

Company Registration No. 02609100 (England and Wales)

BPP University Limited
Annual report and financial statements
for the year ended 31 August 2022

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BPP University Limited

Company information

Directors

Alison Carol Wells (Appointed on 12 July 2022)
Sally-Ann Burnett (Resigned on 8 July 2022)
Ian Creagh
Gary James Dart
Richard John Simmons
Graham Stuart Mark Gaddes
Martyn Jones
Sarah McIlroy
Aaron Ross Porter
Timothy Stewart

Company number

02609100

Registered office

BPP House
Aldine Place
142-144 Uxbridge Road
Shepherds Bush
London
W12 8AA

Independent auditor

Deloitte LLP
Statutory Auditor
3 Rivergate Temple Quay
Bristol
BS1 6GD

Bankers

Barclays Bank plc
27, Soho Square
London
W1D 3QR

Solicitors

Eversheds LLP
1 Wood Street
London
EC2V 7WS

BPP University Limited

Strategic report

For the year ended 31 August 2022

The directors present the Strategic report of BPP University Limited ("BPP" or "the University") for the year ended 31 August 2022.

Results and dividends

The trading results for the year ended 31 August 2022, and the University's financial position at the end of the year, are shown in the attached financial statements. During the year the directors recommended and paid a dividend of £6 million (2021: £25m).

The directors have not recommended payment of a final dividend.

Principal activity of the business

The University's unique approach is education that is academically rigorous but also grounded in practical application that is highly relevant to our students, stakeholders and industry.

The University consists of four main schools. The principal activities of the four main schools are as follows:

Law School

One of the UK's leading Law Schools, with over 30 years' experience delivering professional legal qualifications. We are trusted by many of the most influential law firms and we train aspiring lawyers from over 150 organisations. At the forefront of innovation in legal training, we look forward not back. We build and shape legal careers for the future. By focusing on employability and developing skills as lawyers, we give students the edge to secure training contracts and pupillage. The University's employability statistics are testament to this.

The University's Law School provides legal education in a variety of programme areas, mostly across the post graduate course spectrum with multiple start dates each year. Programmes are offered online and at a number of BPP locations. BPP University Law School is based in two centres in London (in the heart of 'legal' London in Holborn and on the Southbank at Waterloo) and centres in Birmingham, Bristol, Cambridge, Leeds and Manchester.

Business School

The Business School provides higher education for aspiring accountants, bankers and managers. This innovative School does not just create courses for today, but ensures that graduates are fit for the future. The programmes are tailored for the needs of today's business climate taught by industry experts who deliver programmes at a range of levels. The Business School provides a range of undergraduate, postgraduate and professional programmes in a variety of programme areas, including business management, accounting, banking and finance. Programmes are offered online and at a number of BPP locations, including Birmingham, London and Manchester.

School of Nursing

The School of Nursing is committed to delivering practical nursing and healthcare education, while striking the right balance between academic theory and practical learning. BPP believe the best way to become a nurse is to experience it, which is why the courses support professional and academic development.

Working in collaboration with key partners in the NHS and private healthcare sectors, BPP University School of Nursing aims to produce healthcare professionals who meet the needs and emotional demands of key patient groups - in fields such as Mental Health, Learning Disability, and Children and Young People. Brilliant staff are the lifeblood of the healthcare profession and BPP help to create them. Programmes are offered online and at a number of BPP locations. BPP University School of Nursing operates from our London Waterloo and Charlotte Place, Southampton and from a number of NHS Trust locations.

Principal activity of the business (continued)

School of Technology

Recognising the impact of technology on our client partners, we established a dedicated School of Technology to support our clients with their 'digital transformation'.

We bring together our expertise in technology, analytics and financial modelling to provide high quality training programmes.

We offer data and technology qualifications at every level, ranging from one-day short courses to levy-fundable apprenticeships and degree apprenticeships, through to Master's level qualifications.

Strategic review

		2022	2021	%Change
Turnover	£'000's	119,075	108,129	10%
Total enrolments (1)	No.	20,312	17,257	18%
Operating profit	£'000's	26,912	26,095	3%
Operating profit margin (2)	%	23%	24%	

(1) All enrolment numbers are in line with what was submitted to the Higher Education Statistics Agency (HESA) and are aligned to the HESA definition of enrolments.

(2) Operating profit margin% is the operating profit divided by turnover.

The turnover for the year increased by £10.946 million (10%) compared to the prior year, which is due to an increase in student enrolments in the School of Business and Law School.

Operating profit for year increased by £0.817 million (3%). The increased profit has occurred following strong revenue growth but with the backdrop of a challenging legal market. The first year implementation of the radical changes in the post graduate legal training market being proposed by the Solicitors Regulation Authority (SRA) and The Bar Standards Board (BSB) first announced in 2017. Whilst BPP continue to educate the market and work with law firms successfully to create best solutions this created uncertainty in B2C markets.

At 31 August 2022, the University's net assets increased by £17.707 million (25%). Cash at bank and in hand, excluding restricted cash, increased by £24.319 million to £33.119 million (279%) following trading performance and increased deferred revenue for future fees.

Total student enrolments have increased by 18% across Business, Nursing and Technology post graduate programmes as the University continues to succeed in implementing growth plans which is driving the revenue increase of 10% in the year. Student enrolments continue to be robust year on year and deliver steady cash flows to the University.

Key performance indicators

The key performance indicators have been identified as total enrolments, turnover and operating profit, which are discussed in the strategic review above, and regulatory compliance.

Regulatory compliance

A key metric of the University performance is holding the appropriate regulatory certification and approvals required to deliver its education courses. As at the date of this report, the University continues to meet the ongoing requirements for the relevant regulatory bodies. Further discussion on risk management of regulatory compliance can be found under the key risks and uncertainties section of the report with examples of activity in the year.

Statement of corporate governance

BPP University Limited's corporate governance arrangements are set out below:

Board of Directors

The Board of Directors is responsible for determining the educational character and mission of the University for overseeing its activities and considering its financial solvency and sustainability.

The roles and responsibilities of the Board of Directors are set out in the Articles of Association and give the Board of Directors the power to exercise all such rights as are usually prescribed to directors of a company, save for those directly allocated to the Academic Council.

In determining its procedures, the Board of Directors has drawn on the Corporate Governance Guidance and Principles for Unlisted Companies in the UK (2010 Edition), as well as being mindful of the Committee of University Chairs (CUC) and Institute of Directors codes and the specific directions from the Office for Students (OfS).

The Board of Directors is made up of ten members, including three non-executive directors, one of whom is Chair. The roles of Chair and Vice-Chancellor are separated. The Independent Chair of the Academic Council is invited to sit on the Board of Directors as a non-executive director to ensure alignment between the Board and the Academic Council. The Secretary, who is the Deputy Vice-Chancellor, is appointed by the Vice-Chancellor and manages the agenda for each termly meeting, including the standing items, which are reviewed annually.

The Board of Directors is ultimately responsible for the success of BPP University, including the retention of University title and degree awarding powers. The Board delegates some detailed oversight to a series of committees which are described below.

Audit Committee

The Audit Committee supports the Board of Directors and is made up of three non-executive director members and invites representatives from the external auditor to attend meetings on a regular basis. The Audit Committee meets four times per year and may request the Vice Chancellor and any relevant senior management of the University to attend meetings of the Committee, either regularly or by invitation.

The Committee:

- Monitors the integrity of the financial statements of the University, and any formal announcements relating to the University's financial performance, reviewing significant financial reporting judgements contained in them;
- Reviews the adequacy and effectiveness of the University's internal controls (recognising that the responsibility for Risk Management sits with the Board of Directors); and
- Reviews the work of internal and external audit and considers their reports together with recommendations for the improvement of the systems of internal control in conjunction with the management response and implementation plans.

Statement of corporate governance (continued)

Nomination and Remuneration Committee

At BPP University, the remuneration of the Vice-Chancellor is determined by BPP Holdings Limited. The Nominations & Remuneration Committee (NCR) advises BPP Holdings Limited as to the appropriate level of the Vice-Chancellor's remuneration which comprises an annual salary and a bonus based on the financial performance of the Group as a whole.

The NCR is made up of four members, including three non-executive directors and the Executive Chairman. The NCR is chaired by an Independent Member other than the Chair of the Board, which means that the person with responsibility for appraising the performance of the Vice-Chancellor does not chair the Committee. The Vice-Chancellor is not a member of the Committee.

The Nominations & Remuneration Committee (NRC) supports the University Board of Directors in discharging its responsibilities for:

- the composition and effectiveness of the Board and its Committee; and
- the principles and policy relating to remuneration of the Vice-Chancellor and other senior appointments.

Academic Council

The Academic Council is established in the Articles of Association and is governed by the terms of reference in the General Academic Regulations (GARs). A Memorandum of Understanding has been signed on behalf of the BPP Education Group to protect the status of BPP University Limited as an independent and self-governing degree awarding body.

The Academic Council (BPP University Limited) is independently chaired and has three further independent members who hold eminent positions in academia and the professions. The Academic Council, additionally, includes the Vice-Chancellor, the Deputy Vice-Chancellor, the Pro Vice-Chancellor (Education Services), the Dean of Academic Quality, the Deans of the Schools, the President of the Students' Association, two elected staff representatives and two elected student representatives.

The Academic Council is supported in its work by three principal sub-committees: the Academic Regulations and Awards Committee; the Programme Approval Scrutiny Panel; and the Education and Standards Committee, to which it delegates responsibility for some matters relating to the management of academic quality and standards.

Statement of Internal Controls

As the governing body of the BPP University, the University Board has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the funds and assets for which the University is responsible.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

Management continue on a journey to improve the efficiency of the control environment. However, any weaknesses identified by internal or external audit are reported to the Board of Directors and remediation plans are put in place and monitored by the Audit Committee.

Statement of corporate governance (continued)

The following internal control processes have been established:

- The Board of Directors manage risks through a Strategic and Academic Risk Register, which is reviewed regularly throughout the year and is considered by Academic Council and the Board. The process covers business, operational and compliance as well as financial risk.
- A risk prioritisation methodology based on risk ranking has been established.
- The performance plans and strategic direction of the institution are specifically considered at one of the regular meetings of the Board every year.
- Key performance indicators and management accounts are considered at each Board.
- The Board receives periodic reports from the Chair of the Audit Committee concerning internal control.
- The Audit Committee receives regular reports from both External and Internal Audit including any key control considerations, together with recommendations for improvement. The Audit Committee may also request additional reports to gain assurance from other parties on areas of concern.

The review of the effectiveness of the system of internal control is informed by the work of the Audit Committee and by senior officers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditor in their management letter and other reports.

Key risks and uncertainties

Outlined below is a description of the principal risk factors that management considers to affect the University's business. Not all the factors are within management's control and other factors besides those listed below could also affect the University.

Economy

There is a lot of uncertainty over how the UK economy might deal with current global and national market forces and the directors are monitoring the situation closely to ensure they are able to respond on a timely basis. Changes in the broader economic market can have an impact on the University's business. Inflation creates pressure on costs which puts pressure on the University's profit. With that in mind BPP continues to maintain a flexible resourcing model and monitor property spend. An example of a change impacting the University is the UK recession and the 'great resignation'.

Such risks could have a negative impact on student enrolment, delivery costs and turnover. The University therefore seeks to mitigate risks by closely monitoring the economic outlook caused by local and global economic events and maintaining a flexible resourcing model so that the University is able to respond to changes in economic and political conditions. There is also regular review and consideration of most appropriate operating models to strike the correct balance between efficiency and customer experience.

Competition

The University faces strong competition from third parties in its key markets with well-established competition in law and continued growth in the number of business schools.

The University seeks to address these risks by maintaining its high standard of education in order to be the provider of choice for most students. The University has diversified into products in nursing and technology as a way of managing both economic and competitive risk, ensuring that the University continues to deliver products that are relevant to customers and bridge the gap between academia and employability.

Statement of corporate governance (continued)

Compliance and regulatory risk

The University operates in highly regulated markets where changes to Government policy, such as changes to student fees or the availability of student funding, can have an impact on our business.

The University continues to provide all relevant information to the Office for Students (OfS) and the Higher Education Statistics Agency (HESA). As the business continues to expand into the apprenticeship training market there is further exposure to regulatory risk with the requirement for regular Office for Standards in Education (Ofsted) and Education and Skills Funding Agency (ESFA) reviews.

Management has strived to implement an infrastructure with a view to managing this regulatory risk and will evolve as required. Additionally, management reviews and updates the control processes in place relating to compliance with the relevant regulators on a regular basis.

The University has a documented governance structure, policies and procedures in place, and these are regularly reviewed against the Quality Assurance Agency (QAA) criteria and the OfS conditions of registration to ensure compliance. The University was successfully registered with the OfS in October 2018 and as with all other non-publicly funded providers, it is subject to OfS monitoring. In 2020, the University was granted indefinite taught degree awarding powers (ITDAP) under the OfS new regulatory framework. The award of ITDAP, which came into force on 1 September 2020 acknowledges the University's academic integrity as a mature higher education institution with rigorous standards and academic governance.

Following the radical changes in the post graduate legal training market being proposed by the Solicitors Regulation Authority (SRA) and The Bar Standards Board (BSB) announced in 2017, management have been working closely with the legal profession and prospective customers to develop appropriate products to match the updated examinations environment. This approach continues to be successful given the tenders for business the University has been able to win and as our clients tell us our approach is setting us apart from competitors.

Reputation risk

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

Financial risk management

Credit risk

Credit risk refers to the risk that a counterparty will default on any type of debt by failing to make payments in accordance with agreed terms. We have a mix of individual students and corporate clients. Corporate clients undergo credit checks to ensure they are creditworthy and individuals are required to pay a percentage of their course fees in advance of registration in order to reduce credit risk. The University has mechanisms in place to monitor and control potential defaulters.

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

Liquidity and cash flow risks

The University's banking facilities is managed by BPP Services Limited via a robust process of monitoring and review to ensure that the facility members have adequate cash available. There is a cash pooling arrangement across the majority of Bright Topco Limited subsidiary companies (including BPP University Limited), meaning that they can lend and borrow funds between them where required.

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 University 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 Company's employees;
- Need to foster the Company's business relationships with suppliers, customers and others;
- Impact of the Company's operations on the community and environment;
- Desirability of the Company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the Company.

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 University's controlling parties. The directors acknowledge that every decision that is made will not necessarily result in a positive outcome for all of the University's stakeholders. However, by considering the University'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.

Strategic Reviews

As described earlier in this Strategic report, the University's strategy is to deliver world-class experiences and outcomes for students and employers, accelerate organic growth of the University and improve the University's operating efficiency and effectiveness in order to maximise the value of the University's educational institutions. The directors are responsible for establishing and monitoring the implementation of the University'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 non-executive members. The directors delegate authority for day-to-day management of the University to executive management and to senior management 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 University to be more efficient and effective in responding to local economic, political, regulatory and other market changes that impact the University. Further, this approach ultimately supports the University in achieving its strategy to maximise the value of its educational institutions for the University'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, and 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 University during the year, including the continuous development of the successful approach to moving to online course delivery.

Section 172 (1) Statement (continued)

Stakeholder Engagement

The University's key stakeholders include its investors, customers, employees and regulators, the communities in which the University operates and the partners and suppliers that the University works with. The University's success is impacted by the way it conducts itself with these key stakeholders. As such, the views and impact of the University's activities on its stakeholders are an important consideration for the directors when making relevant decisions. For example, the directors regularly engage 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 continuous improvement to the employee appraisal system and roll out of a new internal training platform 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 its stakeholders means that generally, the University's stakeholder engagement best takes place at an operational level. The University finds that this is a more efficient and effective approach, and also helps it achieve a greater positive impact on environmental, social and other issues. For example various forums are in place (such as business continuity) to consider whether teaching should be hybrid, face to face or online in face of train strikes or any health issues such as COVID outbreaks. Directors meet regularly at University board meetings to review and discuss the University's performance and outlook, key developments, controls, student data and surveys and regulatory compliance. For example, the directors regularly engage 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 continuous improvement to the internal training platform to enhance employee personal development. More detail about regulatory compliance for the University is provided in the Strategic report under key risks and uncertainties.

The University 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 University's customers. The University is culturally diverse and recognises the importance of engaging employees to help make their fullest contribution to the University, which is fundamental to achieving the University's strategy. The University, as part of the Bright Topco Limited 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, such as an ever evolving benefits platform.

The University engages with ultimate parent company investors through its immediate parent (BPP Holdings Limited), where all Bright Topco Limited Group results and operational matters are communicated from during a monthly investor meeting.

The University engages local communities to its geographical centres through the volunteer policy enabling staff to spend time engaging with communities and also the pro bono team engaging with the local legal sectors

Customer and Supplier Relationships

The University's customers are an integral component to achieving the University's strategic goals. The University strives to ensure that its customers are treated fairly and that customer feedback about the educational and student support services provided by the University is taken into consideration. The University engages with its customers in a variety of ways, including, for example, through student groups and student surveys, such as daily satisfaction scores. A result of this engagement with its customers was the creation of a customer experience department whose work is dedicated to the customer experience and wellbeing, focusing on both corporate customers and individual student groups. For example, this department has created student support hubs at their main locations, with customer experience managers available on site. Another example of how the University considers its customers is by making hardship funds accessible to students to fulfil vital and immediate needs. Specific teams are also in place in the University to work collaboratively with corporate customers and understand how the University can improve any elements of the product offerings or customer experience. The University's customer base was also considered when the wider BPP Education Group made acquisitions of other subsidiaries. Management have considered how these acquisitions would help improve the groups customer base by providing more services and products in the education sector.

Environmental

Finally, the University also recognises its responsibility to reducing its environmental impact. The Bright Topco Limited group reports environmental usage annually to its investors. The Bright Topco Limited group closely analyses its energy performance to understand usage trends, identify opportunities for reduction and recognise the impacts of its energy saving projects.

The directors reflect the desirability of the Company to maintain a reputation for high standards of business conduct through all of the points noted above regarding section 172.

Future developments

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

The current outlook for the University is positive, especially given the increased revenue and operating profit for the year. The University continues to invest in and launch new products to help strengthen its position in the markets in which it operates. The University believes the challenging economic conditions will further increase the demand for career focused education and the University plans to use their core competencies and experience to capitalise on these opportunities and is optimistic that it will continue to grow enrolments in the future due to programme development and delivery of targeted growth in the international geographies, technology and nursing. The legal market is shifting with changes in the course structures, however the revenues from legal courses should continue to be broadly consistent with 2022.

After the financial year end the economy has entered a difficult period with high inflation and rising interest rates among a much publicised cost of living crisis. The University has visibility on both September and January intakes at the time of writing these accounts, and whilst the economy continues to have an impact intake volumes have remained robust and have grown versus financial year ended August 2022. As noted earlier in the strategic report inflation has and will have an impact on costs such as utilities and people. This is something that will likely slightly decrease operating margin and the University will continue to monitor these costs.

The Strategic report was approved by the Board of directors, and signed on its behalf by:

Timothy Stewart and Aaron Ross Porter
Directors (Vice Chancellor and Chair)

Date: 8 February 2023

BPP University Limited

Directors' report

For the year ended 31 August 2022

The directors present their annual report and audited financial statements for the year ended 31 August 2022.

Principal activities

The University consists of four main schools, the Law School; Business School; School of Nursing; and School of Technology. The principal activities of each school, along with the University's performance, proposed dividends, outlook, future developments, statement of corporate governance, statement of internal control, section 172 statement and risk uncertainties can be found in the Strategic report.

Directors

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

Alison Carol Wells (Appointed on 12 July 2022)

Sally-Ann Burnett (Resigned on 8 July 2022)

Ian Creagh

Gary James Dart

Graham Stuart Mark Gaddes

Martyn Jones

Sarah McIlroy

Aaron Ross Porter

Richard John Simmons

Timothy Stewart

Results and dividends

The results for the year are set out on page 19.

Ordinary dividends were paid amounting to £6.0m (2021: £25.0m).

Energy and carbon reporting

The University's sources of greenhouse gas emissions and energy usage are reported on as part of the Bright Topco Limited group financial statements, which are available from BPP House, Aldine Place, 142-144 Uxbridge Road, Shepherds Bush, London, W12 8AA.

Research and development

During the year, the University's project to develop new course content in the Law School and the School of Business continued according to plan.

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 University continues and that the appropriate training is arranged. It is the policy of the University that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Events after the balance sheet date

There were no events after the balance sheet date to be disclosed.

Employee involvement

The University's policy is to consult and discuss with employees, 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 University's performance.

There is no employee share scheme at present.

Qualifying third-party indemnity provisions

The University 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

Going Concern considerations

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic and Directors' Report. The financial position of the company is described in the Strategic Report.

In assessing the company's going concern the directors give consideration to the impact of macroeconomic challenges such as the UK recession and the "great resignation"

The Company benefits from a diversified portfolio of customers and products, with strong growth potential in various segments, which the Company has continued to deliver in spite of any macroeconomic challenges.

The Company participates in BPP Services Limited treasury arrangements and so shares banking arrangements with its parent company, BPP Holdings Limited and a number of fellow subsidiaries. Bright Topco Limited has committed through a letter of support that it will lend as is necessary to this entity to pay the debts of the company as they become due.

Conclusion

After careful consideration of the above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and operate within the level of their facilities for the foreseeable future being at least 12 months from the date of this report and they continue to adopt the going concern basis in preparing the annual report and accounts.

Re-appointment of auditor

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

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 Company and of the profit or loss of the Company for that year. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Strategic report

The Company has chosen in accordance with Companies Act 2006, s. 414((11) to set out in the Company'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 Company's performance, outlook, strategy, policies and future developments.

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 University's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the University's auditor is aware of that information. The confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Corporate governance

The University's Board of directors (the Board) follows the "Corporate Governance Guide and Principles for Unlisted Companies in the UK" (an initiative of the Institute of Directors and ecoDA). The relevant principles that apply to the University are the phase 1 principles and the Board is satisfied that it complies with all relevant principles. The Board is also satisfied that it complies with the phase 2 principles of the "Corporate Governance Guide and Principles for Unlisted Companies in the UK". However, the Board recognises that the University as a University falls under wider public duties and obligations. Consequently, and where applicable, the Board references the Committee of University Chairs Higher Education Code of Governance (CUC) to assure and demonstrate it is operating within the principles and expectation of its regulators and the higher education sector more broadly.

A Corporate Governance statement is also provided in the Strategic Report as per Office for Students (OfS) requirements.

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

Aaron R. Porter

.....
Aaron Ross Porter
Director

Tim Stewart

.....
Timothy Stewart
Director

Date: 8 February 2023

Opinion

In our opinion the financial statements of BPP University Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 August 2022 and of its 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:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 25.

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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, HMRC Legislation, Consumer Contract Regulations, UK Visa and Immigration Regulations, Financial Conduct Authority (FCA) Regulations, Higher Education and Research Act 2017; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included Various Higher Education Bodies Regulations and Office for Standards in Education (Ofsted) regulation

We discussed among the audit engagement team including relevant internal specialists such as tax specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue may be recognised in the incorrect period due to the manual nature of the calculations and the inputs to the deferred revenue spreadsheet: We tested the appropriateness of revenue entries using a test of details approach and obtained support for a sample of inputs used in the calculation. In our testing, we gained evidence for the delivery of courses and provision of course materials.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report (continued)

For the year ended 31 August 2022

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 Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Opinions on other matters prescribed by the Office for Students (OfS) "Regulatory Advice 9: Accounts Direction"

In our opinion, in all material respects the requirements of the OfS's Regulatory Advice 9: Accounts direction have been met.

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

We have nothing to report in respect of these matters.

Under the OfS Regulatory Advice 9: Accounts Direction, we are required to report in respect of the following matters if, in our opinion:

- the provider's grant and fee income, as disclosed in the note 3 to the accounts, has been materially misstated.

We have nothing to report in respect of these matters.

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.

Andrew Wright

Andrew Wright, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom

8 February 2023

BPP University Limited**Statement of comprehensive income****For the year ended 31 August 2022**

	Notes	2022 £'000	2021 £'000
Turnover	3	119,075	108,129
Cost of sales		(54,588)	(53,044)
Gross profit		64,487	55,085
Administrative expenses		(37,575)	(28,990)
Operating profit	4	26,912	26,095
Interest receivable and similar income	7	2,453	1,291
Interest payable and similar expenses	8	-	(7)
Profit before taxation		29,365	27,379
Tax on profit	9	(5,658)	(4,748)
Profit for the financial year		23,707	22,631

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

There are no other comprehensive expenses or income for the current or previous financial period other than those included in the statement of comprehensive income above.

The accompanying notes on pages 23 to 45 form an integral part of these financial statements.

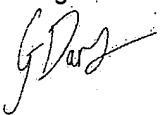
BPP University Limited**Statement of financial position****As at 31 August 2022**

	Notes	2022 £'000	£'000	2021 £'000	£'000
Fixed assets					
Intangible assets	11		5,382		5,159
Tangible assets	12		151		72
			<u>5,533</u>		<u>5,231</u>
Current assets					
Stocks	13	210		434	
Debtors due after more than one year	14	21,198		21,294	
Debtors falling due within one year	14	121,015		77,994	
Restricted cash	15	119		205	
Cash at bank and in hand		33,119		8,804	
		<u>175,661</u>		<u>108,731</u>	
Creditors: amounts falling due within one year	16	<u>(92,911)</u>		<u>(43,373)</u>	
Net current assets			<u>82,750</u>		<u>65,358</u>
Total assets less current liabilities			<u>88,283</u>		<u>70,589</u>
Provisions for liabilities	17		<u>(20)</u>		<u>(33)</u>
Net assets			<u>88,263</u>		<u>70,556</u>
Capital and reserves					
Called up share capital *	20	-		-	
Profit and loss account		88,263		70,556	
		<u>88,263</u>		<u>70,556</u>	

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

The accompanying notes on pages 23 to 45 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 8 February 2023 and are signed on its behalf by:



Gary James Dart
Director

Company Registration No. 02609100

BPP University Limited**Statement of changes in equity****For the year ended 31 August 2022**

	Note	Called up share capital* £'000	Profit and loss account £'000	Total £'000
Balance at 1 September 2020		-	72,925	72,925
Year ended 31 August 2021:				
Profit for the year		-	22,631	22,631
Dividends	10	-	(25,000)	(25,000)
Balance at 31 August 2021		-	70,556	70,556
Balance at 1 September 2021:		-	70,556	70,556
Year ended 31 August 2022:				
Profit for the year		-	23,707	23,707
Dividends	10	-	(6,000)	(6,000)
Balance at 31 August 2022		-	88,263	88,263

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

The accompanying notes on pages 23 to 45 form an integral part of these financial statements.

BPP University Limited**Statement of cash flows****For the year ended 31 August 2022**

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Cash generated from operations	24	29,060	16,832
Interest paid		-	(1)
Income taxes paid		-	(1,887)
Net cash flow from operating activities		29,060	14,944
Investing activities			
Purchase of intangibles assets	11	(1,075)	(1,893)
Purchase of tangible assets	12	(123)	(54)
Interest received	7	2,453	1,291
Net cash flow from/(used in) investing activities		1,255	(656)
Financing activities			
Dividends paid	10	(6,000)	(25,000)
Net cash used in financing activities		(6,000)	(25,000)
Net increase/(decrease) in cash and cash equivalents		24,315	(10,712)
Cash and cash equivalents at beginning of year		8,804	19,516
Cash and cash equivalents at end of year		33,119	8,804
Relating to:			
Cash at bank and in hand		33,119	8,804

The accompanying notes on pages 23 to 45 form an integral part of these financial statements.

1 Accounting policies

Company information

BPP University Limited ("BPP" or "the University") is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The registered office is BPP House, Aldine Place, 142-144 Uxbridge Road, Shepherds Bush, London, W12 8AA. The University's registration number is 02609100.

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 University. Monetary amounts in these financial statements are rounded to the nearest £1,000.

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

This University 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 University has therefore taken advantage of exemptions from the following disclosure requirements:

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

The results of the University are included in the consolidated financial statements of Bright Topco Limited, which are available from BPP House, Aldine Place, 142-144 Uxbridge Road, Shepherds Bush, London, W12 8AA.

1 Accounting policies (continued)

1.2 Going concern

Going concern

Going Concern considerations

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic and Directors' Report. The financial position of the company is described in the Strategic Report.

In assessing the company's going concern the directors give consideration to the impact of macroeconomic challenges such as the UK recession and the "great resignation"

The Company benefits from a diversified portfolio of customers and products, with strong growth potential in various segments, which the Company has continued to deliver in spite of any macroeconomic challenges.

The Company participates in BPP Services Limited treasury arrangements and so shares banking arrangements with its parent company, BPP Holdings Limited and a number of fellow subsidiaries. Bright Topco Limited has committed through a letter of support that it will lend as is necessary to this entity to pay the debts of the company as they become due.

Conclusion

After careful consideration of the above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and operate within the level of their facilities for the foreseeable future being at least 12 months from the date of this report and they continue to adopt the going concern basis in preparing the annual report and accounts.

1.3 Turnover

All revenue is generated in the United Kingdom and relates to goods and educational services.

Tuition fees

Tuition fees are recognised in profit and loss over the length of the course. Tuition fees received 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.

Sales of educational materials

Sales of educational materials are recognised when the University has delivered goods to the student; the student has accepted the goods; and collectability of the related receivable is reasonable assured.

1 Accounting policies (continued)

1.3 Turnover (continued)

Government grants

Government grants received during the previous year represent funds from a government funding scheme associated with COVID-19; 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. The Company did not received any government grant in the current year.

1.4 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.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on a straight-line basis over the following periods depending on the period the University is expected to benefit:

Software & licences	over three years
Other intangibles	over three to eight 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 eight years, depending on the period the University is expected to benefit. Provision is made for any impairment.

1.5 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on a straight-line basis over the following periods depending on the period the University is expected to benefit:

Short leasehold	over the life of the lease
Equipment	over three years
Fixtures and fittings	over three years

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

1 Accounting policies (continued)

1.6 Impairment of fixed assets

At each reporting year end date, the University 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 University estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

1.7 Stocks

Stocks are principally books, which are stated at the lower of cost and net realisable value. 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. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies (continued)

1.9 Financial instruments

Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Other financial assets

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

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in 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 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 Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1 Accounting policies (continued)

1.9 Financial instruments (continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in statement of comprehensive income in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the University 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 University.

1.11 Interest receivable and similar income

Interest income is recognised when it is probable that the economic benefit will flow to the University and the amount of revenue 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.

1.12 Interest payable and similar expenses

Interest payable and similar expenses include interest payable recognised in statement of comprehensive income using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

1 Accounting policies (continued)

1.13 Taxation

The tax expense represents the sum of the current tax and deferred tax.

Current tax

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as 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 University's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 year 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 University 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.

1.14 Provisions

Provisions are recognised when the University has a legal or constructive present obligation as a result of a past event, it is probable that the University 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 an interest payable and similar expenses in statement of comprehensive income in the period in which it arises.

1 Accounting policies (continued)

1.15 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 University is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Any difference between the amount due and the amount paid is recorded on the Statement of financial position.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to 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 leases asset are consumed.

1.18 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 University'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 directors deem that there were no critical judgements (apart from those involving estimates) involved in these financial statements.

Key sources of estimation uncertainty

The directors deem that there were no key sources of estimation uncertainty involved in these financial statements.

3 Turnover and other revenue

	2022 £'000	2021 £'000
Turnover		
Educational services	119,075	108,129
Other significant revenue		
Interest income	<u>2,453</u>	<u>1,291</u>

All revenue is generated in the United Kingdom and relates to educational services.

Turnover includes £nil (2021: £0.113 million) of Government grants received from the Coronavirus Job Retention Scheme, £0.602 million (2021: £nil) lease break compensation, £0.015 million (2021: £nil) insurance compensation and £0.166 million nursing grants.

The University has not received any other grant, or fee, income that should be disclosed under OfS Regulatory Advice 9: Accounts Direction in either the current or prior year.

4 Operating profit

	2022 £'000	2021 £'000
Operating profit for the year is stated after charging:		
Exchange losses	6	5
Fees payable to the auditor for the audit of the University's financial statements	140	115
Depreciation of tangible fixed assets	44	24
Amortisation of intangible assets	852	772
Property rental charge	6,522	7,718

Exchange differences recognised in statement of comprehensive income during the year amounted to £6,000 (2021: £5,000).

5 Employees

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

	2022 Numbers	2021 Numbers
Education delivery	446	433
Administration and services	444	423
Sales and marketing	108	108
	998	964
	2022 £'000	2021 £'000
Wages and salaries	40,941	40,180
Social security costs	4,274	3,977
Pension costs	2,111	2,015
	47,326	46,172

In the current year, 209 (2021: 156) employees of the University performed services for other affiliated group companies, and other group subsidiary employees performed services for the University. This resulted in staff cost recharges to these entities of £6.915 million (2021: £6.692 million) and as such, these costs were not borne by the University. The staff costs and average employee numbers have been stated below to be consistent with the allocation method used for the year ended 31 August 2022.

5 Employees (continued)

Staff costs for the year after recharges:

	2022	2021
	Numbers	Numbers
Education delivery	446	433
Administration and services	291	305
Sales and marketing	52	70
	789	808
	2022	2021
	£'000	£'000
Wages and salaries	34,818	34,247
Social security costs	3,810	3,530
Pension costs	1,783	1,703
	40,411	39,480

Remuneration is determined by taking into account comparable benchmarking information for comparable roles, both within and outside the higher education sector, market forces and the performance of the Group alongside the individual's skills, experience and role responsibilities.

The factors used in considering reward proposals are:

- The size and complexity of the organisation
- The nature of the HE markets and issues of recruitment and retention
- Leadership of staff
- Partnerships and external relationships
- Major initiatives and projects

Vice-Chancellor remuneration

At BPP University (BPPU), the remuneration of the Vice-Chancellor is determined by BPP Education Group. The Nomination & Remuneration Committee whose members are independent support and advise on decisions made by the Group. The membership and Terms of Reference of the Nomination & Remuneration Committee are available under the governance section at bpp.com.

BPP University is wholly owned by BPP Holdings which together with other subsidiaries forms the BPP Education Group. BPPU comprises approximately half of the Group. The Vice-Chancellor of BPPU also serves as Deputy Chief Executive of the BPP Education Group.

As a senior executive of the Group, the Deputy Chief Executive's total remuneration for services to the Group is set by the Group's shareholders. In line with other senior executives the remuneration is based on a review of appropriate benchmarks for the position and responsibilities carried out, periodic reviews of the Vice-Chancellor's contribution to the performance of the Group and consideration of the BPP general annual pay review. The Nominations and Remuneration Committee advises the shareholders as to the appropriate level of the Vice-Chancellor's remuneration which comprises an annual salary and a bonus based on the financial performance of the Group as a whole.

The Vice-Chancellor's remuneration consists of the following elements:

- Salary
- Performance-related pay
- Benefits
- Payments in lieu of pension contributions

Notes to the financial statements (continued)

For the year ended 31 August 2022

5 Employees (continued)

A summary of the Vice-Chancellor's remuneration over the past two years is shown below:

	2021/22	2020/21
Emoluments of the Vice-Chancellor		
Base salary	244,800	240,000
Bonus	120,000	120,000
Payments in lieu of pension contributions	12,146	12,000
Taxable benefits - private medical insurance	1,085	994
Total	378,031	372,994

The Vice-Chancellor's bonus is awarded in relation to his role as Deputy Group CEO. It is determined by the BPP Group based on the overall performance of the BPP Education Group as determined by the Group's shareholders.

The Committee has noted the reported pay multiple against staff of 4.9 and will continue to monitor this aspect in its deliberations on Vice-Chancellor's pay. The head of the provider's basic salary is 4.9 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The head of the provider's total remuneration is 7.0 times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

In calculating the median salary, we have included all staff who have been paid through the payroll, we have not included the pay of staff engaged on work in the University who are employed by employment agencies or freelancers as it is not possible to determine the hourly rate of such staff to enable a calculation of the full year full time equivalent pay of each individual employee of an employment agency staff that would be required to calculate their median pay.

5 Employees (continued)**Salary Ranges**

The number of employees whose base salary exceed £100k are set out in the table below.

<u>Salary Ranges</u>	2021/22 Numbers	2020/21 Numbers
£100,000 - £104,999	-	2
£105,000 - £109,999	3	2
£110,000 - £114,999	1	-
£115,000 - £119,999	1	3
£120,000 - £124,999	-	-
£125,000 - £129,999	-	-
£130,000 - £134,999	-	1
£135,000 - £139,999	1	-
£140,000 - £144,999	-	-
£145,000 - £149,999	-	-
£150,000 - £154,999	2	1
£155,000 - £159,999	-	-
£160,000 - £164,999	-	-
£165,000 - £169,999	-	-
£170,000 - £174,999	-	1
£175,000 - £179,999	-	-
£180,000 - £184,999	-	-
£185,000 - £189,999	1	-
Total	9	10

Compensation for loss of office

	2022	2021
Compensation	386,998	268,233
	Numbers	Numbers
Headcount	28	20

6 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	1,299	1,252
Company pension contributions to defined contribution schemes	45	34
	1,344	1,286

6 Directors' remuneration (continued)

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

	2022 £'000	2021 £'000
Remuneration for qualifying services	311	298
Company pension contributions to defined contribution schemes	11	12
	<u>322</u>	<u>310</u>

A number of the directors are also directors of BPP Holdings Limited and other BPP Holdings Limited subsidiaries. The director's emoluments are allocated to the relevant entities based on qualifying services. The amount remunerated to directors of the University by its parent, BPP Holdings Limited, and not included in director's emoluments disclosed above was £0.507 millions (2021: £0.426 millions). In addition, one of the directors is accruing benefits under the BPP Holdings Limited group pension scheme, which is a defined contribution scheme, in respect of their services to the group Companies. This is included in amount remunerated to directors of BPP Holdings Limited above.

7 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest on bank deposits	-	6
Interest receivable from group companies	2,453	1,285
	<u>2,453</u>	<u>1,291</u>

8 Interest payable and similar expenses

	2022 £'000	2021 £'000
Other interest on financial liabilities	-	1
Unwinding of discount on provisions	-	6
	<u>-</u>	<u>7</u>

9 Taxation

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current period	5,521	3,836
Adjustments in respect of prior periods	41	952
Total current tax charge	5,562	4,788
Deferred tax		
Origination and reversal of timing differences	82	(40)
Adjustments in respect of prior periods	14	-
Total deferred tax charge/(credit)	96	(40)
Total tax charge	5,658	4,748

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:

	2022 £'000	2021 £'000
Profit before taxation	29,365	27,379
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	5,579	5,202
<i>Effects of:</i>		
Tax effect of expenses that are not deductible in determining taxable profit	4	(1,287)
Adjustments in respect of prior years	41	952
Other timing differences	-	(79)
Deferred tax - current activity	-	65
Deferred tax - impact of tax rate change	20	(118)
Adjustments to tax charge in respect of previous periods - deferred tax	14	13
Taxation charge for the year	5,658	4,748

The standard rate of tax applied to reported profit is 19% (2021: 19%). In the Finance Bill 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021.

The Company recorded a tax benefit of £0.020 million, a tax expense of £0.118 million and a tax expense of £0.057 million during the years ended 31 August 2022, 2021 and 2020, respectively, associated with the change in tax rates.

10 Dividends

	2022 £'000	2021 £'000
Final paid	<u>6,000</u>	<u>25,000</u>

11 Intangible fixed assets

	Software & licences £'000	Other intangibles £'000	Total £'000
Cost			
At 1 September 2021	178	6,186	6,364
Additions - separately acquired	-	1,075	1,075
At 31 August 2022	<u>178</u>	<u>7,261</u>	<u>7,439</u>
Amortisation and impairment			
At 1 September 2021	178	1,027	1,205
Amortisation charged for the year	-	852	852
At 31 August 2022	<u>178</u>	<u>1,879</u>	<u>2,057</u>
Carrying amount			
At 31 August 2022	<u>-</u>	<u>5,382</u>	<u>5,382</u>
At 31 August 2021	<u>-</u>	<u>5,159</u>	<u>5,159</u>

Other intangibles additions relate to the capitalisation of curriculum development costs. Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss. Amortisation charged for the year has been recognised within Administrative expenses.

12 Tangible fixed assets

	Short leasehold £'000	Equipment £'000	Fixtures and fittings* £'000	Total £'000
Cost				
At 1 September 2021	2,567	1,781	682	5,030
Additions	-	122	1	123
At 31 August 2022	2,567	1,903	683	5,153
Depreciation and impairment				
At 1 September 2021	2,545	1,731	682	4,958
Depreciation charged in the year	5	39	-	44
At 31 August 2022	2,550	1,770	682	5,002
Carrying amount				
At 31 August 2022	17	133	1	151
At 31 August 2021	22	50	-	72

*Depreciation during the year for furniture and fixtures is £228.

13 Stocks

	2022 £'000	2021 £'000
Finished goods and goods for resale	210	434

14 Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade debtors	19,074	15,111
Amounts due from parent undertaking	1,184	2,073
Amounts due from fellow subsidiaries	92,427	55,828
Other taxes	-	65
Other debtors	534	411
Prepayments	2,593	1,897
Accrued income	5,203	2,609
	<u>121,015</u>	<u>77,994</u>

Amounts owed from group undertakings falling due within one year represent loans repayable on demand and trading balances at arm's length settled monthly. Interest is charged on the loan balances at 2.75% above the monthly SONIA rate. The amount charged upto the 1st December 2021 was at 1.75% above the monthly LIBOR rate.

	2022 £'000	2021 £'000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	20,800	20,800
Deferred tax asset (note 18)	398	494
	<u>21,198</u>	<u>21,294</u>

Amounts owed from group undertakings falling due in over one year represent loans repayable on demand. Interest is charged on the loan balances at 2.75% above the monthly SONIA rate. The amount charged upto the 1st December 2021 was at 1.75% above the monthly LIBOR rate.

15 Restricted cash

	2022 £'000	2021 £'000
Funds relating to a Standby Letter of Credit	50	150
Employer apprenticeship funds	69	55
	<u>119</u>	<u>205</u>

15 Restricted cash (continued)

Restricted cash principally relates to funds transferred into a blocked account which the University is required to have relating to a Standby Letter of Credit. This is required to support the guarantee against the portfolio of student loans provided for in note 17. 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 £0.05 million (2021: £0.150 million).

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

16 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	108	236
Amounts due to fellow subsidiaries	990	936
Corporation tax	11,719	6,157
Other taxation and social security	693	-
Deferred income	29,385	13,622
Other creditors	173	233
Accruals	8,251	4,973
Fees received in advance	41,592	17,216
	92,911	43,373

Amounts owed to group undertakings falling due within one year represent loans repayable on demand and trading balances at arm's length settled monthly. Interest is charged on the loan balances at 2.75% above the monthly SONIA rate. The amount charged upto the 1st December 2021 was at 1.75% above the monthly LIBOR rate.

17 Provisions for liabilities

	2022 £'000	2021 £'000
Course closure	5	5
Other	15	28
	<u>20</u>	<u>33</u>

Course closure

The provision for course closure relates to an estimate of costs relating to compensation for students. We expect the provision to be fully utilised or released in the next year.

Other

Other provisions relate to guarantees that have been provided for a portfolio of student loans which are due to be repaid through to 2025. The total value of the facility under guarantee at balance sheet date was £0.05 million. This is considered to be the maximum exposure to the University for the year ended 31 August 2022. A provision of £0.015 million has been made which represents the directors' best assessment of the probable exposure under the guarantee at the balance sheet date.

There is a liquidity risk as there is a possibility that all guarantees could be called upon within 12 months. However, as the guarantee relates to a portfolio of loans it is extremely unlikely that all loans would be called upon. The risk of default is managed by the loan provider performing extensive credit checks on all loan applicants and loans are granted provided the applicant passes these checks. There is an amount held in restricted cash as disclosed in note 15 which would be used to fund guarantees being called upon.

18 Deferred taxation

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

	2022 £'000	2021 £'000
Balances:		
Accelerated capital allowances	354	375
Other timing differences	44	119
	<u>398</u>	<u>494</u>
Movements in the year:		2022 £'000
Asset at 1 September 2021		494
Charge to profit or loss		(96)
Asset at 31 August 2022		<u>398</u>

The deferred tax asset set out above is not expected to fully reverse out within the next 12 months.

19 Retirement benefit schemes

	2022 £'000	2021 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>2,111</u>	<u>2,015</u>

The University operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the University in an independently administered fund.

20 Share capital

	2022 £'000	2021 £'000
Issued and fully paid		
2 (2021: 2) Ordinary shares of £1 each	<u>-</u>	<u>-</u>

Share capital does not display above, due to rounding, as it is an amount less than £1,000.

21 Operating lease commitments**Lessor**

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

	2022	2021
	£'000	£'000
Not later than one year		
Later than one year and not later than five years	186	186
	363	549
	549	735

22 Ultimate controlling party

In the opinion of the directors, the University's immediate parent is BPP Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The ultimate parent of the Company is Bright Holdings S.a.r.l. (registered in Luxembourg) and the ultimate controlling party is a group of investment funds managed by TDR Capital LLP (registered in the UK).

Bright Topco Limited is the largest and smallest group undertaking for which consolidated financial statements are prepared.

Copies of the Group financial statements of Bright Topco Limited are available from BPP House, Aldine Place, 142-144 Uxbridge Road, Shepherds Bush, London, W12 8AA.

23 Covid-19

COVID-19 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 impacted the majority of businesses in the UK and the response from the University to manage operations has continued from FY 2021, where we continue to make innovations and improvements to teaching and exams online. Staff have moved to hybrid working but we have continued with improvements to the relevant technology and processes to enable this building on the platform from FY 2020 and FY2021.

The current outlook for the University is positive, especially given the increased revenue and operating profit for the year with COVID-19 having little impact. The University continues to invest in and launch new products to help strengthen its position in the markets in which it operates. The University believes the challenging economic conditions will further increase the demand for career focussed education and the University plans to use their core competencies and experience to capitalise on these opportunities and is optimistic that it will continue to grow enrolments in the future due to programme development and delivery of targeted growth in the international geographies, technology and nursing. The legal market is shifting with changes in the course structures, however the revenues from legal courses should continue to be broadly consistent with 2022.

24 Cash generated from operations

	2022 £'000	2021 £'000
Profit for the year after tax	23,707	22,631
Adjustments for:		
Taxation charged	5,658	4,748
Interest payable and similar expenses	-	1
Interest receivable and similar income	(2,453)	(1,291)
Loss on disposal of tangible fixed assets	-	6
Amortisation of intangible assets	852	772
Depreciation of tangible fixed assets	44	24
Decrease in provisions	(11)	(345)
Movement in restricted cash	86	342
Movements in working capital:		
Decrease/(increase) in stocks	225	(346)
Increase in debtors	(42,914)	(11,642)
Increase in creditors	28,104	1,209
Increase in deferred income	15,762	723
Cash generated from operations	29,060	16,832

25 Analysis of changes in net funds

	1 September 2021 £'000	Cash flows £'000	31 August 2022 £'000
Cash at bank and in hand	8,804	24,315	33,119
Restricted cash	205	(86)	119
	9,009	24,229	33,238