

Company Registration No. 05959432 (England and Wales)

BPP Learning Media Limited

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



BPP Learning Media Limited

Company information

Directors	Graham Gaddes Gary Dart Alison Wells
Company number	05959432
Registered office	BPP House Aldine Place 142-144 Uxbridge Road London W12 8AW
Independent auditor	Deloitte LLP Statutory Auditor 3 Victoria Street St Albans AL1 3TF
Bankers	Barclays Bank PLC 27 Soho Square London W1D 3QR
Solicitors	Eversheds LLP 1 Wood Street London EC2V 7WS

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BPP Learning Media Limited

Strategic report

For the year ended 31 August 2019

The directors present the Strategic report of BPP Learning Media 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. Ordinary dividends were paid amounting to £18.241 million (2018: £nil). 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 study material to customers, including bookshops, colleges and students studying for a variety of qualifications.

Strategic review

The turnover for the year decreased by £0.757 million (5%) compared to the prior year, which is due to a slight down turn in trade volumes which management expect to return in fiscal year 2020. Operating loss for the year of £2.632 million is shown after accounting for £2.405 million of goodwill amortisation. Once goodwill amortisation is removed, the 2019 operating loss would be £0.227 million compared with prior year operating profit of £0.072 million (after removing the goodwill amortisation). The increase in operating loss is a flow through from the revenue decrease.

Compared with the prior year, the company's net assets decreased by £20.766 million (61%), and the cash position moved from positive £0.739 million to an overdrawn position of £2.515 million. This has occurred due to the settlement of an intercompany debtor with BPP Services Limited. This was the result of an entity restructuring exercise to clear out historic intercompany balances between BPP Holdings Limited and its subsidiaries and maximize distributable reserves. The decrease in net assets was also due to the £18.241 million of dividends issued during the year.

The company continued to make a loss in fiscal year 2019. This means that continued support from BPP Holdings Limited is required, but does not change the going concern assessment of the company. The trading conditions and cash flows of the business continue to be monitored by management. On the basis of its assessment of the company's financial position and of the enquiries made of the directors of BPP Holdings Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Key performance indicators

The key performance indicators have been identified as turnover and operating profits, which can found in the Statement of comprehensive income on page 10 and are discussed in the strategic review above.

		2019	2018	% Change
Turnover	£'000's	13,588	14,345	5%
Operating loss	£'000's	(2,632)	(2,333)	13%
Operating loss margin	%	19%	16%	

Key Risks and Uncertainties

Economic and competition risk

BPP Learning Media Limited assumes the risks and uncertainties of a publishing business. These include printing in the UK and in a number of overseas markets and storage in both a UK warehouse and that of the logistics partner in Singapore of books and other e-learning materials. This is in addition to their sale and distribution in the UK and over 170 countries around the world.

The uncertainty in the UK economy caused by Brexit has yet to significantly impact the business. The key risk is the wider economic impact of Brexit causing reduced discretionary spend by customers. There is also a risk regarding the shipping of physical goods into the EU, however this is a relatively small part of the turnover.

The company continued to make a loss in 2019. This means that continued support from BPP Holdings Limited is required. The trading conditions and cash flows of the business continue to be monitored by management.

The company seeks to address these risks by maintaining its high standards of education in order to be the provider of choice for students, and monitoring the economic outlook caused by Brexit and other global economic events in core geographies. Maintenance of flexible resources available will allow the company to respond to changes in economic conditions and to competitor actions.

Credit risk

The company's principal financial assets are bank balances and cash and trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

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

Liquidity and cash flow risks

BPP Services Limited manages the BPP Holdings Limited group's bank facilities via a robust process of monitoring and review to ensure that the group has adequate facilities available. There is a cash pooling arrangement across all of BPP Holdings Limited subsidiary companies, meaning that they can lend and borrow funds between them where required. BPP Holdings Limited entered into a £10 million revolving credit facility, which expires in April 2024 which is used for general corporate purposes and is available to support any of BPP Holdings Limited subsidiary companies as required. The balance currently drawn down is £0.

Compliance and regulatory risk

The company competes on a global scale and therefore any change in the local existing tax regimes could put the company at a competitive disadvantage, and reduce its ability to compete on a level playing field.

BPP Learning Media Limited

Strategic report (continued)

For the year ended 31 August 2019

Future developments

The directors will continue to monitor the risks disclosed in the Strategic report. The company is seeking to gain operational efficiencies through appropriate technology investments in workflow and management of learning content, as well as the processes for the management of physical print material, through a move to a print on demand process.

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



.....
Graham Gaddes

Director

28/02/2020
.....

BPP Learning Media 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.

Principal activities

The principal activities along with the company's performance, proposed dividends, outlook, strategy, policies, future developments 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:

Graham Gaddes

Gary Dart

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.

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.

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

Employee involvement

The company'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 company's performance.

There is no employee share scheme at present.

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 period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the 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.

Going concern

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of BPP Holdings Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future (see note 1.2 for further details). Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 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

BPP Learning Media Limited

Independent auditor's report

To the members of BPP Learning Media Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BPP Learning Media 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 loss 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 1-20 to the financial statements, including a summary of significant accounting policies.

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

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 Learning Media Limited**Statement of comprehensive income****For the year ended 31 August 2019**

		2019	2018
	Notes	£'000	£'000
Turnover	3	13,588	14,345
Cost of sales		(10,329)	(10,958)
Gross profit		<u>3,259</u>	<u>3,387</u>
Administrative expenses		(5,891)	(5,720)
Operating loss	4	(2,632)	(2,333)
Interest receivable and similar income	7	429	453
Loss before taxation		(2,203)	(1,880)
Tax on loss	8	(322)	(55)
Loss for the financial year		<u>(2,525)</u>	<u>(1,935)</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 Learning Media Limited

Statement of financial position

As at 31 August 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Goodwill	10		12,027		14,432
Current assets					
Stocks	12	646		452	
Debtors falling due within one year	13	4,843		19,506	
Cash at bank and in hand				739	
		5,489		20,697	
Current liabilities					
Bank overdraft	15	(2,515)		-	
Creditors: amounts falling due within one year	14	(2,097)		(1,462)	
		(4,612)		(1,462)	
Net current assets			877		19,235
Debtors falling due after more than one year	13	255		258	
Net assets			13,159		33,925
Capital and reserves					
Called up share capital*	18		-		421
Share premium account*			-		39,379
Profit and loss reserves			13,159		(5,875)
Total equity			13,159		33,925

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

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. 05959432

BPP Learning Media Limited**Statement of changes in equity****For the year ended 31 August 2019**

	Notes	Called up share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 September 2017		421	39,379	(3,940)	35,860
Year ended 31 August 2018:					
Loss and total comprehensive expense for the year		-	-	(1,935)	(1,935)
Balance at 31 August 2018		421	39,379	(5,875)	33,925
Year ended 31 August 2019:					
Loss and total comprehensive expense for the year		-	-	(2,525)	(2,525)
Dividends	9,19	-	-	(18,241)	(18,241)
Reduction of shares		(421)	(39,379)	39,800	-
Balance at 31 August 2019		-	-	13,159	13,159

1 Accounting policies

Company information

BPP Learning Media 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, 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; and
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The results of BPP Learning Media 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 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 has committed through a Letter of Support that it will lend as is necessary to this entity to pay the debts of BPP Learning Media Limited as they become due. Having assessed the responses of the directors of BPP Holdings 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 Learning Media 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 the invoiced amount of goods and services provided. Turnover is recognized as follows:

Materials

Materials revenue is recognised when the company has delivered the goods to the customer; the customer has accepted the goods; and collectability of the related receipt is reasonably assured.

Interest receivable

Interest income is recognised when it is probable that the economic benefits 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 the effective interest rate applicable.

1.4 Intangible fixed assets - goodwill

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the Statement of financial position and amortised on a straight-line basis over its useful economic life to a presumed maximum of 10 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other years if events or changes in circumstances indicate that the carrying value may not be recoverable.

1 Accounting policies (continued)

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 the following bases:

Office equipment	over three to five years
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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 Stocks

Stocks are principally books (finished goods) or raw material used for the production of books (work in progress), 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.

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

1.7 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.

1.8 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)

1.8 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)

1.9 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.

1.10 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 income statement 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 period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

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

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

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

1.12 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 paid is recorded on the Statement of financial position.

1 Accounting policies (continued)

1.13 Foreign exchange

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

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 period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Goodwill valuation

The company has goodwill which is subject to annual impairment reviews. The valuation of goodwill is underpinned by the current performance and future trading prospects of the organisation. 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.

3 Turnover and other revenue

Turnover represents the invoiced amount of goods and services provided during the year, stated net of VAT. Amounts invoiced but unearned at the end of the year end are treated as deferred revenue.

The company operates in three geographical markets, the United Kingdom, Europe and the Rest of the World.

An analysis of turnover is provided below:

	2019	2018
	£'000	£'000
United Kingdom	9,863	10,684
Europe	730	597
Rest of the World	2,995	3,064
	<u>13,588</u>	<u>14,345</u>

	2019	2018
	£'000	£'000
Other significant revenue		
Interest income	<u>429</u>	<u>453</u>

4 Operating loss

	2019	2018
	£'000	£'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	43	43
Cost of stock recognised as an expense	1,641	1,312
Amortisation of intangible assets	<u>2,405</u>	<u>2,405</u>

5 Employees

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

	2019	2018
	Number	Number
Materials, production and dispatch	42	48
Sales and marketing	5	13
Customer services	11	10
Administration and services	18	1
	<u>76</u>	<u>72</u>

Their aggregate remuneration comprised:

	2019	2018
	£'000	£'000
Wages and salaries	2,706	2,593
Social security costs	265	225
Pension costs	134	94
	<u>3,105</u>	<u>2,912</u>

6 Directors' remuneration

	2019	2018
	£'000	£'000
Remuneration for qualifying services	75	127
Company pension contributions to defined contribution schemes	3	6
	<u>78</u>	<u>133</u>

6 Directors' remuneration (continued)

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 £0.765 million (2018: £0.746 million). In addition, all 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 companies	429	453
	<u> </u>	<u> </u>

8 Taxation

	2019	2018
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	319	(59)
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	3	114
	<u> </u>	<u> </u>
Total tax charge	<u>322</u>	<u>55</u>

8 Taxation (continued)

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

	2019 £'000	2018 £'000
Loss before taxation	(2,203)	(1,880)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(419)	(357)
Tax effect of expenses that are not deductible in determining taxable profit	456	457
Unutilised tax losses carried forward	(165)	-
Effect of change in corporation tax rate	(24)	(6)
Depreciation on assets not qualifying for tax allowances	(61)	(61)
Under/(over) provided in prior years	510	(117)
Deferred tax timing differences	3	114
Other timing differences	22	25
Taxation charge for the year	322	55

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.

9 Dividends

	2019 £'000	2018 £'000
Interim paid	18,241	-

10 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 September 2018 and 31 August 2019	<u>39,010</u>
Amortisation and impairment	
At 1 September 2018	24,578
Amortisation charged for the year	2,405
At 31 August 2019	<u>26,983</u>
Carrying amount	
At 31 August 2019	<u>12,027</u>
At 31 August 2018	<u>14,432</u>

11 Tangible fixed assets

	Office equipment £'000
Cost	
At 1 September 2018 and 31 August 2019	<u>63</u>
Depreciation and impairment	
At 1 September 2018 and 31 August 2019	<u>63</u>
Carrying amount	
At 31 August 2019	<u>-</u>
At 31 August 2018	<u>-</u>

12 Stocks

	2019 £'000	2018 £'000
Finished goods and goods for resale	<u>646</u>	<u>452</u>

13 Debtors

	2019	2018
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	1,937	1,594
Corporation tax recoverable	-	534
Amounts due from parent undertaking	101	14,982
Amounts due from fellow subsidiary undertakings	1,309	1,249
Other taxes	181	38
Other debtors	3	3
Prepayments	45	64
Accrued income	1,267	1,042
	<u>4,843</u>	<u>19,506</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.

	2019	2018
	£'000	£'000
Amounts falling due after more than one year:		
Deferred tax asset (note 16)	<u>255</u>	<u>258</u>
Total debtors	<u>5,417</u>	<u>19,764</u>

14 Creditors: amounts falling due within one year

	Notes	2019 £'000	2018 £'000
Trade creditors		598	272
Amounts owed to parent undertakings		107	45
Amounts due to fellow subsidiaries undertakings		188	249
Corporation tax		431	-
Deferred income		62	-
Fees received in advance		68	189
Other creditors		18	29
Accruals		625	678
		<u>2,097</u>	<u>1,462</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.

BPP Learning Media Limited**Notes to the financial statements (continued)****For the year ended 31 August 2019****15 Loans and overdrafts**

	2019	2018
	£'000	£'000
Bank overdrafts	2,515	-
Payable within one year	2,515	-

16 Deferred taxation

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

	Assets	Assets
	2019	2018
	£'000	£'000
Balances:		
Accelerated capital allowances	250	250
Other timing differences	5	8
	<u>255</u>	<u>258</u>
Movements in the year:		2019
		£'000
Asset at 1 September 2018		(258)
Charge to profit or loss		3
Asset at 31 August 2019		<u>(255)</u>

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

Notes to the financial statements (continued)

For the year ended 31 August 2019

17 Retirement benefit schemes

	2019 £'000	2018 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	134	94

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.

18 Share capital

	2019 £'000	2018 £'000
Ordinary share capital		
Issued and fully paid		
1 (2018: 100) Ordinary share of £1 each	-	-
	-	-
	-	-
Preference share capital		
Issued and fully paid		
nil (2018: 42,096,900) Preference shares of 1p each	-	421
	-	421

During the current year, the company performed a preference share capital reduction, which reduced Irredeemable preference shares and the share premium account to £nil with this going against the profit and loss reserves. At 31 August 2019, there is 1 Ordinary share of par value £1.

The preference shares were irredeemable and carried no voting rights. They 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.

19 Reserves**Profit and loss reserves**

During the current year, the company waived £18.241 million of the amounts owed by group undertakings through the issuance of a dividend to the company's parent. This was the result of an entity restructuring exercise to clear out historic intercompany balances between BPP Holdings Limited and its subsidiaries and maximize distributable reserves.

This waiver decreased BPP Learning Media Limited profit and loss reserves and the amounts owed by group undertakings.

20 Ultimate controlling party

In the opinion of the directors, the company's ultimate parent is Apollo Global Management, Inc., a company incorporated in the United States.

The parent undertaking of the largest and smallest group, which includes the company and for which group 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 Services Limited.