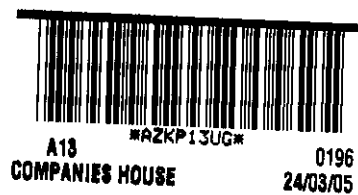


ACTUARIAL EDUCATION COMPANY LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2004**

Registered number 3062375



ACTUARIAL EDUCATION COMPANY LIMITED

**ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Pages
Directors' report	3-4
Statement of directors' responsibilities	5
Independent report of the auditors	6
Profit and loss account	7
Balance sheet	8
Cash flow statement	9-10
Notes to the financial statements	11-18

**ACTUARIAL EDUCATION COMPANY LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004**

The directors submit their report together with the audited financial statements of the company for the year ended to 31 December 2004.

Principal activity, review of the business and future developments

The profit and loss account for the year is set out on page 7.

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

2004 was an eventful but successful year with the transition to the Actuarial Profession's New Education Strategy. Despite a decrease in the number of students entering the profession, the demand for new courses, as a result of the new strategy, has resulted in a rise in profits.

The company's constitution restricts it to working with students of the Institute and Faculty of Actuaries. The future depends on the market for teaching student actuaries.

Dividends and transfers to reserves

The company paid net dividends during the period of £750,000.

Political and charitable donations

The company made no charitable or political donations during the year.

Creditor policy

It is the company's policy that payments to suppliers are made in accordance with the terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

The creditors days figures outstanding as at 31 December 2004 was 22.57 (2003: 22.51)

Auditors

Mazars LLP succeeded to Mazars as the independent auditor to the Company during the year. 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.

**ACTUARIAL EDUCATION COMPANY LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004**

Directors

The directors of the company at 31 December 2004 and 2003 and their interests in the shares of BPP Actuarial Education Limited (the parent company) at the beginning and end of the year are shown below:

	Number of ordinary 0.01p shares in BPP Actuarial at 31 December 2004 and 2003
John Edwards	63,731
Charles Prior (chairman)	n/a
David J Carr	n/a
Darrell Chainey	n/a

The directors had no holdings in the shares of the company at any time during the year.

John Edwards has 5,908 ordinary shares of 5 pence each fully paid in BPP Holdings plc (2002: 5,908 ordinary shares of 5 pence).

Darrell Chainey has options to purchase 10,000 ordinary shares of 10 pence of BPP Holdings plc granted on 19 March 2002 and exercisable between 3 and 10 years from this date at a price of 260p. He also was granted an option to purchase 5,000 ordinary shares of 10 pence of BPP Holdings plc on 17 March 2004 and exercisable between 3 and 10 years from this date at a price of 321.5p.

David Carr has options to purchase 40,000 ordinary shares of 10 pence of BPP Holdings plc granted on 21 March 2001 and exercisable between 3 and 10 years from this date at a price of 215.75p. He also was granted an option to purchase 10,000 ordinary shares of 10 pence of BPP Holdings plc on 17 March 2004 and exercisable between 3 and 10 years from this date at a price of 321.5p.

Charles Prior is a director of the ultimate holding company and accordingly his interests are disclosed in that company's accounts. Except as disclosed above, none of the other directors held any interests in the shares of the parent company, BPP Holdings plc, at the beginning or end of the year.

By order of the Board



DARRELL CHAINEY
Director

28 February 2005

ACTUARIAL EDUCATION COMPANY 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.

By order of the Board



DARRELL CHAINEY
Director

25 February 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTUARIAL EDUCATION COMPANY LIMITED

We have audited the financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, the Balance Sheet and Cash Flow Statement 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. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

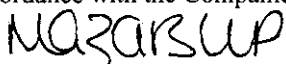
Basis of audit opinion

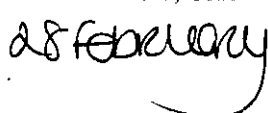
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 the company's affairs as at 31 December 2004 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
St Thomas House, 6 Becket Street
Oxford, OX1 1PP

 28 February 2005

ACTUARIAL EDUCATION COMPANY LIMITED
PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Turnover	2	4,585,289	4,008,746
Cost of sales		<u>(1,025,553)</u>	<u>(904,808)</u>
Gross profit		3,559,736	3,103,938
Administrative expenses		<u>(2,382,196)</u>	<u>(2,200,060)</u>
Operating profit		1,177,540	903,878
Interest receivable		<u>38,311</u>	<u>30,449</u>
Profit on ordinary activities before taxation	3	1,215,851	934,327
Tax on ordinary activities	5	<u>(326,861)</u>	<u>(251,806)</u>
Profit on ordinary activities after taxation		888,990	682,521
Dividends	13	<u>(750,000)</u>	<u>(750,000)</u>
Retained profit/(loss) for the year		<u><u>138,990</u></u>	<u><u>(67,479)</u></u>

All business activities of the company are continuing in nature.

There are no recognised gains or losses other than the net gain attributable to the shareholders of the company of £138,990 in the year ended 31 December 2004 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 profit for the year stated above, and their historical cost equivalents.

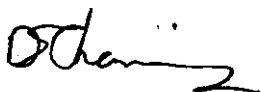
The notes on pages 11 to 18 form an integral part of these financial statements

ACTUARIAL EDUCATION COMPANY LIMITED
BALANCE SHEET

AT 31 DECEMBER 2004

	Notes	£	2004 £	£	2003 £
FIXED ASSETS					
Tangible assets	6		14,513		19,166
CURRENT ASSETS					
Stock	7	59,676		40,220	
Debtors	8	904,295		1,689,234	
Cash at bank and in hand		1,250,571		259,023	
			2,214,542		1,988,477
CREDITORS: amounts falling due within one year	9	(1,922,870)		(1,838,948)	
NET CURRENT ASSETS			291,672		149,529
TOTAL ASSETS LESS CURRENT LIABILITIES			306,185		168,695
CREDITORS: amounts falling due greater than one year	10		(4,250)		(5,750)
NET ASSETS			301,935		162,945
CAPITAL AND RESERVES					
Called up share capital	11		100		100
Profit and loss reserve	12		301,835		162,845
TOTAL SHAREHOLDERS' FUNDS	12		301,935		162,945

The financial statements on pages 7 to 18 were approved by the board of directors on 28/2/05 and were signed on their behalf by:



Darrell Chainey
Director

The notes on pages 11 to 18 form part of these accounts

ACTUARIAL EDUCATION COMPANY LIMITED
CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
<i>Net cash inflow from continuing operating activities</i>	<u>1,955,879</u>	<u>300,348</u>
<i>Returns on investments and servicing of finance</i>		
Interest received	<u>38,311</u>	<u>30,449</u>
<i>Taxation</i>		
UK corporation tax paid	<u>(245,114)</u>	<u>(303,258)</u>
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(7,622)	(7,322)
Proceeds on sale of tangible fixed assets	<u>94</u>	<u>51</u>
<i>Net cash outflow from capital expenditure and financial investment</i>	<u>(7,528)</u>	<u>(7,271)</u>
<i>Equity dividend paid</i>	<u>(750,000)</u>	<u>(750,000)</u>
<i>Increase/(Decrease) in cash</i>	<u><u>991,548</u></u>	<u><u>(729,732)</u></u>
 <i>Reconciliation of net cash flow to movement in net cash</i>		
	2004 £	2003 £
Net cash inflow/(outflow)	991,548	(729,732)
Opening net cash	<u>259,023</u>	<u>988,755</u>
Closing net cash	<u><u>1,250,571</u></u>	<u><u>259,023</u></u>

ACTUARIAL EDUCATION COMPANY LIMITED
CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2004

NOTES

Reconciliation of operating profit to net cash inflow from continuing operating activities

	2004 £	2003 £
Operating profit	1,177,540	903,878
Depreciation	12,275	21,271
(Gain) on sale of fixed assets	(94)	(51)
(Increase) in stock	(19,456)	(26,470)
Decrease/(Increase) in debtors	784,940	(782,413)
Increase in creditors	2,174	185,633
(Decrease) in long term lease	(1,500)	(1,500)
	<u>1,955,879</u>	<u>300,348</u>

Analysis of changes in financing during the year

	2004 £	2003 £
Opening net cash	259,023	988,755
Net cash inflow/(outflow)	<u>991,548</u>	<u>(729,732)</u>
Closing net cash	<u>1,250,571</u>	<u>259,023</u>

Analysed in balance sheet

	2004 £	2003 £
Cash in hand and at bank	<u>1,250,571</u>	<u>259,023</u>

ACTUARIAL EDUCATION COMPANY LIMITED
NOTES TO THE ACCOUNTS

AT 31 DECEMBER 2004

1. Accounting policies

(a) Accounting policies

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with Accounting Standards applicable in the United Kingdom. A summary of the more important accounting policies is given below.

(b) Tangible fixed assets

Depreciation is provided at rates calculated to write off the costs, less estimated residual value, of each asset evenly over its expected useful life.

- (i) Depreciation on leasehold property and capitalised leased equipment is provided on a straight line basis over the duration of the lease.
- (ii) Depreciation on fixtures and fittings is at 25% per annum on cost.
- (iii) Depreciation on office equipment is at 33.3% per annum on cost.
- (iv) Depreciation on motor vehicles is at 25% per annum on cost.

In all cases depreciation is charged from the year of acquisition except for capitalised lease equipment.

(c) Stocks

Stocks which consist of study material are valued at the lower of printed cost and net realisable value.

(d) 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.

(e) Operating lease commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

ACTUARIAL EDUCATION COMPANY LIMITED
NOTES TO THE ACCOUNTS

AT 31 DECEMBER 2004

(f) *Finance Leases*

Assets held under finance leases (where the useful life of the asset corresponds with the lease term) are included in office equipment in fixed assets at cost and depreciated over the estimated useful life. Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.

(g) *Pension Costs*

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate. At present the pension scheme is non-contributory.

(h) *Turnover*

Turnover represents the invoiced amount of goods and services provided during the period, stated net of value added tax. Amounts invoiced but unearned at the period 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.

2. Turnover

Turnover by geographic region is as follows:

	2004	2003
	£	£
United Kingdom	4,058,269	3,701,728
European Union	244,466	133,096
Africa	268,282	157,081
Other	14,272	16,841
TOTAL	4,585,289	4,008,746

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging the following items:

	Year ended 31 December 2004 £	Year Ended 31 December 2003 £
Depreciation	12,275	21,271
Auditors' remuneration - audit	11,900	8,100
Auditors' remuneration – non-audit services	5,300	12,500
Hire of plant and machinery (operating leases)	1,220	1,220
Operating lease rentals (property) recharge	23,550	23,550

ACTUARIAL EDUCATION COMPANY LIMITED
NOTES TO THE ACCOUNTS

AT 31 DECEMBER 2004

4. Directors and employees

Staff costs during the period amounted to:

	Year ended 31 December 2004 £	Year Ended 31 December 2003 £
Wages and salaries	1,689,173	1,479,642
Social security costs	175,827	169,962
	<u>1,865,000</u>	<u>1,649,604</u>
The average number of employees during the period was:	Number	Number
Tutors	23	21
Administration	<u>11</u>	<u>11</u>
	<u>34</u>	<u>32</u>
Directors' remuneration	£	£
Aggregate emoluments	<u>96,157</u>	<u>96,528</u>

The emoluments of the highest paid director (excluding pension contributions) were £92,928 (2003: £93,823)

ACTUARIAL EDUCATION COMPANY LIMITED
NOTES TO THE ACCOUNTS

AT 31 DECEMBER 2004

5. Taxation on results from ordinary activities

	Year ended 31 December 2004 £	Year Ended 31 December 2003 £
Corporation tax @ 30%		
Current year	333,682	249,650
Prior years	(6,821)	2,156
Deferred tax	-	-
	<u>326,861</u>	<u>251,806</u>
 Factors affecting the tax charge for the year		
Profit on ordinary activities before tax	<u>1,215,851</u>	<u>934,327</u>
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporate taxation of 30%	<u>364,755</u>	<u>280,298</u>
Effects of:		
Non deductible expenses	-	-
Depreciation	3,682	6,381
Capital Allowances	(5,884)	(6,832)
Tax losses carried forward/utilised	(30,471)	(38,216)
(Over)/under provisions for prior years	(6,821)	2,156
Other tax adjustments	1,600	8,019
TOTAL	<u>(37,894)</u>	<u>(28,492)</u>
Current tax charge	<u>326,861</u>	<u>251,806</u>

Note: the deferred tax balance of £2,031 (2003: £2,114) was not provided for in the accounts due to its immateriality.

ACTUARIAL EDUCATION COMPANY LIMITED
NOTES TO THE ACCOUNTS

AT 31 DECEMBER 2004

6. Tangible fixed assets

	Leasehold property	Fixtures & fittings	Office equipment (incl. Leased)	Total
	£	£	£	£
Cost:				
at 31 December 2003	2,387	2,490	116,844	121,721
Additions	-	-	7,622	7,622
Disposals	-	-	(848)	(848)
	<u>2,387</u>	<u>2,490</u>	<u>123,618</u>	<u>128,495</u>
At 31 December 2004	2,387	2,490	123,618	128,495
Depreciation:				
at 31 December 2003	1,243	2,490	98,822	102,555
Charge for the period	150	-	12,125	12,275
Disposals	-	-	(848)	(848)
	<u>1,393</u>	<u>2,490</u>	<u>110,099</u>	<u>113,982</u>
At 31 December 2004	1,393	2,490	110,099	113,982
Net book value:				
At 31 December 2004	<u>994</u>	<u>-</u>	<u>13,519</u>	<u>14,513</u>
Net book value:				
at 31 December 2003	<u>1,144</u>	<u>-</u>	<u>18,022</u>	<u>19,166</u>

The net book value of office equipment of £13,519 includes an amount of £6,286 (2003: £7,857) in respect of assets held under finance leases. The original cost of these assets was £11,000 (2003: £11,000). The depreciation charge for the year on these assets is £1,571 (2003: £1,571).

7. Stock

	2004 £	2003 £
Finished goods	<u>59,676</u>	<u>40,220</u>

8. Debtors

	2004 £	2003 £
Other debtors	523,033	368,537
Amounts owing from group undertakings	330,280	1,283,268
Prepayments	50,982	37,429
	<u>904,295</u>	<u>1,689,234</u>

ACTUARIAL EDUCATION COMPANY LIMITED
NOTES TO THE ACCOUNTS

AT 31 DECEMBER 2004

9. Creditors: amounts falling due within one year

	2004 £	2003 £
Obligations under finance leases & hire purchase contracts	1,500	1,500
Trade creditors	94,646	35,489
Amounts owing to group undertakings	-	52,950
Corporation tax	331,000	249,253
Accruals	305,590	216,135
Other taxes and social security	86,750	177,901
Deferred income	1,103,384	1,105,720
	<u>1,922,870</u>	<u>1,838,948</u>

10. Long term lease commitment

	2004 £	2003 £
Long term lease commitment	<u>4,250</u>	<u>5,750</u>

The Company has leased equipment during the year for which the estimated useful life is equal to the lease term (see accounting policy note (f)). The long term lease commitment represents the annual payments due until the end of the lease term. The current payments due are shown under current liabilities (see note 9).

	2004 £	2003 £
Obligations under finance leases.		
Amounts payable:		
In the next year	1,500	1,500
Within two to five years	4,250	5,750
After 5 years	-	-
	<u>5,750</u>	<u>7,250</u>

ACTUARIAL EDUCATION COMPANY LIMITED
NOTES TO THE ACCOUNTS

AT 31 DECEMBER 2004

11 Share capital

	Authorised number of special shares	Allotted, issued and fully paid special shares	Authorised number of ordinary shares	Allotted, issued and fully paid ordinary shares
	Number	£	Number	£
At 31 December 2003	<u>1</u>	<u>1</u>	<u>99</u>	<u>99</u>
At 31 December 2004	<u>1</u>	<u>1</u>	<u>99</u>	<u>99</u>

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

The special share carries no entitlement to vote or any rights upon wind up of the company. Its only right is a vote in any change of the company's memorandum or articles of association.

12. Reconciliation of shareholders' funds and movements on reserves

	Share capital	Profit & loss account	Total
	£	£	£
At 31 December 2003	100	162,845	162,945
Profit for the year	-	888,990	888,990
Dividends paid	-	(750,000)	(750,000)
	<u>100</u>	<u>301,835</u>	<u>301,935</u>
At 31 December 2004	<u>100</u>	<u>301,835</u>	<u>301,935</u>

13. Dividends on equity shares

	2004 £	2003 £
Ordinary – interim dividends paid of £7,575.76 (2003:£7,575.76) per share	<u>750,000</u>	<u>750,000</u>

ACTUARIAL EDUCATION COMPANY LIMITED
NOTES TO THE ACCOUNTS

AT 31 DECEMBER 2004

14. Related party transactions

£4,584,775 (2003: £4,006,733) of the turnover of the company comes from Institute and Faculty Education Ltd (IFE Ltd). Some of this income is from students originating outside of the United Kingdom and has been included as non UK turnover (see note 2 for details). IFE Ltd is the provider of training and educational services for students taking the professional examinations of the Institute of Actuaries and Faculty of Actuaries. IFE Ltd contracts out these services to the company. At 31 December 2004 the balance outstanding owed to the company by IFE Ltd was £510,927 (2003: £355,737).

£420 (2003: £271) of the turnover of the company comes from its parent company BPP Actuarial Education Limited for its' share of overheads.

The company has an intercompany balance with BPP Holdings plc. During the year the company loaned money to BPP Holdings plc and earned interest of £28,217 (2003: £30,057). The balance owed to the company by BPP Holdings plc at 31 December 2004 was £28,217 (2003: £921,859)

The company incurred charges of £108,828 (2003: £114,900) from other subsidiaries of BPP Holdings plc with respect to the rental of rooms for tutorials. At 31 December 2004 the balance owed to these subsidiaries by the company was nil as these amounts are now flowed through the intercompany balance. At 31 December 2003 the balance owing was £52,950.

The company was owed £302,063 by its parent company BPP Actuarial Education at 31 December 2004 (2003: £361,409).

15. Ultimate parent company and controlling party

The directors regard BPP Actuarial Education Limited, a company registered in England and Wales, as the immediate parent company.

The directors regard BPP Holdings plc, a company registered in England and Wales and listed on the London Stock Exchange as the ultimate parent company. According to the register kept by the company, BPP Holdings plc has a 56.61% interest in the equity capital of BPP Actuarial Education Limited. Copies of BPP Holdings plc's accounts can be obtained from BPP House, Aldine Place, London, W12 8AA.

BPP Holdings plc has entered into put and call options with the shareholders of the balance of BPP Actuarial Education Limited issued share capital. The put options are exercisable in April of the year from 2000. Any minority shareholder can require the company to purchase, for cash, his interest in BPP Actuarial Education Limited in three equal annual tranches. Under the call option the company can require the minority shareholder to sell their interests in BPP Actuarial Education Limited in January 2015. The amount payable is based on the earnings of BPP Actuarial Education Limited for two years preceding the exercise of each tranche.

16. Defined Contribution Scheme

The parent company operates a group defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension scheme is non-contributory and so no contributions were paid by the group during the year (2003: none) and no amounts were outstanding at year end (2003: none).