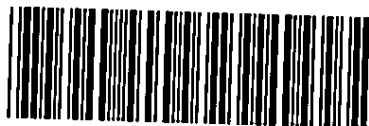


ACTUARIAL EDUCATION COMPANY LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2007**

Registered number 3062375

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Directors' Report

The directors submit their report together with the audited financial statements of the company for the year ended to 31 December 2007

Principal activity, review of the business

The profit and loss account for the year is set out on page 9

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

The level of profits achieved has slightly exceeded expectations. A fall had been predicted due to investments made to increase the quality and range of the services provided. An increase in the number of students entering the profession and an increased demand for face-to-face tuition has boosted revenue. This has helped the business achieve profits that are only slightly lower than those achieved in 2006.

The company's constitution restricts it to working with students of the Institute and Faculty of Actuaries.

During the year, there was a change in accounting policy to recognise share based payments. The impact of this is disclosed in detail in the notes to the financial statements.

Future developments

The future depends on the market for teaching student actuaries. The directors expect that the present level of activity will be sustained in the foreseeable future.

Dividends and transfers to reserves

The company paid net dividends during the period of £990,000.

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 creditor days as at 31 December 2007 was 14.53 (2006 10.3).

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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

for the year ended 31 December 2007

Directors' Report**Directors**

The directors of the company at 31 December 2007 and 2006 and their interests in the shares of BPP Actuarial Education Limited (the parent company) and of the ultimate parent company, BPP Holdings plc, at the beginning and end of the year are shown below

		Number of ordinary 0.01p shares in BPP Actuarial at 31 December 2007 and 2006
David J Carr	Resigned 21 December 2007	n/a
Darrell Chainey		n/a
Phil Morey	Appointed 21 December 2007	n/a
Chris Ross-Roberts		n/a

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

The directors had the following options in BPP Holdings plc (the ultimate parent company) during 2007

Director	Date of grant of option	Type	Number of options held at 01/01/06	Number of options granted during 2007	Number of options exercised during 2007	Number of options held at 31/12/07
Darrell Chainey	17/3/04	Approved	1,225		1,225	-
	17/3/04	Unapproved	3,775		3,775	-
	17/3/05	Unapproved	10,000			10,000
	18/8/06	Approved	6,032			6,032
	18/8/06	Unapproved	3,968			3,968
	27/6/07	PSP	-	1,282		1,282
David Carr	23/3/01	Approved	6,100		2,000	4,100
	17/3/04	Unapproved	10,000			10,000
	17/3/05	Unapproved	44,709			44,709
	18/8/06	Unapproved	32,407			32,407
	27/6/07	PSP	-	1,856		1,856
Chris Ross-Roberts	16/8/05	Approved	7,900			7,900
	16/8/05	Unapproved	46,405			46,405
	18/8/06	Unapproved	54,398			54,398
	27/6/07	PSP	-	46,296		46,296
Phil Morey	17/3/04	Unapproved	10,000		10,000	-
	17/3/05	Unapproved	10,000			10,000
	18/8/06	Approved	6,022			6,022
	18/8/06	Unapproved	8,978			8,978
	27/6/07	PSP	-	6,313		6,313

Directors' Report

Notes

- 1 As set out in the Report and Financial Statements for the year to 31 December 2007 of BPP Holdings plc (BPP), BPP introduced a Performance Share Plan (PSP) under which participants are granted a conditional award of shares that vest after three years subject to the BPP achieving certain performance targets. The performance of the BPP group against these targets also determines the number of shares that are transferred to participants upon vesting of awards. The table above shows the maximum number of shares that would be transferred to participants upon the BPP Group achieving or exceeding the maximum performance criteria.
- 2 All options are over shares in BPP Holdings plc and are exercisable from 3 - 10 years after the date of grant subject to performance criteria being met. The performance criteria have been met for all options granted on or before 14 August 2003 and so these options have vested.
- 3 Chris Ross-Roberts has an interest through holdings by close family members in 15,000 BPP Holdings plc shares. David Carr had 2,228 shares (2006 nil) and Darrell Chainey had 1,485 (2006 nil) ordinary shares in BPP Holdings plc. Phil Morey had no shareholdings in BPP Holdings plc.

By order of the Board



DARRELL CHAINEY

Director

7 February 2008

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

7 February 2008

for the year ended 31 December 2007

Independent auditors' report to the members of Actuarial Education Company Limited

We have audited the financial statements of Actuarial Education Company Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, Cashflow Statement and related notes. These financial statements have been prepared under 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, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 considered the implications for our report if we became aware of any apparent misstatement.

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.

**Independent auditors' report to the members of Actuarial Education
Company Limited**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



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

7 February 2008

for the year ended 31 December 2007

Profit and Loss Account

	Notes	Year ended 31 December 2007 £	Year ended 31 December 2006 restated* £
Turnover	2	5,171,224	4,698,423
Cost of sales		<u>(3,452,494)</u>	<u>(3,066,379)</u>
Gross profit		1,718,730	1,632,044
Administrative expenses		<u>(534,352)</u>	<u>(423,237)</u>
Operating profit		1,184,378	1,208,807
Interest receivable		<u>93,507</u>	<u>76,506</u>
Profit on ordinary activities before taxation	3	1,277,885	1,285,313
Tax on ordinary activities	5	<u>(352,892)</u>	<u>(353,626)</u>
Profit for the year		<u>924,993</u>	<u>931,687</u>

All business activities of the company are continuing in nature

There are no recognised gains or losses other than the net profit for the year of £924,993 in the year ended 31 December 2007 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 profit for the year stated above, and their historical cost equivalents

The notes on pages 13 to 22 form an integral part of these financial statements

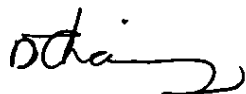
* Refer to Note 1 for full restatement details

for the year ended 31 December 2007

Balance Sheet

		2007		2006	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	6		20,964		24,279
CURRENT ASSETS					
Stock	7	25,890		56,400	
Debtors	8	472,558		1,727,833	
Cash at bank and in hand		<u>2,299,429</u>		<u>354,931</u>	
		2,797,877		2,139,164	
CREDITORS: amounts falling due within one year	9	<u>(2,670,556)</u>		<u>(1,971,439)</u>	
NET CURRENT ASSETS			<u>127,321</u>		<u>167,725</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			148,285		192,004
CREDITORS: amounts falling due greater than one year	10		<u>-</u>		<u>(1,250)</u>
NET ASSETS			<u>148,285</u>		<u>190,754</u>
CAPITAL AND RESERVES					
Called up share capital	11		100		100
Profit and loss reserve	12		<u>148,185</u>		<u>190,654</u>
TOTAL SHAREHOLDERS' FUNDS	12		<u>148,285</u>		<u>190,754</u>

The financial statements on pages 9 to 22 were approved by the board of directors on 7/2/08 and were signed on their behalf by



Darrell Chaney
Director

The notes on pages 13 to 22 form part of these accounts

for the year ended 31 December 2007

Cash Flow Statement

	Year ended 31 December 2007	Year ended 31 December 2006
	£	£
<i>Net cash inflow from continuing operating activities</i>	<u>2,865,910</u>	<u>1,481,659</u>
<i>Returns on investments and servicing of finance</i>		
Interest received	<u>93,507</u>	<u>76,506</u>
<i>Taxation</i>		
UK corporation tax paid	<u>(3,692)</u>	<u>(366,126)</u>
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	<u>(21,227)</u>	<u>(15,734)</u>
Proceeds on sale of tangible fixed assets	<u>-</u>	<u>-</u>
<i>Net cash inflow/(outflow) from capital expenditure and financial investment</i>	<u>2,934,498</u>	<u>1,176,305</u>
<i>Equity dividend paid</i>	<u>(990,000)</u>	<u>(970,000)</u>
<i>Increase/(Decrease) in cash</i>	<u>1,944,498</u>	<u>206,305</u>
<i>Reconciliation of net cash flow to movement in net cash</i>		
	2007	2006
	£	£
Net cash inflow/ (outflow)	1,944,498	206,305
Opening net cash	<u>354,931</u>	<u>148,626</u>
Closing net cash	<u>2,299,429</u>	<u>354,931</u>

for the year ended 31 December 2007

Cash Flow Statement – Notes*Reconciliation of operating profit to net cash inflow from continuing operating activities*

	Year ended 31 December 2007	Year ended 31 December 2006 restated*
	£	£
Operating profit	1,184,378	1,208,807
Depreciation	24,542	14,796
Share based payments	22,538	15,136
Loss on sale of fixed assets	-	1,655
Decrease/(Increase) in stock	30,510	7,386
Decrease/(Increase) in debtors	1,255,275	151,487
Increase/(Decrease) in creditors	349,917	83,892
(Decrease) in long term lease	(1,250)	(1,500)
	<u>2,865,910</u>	<u>1,481,659</u>

* refer to note 18 for full restatement details

Analysis of changes in financing during the year

	2007	2006
	£	£
Opening net cash	354,931	148,626
Net cash inflow/(outflow)	<u>1,944,498</u>	<u>206,305</u>
Closing net cash	<u>2,299,429</u>	<u>354,931</u>

Analysed in balance sheet

	2007	2006
	£	£
Cash in hand and at bank	<u>2,299,429</u>	<u>354,931</u>

Notes to the accounts

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) Adoption of new UK Financial Reporting Standards ("FRSs")

FRS 20 'Share-based payment' has been issued and is applicable to the company for the period commencing 1 January 2007. The main impact of adopting this standard is the recognition of a charge to profit representing the fair value of outstanding options granted since 7 November 2002 which were unvested at 1 January 2007. The impact in 2007 is £22,538 (2006: £15,136).

(c) 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.

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.

(d) Stocks

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

(e) 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.

(f) Operating lease commitments

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

(g) 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.

Notes to the accounts

(h) *Pension Costs*

Contributions payable to the company's defined contribution 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.

(i) *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.

(j) *Audit Fees*

The company paid the £3,700 (2006 £3,500) audit fees of Institute and Faculty Education Ltd.

(k) *Share-based payments*

Equity settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions. Number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification.

No reduction is recognised if this difference is negative.

When an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement. The Group has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply IFRS 2 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2007.

for the year ended 31 December 2007

Notes to the accounts**Equity settled transactions (continued)**

For awards granted before 7 November 2002, the group recognises only the intrinsic value or cost of these potential awards as an expense. This is accrued over the performance period of each plan based on the intrinsic value of the equity settled awards.

2. Turnover

Turnover by geographic region is as follows

	2007	2006
	£	£
United Kingdom	4,590,033	4,210,438
European Union	198,915	169,576
Africa	310,620	257,746
Other	71,656	60,663
TOTAL	5,171,224	4,698,423

3. Profit on ordinary activities before taxation

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

	Year ended 31 December 2007	Year Ended 31 December 2006
	£	£
Depreciation	24,542	14,796
Auditors' remuneration – audit	9,839	9,400
Auditors' remuneration – non-audit services	-	-
Hire of plant and machinery (operating leases)	1,220	1,220
Operating lease rentals (property) recharge	25,075	23,550

4. Directors and employees***Reconciliation of operating profit to net cash inflow from continuing operating activities***

Staff costs during the period amounted to	Year ended 31 December 2007	Year ended 31 December 2006 restated
	£	£
Wages and salaries	1,752,044	1,672,600
Social security costs	206,199	174,396
	1,958,163	1,831,860

for the year ended 31 December 2007

Notes to the accounts

The average number of employees during the period was	Number	Number
Tutors	23	21
Administration	<u>9</u>	<u>12</u>
	32	33
Directors' remuneration	£	£
Aggregate emoluments	<u>124,614</u>	<u>137,529</u>

The emoluments of the highest paid director were £100,614 (2006 107,529)

5. Taxation on results from ordinary activities

	Year ended 31 December 2007 £	Year ended 31 December 2006 restated* £
Corporation tax @ 30%		
Current year	352,892	357,053
Prior years	-	(3,427)
Deferred tax	-	-
	<u>352,892</u>	<u>353,626</u>

*see note 18 for full restatement details

Factors affecting the tax charge for the year

Profit on ordinary activities before tax	<u>1,277,885</u>	<u>1,285,313</u>
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Profit on ordinary activities before taxation multiplied by the standard rate of UK corporate taxation of 30%

	<u>383,366</u>	<u>385,594</u>
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Effects of:

Non deductible expenses	6,761	4,541
Depreciation	7,363	4,439
Capital Allowances	(6,427)	(5,897)
Tax losses carried forward/utilised	(38,082)	(33,085)
(Over)/under provisions for prior years	-	(3,427)
Other tax adjustments	(89)	1,461
TOTAL	<u>(30,474)</u>	<u>(31,968)</u>
Current tax charge	<u>352,892</u>	<u>353,626</u>

Note the deferred tax balance of £1,512 (2006 £4,248) was not provided for in the accounts due to its immateriality

for the year ended 31 December 2007

Notes to the accounts

6. Tangible fixed assets

	Leasehold property	Fixtures & fittings	Office equipment (incl Leased)	Total
	£	£	£	£
Cost				
at 31 December 2006	2,387	2,490	157,749	162,626
Additions	-	-	21,227	21,227
Disposals	-	-	(85,520)	(85,520)
At 31 December 2007	<u>2,387</u>	<u>2,490</u>	<u>93,456</u>	<u>98,333</u>
Depreciation				
at 31 December 2006	1,691	2,490	134,166	138,347
Charge for the period	149	-	24,393	24,542
Disposals	-	-	(85,520)	(85,520)
At 31 December 2007	<u>1,840</u>	<u>2,490</u>	<u>73,039</u>	<u>77,369</u>
Net book value				
At 31 December 2007	<u>547</u>	<u>-</u>	<u>20,417</u>	<u>24,279</u>
Net book value				
At 31 December 2006	<u>696</u>	<u>-</u>	<u>23,583</u>	<u>24,279</u>

The net book value of office equipment of £20,417 includes an amount of £1,571 (2006 £3,143) in respect of assets held under finance leases. The original cost of these assets was £11,000 (2006 £11,000). The depreciation charge for the year on these assets is £1,571 (2006 £1,571).

7. Stock

	2007 £	2006 £
Finished goods	<u>25,890</u>	<u>56,400</u>

8. Debtors

	2007 £	2006 £
Other debtors	400,280	429,767
Amounts owing from group undertakings	20,227	1,256,341
Prepayments	<u>52,051</u>	<u>41,725</u>
	<u>472,558</u>	<u>1,727,833</u>

for the year ended 31 December 2007

Notes to the accounts**9. Creditors: amounts falling due within one year**

	2007 £	2006 £
Obligations under finance leases & hire purchase contracts	1,306	1,500
Trade creditors	78,634	83,593
Amounts owing to group undertakings	407,043	2,860
Corporation tax	702,700	353,500
Accruals	237,317	218,114
Other taxes and social security	9,766	14,902
Deferred income	1,233,790	1,296,970
	<u>2,670,556</u>	<u>1,971,439</u>

10 Creditors: amounts falling due in more than one year

	2007 £	2006 £
Obligations under finance leases & hire purchase contracts	-	1,250

The current payments due are shown under current liabilities (see note 9)

Obligations under finance leases Amounts payable	2007 £	2006 £
In the next year	1,306	1,500
Within two to five years	-	1,250
After 5 years	-	-
	<u>1,306</u>	<u>2,750</u>

11. Share capital

	Authorised number of special shares Number	Allotted, issued and fully paid special shares £	Authorised number of ordinary shares Number	Allotted, issued and fully paid ordinary shares £
At 31 December 2006	1	1	99	99
At 31 December 2007	1	1	99	99

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, dividend, 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

for the year ended 31 December 2007

Notes to the accounts**12. Reconciliation of shareholders' funds and movements on reserves**

	Share capital	Profit & loss account	Total
	£	£	£
At 31 December 2006 - reported	100	190,654	190,754
Prior year adjustment	-	(15,136)	(15,136)
Share based payments	-	15,136	15,136
	<u>100</u>	<u>190,654</u>	<u>190,654</u>
Share based payments	-	22,538	22,538
Profit for the year	-	924,993	924,993
Dividends paid	-	(990,000)	(990,000)
	<u>100</u>	<u>148,185</u>	<u>148,285</u>
At 31 December 2007	<u>100</u>	<u>148,185</u>	<u>148,285</u>

13. Dividends on equity shares

	2007 £	2006 £
Ordinary – interim dividends paid of £10,000 00 (2006 £9,797 98) per share	990,000	970,000

14. Related party transactions

£5,170,839 (2006 £4,697,122) 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 2007 the balance outstanding owed to the company by IFE Ltd was £394,280 (2006 £417,767).

£135 (2006 £133) 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 £93,507 (2006 £76,456). This interest figure for 2007 also includes interest paid by BPP Holdings plc on the bank balances held by the company, as under group banking arrangements the company does not earn interest directly in its bank accounts. The balance owed to the company by BPP Holdings plc at 31 December 2007 was £18,520 (2006 £1,205,697).

The company incurred charges of £250,459 (2006 £177,442) from other subsidiaries of BPP Holdings plc with respect to the rental of rooms for tutorials. At 31 December 2006 the balance owed to these subsidiaries by the company was £407,043 (2006 £2,860).

The company was owed £1,706 by its parent company BPP Actuarial Education at 31 December 2007 (2006 £50,644).

Notes to the accounts

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 58.3159% 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 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 (2006: none) and no amounts were outstanding at year end (2006: none).

17. Guarantee

The banking facilities are secured by an unlimited inter-company guarantee between the companies within the BPP Holdings plc group.

18. Share based payments

During 2007 the company adopted FRS 20 'Share-based Payments' and as a result, the 2006 comparative figures have been restated to include Share Based Payments of £15,136. The effect of this restatement is a reduction in Net Profit and an increase in Profit and Loss Reserves by £15,136. The tax note has also been amended to reflect the movements in both profit and expenses not deductible for tax.

Executive share option scheme

Options over shares in BPP Holdings plc are granted under employee discretionary unapproved and HMRC approved ESOS schemes of BPP Holdings plc. Options grants are to employees of BPP Holdings plc and its subsidiaries and can generally be exercised within 3 to 10 years of the grant date (certain options granted prior to 2003 are exercisable within 3 to 7 years of the grant date) subject to certain performance conditions, namely that EPS growth for BPP Holdings plc over a three year performance period, set at the time of grant, must exceed 9% plus the Retail Price Index (RPI). In addition for options granted during 2005, should the options not vest in three years, the performance period is extended to four years and the EPS growth must exceed 12% plus RPI. Options granted prior to 2005 have been determined to have vested where the options have not lapsed such would occur for a leaver.

for the year ended 31 December 2007

Notes to the accounts**Share based payments continued**

The following table illustrates the number (No) and weighted average exercise price (WAEP) of share options for the ESOT for the Group

	2007 No	2007 WAEP	2006 No	2006 WAEP
Outstanding at 1 January	2,058,806	£3 60	2,699,741	£3 07
Granted during period	-	-	673 803	£4 31
Forfeited during period	(52,394)	£3 40	(59,481)	£3 89
Exercised during period	(921,350)	£3 36	(1,255,257)	£2 82
Outstanding at 31 December	1,085,062	£3 81	2,058,806	£3 60
Exercisable at 31 December	99,185	£2 87	191,510	£2 68

For share options exercised under the Executive Share Option Scheme during the period the weighted average share price at the date of exercise was £6 18 (2006 – £4 41)

Savings Related Share Option Scheme

Options over shares in BPP Holdings plc are granted annually under an HMRC approved a SRS option scheme (Sharesave) The Sharesave is open to UK, Guernsey and Jersey employees of BPP Holdings plc and its subsidiaries Options are granted at a discount to the market price on a set date prior to the date of grant in accordance with HMRC rules Sharesave options are exercisable subject to HMRC rules from 3 years and 3 years 6 months after the date of grant

The following table illustrates the number (No) and weighted average exercise price (WAEP) of share options for the Group

	2007 No	2007 WAEP	2006 No	2006 WAEP
Outstanding at 1 January	834,747	£3 06	839,275	£2 66
Granted during period	281,349	£4 85	280,432	£3 66
Forfeited during period	(50,969)	£3 18	(123,754)	£2 67
Exercised during period	(341,638)	£2 54	(161,206)	£2 28
Outstanding at 31 December	723,489	£4 00	834,747	£3 06
Exercisable at 31 December	8,465	£2 54	1,872	£2 26

The fair values of the ESOT and the Sharesave plans have been estimated at the date of grant using the binomial model The following table gives the assumptions used in valuing the grant of options made during the periods

	2007 Sharesave	2006 ESOT	2006 ESOT	2006 Sharesave
Grant date	5/10/07	16/3/06	18/8/06	3/10/06
Share price at grant date (£)	5 70	4 26	4 32	4 45
Exercise price (£)	4 85	4 26	4 32	3 6555
Dividend yield (%)	3 1	4 0	4 0	4 0
Expected volatility (%)	33	30	31	32
Risk free interest rate (%)	5 59	4 32	4 79	4 80
Expected life of options (years)	3 5	4 25	4 25	3 5
Expected forfeiture (%)	28	15	15	28
Fair Value (£)	1 76	0 92	0 99	1 28
Expect to meet performance criteria	-	Yes	Yes	-

Notes to the accounts

Share based payments continued

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.