

Company Registration No. 06003756 (England and Wales)

BPP Services Limited

**Annual report and financial statements
for the year ended 31 August 2019**



BPP Services Limited**Company information**

Directors	Gary Dart Graham Gaddes Alison Wells
Company number	06003756
Registered office	BPP House Aldine Place 142-144 Uxbridge Road Shepherds Bush London W12 8AW
Independent auditor	Deloitte LLP Statutory Auditor 3 Victoria Square Victoria Street St Albans United Kingdom AL1 3TF
Bankers	Barclays Bank PLC 27 Soho Square London W1D 3QR
Solicitors	Eversheds LLP 1 Wood Street London EC2V 7WS

BPP Services Limited

Contents

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11 - 28

BPP Services Limited

Strategic report

For the year ended 31 August 2019

The directors present their Strategic report of BPP Services Limited ("the company") for the year ended 31 August 2019.

Results and dividends

The trading results for the year ended 31 August 2019, and the company's financial position at the end of the year, are shown in the attached financial statements.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Principal activity of the business

The principal activity of the company is the provision of a centralised treasury and central services function for companies in the BPP Holdings Limited group (BPP Holdings Limited and subsidiaries) which is partly recharged to other group companies.

Strategic review

Operating loss for the year was £0.651 million (2018: £4.631 million) and profit after tax for the year was £15.551 million (2018 loss: £6.723 million). The change in profit after tax is primarily due to dividend income received in the year. This followed an entity restructuring exercise to clear out historic intercompany balances between the company and its parent and subsidiaries and maximise distributable reserves. Net assets as at 31 August 2019 were £44.345 million (31 August 2018 net liabilities: £68.618 million). The increase in net assets is due to £97.412 million capital contribution from the company's parent company in exchange for the waiver of its intercompany loans (see note 21) and £18.241 million of dividends received in the year, which was offset by the operating loss in the year.

Key performance indicators

Cost control is the key measure of performance, and therefore operating costs have been identified as the key performance indicator. As set out in the Statement of comprehensive income on page 8, operating costs for the year total £14.225 million (2018: £17.952 million). This decrease in operating costs is due to a decrease in costs as part of a concerted effort to control expenditure by management

Key risks and uncertainties

Inherent risk

Due to the nature of the activities carried on by the company, the risks are limited. If inflation levels increase, this will have a significant impact on the results for the company as operating costs will be driven up. The company is also exposed to changes in interest rates.

Liquidity and cash flow risks

The company manages its financial risk through a cash pooling arrangement with its parent company and fellow subsidiary companies, meaning that they can lend and borrow funds between them where required. The BPP Holdings Limited group and fellow subsidiaries are a cash generating group with positive cash flows. The company uses this facility as an efficient treasuring management tool to manage its liquidity risk. Further, the company can utilise the £10 million revolving credit facility available to BPP Holdings Limited as an efficient treasury management tool to manage its liquidity risk.

Economic and competition risk

There is a risk that the company, its subsidiaries and the other related party subsidiaries of BPP Holdings Limited may not perform as expected either due to internal factors or competitive and political pressures in the markets in which it operates. The continuing uncertainty in the global economy and that caused by the UK leaving the European Union (Brexit) has had very limited impact on the company but could still be a risk for the future. The key risk posed by Brexit and the uncertainty in the UK economy is the wider economic impact affecting subsidiaries causing reduced discretionary spend by students and graduates hired by corporates.

The Company seeks to address these risks by a number of measures, including; ensuring the appropriate management team is in place, budget and business planning, monthly reporting and variance analysis, financial controls, key performance measures and regular forecasting. In addition to this the subsidiaries of BPP Holdings Limited have diversified into new product areas to manage the economic risk, ensuring that the subsidiaries continue to deliver products that are relevant to customers and bridge the gap between academia and employability.

Future developments

The directors will continue to monitor the risks disclosed in the Strategic report. The nature of the company is to act as a central services company to the rest of the BPP Holdings Limited group; to recharge any central costs to the BPP Holdings Limited group; act as a central treasury function; and record interest on loans with other BPP Holdings Limited group companies. With the exception of the one time loan waiver and the dividend received in the year (see details in the strategic review), the company is expected to continue to perform in line with previous years.

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



.....
Graham Gaddes

Director

28/02/2020
.....

BPP Services Limited

Directors' report

For the year ended 31 August 2019

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

Information about the company's performance, outlook, strategy, policies, future developments, dividend distribution and risks and uncertainties can be found in the strategic report.

Principal activities

The principal activity of the company continued to be that of a centralised treasury and central services function for companies in the BPP Holdings Limited group (BPP Holdings Limited and subsidiaries) which is partly recharged to other group companies.

Directors

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

Gary Dart
Graham Gaddes
Alison Wells

Qualifying third party indemnity provisions

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

Going concern

After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Company financial statements. Refer to note 1.2 for further details.

Directors' report (continued)

For the year ended 31 August 2019

Directors' responsibilities statement

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information. The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Re-appointment of auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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



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Graham Gaddes

Director

Date: 28/02/2020

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BPP Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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; and
- the related notes 1-22 to the financial statements

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Directors' responsibilities statement

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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BPP Services Limited

Independent auditor's report (continued)

To the members of BPP Services Limited

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 our audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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.

Use of our report

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



David Halstead, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

28 February 2020

Statutory Auditors
St Albans, United Kingdom

BPP Services Limited**Statement of comprehensive income****For the year ended 31 August 2019**

		2019	2018
	Notes	£'000	£'000
Turnover	3	13,787	13,321
Cost of sales		(213)	-
Gross profit		<u>13,574</u>	<u>13,321</u>
Administrative expenses		(14,225)	(17,952)
Operating loss	4	(651)	(4,631)
Income from shares in group undertakings	7	18,241	-
Interest receivable from group undertakings	7	341	538
Interest payable and similar expenses	8	(4,226)	(4,080)
Profit/(loss) before taxation		<u>13,705</u>	<u>(8,173)</u>
Tax on profit/(loss)	9	1,846	1,450
Profit/(loss) for the financial year		<u><u>15,551</u></u>	<u><u>(6,723)</u></u>

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

There were no recognised gains or losses other than those recognised through the Statement of comprehensive income above.

BPP Services Limited**Statement of financial position****As at 31 August 2019**

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10		2,309	-	
Tangible assets	11		1,032	3,625	
Investments	12		109,342	84,342	
			112,683	87,967	
Current assets					
Debtors: falling due within one year	14	6,973		33,129	
Current liabilities					
Creditors: amounts falling due within one year	15	(45,182)		(75,750)	
Bank overdraft		(12,156)		(15,287)	
Net current liabilities			(50,365)	(57,908)	
Debtors: falling due after more than one year	14	2,827		2,223	
Total assets less current liabilities			65,145	32,282	
Creditors: falling due after more than one year	16		(20,800)	(100,900)	
Net assets/(liabilities)			44,345	(68,618)	
Capital and reserves					
Called-up share capital	19		-	-	
Capital contribution reserves	20, 21		97,412	-	
Profit and loss reserves	20		(53,067)	(68,618)	
Total equity			44,345	(68,618)	

The financial statements were approved by the board of directors and authorised for issue on 28/02/2020 and are signed on its behalf by:



Gary Dart
Director

Company Registration No. 06003756

BPP Services Limited

Statement of changes in equity

For the year ended 31 August 2019

	Called-up share capital	Capital contribution reserves	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000
Balance at 1 September 2017	-	-	(61,895)	(61,895)
Year ended 31 August 2018:				
Loss and total comprehensive expense for the year	-	-	(6,723)	(6,723)
Balance at 31 August 2018	-	-	(68,618)	(68,618)
Year ended 31 August 2019:				
Profit and total comprehensive income for the year	-	-	15,551	15,551
Company restructure	21	-	-	-
		97,412	-	97,412
Balance at 31 August 2019	-	97,412	(53,067)	44,345

1 Accounting policies

Company information

BPP Services Limited 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 8AW.

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 have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

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

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options; how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements; and
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

The results of BPP Services Limited are included in the consolidated financial statements of Socrates Global Parent Limited, which are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

1 Accounting policies (continued)

1.2 Going concern

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

The company is expected to continue to provide centralised treasury services for all companies within the BPP Holdings Limited group. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its UK parent BPP Holdings Limited and fellow subsidiaries.

BPP Holdings Limited and Socrates Global Parent Limited have committed that they will lend as is necessary to the company to pay debts as they become due for a period up to 30 June 2021. Having assessed the responses of the directors of BPP Holdings Limited and in light of the support from Socrates Global Parent Limited, the directors of the company have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of BPP Services Limited to continue as a going concern.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of this report. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents intra group recharges of the shared services costs. Turnover is derived from the United Kingdom and represents the invoiced amount of services provided during the year, stated net of VAT. They are allocated between group entities based on relevant cost drivers such as head count and revenue.

Interest Income

Interest income is recognised when it is probable that the economic benefit will flow to the company 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, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1 Accounting policies (continued)

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.

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 IT Software development costs are included within intangibles and are amortised over three years.

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

Software & Licences	over three years
Other Intangibles	over two years

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 on a straight line basis over their useful lives on the following bases:

Equipment	over three to five years
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Assets in the course of construction are not depreciated.

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

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1 Accounting policies (continued)

1.7 Impairment of fixed assets

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

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

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

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

1 Accounting policies (continued)

1.8 Cash at bank and in hand

Cash at bank and in hand 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.

1.9 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

1 Accounting policies (continued)

1.9 Financial instruments (continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1 Accounting policies (continued)

1.10 Equity instruments

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

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the 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 company'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 company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 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 year in which the employee's services are received.

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

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Valuation of Investments

The valuation of the investments in subsidiaries is a key judgement which is underpinned by the current performance and future trading prospects of those subsidiaries. An annual impairment review is required. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events.

Key sources of estimation uncertainty

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

BPP Services Limited**Notes to the financial statements (continued)****For the year ended 31 August 2019****3 Turnover and other revenue**

The turnover of the company is derived from the recharge of central costs to other members of the Group.

4 Operating loss

	2019 £'000	2018 £'000
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	17	17
Depreciation of owned tangible fixed assets	1,120	2,249
Loss on disposal of tangible fixed assets	44	-
Amortisation of intangible fixed assets	1,074	-
	<u> </u>	<u> </u>

5 Employees

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

	2019 Number	2018 Number
Administration and services	<u>5</u>	<u>4</u>

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	501	286
Social security costs	142	104
Pension costs	29	17
	<u>672</u>	<u>407</u>

6 Directors' remuneration

	2019 £'000	2018 £'000
Remuneration for qualifying services	77	75
Company pension contributions to defined contribution schemes	3	3
	<u>80</u>	<u>78</u>

BPP Services Limited**Notes to the financial statements (continued)****For the year ended 31 August 2019****6 Directors' remuneration (continued)**

	2019	2018
	£'000	£'000
The amounts in respect of the highest paid director are as follows:		
Remuneration for qualifying services	37	34
Company pension contributions to defined contribution schemes	1	1
	<u>38</u>	<u>35</u>

The directors of the company are also directors of other BPP Holdings Limited subsidiaries. The directors' emoluments are allocated to the relevant entities based on qualifying services. The amount remunerated to directors of the company by its subsidiaries and not included in directors' emoluments disclosed above was £0.763 million (2018: £0.839 million). In addition, all three of the directors are 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 the company's subsidiaries above.

7 Interest receivable and similar income

	2019	2018
	£'000	£'000
Interest income		
Interest receivable from group undertakings	341	538
Income from fixed asset investments		
Income from shares in group undertakings	18,241	-
Total income	<u>18,582</u>	<u>538</u>

8 Interest payable and similar expenses

	2019	2018
	£'000	£'000
Interest payable to group undertakings	<u>4,226</u>	<u>4,080</u>

BPP Services Limited**Notes to the financial statements (continued)****For the year ended 31 August 2019****9 Taxation**

	2019	2018
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	(1,224)	(1,673)
Deferred tax		
Origination and reversal of timing differences	(622)	223
Total tax credit	(1,846)	(1,450)

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

	2019	2018
	£'000	£'000
Profit/(loss) before taxation	13,705	(8,173)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	2,604	(1,553)
Tax effect of expenses that are not deductible in determining taxable profit	(116)	1
Depreciation on assets not qualifying for tax allowances	(543)	(259)
Non-taxable dividend income	(3,466)	-
Change in tax rate	(125)	(27)
Deferred tax charge	(622)	223
Under provided in prior years	1,181	142
Losses brought forward from prior years	(639)	-
Other timing differences	(120)	23
Taxation (credit) for the year	(1,846)	(1,450)

The United Kingdom corporate tax rate has continually decreased over the past few years. Pursuant to the UK Finance Act 2016 passed on 15 September 2016, the United Kingdom corporate tax rate was cut from the 19.00% rate applying from 1 April 2017 to 17.00% beginning on 1 April 2020.

BPP Services Limited**Notes to the financial statements (continued)****For the year ended 31 August 2019****10 Intangible fixed assets**

	Software & Licences £'000	Other Intangibles £'000	Total £'000
Cost			
At 1 September 2018	-	-	-
Additions - separately acquired	1,208	408	1,616
Reclassification of assets	9,335	-	9,335
	<u> </u>	<u> </u>	<u> </u>
At 31 August 2019	10,543	408	10,951
	<u> </u>	<u> </u>	<u> </u>
Amortisation and impairment			
At 1 September 2018	-	-	-
Reclassification of assets	7,568	-	7,568
Amortisation charged for the year	1,074	-	1,074
	<u> </u>	<u> </u>	<u> </u>
At 31 August 2019	8,642	-	8,642
	<u> </u>	<u> </u>	<u> </u>
Carrying amount			
At 31 August 2019	1,901	408	2,309
	<u> </u>	<u> </u>	<u> </u>
At 31 August 2018	-	-	-
	<u> </u>	<u> </u>	<u> </u>

BPP Services Limited**Notes to the financial statements (continued)****For the year ended 31 August 2019****11 Tangible fixed assets**

	Equipment
	£'000
Cost	
At 1 September 2018	23,744
Additions	338
Disposals	(179)
Reclassification of assets	(9,335)
At 31 August 2019	<u>14,568</u>
Depreciation and impairment	
At 1 September 2018	20,119
Depreciation charged in the year	1,120
Eliminated in respect of disposals	(135)
Reclassification of assets	(7,568)
At 31 August 2019	<u>13,536</u>
Carrying amount	
At 31 August 2019	<u>1,032</u>
At 31 August 2018	<u>3,625</u>

12 Fixed asset investments

		2019	2018
	Notes	£'000	£'000
Investments in subsidiaries	13	<u>109,342</u>	<u>84,342</u>

BPP Services Limited**Notes to the financial statements (continued)****For the year ended 31 August 2019****12 Fixed asset investments (continued)****Movements in fixed asset investments**

	Shares in group undertakings £'000
Cost or valuation	
At 1 September 2018	100,900
Additions	25,000
	<u>125,900</u>
At 31 August 2019	125,900
Impairment	
At 1 September 2018 & 31 August 2019	16,558
	<u>109,342</u>
Carrying amount	
At 31 August 2019	109,342
At 31 August 2018	<u>84,342</u>

13 Subsidiaries

Details of the company's subsidiaries at 31 August 2019 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
BPP Learning Media Ltd	UK	Ordinary	100
BPP Professional Education Ltd	UK	Ordinary	100

BPP Services Limited**Notes to the financial statements (continued)****For the year ended 31 August 2019****13 Subsidiaries (continued)**

Both companies undertake training and education as the nature of their business. The registered office address is BPP House, Aldine Place, 142-144 Uxbridge Road, Shepherds Bush, London, W12 8AW.

During the year, the company performed an impairment review of its investments which resulted in no impairment charge for the year.

The company previously held 64,626,081 irredeemable preference shares in BPP Professional Education Limited with a nominal value of £61.100 million and 42,096,858 irredeemable preference shares in BPP Learning Media Limited with a nominal value of £39.800 million.

The preference shares carried no voting rights. The preference shares carried the right to a cumulative floating rate dividend, of LIBOR + 4.36% on the issue price, payable annually solely at the discretion of the directors.

On a winding up to the companies, the preference shareholders had a right to receive, in preference to payments to the ordinary shareholders, the nominal value paid up on the irredeemable shares plus any accrued dividend. The preference shareholders would also receive £0.99 per each irredeemable preference share held at the date of winding up.

During the current year, company restructures in both the subsidiaries reduced the preference shares to Enil. At 31 August 2019, 1 Ordinary share with par value of £1 is held in both BPP Professional Education Limited and BPP Learning Media Limited.

14 Debtors

	2019	2018
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	33	33
Corporation tax recoverable	1,034	2,850
Amounts due from parent undertaking	1,538	-
Amounts due from fellow subsidiaries undertakings	2,302	28,344
Other taxes	411	502
Other debtors	104	128
Prepayments	1,551	1,272
	<u>6,973</u>	<u>33,129</u>

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

BPP Services Limited**Notes to the financial statements (continued)****For the year ended 31 August 2019****14 Debtors (continued)**

	2019	2018
	£'000	£'000
Amounts falling due after more than one year:		
Prepayments	14	32
Deferred tax asset (note 17)	2,813	2,191
	<u>2,827</u>	<u>2,223</u>

15 Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Trade creditors	831	540
Amounts due to parent undertaking	-	57,392
Amounts due to fellow subsidiaries undertakings	40,590	15,140
Taxation and social security	1,542	1,622
Other creditors	444	389
Accruals	1,775	667
	<u>45,182</u>	<u>75,750</u>

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

16 Creditors: amounts falling due after more than one year

	2019	2018
	£'000	£'000
Amounts due to parent undertaking	-	80,100
Amounts due to fellow subsidiaries undertakings	<u>20,800</u>	<u>20,800</u>

Amounts owed to group undertakings falling due in over one year represent loans without fixed repayment dates but are attracting interest repayments. Interest is charged at 1.75% above the monthly LIBOR rate.

During the year the parent company increased its investment in the Company and this was settled by a reduction in the amounts owed to them (see note 21).

BPP Services Limited**Notes to the financial statements (continued)****For the year ended 31 August 2019****17 Deferred taxation**

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

	Assets 2019 £'000	Assets 2018 £'000
Balances:		
Accelerated capital allowances	<u>2,813</u>	<u>2,191</u>
Movements in the year:		2019 £'000
Asset at 1 September 2018		2,191
Credit to profit or loss		<u>622</u>
Asset at 31 August 2019		<u>2,813</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

18 Retirement benefit schemes

	2019 £'000	2018 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>39</u>	<u>17</u>

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

19 Share capital

	2019 £'000	2018 £'000
102 ordinary shares of £1 each	<u>-</u>	<u>-</u>

As at 31 August 2018 and 31 August 2019 there are 102 Ordinary shares of par value £1, giving a total share value of £102.

BPP Services Limited

Notes to the financial statements (continued)

For the year ended 31 August 2019

20 Reserves

Capital contribution reserve

The capital contribution reserve was created from an increase in the investment in BPP Services Limited of £97.412 million.

Profit and loss reserve

The retained earnings reserve represents the cumulative distributable profits and losses net of dividends and other adjustments.

21 Statement of changes in equity

Company Restructure

During the year ended 31 August 2019, BPP Holdings Limited waived an intercompany loan balance of £97.412 million owed by BPP Services Limited. The waiver has been recognised as a capital contribution within the financial statements of BPP Services Limited.

22 Ultimate controlling party

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