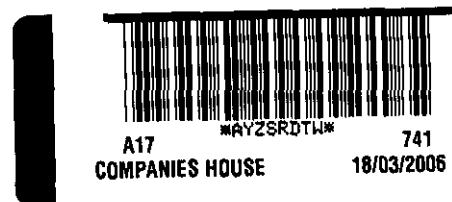


INSTITUTE AND FACULTY EDUCATION LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2005**

Registered number 3037559



INSTITUTE AND FACULTY EDUCATION LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

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INSTITUTE AND FACULTY EDUCATION LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005

The directors submit their report together with the audited financial statements of the company for the year ended 31 December 2005.

Results and dividends

The profit and loss account for the year is set out on page 6. The directors do not recommend payment of a dividend for the year.

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.

Auditors

A resolution to reappoint Mazars LLP as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

Directors and their interests

The directors who served during the period were :

NJ Dumbreck (Chairman)	
M Shelley	Resigned 10 June 2005
S Creedon	Resigned 28 June 2005
WJ Robertson	Resigned 27 June 2005
K Forman	
PK Joshi	Appointed 27 June 2005
GT Russell	Appointed 28 June 2005

None of the directors had any interest in the shares of the company at 31 December 2005, nor at any other time during the year. No rights to subscribe for shares in or debentures of the company or any body corporate in the same group which was during the year, granted to or exercised.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.



By order of the Board

6 February 2006

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;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; 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.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

By order of the Board

6 February 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSTITUTE AND FACULTY EDUCATION LIMITED

We have audited the financial statements for the year ended 31 December 2005 which comprise the Profit and Loss Account and the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Mazars LLP
Chartered Accountants
and Registered Auditors
Seacourt Tower, West Way
Oxford, OX2 0JG
2006

Mazars LLP

February 2006

INSTITUTE AND FACULTY EDUCATION LIMITED
PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	Year Ended 31 December 2005	Year Ended 31 December 2004
		£	£
Turnover	2	4,759,530	4,584,774
Administrative expenses	2	<u>(4,759,530)</u>	<u>(4,584,774)</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>

All business activities are continuing in nature.

There are no recognised gains or losses in the year ended 31 December 2005 and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

The notes on pages 8 to 11 form an integral part of these financial statements.

INSTITUTE AND FACULTY EDUCATION LIMITED

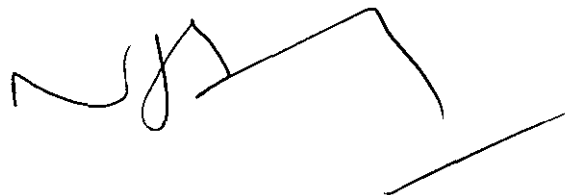
BALANCE SHEET

AT 31 DECEMBER 2005

	Notes	2005 £	2004 £
CURRENT ASSETS			
Debtors	5	1,384,207	1,581,728
Cash at bank and in hand		4,059	55,454
		<u>1,388,266</u>	<u>1,637,182</u>
CREDITORS: amounts falling due within one year	6	<u>(1,388,256)</u>	<u>(1,637,172)</u>
NET CURRENT ASSETS		<u>10</u>	<u>10</u>
CAPITAL AND RESERVES			
Called up share capital	7	<u>10</u>	<u>10</u>
TOTAL SHAREHOLDERS FUNDS	8	<u>10</u>	<u>10</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 6 to 11 were approved by the board of directors on 6 February 2006 and were signed on their behalf by:



The notes on pages 8 to 11 form an integral part of these financial statements.

INSTITUTE AND FACULTY EDUCATION LIMITED
NOTES TO THE ACCOUNTS

AT 31 DECEMBER 2005

1. Accounting policies

(a) *Accounting policies*

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 tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

(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.

INSTITUTE AND FACULTY EDUCATION LIMITED
NOTES TO THE ACCOUNTS

AT 31 DECEMBER 2005

Turnover by geographic region is as follows:

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
United Kingdom	4,173,527	4,057,754
European Union	225,170	244,466
Africa	301,871	268,282
Other	58,962	14,272
TOTAL	4,759,530	4,584,774

3. Directors and employees

	Number 2005	Number 2004
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. Investments

Institute and Faculty Education Limited owns 1 special share in Actuarial Education Company Limited (ActEd). This share has no voting rights or entitlement to dividends or proceeds on winding up of ActEd. In addition to the other normal rights of a majority shareholder this special share must consent in writing to: any increase in excess of 20% in remuneration of any director of ActEd or any employee earning more than £50,000 per annum; the assumption of borrowing by ActEd which would result in the aggregate principal amount owing by ActEd exceeding £25,000; and the incurring of any capital expenditure in excess of £20,000 for any single item.

5. Debtors

	2005 £	2004 £
Trade debtors	272,083	478,343
Deferred expenditure	1,097,000	1,103,385
Owing from Actuarial Education Company Limited	15,124	-
	<u>1,384,207</u>	<u>1,581,728</u>

INSTITUTE AND FACULTY EDUCATION LIMITED
NOTES TO THE ACCOUNTS

AT 31 DECEMBER 2005

6. Creditors: amounts falling due within one year

	2005 £	2004 £
Other creditors	65,041	22,860
Deferred revenue	1,097,000	1,103,385
Owing to Actuarial Education Company Limited	226,215	510,927
	<u>1,388,256</u>	<u>1,637,172</u>

7. Share capital

	Authorised £1 ordinary shares Number	Allotted, issued and fully paid ordinary shares £
At 31 December 2004	<u>100</u>	<u>10</u>
At 31 December 2005	<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.

8. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Profit & loss account £	Total £
At 31 December 2005	<u>10</u>	<u>0</u>	<u>10</u>
At 31 December 2004	<u>10</u>	<u>0</u>	<u>10</u>

INSTITUTE AND FACULTY EDUCATION LIMITED
NOTES TO THE ACCOUNTS

AT 31 DECEMBER 2005

9. 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 2005 the balance outstanding owed by the company to ActEd was £211,091 (2004: £510,927).

At 31 December 2005 the company did not have a balance outstanding with the Institute or Faculty of Actuaries (2004: nil).

10. Ultimate parent company and controlling party

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.