

**ACTUARIAL EDUCATION COMPANY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 1998**

**Registered number 3062375**



**ACTUARIAL EDUCATION COMPANY LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 1998**

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**ACTUARIAL EDUCATION COMPANY LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 1998**

The directors submit their report together with the audited financial statements of the company for the year ended to 31 December 1998.

**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.

1998 was a successful year as a result of the continued increase in the number of actuarial students. The directors are satisfied with the results especially considering the strain on resources due to the development of new courses for 1999/2000.

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 £530,000.

**Year 2000**

During the year, the company took steps to identify all areas where there was a risk or uncertainty with the year 2000 problem including a review of all hardware, software, services used and suppliers. All costs related to this exercise have been expensed in the period. The directors are of the opinion that all necessary steps have been taken to minimise any problems.

**The Euro**

The company has taken no steps regarding the Euro which was introduced in some countries on 1 January 1999. At this time the directors consider that the Euro will have no impact on the company's business.

**Auditors**

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998 and a resolution to appoint the new firm PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

**ACTUARIAL EDUCATION COMPANY LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 1998**

**Directors**

The directors who served during the period were and their holdings in the shares of BPP Actuarial Education Limited (formerly known as Hazell Carr Training Limited) (the parent company) are as follows:

	Number of ordinary £0.01 shares at 31 December 1998	Number of ordinary £0.01 shares at 31 December 1997
Graham Hazell	167,884	169,551
John Edwards	63,731	64,398
David Carr	167,884	169,551

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

By order of the Board



JOHN EDWARDS  
Director

28 April 1999

**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



JOHN EDWARDS  
Director

28 April 1999

## **REPORT OF THE AUDITORS TO THE MEMBERS OF ACTUARIAL EDUCATION COMPANY LIMITED**

We have audited the financial statements on pages 7 to 16, which have been prepared under the historical cost convention and the accounting policies set out on page 11.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report, including as described on page 5, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Boards, and our profession's ethical guidance.

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. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.


### **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 1998 and of the profits and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors London  
32 April 1999

**ACTUARIAL EDUCATION COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 1998**

	Notes	Year ended 31 December 1998 £	Year ended 31 December 1997
Turnover	2	2,579,781	2,142,373
Cost of sales		<u>(496,530)</u>	<u>(418,429)</u>
Gross profit		2,083,251	1,723,944
Administrative expenses		<u>(1,209,385)</u>	<u>(1,085,990)</u>
Operating profit		873,866	637,954
Interest receivable		<u>33,255</u>	<u>20,055</u>
Profit on ordinary activities before taxation	3	907,121	658,009
Tax on ordinary activities	5	<u>(269,086)</u>	<u>(212,165)</u>
Profit on ordinary activities after taxation		638,035	445,844
Dividends	13	<u>(530,000)</u>	<u>(490,000)</u>
Retained profit/(loss) for the period		<u><u>108,035</u></u>	<u><u>(44,156)</u></u>

All business activities of the company are continuing in nature.

There are no recognised gains or losses other than the net profit attributable to the shareholders of the company of £108,035 in the year ended 31 December 1998 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.

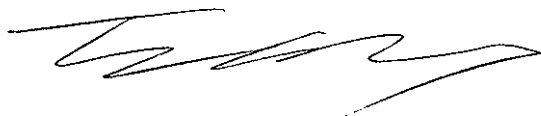
The notes on pages 11 to 16 form an integral part of these financial statements

**ACTUARIAL EDUCATION COMPANY LIMITED**  
**BALANCE SHEET**

AT 31 DECEMBER 1998

	Notes	£	1998 £	£	1997 £
<b>FIXED ASSETS</b>					
Tangible assets	6		47,269		54,163
<b>CURRENT ASSETS</b>					
Stock	7	24,400		21,600	
Debtors	8	613,790		504,893	
Cash at bank and in hand		712,885		500,660	
			<u>1,351,075</u>	<u>1,027,153</u>	
<b>CREDITORS: amounts falling due within one year</b>	9	(1,284,979)		(1,074,502)	
<b>NET CURRENT ASSETS/ LIABILITIES</b>			<u>66,096</u>	<u>(47,349)</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>113,365</u>	<u>6,814</u>	
Provisions for liabilities and charges	10		-	(1,484)	
<b>NET ASSETS</b>			<u><u>113,365</u></u>	<u><u>5,330</u></u>	
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		100	100	
Retained profit	12		113,265	5,230	
<b>TOTAL SHAREHOLDERS FUNDS</b>	12		<u><u>113,365</u></u>	<u><u>5,330</u></u>	

The financial statements on pages 7 to 16 were approved by the board of directors on 28/1/99 and were signed on their behalf by:



John Edwards  
Director

The notes on pages 11 to 16 form part of these accounts



**ACTUARIAL EDUCATION COMPANY LIMITED**  
**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 1998**

	Year ended 31 December 1998 £	Year ended 31 December 1997 £
<i>Net cash inflow from continuing operating activities</i>	947,028	929,999
<i>Returns on investments and servicing of finance</i>		
Interest received	33,255	20,055
<i>Taxation</i>		
UK corporation tax paid	(210,180)	(143,063)
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(28,024)	(39,710)
Proceeds on sale of tangible fixed assets	146	375
<i>Net cash outflow from capital expenditure and financial investment</i>	(27,878)	(39,335)
<i>Equity dividend paid</i>	(530,000)	(490,000)
<i>Increase in cash</i>	212,225	277,656
 <i>Reconciliation of net cash flow to movement in net debt</i>		
	1998 £	1997 £
Net cash inflow	212,225	277,656
Opening net cash/(debt)	500,660	223,004
Closing net cash/(debt)	712,885	500,660

**ACTUARIAL EDUCATION COMPANY LIMITED**  
**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 1998**

**NOTES**

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

	1998 £	1997 £
Operating profit	873,866	637,954
Depreciation	32,961	21,522
Loss on sale of fixed assets	1,811	40
Increase in stock	(2,800)	(78)
(Increase)/Decrease in debtors	(108,897)	163,211
Increase in creditors	150,087	107,350
	<u>947,028</u>	<u>929,999</u>

*Analysis of changes in financing during the year*

	1998 £	1997 £
Opening net cash	500,660	223,004
Net cash inflow	<u>212,225</u>	<u>277,656</u>
Closing net cash	<u>712,885</u>	<u>500,660</u>

*Analysed in balance sheet*

	1998 £	1997 £
Cash in hand and at bank	<u>712,885</u>	<u>500,660</u>

**ACTUARIAL EDUCATION COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS**

**AT 31 DECEMBER 1998**

**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 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 month of acquisition.

**(c) *Stocks***

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

**(d) *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.

**(e) *Operating lease commitments***

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

**(f) *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.

**ACTUARIAL EDUCATION COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS**

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:

	1998	1997
	£	£
United Kingdom	2,222,943	1,830,578
European Union	96,424	82,294
Africa	203,606	185,302
Other	56,808	44,199
<b>TOTAL</b>	<u>2,579,781</u>	<u>2,142,373</u>

**3. Profit on ordinary activities before taxation**

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

	Year ended 31 December 1998	Year ended 31 December 1997
	£	£
Depreciation	32,961	21,522
Auditors' remuneration	13,200	12,580
Hire of plant and machinery (operating leases)	388	816
Operating lease rentals (property)	23,550	23,550

**4. Directors and employees**

Staff costs during the period amounted to:

	Year ended 31 December 1998	Year ended 31 December 1997
	£	£
Wages and salaries	685,916	596,388
Social security costs	79,985	77,756
	<u>765,901</u>	<u>674,144</u>

The average number of employees during the period was:

	Number	Number
Tutors	11	9
Administration	<u>12</u>	<u>12</u>
	<u>23</u>	<u>21</u>
Directors' remuneration	£	£
Aggregate emoluments	<u>154,883</u>	<u>225,764</u>

The emoluments of the highest paid director (excluding pension contributions) were £82,192.

**ACTUARIAL EDUCATION COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS**

**5. Taxation on results from ordinary activities**

	Year ended 31 December 1998 £	Year ended 31 December 1997 £
Corporation tax @ 33%		
Current year	281,500	218,610
Prior years	(10,930)	(4,692)
Deferred tax (note 10)	(1,484)	(1,753)
	<u>269,086</u>	<u>212,165</u>

**6. Tangible fixed assets**

	Leasehold property £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost:					
at 31 December 1997	2,387	946	1,739	86,679	91,751
Additions	0	2,164	751	25,109	28,024
Disposals	0	(946)	-	(6,272)	(7,218)
	<u>2,387</u>	<u>2,164</u>	<u>2,490</u>	<u>105,516</u>	<u>112,557</u>
At 31 December 1998	<u>2,387</u>	<u>2,164</u>	<u>2,490</u>	<u>105,516</u>	<u>112,557</u>
Depreciation:					
at 31 December 1997	348	946	706	35,588	37,588
Charge for the period	149	271	545	31,996	32,961
Disposals	-	(946)	-	(4,315)	(5,261)
	<u>497</u>	<u>271</u>	<u>1,251</u>	<u>63,269</u>	<u>65,288</u>
At 31 December 1998	<u>497</u>	<u>271</u>	<u>1,251</u>	<u>63,269</u>	<u>65,288</u>
Net book value:					
At 31 December 1998	<u>1,890</u>	<u>1,893</u>	<u>1,239</u>	<u>42,247</u>	<u>47,269</u>
Net book value:					
At 31 December 1997	<u>2,039</u>	<u>0</u>	<u>1,033</u>	<u>51,091</u>	<u>54,163</u>

**ACTUARIAL EDUCATION COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS**

**7. Stock**

	1998	1997
	£	£
Finished goods	24,400	21,600

**8. Debtors**

	1998	1997
	£	£
Trade debtors	547,261	449,712
Amount due from immediate holding company	54,687	42,530
Prepayments	11,842	12,651
	<u>613,790</u>	<u>504,893</u>

**9. Creditors: amounts falling due within one year**

	1998	1997
	£	£
Trade creditors	54,591	14,988
Corporation tax	149,000	96,110
Advance Corporation tax	75,000	67,500
Accruals	175,279	178,118
Other taxes and social security	91,409	95,786
Deferred income	739,700	622,000
	<u>1,284,979</u>	<u>1,074,502</u>

**10. Deferred taxation**

**Provision for liabilities and charges:**

	£
At 1 January 1998	1,484
Profit and loss account	(1,484)
At 31 December 1998	<u>-</u>

**ACTUARIAL EDUCATION COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS**

**Deferred taxes provided in the financial statements, and the amount unprovided of the total potential liability is as follows:**

	Amount Provided		Amount unprovided	
	1998	1997	1998	1997
	£	£	£	£
Tax effect of timing differences:				
Excess of tax allowances over depreciation	-	(841)	-	-
other	-	2,325	-	-
	<u>-</u>	<u>1,484</u>	<u>-</u>	<u>-</u>

**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 1997	<u>1</u>	<u>1</u>	<u>99</u>	<u>99</u>
At 31 December 1998	<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. It's 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 1997	100	5,230	5,330
Profit for the year	-	638,035	638,035
Dividends paid	-	(530,000)	(530,000)
	<u>100</u>	<u>113,265</u>	<u>113,365</u>
At 31 December 1998	<u>100</u>	<u>113,265</u>	<u>113,365</u>

**ACTUARIAL EDUCATION COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS**

**13. Dividends on equity shares**

	1998 £	1997 £
Ordinary – interim dividends paid of £5,353.54 (1997: £4,949.49) per share	<u>530,000</u>	<u>490,000</u>

**14. Related party transactions**

£2,476,351 (1997: £2,133,650) 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 1998 the balance outstanding owed to the company by IFE Ltd was £524,034 (1997: £431,439).

The company incurred charges of £5,110 (1997: £1,025) from its parent company, BPP Actuarial Education Limited (BPP Actuarial) (formerly known as Hazell Carr Training Limited) with respect to the use of the services of BPP Actuarial by the company's employees. Also, £3,430 (1997: £8,723) of the turnover of the company comes from BPP Actuarial for its' share of overheads.

**15. Ultimate parent company and controlling party**

The directors regard BPP Actuarial Education Limited (formerly known as Hazell Carr Training 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 56.45% 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.