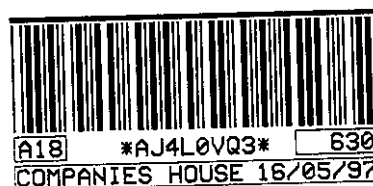


INSTITUTE AND FACULTY EDUCATION LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 1996**

Registered number 3037559



INSTITUTE AND FACULTY EDUCATION LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996**

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INSTITUTE AND FACULTY EDUCATION LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 1996

The directors submit their report together with the audited financial statements of the company for the year ended 31 December 1996.

Principal activity and review of the business

The principal activity of the company is the provision of training and educational services for students taking the professional examinations of the Institute of Actuaries and the Faculty of Actuaries.

The company is satisfied with its performance during the year.

Future developments

The directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividends

The profit and loss account for the year is set out on page 6.

Share Capital

The authorised share capital of the company consists of 100 ordinary shares of £1 each. As of 31 December 1996 10 ordinary shares have been issued and paid for.

Directors and their interests

The directors who served during the period were :

JF Hylands (Chairman)
GK Aslet
NJ Dumbreck
RAS Carswell
MR Kipling

None of the directors had any interest in the shares of the company at 31 December 1996, nor at any other time during the year.

By order of the Board



JF HYLANDS
Chairman

17 April 1997

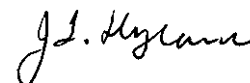
INSTITUTE AND FACULTY EDUCATION LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



JF HYLANDS
Chairman

17 April 1997

AUDITORS' REPORT

TO THE MEMBERS OF INSTITUTE AND FACULTY EDUCATION LIMITED

We have audited the financial statements on pages 6 to 10.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

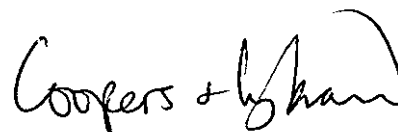
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1996 and of its results and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND
Chartered Accountants
and Registered Auditors
London

17 April 1997

INSTITUTE AND FACULTY EDUCATION LIMITED
PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1996

	Notes	Year Ended 31 December 1996 £	From incorporation to 31 December 1995 £
Turnover	2	1,882,183	818,689
Administrative expenses	2	<u>(1,882,183)</u>	<u>(818,689)</u>
Profit on ordinary activities before taxation		-	-
Tax on ordinary activities		<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		<u><u>-</u></u>	<u><u>-</u></u>

Continuing operations and historical cost equivalents

There are no recognised gains or losses in the year ended 31 December 1996 and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 8 to 10 form an integral part of these financial statements.

INSTITUTE AND FACULTY EDUCATION LIMITED
BALANCE SHEET

AT 31 DECEMBER 1996

	Notes	1996 £	£	1995 £	£
CURRENT ASSETS					
Debtors	4	972,104		1,050,039	
Cash at bank and in hand		199,655		106,634	
		<u>1,171,759</u>		<u>1,156,673</u>	
CREDITORS: amounts falling due within one year	5	<u>(1,171,749)</u>		<u>(1,156,663)</u>	
NET CURRENT ASSETS			<u>10</u>		<u>10</u>
CAPITAL AND RESERVES					
Called up share capital	6		<u>10</u>		<u>10</u>
TOTAL SHAREHOLDERS FUNDS	7		<u>10</u>		<u>10</u>

The financial statements on pages 6 to 10 were approved by the board of directors on 17 April 1997 and were signed on their behalf by:

J. J. Hylands

JF HYLANDS
Chairman

The notes on pages 8 to 10 form an integral part of these financial statements

INSTITUTE AND FACULTY EDUCATION LIMITED
NOTES TO THE ACCOUNTS

AT 31 DECEMBER 1996

1. Accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom.

(b) Deferred taxation

Deferred taxation is provided using the liability method on all timing differences expected to give rise to taxation liabilities in the foreseeable future. No credit is taken for reversal of differences which will give rise to reduced taxation liabilities in future years unless such reversals can be predicted with reasonable certainty.

(c) Turnover and administrative costs

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

Sales of materials are recognised when the goods are shipped. Sales of marking and tutorial services are recognised as the services are provided. Administrative costs are matched to services provided.

2. Turnover

Turnover is attributable to one continuing activity, the provision of actuarial training.

The company has appointed Actuarial Education Company Limited to provide this activity and the costs so arising are dealt with as administrative costs.

Turnover outside the United Kingdom is as follows:

	Year ended 31 December 1996 £	Period from Incorporation to 31 December 1995 £
European Union	41,474	42,849
Africa	139,967	23,210
Other	33,004	24,453

INSTITUTE AND FACULTY EDUCATION LIMITED
NOTES TO THE ACCOUNTS

3. Directors and employees

	Number 1996	Number 1995
The average number of employees during the year was:	<u>nil</u>	<u>nil</u>
Directors' remuneration	<u>£nil</u>	<u>£nil</u>
The emoluments of the chairman and all directors were £nil.		

4. Debtors

	1996 £	1995 £
Deferred expenditure	559,189	552,928
Trade debtors	412,915	497,111
	<u>972,104</u>	<u>1,050,039</u>

5. Creditors: amounts falling due within one year

	1996 £	1995 £
Other creditors	268	3,216
Deferred revenue	559,189	552,928
Owing to Actuarial Education Company Limited	612,292	600,519
	<u>1,171,749</u>	<u>1,156,663</u>

6. Share capital

	Authorised £1 ordinary shares Number	Allotted, issued and fully paid ordinary shares £
At 31 December 1995	<u>100</u>	<u>10</u>
At 31 December 1996	<u>100</u>	<u>10</u>

All ordinary shares carry one vote and are entitled to an equal share of any proceeds upon wind up of the company.

INSTITUTE AND FACULTY EDUCATION LIMITED
NOTES TO THE ACCOUNTS

7. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Profit & loss account £	Total £
At 31 December 1995	<u>10</u>	<u>0</u>	<u>10</u>
At 31 December 1996	<u><u>10</u></u>	<u><u>0</u></u>	<u><u>10</u></u>

8. Related party transactions

The company is the provider of training and educational services for students taking the professional examinations of the Institute of Actuaries and Faculty of Actuaries. The company wholly contracts out these services to Actuarial Education Company Limited and as a result accounts for a significant portion of that company's turnover. Some of this income is from students originating outside the United Kingdom and has been included as non UK turnover (see note 2 for details). At 31 December 1996 the balance outstanding owed by the company to ActEd was £612,292.

9. Ultimate parent company

Institute and Faculty Education Limited is a 90% subsidiary undertaking of The Institute of Actuaries which is a body incorporated by Royal Charter. The directors consider the Institute of Actuaries to be the ultimate parent company.

The parent company's consolidated financial statements can be obtained from Staple Inn Hall, High Holborn, London, WC1V 7QQ.