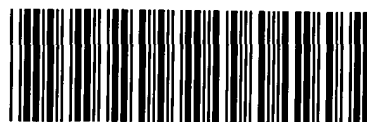


Company Registration No. 05959432 (England and Wales)

BPP Learning Media Limited

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

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BPP Learning Media Limited

Company information

Directors	Gary James Dart Graham Stuart Mark Gaddes Alison Carol 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 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

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BPP Learning Media Limited

Strategic report

For the year ended 31 August 2020

The directors present the Strategic report of BPP Learning Media Limited ("the company") for the year ended 31 August 2020.

Results and dividends

The trading results for the year ended 31 August 2020, 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 £nil (2019: £18.241 million). 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

		2020	2019	% Change
Turnover	£'000's	11,205	13,588	18%
Operating profit (loss)	£'000's	(1,424)	(2,632)	46%
Operating profit margin (1)	%	13%	19%	

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

The turnover for the year decreased by £2.383 million (18%) compared to the prior year, which is due to a down turn in trade volumes. Operating loss for the year of £1.424 million is shown after accounting for £2.405 million of goodwill amortisation. Once goodwill amortisation is removed, the 2020 operating profit would be £0.981 million compared with prior year operating loss of £0.227 million (after removing the goodwill amortisation). The improved profitability has been generated through operational efficiency along with proactive management of staff and other operating costs

Compared with the prior year, the company's net assets decreased by £1.413 million (11%), and the cash position moved from an overdrawn position of £2.515 million to an overdrawn position of £2.447 million. This net assets decrease is due to the continued unwind of goodwill.

The company continued to make a loss in fiscal year 2020. 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 are discussed in the strategic review above.

Key risks and uncertainties

Economic risk

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

Changes in the broader economic market can have an impact on the company's business. Specific examples of some of these changes impacting the company are as follows:

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

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

COVID-19

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

Operational

- **Teaching** – All teaching moved online as of late March 2020 and 98% of the courses have been successfully taught. Materials were all delivered directly to clients and students where previously they would have been delivered to learning centres.
- **Learning Centres** – In line with government guidance, all BPP centres were closed in late March 2020. They were partially reopened in line with guidance to support students in September 2020.
- **Staff Offices** – The substantial majority of staff have been working from home and have been provided with the relevant technology.
- **Well-being Focus** – Significant focus on staff and student well-being during this challenging time. This included a dedicated HR Well-being strategy to support staff, including well-being resources, hints and tips on looking after yourself and how to access further support. For students a series of well-being initiatives included regular meditation sessions, well-being webinars, coping with exam stress webinars, well-being resources on the virtual learning environment and promotion of support services throughout.
- **Communications** – Clear and concise communications with students, clients and employees.

Key risks and uncertainties (continued)

Liquidity and financial sustainability

- **Cost saving actions** – The company acted quickly to address the cost base with key activities and savings made on flexible staffing (freelance and overtime), tight management of headcount, property related expense (cleaning, utilities and maintenance, capital property spend), travel and entertainment.
- **Supplier negotiations** – All supplier contracts were reviewed whereby payments were being made in advance to smooth the payments either monthly or quarterly.
- **Cash flow focus** – Enhanced focus placed on 18 week cash flow forecasts, with daily reviews and updates for key stakeholders covering multiple scenarios.
- **Revolving Credit Facility (RCF)** – BPP Holdings (parent company) drew down on the £10 million RCF held with Barclays at the end of March 2020. This was a precautionary step due to uncertainty over credit markets at the time. The money hasn't been used and it was repaid in December 2020.
- **Support Schemes** – The Coronavirus Job Retention scheme was utilised for a small group of staff who couldn't fulfil their roles due to closure of the physical centres. The VAT deferral scheme was also utilised.

Credit risk

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

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 has a £10 million revolving credit facility, which expires in April 2024, which is available for use for general corporate purposes and is available to support any of BPP Holdings Limited subsidiary companies as required. During March 2020, BPP Holdings Limited borrowed the full £10 million under the revolving credit facility, which remained outstanding as at 31 August 2020. BPP Holdings repaid the entire amount borrowed under the revolving credit facility during December 2020.

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.

Section 172 (1) Statement

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

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

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

Strategic Reviews

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

Financial and operational performance

During the year, the directors review matters relating to a variety of areas, including, but not limited to, financial and operational performance, business strategy, key risks, governance, compliance and legal and regulatory matters. This is done through regular meetings and dialogue with senior management, and the consideration of reports and other supporting information. As part of this review process and through discussions with senior management, the directors contributed to the key activities carried out by the company during the year, including the implementation of strategies to mitigate the impact of COVID-19 on the company's business through successfully delivering course content to its customers when they moved to online course delivery.

Section 172 (1) Statement (continued)

Stakeholder Engagement

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

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

Customer and supplier relationships

The company's customers are an integral component to achieving the company's strategic goals. The company strives to ensure that its customers are treated fairly and that customer feedback about the educational goods provided by the company is taken into consideration. The company has employees whose work is dedicated to the quality of the content it produces, and ensuring the content is up to date and accurate. Specific teams are also in place in the company to work collaboratively with corporate customers and understand how the company can improve any elements of the product offerings or customer experience.

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

Environmental

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

Future Developments

The directors will continue to monitor the risks disclosed in the Strategic report. The company is seeking to gain operational efficiencies through appropriate technology investments in workflow and management of learning content, and continued process improvement through a print on demand process.

BPP Learning Media Limited

Strategic report (continued)

For the year ended 31 August 2020

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



.....
Graham Stuart Mark Gaddes
Director

Date: 11 December 2020

BPP Learning Media Limited

Directors' report

For the year ended 31 August 2020

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

Principal activities

The principal activities along with the company's performance, proposed dividends, outlook, strategy, policies, future developments, section 172 statement and risk uncertainties can be found in the Strategic report.

Directors

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

Gary James Dart

Graham Stuart Mark Gaddes

Alison Carol Wells

Energy and carbon reporting

The company's sources of greenhouse gas emissions and energy usage are reported on as part of the BPP Holdings Limited group financial statements, which are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

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.

Events after the balance sheet date

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

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.

Directors' report (continued)

For the year ended 31 August 2020

Going concern

On the basis of their assessment of the company's financial position and 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, being at least 12 months from the approval of these accounts. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements (see note 1.2 for further details).

Re-appointment of auditor

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

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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.

Strategic report

The company has chosen in accordance with Companies Act, s.414C(11) to set out in the company's Strategic report information required by Large and Medium-sized Companies and Groups (and Reports) Regulations 2008, Sch.7 to be contained in the directors' report. It has done so in respect of the company's future developments and the risks associated with financial instruments.

BPP Learning Media Limited

Directors' report (continued)

For the year ended 31 August 2020

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:



.....
Graham Stuart Mark Gaddes

Director

Date: 11 December 2020

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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1-20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

Independent auditor's report (continued)

To the members of BPP Learning Media Limited

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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.

Independent auditor's report (continued)
To the members of BPP Learning Media Limited

Report of 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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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
Statutory Auditor
St Albans

11 December 2020

BPP Learning Media Limited**Statement of comprehensive income
For the year ended 31 August 2020**

	Notes	2020 £'000	2019 £'000
Turnover	3	11,205	13,588
Cost of sales		(7,840)	(10,329)
Gross profit		<u>3,365</u>	<u>3,259</u>
Administrative expenses		(4,789)	(5,891)
Operating loss	4	<u>(1,424)</u>	<u>(2,632)</u>
Interest receivable and similar income	7	-	429
Loss before taxation		<u>(1,424)</u>	<u>(2,203)</u>
Tax on loss	8	11	(322)
Loss for the financial year		<u><u>(1,413)</u></u>	<u><u>(2,525)</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 Learning Media Limited**Statement of financial position
As at 31 August 2020**

		2020	2019
	Notes	£'000	£'000
Fixed assets			
Goodwill	10	9,622	12,027
Current assets			
Stocks	12	575	646
Debtors falling due within one year	13	4,879	4,843
		5,454	5,489
Current liabilities			
Bank overdraft	15	(2,447)	(2,515)
Creditors falling due within one year	14	(1,204)	(2,097)
Net current assets		1,803	877
Non-current assets			
Debtors falling due after more than one year	13	321	255
Net assets		11,746	13,159
Capital and reserves			
Called up share capital *	18	-	-
Share premium account *		-	-
Profit and loss reserves		11,746	13,159
Total equity		11,746	13,159

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

The financial statements were approved by the board of directors and authorised for issue on 11 December 2020, and are signed on its behalf by:



 Gary James Dart
 Director

Company Registration No. 05959432

BPP Learning Media Limited**Statement of changes in equity
For the year ended 31 August 2020**

		Share capital	Share premium account	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000	£'000
Balance at 1 September 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	-	-	(18,241)	(18,241)
Reductions of shares		(421)	(39,379)	39,800	-
Balance at 31 August 2019		-	-	13,159	13,159
Year ended 31 August 2020:					
Loss and total comprehensive expense for the year		-	-	(1,413)	(1,413)
Balance at 31 August 2020		-	-	11,746	11,746

1 Accounting policies

Company information

BPP Learning Media Limited ("the company") 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 are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost convention. 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 the company are included in the consolidated financial statements of Socrates Global Parent Limited, which are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

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

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 the company 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 the company 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.

Government grants

Government grants received during the year represent funds from a government funding scheme associated with COVID-19. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Government grants relating to turnover are recognised as income on an accrual basis over the periods when the related costs are incurred.

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 up 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.

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

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.

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

1 Accounting policies (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.

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

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 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 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.

Notes to the financial statements (continued)

For the year ended 31 August 2020

1 Accounting policies (continued)

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.

1.13 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 statement of comprehensive income 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.

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

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 are treated as deferred revenue.

An analysis of turnover is provided below:

	2020 £'000	2019 £'000
Turnover analysed by geographical market		
United Kingdom	8,276	9,863
Europe	584	730
Rest of the World	2,345	2,995
	<u>11,205</u>	<u>13,588</u>

	2020 £'000	2019 £'000
Other significant revenue		
Interest income	-	429
	<u>-</u>	<u>429</u>

Turnover includes £32,614 of government grants received from the Coronavirus Job Retention Scheme.

4 Operating loss

	2020 £'000	2019 £'000
Operating loss for the year is stated after charging:		
Exchange losses	3	-
Fees payable to the company's auditor for the audit of the company's financial statements	74	75
Amortisation of intangible assets	2,405	2,405
Property rental charges	87	87
	<u>2,569</u>	<u>2,567</u>

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

5 Employees

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

	2020	2019
	Number	Number
Materials, production and dispatch	20	42
Sales and marketing	-	5
Customer services	12	11
Administration and services	20	18
	<u>52</u>	<u>76</u>

Their aggregate remuneration comprised:

	2020	2019
	£'000	£'000
Wages and salaries	1,678	2,706
Social security costs	178	265
Pension costs	90	134
	<u>1,946</u>	<u>3,105</u>

6 Directors' remuneration

	2020	2019
	£'000	£'000
Remuneration for qualifying services	70	75
Company pension contributions to defined contribution schemes	3	3
	<u>73</u>	<u>78</u>

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

6 Directors' remuneration (continued)

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

	2020	2019
	£'000	£'000
Remuneration for qualifying services	34	36
Company pension contributions to defined contribution schemes	1	1
	<u>35</u>	<u>37</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 £0.770 million (2019: £0.765 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

	2020	2019
	£'000	£'000
Interest income		
Interest receivable from group companies	-	429
	<u>-</u>	<u>429</u>

8 Taxation

	2020	2019
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	185	319
Adjustments in respect of prior periods	(130)	-
Total current tax	<u>55</u>	<u>319</u>
Deferred tax		
Origination and reversal of timing differences	(66)	3
	<u>(66)</u>	<u>3</u>
Total tax (credit)/charge	<u>(11)</u>	<u>322</u>

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

8 Taxation (continued)

The actual (credit)/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:

	2020 £'000	2019 £'000
Loss before taxation	(1,424)	(2,203)
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	(271)	(419)
Tax effect of expenses that are not deductible in determining taxable profit	457	456
Unutilised tax losses carried forward	(148)	(165)
Effect of change in corporation tax rate	-	(24)
Depreciation on assets not qualifying for tax allowances	-	(61)
(Over)/under provided in prior years	(130)	510
Deferred tax timing differences	-	3
Other timing differences	147	22
Deferred tax movement	(66)	-
Taxation (credit)/charge for the year	(11)	322

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As the UK tax rate remains at 19%, the company's deferred tax liabilities recorded in the United Kingdom have been revalued at the higher 19% rate. The company recorded a tax expense of £0.053 million and a tax benefit of £0.024 million during the years ended 31 August 2020 and 2019, respectively, associated with the change in tax rates.

9 Dividends

	2020 £'000	2019 £'000
Interim paid	-	18,241

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

10 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 September 2019 and 31 August 2020	39,010
Amortisation and impairment	
At 1 September 2019	26,983
Amortisation charged for the year	2,405
At 31 August 2020	29,388
Carrying amount	
At 31 August 2020	9,622
At 31 August 2019	12,027

11 Tangible fixed assets

	Office equipment £'000
Cost	
At 1 September 2019 and 31 August 2020	63
Depreciation and impairment	
At 1 September 2019 and 31 August 2020	63
Carrying amount	
At 31 August 2020	-
At 31 August 2019	-

12 Stocks

	2020 £'000	2019 £'000
Finished goods and goods for resale	575	646

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

13 Debtors

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	1,028	1,937
Amounts due from parent undertaking	561	101
Amounts due from fellow subsidiary undertakings	2,039	1,309
Other taxes	227	181
Other debtors	10	3
Prepayments	51	45
Accrued income	963	1,267
	<u>4,879</u>	<u>4,843</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.

	2020	2019
	£'000	£'000
Amounts falling due after more than one year:		
Deferred tax asset (note 16)	321	255
	<u>321</u>	<u>255</u>
Total debtors	<u>5,200</u>	<u>5,098</u>

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

14 Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Trade creditors	62	598
Amounts owed to parent undertakings	-	107
Amounts due to fellow subsidiary undertakings	149	188
Corporation tax	485	431
Deferred income	34	62
Fees received in advance	6	68
Other creditors	17	18
Accruals	451	625
	<u>1,204</u>	<u>2,097</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.

15 Loans and overdrafts

	2020	2019
	£'000	£'000
Bank overdrafts	2,447	2,515
	<u>2,447</u>	<u>2,515</u>
Payable within one year	2,447	2,515
	<u>2,447</u>	<u>2,515</u>

16 Deferred taxation

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

	Assets	Assets
	2020	2019
Balances:	£'000	£'000
Accelerated capital allowances	240	250
Other timing differences	81	5
	<u>321</u>	<u>255</u>

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

16 Deferred taxation (continued)

	2020
	£'000
Movements in the year:	
Asset at 1 September 2019	(255)
Credit to profit or loss	(66)
	<u> </u>
Asset at 31 August 2020	<u>(321)</u>

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

17 Retirement benefit schemes

	2020	2019
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	90	134
	<u> </u>	<u> </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.

18 Share capital

	2020	2019
	£'000	£'000
Ordinary share capital		
Issued and fully paid		
1 Ordinary share of £1 each	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

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

19 Reserves

Share premium account

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

Profit and loss reserves

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

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 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 Services Limited.