delivery has occurred;
- the amount of revenue can be reasonably measured;
- it is probable that the future economic benefits will flow to the entity; and
- the costs incurred, or to be incurred, in relation to the transaction can be reasonably measured.

Turnover is presented net of scholarships, discounts, and net of VAT and other sales related taxes collected and remitted to governmental authorities.

***Tuition and educational turnover***

Substantially all of the Group's net turnover is composed of tuition and fees from educational programmes that consist of students in short-term, non-degree programmes, students who purchase certain self-study and/or asynchronous programmes and students enrolled in degree and non-degree programmes lasting multiple years. Tuition turnover is recognised over the length of the course and/or programme. Tuition income received or charged in advance are accounted for in liabilities and released over the period of the course. For tuition fees invoiced in advance but where cash is yet to be received, a current liability and corresponding current asset is raised when it is probable that future economic benefits are expected to flow to the entity.

***Educational materials***

Sales of educational materials are recognised when goods have been delivered to the student, the student has accepted the goods and the related receivable is measurable.

***Other education-related income***

Other education-related income primarily consists of non-tuition income associated with providing educational services such as professional services, enrolment application fees and receipt of certain government subsidies.

**1 Accounting policies (continued)**

***Discounts***

Discounts represent institutional scholarships, early payment discounts and promotions. This includes reductions in charges for tuition or other fees from our standard rates typically provided to corporate and other employer students. Discounts are generally recognised over the period of instruction in the same manner as the related tuition revenue to which the discount relates.

Collected but unremitted sales and other indirect taxes are included as a liability in the Group's Statement of financial position.

When cash inflows are deferred and represent a financing arrangement, and not settled in cash, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income. The element of financing is deemed immaterial and disregarded in the measurement of revenue.

***Interest income***

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

***Other revenue***

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Government grants relating to turnover are recognised as income on an accrual basis over the periods when the related costs are incurred.

**1.5 Intangible fixed assets - goodwill**

Goodwill arising on the acquisition of subsidiary undertakings represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

**1.6 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

**1 Accounting policies (continued)**

Amortisation 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:

Patents & licences	over 3 years
Other intangibles	over 2 years

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. Previously capitalised curriculum development costs are included within other intangibles and are amortised between three and five years, depending on the period the entity is expected to benefit. Provision is made for any impairment.

**1.7 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, 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:

Freehold buildings	over an expected useful life of 5 to 50 years
Short leasehold	over the life of the lease
Equipment	over an expected useful life of 3 to 10 years
Fixtures and fittings	over an expected useful life of 5 to 10 years

Land and assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of comprehensive income.

Certain subsidiaries within the Group performed a one time revaluation of freehold land and buildings as part of the transition to FRS 102. The Group does not adopt a revaluation policy for its tangible fixed assets.



**1 Accounting policies (continued)**

**1.8 Fixed asset investments**

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised in the statement of comprehensive income.

**1.9 Impairment of fixed assets**

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

**1.10 Stocks**

Stocks principally represent course materials and books. Stocks are stated at the lower of cost and net realisable value, using the FIFO (first-in, first-out) method and the average cost method, depending on the stock item. With respect to course materials, external creative costs and artwork costs of new titles are absorbed into the cost of the first print run. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the statement of comprehensive income. Reversals of impairment losses are also recognised in the statement of comprehensive income.

**1.11 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.

**1 Accounting policies (continued)**

**1.12 Financial instruments**

The Group 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 Group's Statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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, 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.

***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 the statement of comprehensive income.

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 the statement of comprehensive income.

***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 Group 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 Group after deducting all of its liabilities.

**1 Accounting policies (continued)**

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow Group companies and preference shares that are classified as debt, 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.

***Derecognition of financial liabilities***

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

**1.13 Equity instruments**

Equity instruments issued by the Group 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 Group.

**1.14 Taxation**

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

***Current tax***

reported in the statement of comprehensive income 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**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. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. 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.

**1.15 Provisions**

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

***Dilapidations Provision***

The provision for dilapidations represents the costs that are expected to be incurred on the expiration of a lease term to return the property back to its original condition. An asset is recognised and depreciated on a straight-line basis over the lease term. A liability is recognised at the net present value of the expenditure expected to settle the obligation. The estimated future costs of dilapidation are reviewed on an annual basis and adjusted as appropriate when new information is obtained. Changes in estimates are capitalised or reversed against the leasehold costs. Changes to the estimates are discounted at a pre-tax rate reflecting current market assumptions of the time value of money.

**1 Accounting policies (continued)**

**1.16 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.17 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Amounts not paid are shown as accruals in the Statement of financial position.

**1.18 Share-based payments**

For cash-settled share-based payments, a liability is recognised as employees provide the requisite services and as applicable performance conditions are achieved. This is measured initially at the fair value of the liability; and subsequently at the Statement of financial position date until the liability is settled. At the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in the Statement of comprehensive income for the year.

The Group adopted long-term incentive plans whereby cash-settled share appreciation rights ("SARs") were granted to certain employees. These awards are classified as liability awards. Accordingly, the Group and company measures and recognises compensation expense over the requisite service period for these awards based on the fair value of the stock appreciation award at each measurement date for the portion of the service period completed and if certain performance conditions are met until the awards are settled. Forfeitures are estimated at the time of grant and adjusted, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

**1.19 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the statement of comprehensive income so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**1 Accounting policies (continued)**

Rentals payable under operating leases, including any lease incentives received, are charged to the statement of comprehensive income 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 leased asset are consumed.

Additionally, lease agreements may contain tenant improvement allowances, lease incentives, rent holidays, and/or rent escalation clauses. When such items are included in a lease agreement, the Group records a deferred rent asset or liability. For leases with renewal options, the Group generally record rent expense on a straight line basis over the initial non-cancellable lease term (in instances where renewal is not reasonably assured).

**1.20 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 statement of comprehensive income for the period.*

**2 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group'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.

**Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

***Share appreciation rights***

The Group and company measures and recognises compensation expense over the requisite service period for these awards based on the fair value of the stock appreciation award at each measurement date for the portion of the service period completed and if certain performance conditions are met until the awards are settled. To calculate the fair value of the stock appreciation rights, the Group uses the Black-Scholes-Merton option pricing model. The Black-Scholes-Merton option pricing model requires the Group to make judgements such as the concluded value per share, expected term, volatility, risk-free rate and dividend yield to determine the fair value of the stock appreciation right award, based on both historical information and management projections and judgement regarding the market factors and trends. Forfeitures are judged at the time of grant and adjusted, if necessary, in subsequent periods if actual forfeitures differ from those judgements.

**2 Critical accounting 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.

***Impairment of debtors***

The Group makes an estimate of the recoverable value of trade and other receivables. The Group uses estimates that are subjective and require judgement in determining the allowance for doubtful debts and estimates may vary depending on the institution or education program that generated the trade receivable. When assessing impairment of trade and other receivables, management considers various factors including the aged profile of receivables, and historical collection experience and current trends. Trade receivables are typically written off once the account is deemed to be uncollectible. See note 18 for the net carrying amount of debtors.

***Provisions***

Provisions are made for dilapidations and taxation. These provisions require the director's best estimates of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present values of the obligation require the judgement of directors.

***Taxation***

The Group is subject to income taxes, and judgement and estimates of future profitability are required to determine the Group's deferred tax position. If the final tax outcome is different to that assumed, resulting changes will be reflected in the statement of comprehensive income, unless the tax relates to an item charged to equity. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amount recorded, such differences will impact income tax expense in the year in which such determination is made.

**3 Turnover and other revenue**

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

	2020	2019
		Unaudited
	£'000	£'000
<b>Turnover analysed by class of business</b>		
Tuition and educational	160,957	147,378
Educational materials	11,172	13,837
Furlough income	841	-
	<u>172,970</u>	<u>161,215</u>



**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020****3 Turnover and other revenue (continued)**

	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>
	<b>£'000</b>	<b>£'000</b>
<b>Other significant revenue</b>		
Interest income	12	619
	<u>12</u>	<u>619</u>
	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>
	<b>£'000</b>	<b>£'000</b>
<b>Turnover analysed by geographical market</b>		
UK	167,178	153,499
Europe	2,135	2,749
Rest of world	3,657	4,967
	<u>172,970</u>	<u>161,215</u>

Turnover includes £0.841 million of government grants received from the Coronavirus Job Retention Scheme.

**4 Operating profit**

	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	60	41
Depreciation of owned tangible fixed assets	3,925	5,530
Depreciation of tangible fixed assets held under finance leases	336	419
Loss on disposal of tangible fixed assets	-	125
Amortisation of intangible assets	1,605	1,290
Cost of stocks recognised as an expense	-	(105)
Share-based payments charge	3,429	2,591
Operating lease charges	4,767	4,839
	<u>4,767</u>	<u>4,839</u>

**BPP Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 August 2020**

**5 Auditor's remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>Unaudited £'000</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the Group and company	80	109
<b>For other services</b>		
Audit of financial statements of the Company's subsidiaries	361	367
All other non-audit services	12	36
	<u>373</u>	<u>403</u>

**6 Employees**

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

	<b>Group 2020</b>	<b>2019 Unaudited</b>	<b>Company 2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Education delivery	677	648	-	-
Materials, production and dispatch	56	42	-	-
Sales and marketing	114	149	-	-
Administration and services	530	524	13	13
	<u>1,377</u>	<u>1,363</u>	<u>13</u>	<u>13</u>

Their aggregate remuneration comprised:

	<b>Group 2020</b>	<b>2019 Unaudited</b>	<b>Company 2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	63,536	61,667	5,345	3,724
Social security costs	6,269	5,810	175	102
Pension costs	3,106	2,578	51	35
	<u>72,911</u>	<u>70,055</u>	<u>5,571</u>	<u>3,861</u>

**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020****7 Directors' remuneration**

	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration for qualifying services	2,276	1,985
Company pension contributions to defined contribution schemes	19	19
	<u>2,295</u>	<u>2,004</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>
	<b>£'000</b>	<b>£'000</b>
Remuneration for qualifying services	510	510
Company pension contributions to defined contribution schemes	19	19
	<u>529</u>	<u>529</u>

The total emoluments above includes amounts relating to a long term incentive plan with amounts receivable of £1.191 million (2019: £0.900), there were no shares receivable under long-term incentive schemes.

**8 Interest receivable and similar income**

	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>
	<b>£'000</b>	<b>£'000</b>
<b>Interest income</b>		
Interest on bank deposits	12	30
Interest receivable from Group companies	-	589
	<u>12</u>	<u>619</u>

**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020****9 Interest payable and similar expenses**

	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>
	<b>£'000</b>	<b>£'000</b>
Interest on finance leases and hire purchase contracts	110	30
Other interest on financial liabilities	178	64
Unwinding of discount on provisions	175	212
	<u>          </u>	<u>          </u>
Total interest payable and similar expenses	<u>463</u>	<u>306</u>

**10 Other gains**

	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>
	<b>£'000</b>	<b>£'000</b>
Settlement following resolution with tax authority	-	7,643
	<u>          </u>	<u>          </u>

**11 Taxation**

	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	4,025	2,430
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,554	(1,268)
	<u>          </u>	<u>          </u>
Total tax charge	<u>5,579</u>	<u>1,162</u>

**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020****11 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:

	2020	2019
	£'000	Unaudited £'000
Profit before taxation	26,876	20,353
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	5,106	3,867
Tax effect of expenses that are not deductible in determining taxable profit	6	419
Gains not taxable	-	20
Unutilised tax losses carried forward	(1,377)	(2,430)
Effect of change in corporation tax rate	-	(278)
Depreciation on assets not qualifying for tax allowances	497	(885)
Effect of overseas tax rates	-	(20)
Under provided in prior years	310	778
Other timing differences	(517)	959
Deferred tax charge	1,554	(1,268)
Taxation charge	5,579	1,162

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As the UK tax rate remains at 19%, the Group's deferred tax liabilities recorded in the United Kingdom have been revalued at the higher 19% rate. The Group recorded a tax expense of £0.224 million and a tax benefit of £0.110 million during the years ended 31 August 2020 and 2019, respectively, associated with the change in tax rates.

**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020**

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<b>12 Dividends</b>			
<b>Group</b>	<b>2020</b>	<b>2019</b>	
		<b>Unaudited</b>	
	<b>£'000</b>	<b>£'000</b>	
Interim dividend paid	7,097	30,350	
Capital contribution reserve dividend paid	6,650	3,550	
	<u>13,747</u>	<u>33,900</u>	
<b>Company</b>	<b>2020</b>	<b>2019</b>	
	<b>£'000</b>	<b>£'000</b>	
Interim dividend paid	4,597	30,350	
Capital contribution reserve dividend paid	6,650	3,550	
	<u>11,247</u>	<u>33,900</u>	

**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020****13 Intangible fixed assets**

<b>Group</b>	<b>Goodwill</b>	<b>Patents &amp; licences</b>	<b>Other intangibles</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
Unaudited at 1 September 2019	447	10,869	2,179	13,495
Additions - separately acquired	-	1,281	2,545	3,826
Disposals	-	(2)	-	(2)
Transfers	-	(249)	249	-
At 31 August 2020	447	11,899	4,973	17,319
<b>Amortisation and impairment</b>				
Unaudited at 1 September 2019	111	8,821	62	8,994
Amortisation charged for the year	89	1,321	195	1,605
Disposals	-	(2)	-	(2)
Transfers	-	(221)	221	-
At 31 August 2020	200	9,919	478	10,597
<b>Carrying amount</b>				
At 31 August 2020	247	1,980	4,495	6,722
Unaudited at 31 August 2019	336	2,048	2,117	4,501

The company had no intangible fixed assets at 31 August 2020 or 31 August 2019.

Amortisation charged for the year has been recognised within Administrative expenses.

Other intangibles additions relate to the capitalisation of curriculum development costs. Development costs have been capitalised and are therefore not treated, for dividend purposes, as a realised loss.

**BPP Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 August 2020**

**14 Tangible fixed assets**

<b>Group</b>	<b>Freehold buildings £'000</b>	<b>Short leasehold £'000</b>	<b>Equipment £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
Unaudited at 1 September 2019	92,482	20,844	19,618	3,251	136,195
Additions	435	1,182	620	85	2,322
Disposals	-	(191)	(2,500)	(71)	(2,762)
Exchange adjustments	-	(3)	(2)	-	(5)
At 31 August 2020	92,917	21,832	17,736	3,265	135,750
<b>Depreciation and impairment</b>					
Unaudited at 1 September 2019	25,254	16,222	16,884	2,940	61,300
Depreciation charged in the year	2,072	1,070	1,337	119	4,598
Eliminated in respect of disposals	-	(191)	(2,500)	(71)	(2,762)
Exchange adjustments	-	(3)	(2)	-	(5)
At 31 August 2020	27,326	17,098	15,719	2,988	63,131
<b>Carrying amount</b>					
At 31 August 2020	65,591	4,734	2,017	277	72,619
Unaudited at 31 August 2019	67,228	4,622	2,734	311	74,895



**BPP Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 August 2020**

**14 Tangible fixed assets (continued)**

<b>Company</b>	<b>Freehold buildings £'000</b>	<b>Short leasehold £'000</b>	<b>Equipment £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 September 2019	92,482	17,842	2,074	1,975	114,373
Additions	435	1,166	12	84	1,697
At 31 August 2020	92,917	19,008	2,086	2,059	116,070
<b>Depreciation and impairment</b>					
At 1 September 2019	25,254	13,425	491	1,696	40,866
Depreciation charged in the year	2,072	977	355	111	3,515
At 31 August 2020	27,326	14,402	846	1,807	44,381
<b>Carrying amount</b>					
At 31 August 2020	65,591	4,606	1,240	252	71,689
At 31 August 2019	67,228	4,417	1,583	279	73,507

Freehold land and improvements includes a one-off fair value adjustment of £27.746 million at 1 September 2014 in accordance with the first time adoption allowances available under FRS 102. The company does not follow a policy of revaluation.

In 2019, the company entered into a £10 million revolving credit facility, which is secured by £35 million of the freehold land and buildings (per latest valuation). See note 22 for further information.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Unaudited</b>			
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Equipment	1,769	1,559	1,769	1,559
Depreciation charge for the year in respect of leased assets	336	419	336	419

**BPP Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 August 2020**

**15 Fixed asset investments**

		<b>Group</b>	<b>2019</b>	<b>Company</b>	
		<b>2020</b>	<b>Unaudited</b>	<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Investments in subsidiaries	<b>16</b>	-	-	13,569	13,569
<b>Movements in fixed asset investments</b>					
<b>Company</b>					<b>Shares in</b>
					<b>Group</b>
					<b>undertakings</b>
					<b>£'000</b>
<b>Cost or valuation</b>					
At 1 September 2019 and 31 August 2020					119,914
<b>Impairment</b>					
At 1 September 2019 and 31 August 2020					106,345
<b>Carrying amount</b>					
At 31 August 2020					13,569
At 31 August 2019					13,569

During the prior year, the company recognised a £97.412 million impairment provision against the company's investment in BPP Services Limited ("BPP Services"). This impairment provision was recognised in the company's statement of comprehensive income and was based on BPP Services' recent and expected future operating and financial performance.

**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020****16 Subsidiaries**

Details of the company's subsidiaries at 31 August 2020 are as follows:

<b>Name of undertaking</b>	<b>Country of incorporation</b>	<b>Class of shares held</b>	<b>% Held</b>
Actuarial Education Company Limited	UK	Ordinary	99
BPP (CI) Limited	Channel Islands	Ordinary	100
BPP Actuarial Education Limited*	UK	Ordinary	100
BPP China Limited*	Hong Kong	Ordinary	100
BPP Colombia SAS	Colombia	Ordinary	100
BPP Enterprise Management Consulting (Shanghai) Co. Ltd	China	Ordinary	100
BPP International Limited*	UK	Ordinary	100
BPP Learning Media Limited	UK	Ordinary	100
BPP Malaysia SDN BHD	Malaysia	Ordinary	100
BPP Offshore Group Limited*	Jersey	Ordinary	100
BPP Professional Education Limited	UK	Ordinary	100
BPP Professional Education SP Z.O.O	Poland	Ordinary	100
BPP Professional Education, Inc	USA	Ordinary	100
BPP Services Limited*	UK	Ordinary	100
BPP Singapore PTE Ltd	Singapore	Ordinary	100
BPP South Africa (PTY) Ltd	South Africa	Ordinary	100
BPP University Limited*	UK	Ordinary	100
Business Training Romania Srl	Romania	Ordinary	100
Jersey International Business School	Jersey	Ordinary	100

\*Directly held. All other holdings in subsidiary holdings are indirectly held by virtue of the Company's direct investment in its directly held subsidiaries and their respective subsidiary holdings.

**BPP Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 August 2020**

**16 Subsidiaries (continued)**

The registered address for the UK based subsidiaries listed is BPP House, 142-144 Uxbridge Road, Aldine Place, London, W12 8AA, UK.

The registered address for subsidiary companies incorporated in USA is 251 Little Falls Drive, Wilmington, Delaware 19808, USA.

The registered address for BPP (CI) Limited, BPP Offshore Group Limited and Jersey International Business School is 39 Don Street, St Helier, Jersey, JE2 4TR.

The registered address for subsidiary companies incorporated in Hong Kong is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The registered address for subsidiary companies incorporated in Colombia is CL 98 NO. 18 71 P 2, Bogotá.

The registered address for subsidiary companies incorporated in China is Room 721 and 723, 7F, No. 2, Building 2, No. 999 Middle Huaihai Road, Xuhui District, Shanghai, China.

The registered address for subsidiary companies incorporated in Malaysia is Unit 3001, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200, Kuala Lumpur W.P., Kuala Lumpur, Malaysia.

The registered address for subsidiary companies incorporated in Poland is Tytusa Chalubinskiego, 8 00-613, Warsaw, Poland.

The registered address for subsidiary companies incorporated in South Africa is 47 Lakefield Avenue, Lakefield, Benoni, South Africa.

The registered address for subsidiary companies incorporated in Romania is 4 G-ral Vasile Milea, Far Entrance, Room 17, Floor 2, District 6, Bucharest, Romania.

The registered address for subsidiary companies incorporated in Singapore is 77 Robinson Road, #13-00 Robinson 77, Singapore 068896.

**17 Stocks**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>		
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Finished goods and goods for resale	834	1,772	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020****18 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>		
<b>Amounts falling due within one year:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	19,605	16,786	9	92
Corporation tax recoverable	-	-	3,175	-
Amounts owed by Group undertakings	-	-	3,780	1,776
Other taxes	718	827	480	605
Other debtors	832	1,722	187	1,388
Prepayments	4,161	2,999	545	550
Accrued income	10,538	8,437	-	-
	<u>35,854</u>	<u>30,771</u>	<u>8,176</u>	<u>4,411</u>
<b>Amounts falling due after more than one year:</b>				
Prepayments	115	-	-	-
Accrued income	3,806	2,150	-	-
	<u>3,921</u>	<u>2,150</u>	<u>-</u>	<u>-</u>
<b>Total debtors</b>	<u>39,775</u>	<u>32,921</u>	<u>8,176</u>	<u>4,411</u>

Amounts owed from Group undertakings falling due within one year represent loans repaid every quarter and trading balances at arm's length settled monthly. Interest is charged on the loan balances at 1.75% above the monthly LIBOR rate.

**BPP Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 August 2020**

**19 Restricted cash**

	Group 2020	2019 Unaudited	Company 2020	2019
	£'000	£'000	£'000	£'000
Employer apprenticeship funds	214	152	-	-
Funds relating to Standby Letter of Credit	500	2,000	-	-
	<u>714</u>	<u>2,152</u>	<u>-</u>	<u>-</u>

Employer apprenticeship funds relate to cash received by the Group on behalf of employers (BPP's customers) who enrol their 16-18 year old employee/apprentices onto courses. This cash is classed as 'restricted cash' as it does not belong to the Group, BPP merely acts as an intermediary as the training provider, drawing down funds generally, in relation to apprenticeships.

The funds relating to a Standby Letter of Credit relates to funds required to support the guarantee against the portfolio of historical student loans provided for in note 24. The restricted cash value at a minimum must be equal to the total value of the facility under guarantee per the condition imposed by Barclays Bank PLC. The total value of the facility under guarantee at balance sheet date was £0.5 million (2019: £2 million).

**20 Creditors: amounts falling due within one year**

		Group 2020	2019 Unaudited	Company 2020	2019
	Notes	£'000	£'000	£'000	£'000
Bank loans and overdrafts	22	10,000	-	10,000	-
Obligations under finance leases	23	290	293	290	293
Trade creditors		1,482	2,461	207	225
Amounts due to Group undertakings		-	-	19,519	3,708
Corporation tax		1,432	1,990	-	957
Other taxation and social security		4,609	2,649	-	87
External interest payable		131	-	131	-
Deferred income		15,262	10,574	-	-
Other creditors		2,281	3,239	792	795
Fees received in advance		17,681	18,129	-	-
Accruals		12,441	13,116	3,918	4,466
		<u>65,609</u>	<u>52,451</u>	<u>34,857</u>	<u>10,531</u>

**BPP Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 August 2020**

**20 Creditors: amounts falling due within one year (continued)**

Amounts owed to Group undertakings falling due within one year represent loans repaid every quarter and trading balances at arm's length settled monthly. Interest is charged on the loan balances at 1.75% above the monthly LIBOR rate.

**21 Creditors: amounts falling due after more than one year**

		<b>Group</b>		<b>Company</b>	
		<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
			<b>Unaudited</b>		
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases	<b>23</b>	917	1,207	917	1,207
Liability for share-based payments	<b>27</b>	6,929	3,499	6,929	3,499
Other creditors		3,507	5,916	3,505	3,718
		<u>11,353</u>	<u>10,622</u>	<u>11,351</u>	<u>8,424</u>

**22 Loans and overdrafts**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>		
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Payable within one year	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>

In 2019, the company entered into a £10 million revolving credit facility which expires in April 2024. The revolving credit facility is used for general corporate purposes and is secured with freehold land and buildings as collateral (see note 14).

During March 2020, the company borrowed the full £10 million under the revolving credit facility, which remained outstanding as at 31 August 2020. The company repaid the entire amount borrowed under the revolving credit facility during December 2020.

Borrowings under the revolving credit facility bear interest at a rate of 2.25% + LIBOR. Outstanding borrowings under the revolving credit facility are required to be repaid on an annual basis.

**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020****23 Finance lease obligations**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>		
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Future minimum lease payments due under finance leases:				
Not later than one year	290	293	290	293
Later than one year and not later than five years	917	1,207	917	1,207
	<u>1,207</u>	<u>1,500</u>	<u>1,207</u>	<u>1,500</u>
	<u><u>1,207</u></u>	<u><u>1,500</u></u>	<u><u>1,207</u></u>	<u><u>1,500</u></u>

Finance lease payments represent rentals payable for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

**24 Provisions for liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>		
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Dilapidations provision	3,433	3,216	2,802	2,576
Course closure	5	40	-	-
Loan guarantee	90	175	-	-
	<u>3,528</u>	<u>3,431</u>	<u>2,802</u>	<u>2,576</u>
	<u><u>3,528</u></u>	<u><u>3,431</u></u>	<u><u>2,802</u></u>	<u><u>2,576</u></u>



**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020****24 Provisions for liabilities (continued)**

Movements on provisions:

	<b>Dilapidations</b>	<b>Course closure</b>	<b>Loan guarantee</b>	<b>Total</b>
<b>Group</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Unaudited at 1 September 2019	3,216	40	175	3,431
Additional provisions in the year	77	-	-	77
Utilisation of provision	(23)	(35)	(85)	(143)
Unwinding of discount	175	-	-	175
Other movements	(12)	-	-	(12)
At 31 August 2020	<u>3,433</u>	<u>5</u>	<u>90</u>	<u>3,528</u>

	<b>Dilapidations provision</b>
<b>Company</b>	<b>£'000</b>
At 1 September 2019	2,576
Utilisation of provision	226
At 31 August 2020	<u>2,802</u>

At 31 August 2020, £0.795 million and £0.379 million of the Group's and company's provision, respectively, is due within one year, with the remainder due in over one year.

**Dilapidations**

The provision for dilapidation costs relate to costs that are expected to be incurred when leases expire through to 2028. This is provided at the present value of the expenditure expected to settle the obligation.

**Course closure**

The provision for course closure relates to an estimate of costs relating to compensation for students for course closure.

**Loan guarantee**

This provision principally relates to guarantees that have been provided for a portfolio of student loans which are due to be repaid through to February 2025. A provision of £90,000 has been made, which represents the best assessment of the probable exposure under the guarantee at the statement of financial position date. As at 31 August 2020, £0.5 million of restricted cash has been deposited for this arrangement to address the risk that guarantees are called upon.

**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020****25 Deferred taxation**

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

<b>Group</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>Unaudited £'000</b>
<b>Deferred tax liabilities</b>		
Revaluations	(4,196)	(4,196)
Capital gains deferred	(5,240)	(4,689)
	<u>(9,436)</u>	<u>(8,885)</u>
Total Deferred tax liabilities	<u>(9,436)</u>	<u>(8,885)</u>
<b>Deferred tax assets</b>		
Accelerated capital allowances	2,512	3,615
Tax losses	998	998
Other timing differences	2,186	2,086
	<u>5,696</u>	<u>6,699</u>
Total Deferred tax assets	<u>5,696</u>	<u>6,699</u>
<b>Net Deferred tax position</b>	<u>(3,740)</u>	<u>(2,186)</u>
<b>Company</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Deferred tax liabilities</b>		
Accelerated capital allowances	(1,331)	(261)
Revaluations	(4,196)	(4,196)
Capital gains deferred	(5,240)	(4,689)
	<u>(10,767)</u>	<u>(9,146)</u>
Total Deferred tax liabilities	<u>(10,767)</u>	<u>(9,146)</u>
<b>Deferred tax assets</b>		
Other timing differences	1,558	748
	<u>1,558</u>	<u>748</u>
Total Deferred tax assets	<u>1,558</u>	<u>748</u>
<b>Net Deferred tax position</b>	<u>(9,209)</u>	<u>(8,398)</u>

**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020****25 Deferred taxation (continued)**

	<b>Group</b>	<b>Company</b>
	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Movements in the year:</b>		
Asset at 1 September 2019	(2,186)	(8,398)
Credit to profit or loss	(1,554)	(811)
	<u>          </u>	<u>          </u>
Asset at 31 August 2020	<u>(3,740)</u>	<u>(9,209)</u>

The deferred tax set out above are not expected to reverse in the foreseeable future.

**26 Retirement benefit schemes**

	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>
	<b>£'000</b>	<b>£'000</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	3,106	2,578
	<u>          </u>	<u>          </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

**27 Share-based payment transactions**

The company issues to certain employees share appreciation rights (SARs), determined by reference to the company's shares, that require the company to pay the intrinsic value of the SAR to the employee at the date of exercise. Fair value of the SARs is determined by using the Black Scholes model. The company recorded total expenses of £3.429 million (2019: £2.591 million). The carrying value of the associated liability was £6.929 million and £3.499 million at 31 August 2020 and 31 August 2019 respectively.

**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020****28 Share capital**

	Group and company	
	2020 £'000	2019 £'000
<b>Ordinary share capital</b>		
343,508,330 ordinary shares of 0.000001p each	-	-
1,375,000 non-voting ordinary shares of 0.000001p each	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

During the prior year, the company issued 1,375,000 shares at a par value of 10p per share for cash. The company then performed a share capital reduction, through reducing the par value of the shares from 10p to 0.000001p. At 31 August 2020, there are 343,508,330 ordinary shares and 1,375,000 non-voting ordinary shares with a par value of 0.000001p. This gives a total share value of £344.88. This does not display above, due to rounding, as it is an amount less than £1,000.

**29 Reserves****Share premium account**

The share premium accounts represents the amounts above the nominal value of shares issues and called up by the company.

**Revaluation reserve**

The revaluation reserve represents a one-off fair value adjustment of freehold land and improvements £27.746 million at 1 September 2014 in accordance with the first time adoption allowances available under FRS 102. The deferred tax arising on this was £4.994 million decreasing the reserve balance to £22.752 million. The Group does not follow a policy of revaluation.

**Capital contribution reserve**

The capital contribution reserve represents the capital contributions from subsidiaries to the Group. A dividend of £6.650 million (2019: £3.550 million) was paid from this reserve in the year.

**Capital redemption reserve**

The capital redemption reserve represents the nominal value of the company's own shares that have been purchased for cancellation as part of the share buy-back. The amounts included in this reserve represent transfers from the company's share capital account.

**Other reserves**

Other reserves primarily represent historic stock issues from purchase of subsidiaries and buyout of minority interest options. There are also cash flow hedges which the company held (including the related deferred tax) and currency translation differences on the consolidation of the company's subsidiaries that prepare their financial statements in a currency different to that of the company. These reserves are seen as distributable.

**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020****29 Reserves (continued)****Profit and loss account**

The profit and loss account reserve represents the cumulative distributable profits and losses net of dividends and other adjustments.

**30 Operating lease commitments****Lessee**

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

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>		
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Not later than one year	5,466	4,171	5,027	3,893
Later than one year and not later than five years	19,124	16,575	18,841	16,221
Later than five years	5,896	8,969	5,825	8,877
	<u>30,486</u>	<u>29,715</u>	<u>29,693</u>	<u>28,991</u>

**Lessor**

The operating leases represent the lease of a property to third parties.

At the reporting end date the Group had contracted with tenants for the following minimum lease payments:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>		
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Not later than one year	186	186	-	-
Later than one year and not later than five years	730	746	-	-
Later than five years	-	171	-	-
	<u>916</u>	<u>1,103</u>	<u>-</u>	<u>-</u>

**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020****31 Controlling party**

The Group's ultimate controlling party is Apollo Global Management, Inc., a company incorporated in United States. The immediate parent undertaking of the largest and smallest Group, which includes the Group and for which Group financial statements are prepared, is Socrates Global Parent Limited, a company incorporated in Great Britain with a registered address of Eversheds House, 70 Great Bridgewater Street, Manchester, England and Wales, United Kingdom, M1 5ES. Copies of the Group financial statements of Socrates Global Parent Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The Group's immediate controlling party is Vanta Education Holdings Limited.

**32 Cash generated from group operations**

	<b>2020</b>	<b>2019</b>
		<b>Unaudited</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the year after tax	21,297	19,191
Adjustments for:		
Taxation charged	5,579	1,162
Finance costs	288	94
Investment income	(12)	(30)
Amortisation and impairment of intangible assets	1,605	1,290
Depreciation and impairment of property plant and equipment (including exchange differences)	4,597	5,948
Cash settled share-based payment expense	3,429	2,591
Increase/(decrease) in provisions	97	(949)
Restricted cash released to cash & cash equivalents	1,438	2,316
Movements in working capital:		
Decrease/(increase) in stocks	938	(239)
(Increase)/decrease in debtors	(6,736)	13,090
(Decrease) in creditors	(1,183)	(1,721)
Increase in deferred income and fees paid in advance	4,322	2,423
<b>Cash generated from operations</b>	<b>35,659</b>	<b>45,166</b>

**BPP Holdings Limited****Notes to the financial statements (continued)**  
**For the year ended 31 August 2020****33 Analysis of changes in net debt - Group**

	<b>2020</b>
	<b>£'000</b>
<b>Opening net funds (unaudited)</b>	
Cash and cash equivalents	9,469
Restricted cash	2,152
Obligations under finance leases	(1,500)
	<u>10,121</u>
<b>Changes in net debt arising from:</b>	
Cash flows of the entity	(415)
Loans	10,000
Changes in market value and exchange rates	70
	<u>19,776</u>
<b>Closing net funds</b>	
Cash and cash equivalents	30,269
Restricted cash	714
Obligations under finance leases	(1,207)
Loans	(10,000)
	<u>19,776</u>

**34 Post balance sheet events**

The £10 million revolving credit facility, drawn in March 2020 was repaid in full in December 2020.