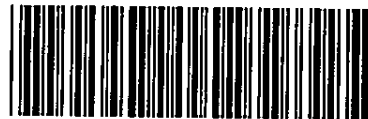


ACTUARIAL EDUCATION COMPANY LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2013**

Registered number 03062375

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Contents

	Pages
Directors' report	3-4
Statement of directors' responsibilities	5
Independent auditors' report	6-7
Profit and loss account	8
Balance sheet	9
Cash flow statement	10-11
Notes to the accounts	12-18

Directors' Report

The directors submit their report together with the audited financial statements of the company for the year ended 31 August 2013

Principal activity, review of the business

The profit and loss account for the year is set out on page 8

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

The level of profits achieved is higher than expectations, despite being lower than that achieved last year. An increase in the number of students entering the Profession over the last year compensated for price reductions in line with our agreement with the Institute and Faculty of Actuaries

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

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 interim dividends during the year of £2,283,800 (2012 £600,000)

Directors

The directors that served during the year were

Darrell Chaney
Carl Lygo
William Eichel

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 August 2013 was 124 days (2012 91 days)

Principal risks and uncertainties

The principal risk to the business is the potential impact from any new providers of training. However in the opinion of the directors the ongoing contract with the Institute and Faculty of Actuaries mitigates this

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 a Board Meeting

for the year ended 31 August 2013

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

By order of the Board



DARRELL CHAINEY

Director

16 Dec 2013

for the year ended 31 August 2013

Statement of Directors' responsibilities in respect of the accounts

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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

16 Dec 2013

Independent auditor's 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 August 2013 which comprises the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

for the year ended 31 August 2013

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Stephen Brown (Senior Statutory auditor)
For an on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date 9 January 2014

for the year ended 31 August 2013

Profit and Loss Account

	Notes	Year ended 31 August 2013 £	Year ended 31 August 2012 £
Turnover	2	6,952,368	6,940,184
Cost of sales		<u>(4,354,422)</u>	<u>(4,227,970)</u>
Gross profit		2,597,946	2,712,214
Administrative expenses		<u>(769,867)</u>	<u>(739,049)</u>
Operating profit	3	1,828,079	1,973,165
Interest receivable		<u>14,845</u>	<u>12,478</u>
Profit on ordinary activities before taxation		1,842,924	1,985,643
Tax on ordinary activities	5	<u>(464,847)</u>	<u>(479,398)</u>
Profit for the period		<u>1,378,077</u>	<u>1,506,245</u>

All business activities of the company are continuing in nature

There are no recognised gains or losses other than the profit for the year ended 31 August 2013 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 period stated above, and their historical cost equivalents


The notes on pages 12 to 18 form an integral part of these financial statements

for the year ended 31 August 2013

Balance Sheet

		2013		2012	
		£	£	£	£
	Notes				
FIXED ASSETS					
Tangible assets	6		69,991		83,140
CURRENT ASSETS					
Stock	7	19,473		117,030	
Debtors	8	589,740		479,034	
Cash at bank and in hand		<u>1,875,026</u>		<u>2,565,501</u>	
		2,484,239		3,161,565	
CREDITORS: amounts falling due within one year	9	<u>(2,283,871)</u>		<u>(2,068,623)</u>	
NET CURRENT ASSETS			<u>200,368</u>		<u>1,092,942</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			270,359		1,176,082
NET ASSETS			<u>270,359</u>		<u>1,176,082</u>
CAPITAL AND RESERVES					
Called up share capital	10		100		100
Profit and loss reserve	11		<u>270,259</u>		<u>1,175,982</u>
TOTAL SHAREHOLDERS' FUNDS	11		<u>270,359</u>		<u>1,176,082</u>

The financial statements on pages 8 to 18 were approved by the Board of Directors and authorised for issue on 16 Dec 2013 and were signed on their behalf by



Darrell Chaaney
Director

The notes on pages 12 to 18 form part of these financial statements

for the year ended 31 August 2013

Cash Flow Statement

	Year ended 31 August 2013	Year ended 31 August 2012
	£	£
<i>Net cash inflow from continuing operating activities</i>	<u>2,345,913</u>	<u>1,949,239</u>
<i>Returns on investments and servicing of finance</i>		
Interest received	<u>14,845</u>	<u>12,478</u>
<i>Taxation</i>		
UK corporation tax paid	<u>(758,191)</u>	<u>(331,589)</u>
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(9,242)	(104,063)
Proceeds on sale of tangible fixed assets	<u>-</u>	<u>-</u>
<i>Net cash outflow from capital expenditure and financial investment</i>	<u>(9,242)</u>	<u>(104,063)</u>
<i>Equity dividend paid</i>	<u>(2,283,800)</u>	<u>(600,000)</u>
<i>(Decrease)/increase in cash</i>	<u>(690,475)</u>	<u>926,065</u>
<i>Reconciliation of net cash flow to movement in net cash</i>		
	Year ended 31 August 2013	Year ended 31 August 2012
	£	£
Net cash (outflow)/inflow	(690,475)	926,065
Opening net cash	<u>2,565,501</u>	<u>1,639,436</u>
Closing net cash	<u>1,875,026</u>	<u>2,565,501</u>

for the year ended 31 August 2013

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

	Year ended 31 August 2013 £	Year ended 31 August 2012 £
Operating profit	1,828,079	1,973,165
Depreciation	22,391	20,923
Decrease/(Increase) in stock	97,557	(29,685)
(Increase)/Decrease in debtors	(110,706)	11,754
Increase/(Decrease) in creditors	508,592	(26,918)
	<u>2,345,913</u>	<u>1,949,239</u>

Analysis of changes in financing during the period

	Year ended 31 August 2013 £	Year ended 31 August 2012 £
Opening net cash	2,565,501	1,639,436
Net cash (outflow)/inflow	<u>(690,475)</u>	<u>926,065</u>
Closing net cash	<u>1,875,026</u>	<u>2,565,501</u>

Analysed in balance sheet

	Year ended 31 August 2013 £	Year ended 31 August 2012 £
Cash in hand and at bank	<u>1,875,026</u>	<u>2,565,501</u>

Notes to the accounts

1. Accounting policies

(a) *Preparation of financial statements*

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 significant accounting policies is given below.

Based on performance to date and expected performance for the foreseeable future, the directors consider a going concern basis to be appropriate.

(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.

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 as the effect is not considered to be material to the accounts.

(e) *Operating lease commitments*

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

(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 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 contributory and the company matches employee contributions up to a small percentage of salary.

for the year ended 31 August 2013

Notes to the accounts**1. Accounting policies (continued)****(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 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.

(i) Audit Fees

The company paid the £6,500 (2012 £6,200) audit fees of Institute and Faculty Education Ltd.

2. Turnover

Turnover by geographic region of where the customer is based is as follows

	Year ended 31 August 2013 £	Year ended 31 August 2012 £
United Kingdom	5,860,811	6,036,007
European Union	467,976	297,264
Africa	394,457	357,529
Other	229,124	249,384
TOTAL	6,952,368	6,940,184

3. Operating profit

Operating profit is stated after charging

	Year ended 31 August 2013 £	Year ended 31 August 2012 £
Depreciation	22,391	20,923
Auditors' remuneration – audit	6,100	5,925
Operating lease rentals (property) recharge	-	12,063

4. Directors and employees

Staff costs during the period amounted to	Year ended 31 August 2013 £	Year ended 31 August 2012 £
Wages and salaries	2,314,768	2,234,774
Social security costs	231,462	236,174
Pension costs	77,945	38,291
	2,624,175	2,509,239

for the year ended 31 August 2013

Notes to the accounts**4. Directors and employees (continued)**

The average number of employees during the period was	Year ended 31 August 2013 Number	Year ended 31 August 2012 Number
Tutors	27	27
Administration	<u>10</u>	<u>10</u>
	37	37
Directors' remuneration	£	£
Salary	111,221	108,124
Contribution to pension scheme	<u>4,152</u>	<u>2,117</u>
Aggregate emoluments	<u>115,373</u>	<u>110,241</u>

During the year 1 (2012 1) director accrued benefits under the money purchase pension scheme

5. Taxation on results from ordinary activities

	Year ended 31 August 2013 £	Year ended 31 August 2012 £
Corporation tax @ 23 58% (2012 25 17%)		
Current period	450,697	485,809
Prior years	<u>14,150</u>	<u>(6,411)</u>
	<u>464,847</u>	<u>479,398</u>

Factors affecting the tax charge for the period

Profit on ordinary activities before tax	<u>1,842,924</u>	<u>1,985,643</u>
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporate taxation of 23 58% (2012 25 17%)	<u>434,561</u>	<u>499,786</u>
Effects of:		
Non deductible expenses	-	755
Depreciation	5,280	5,266
Capital Allowances	-	(6,809)
Tax losses carried forward/utilised	-	-
(Over)/under provisions for prior years	14,150	(6,411)
Other tax adjustments	<u>10,856</u>	<u>(13,189)</u>
TOTAL	<u>30,286</u>	<u>(20,388)</u>
Current tax charge	<u>464,847</u>	<u>479,398</u>

Note The deferred tax balance of £10,225 (2012 £7,118) was not provided for in the accounts due to its immateriality

for the year ended 31 August 2013

Notes to the accounts

6 Tangible fixed assets

	Leasehold property	Fixtures & fittings	Office equipment (incl. Leased)	Total
	£	£	£	£
Cost				
At 31 August 2012	60,838	14,187	63,543	138,568
Additions	-	-	9,242	9,242
Disposals	-	-	(21,730)	(21,730)
At 31 August 2013	<u>60,838</u>	<u>14,187</u>	<u>51,055</u>	<u>126,080</u>
Depreciation				
At 31 August 2012	6,084	3,547	45,797	55,428
Charge for the period	6,084	3,547	12,760	22,391
Disposals	-	-	(21,730)	(21,730)
At 31 August 2013	<u>12,168</u>	<u>7,094</u>	<u>36,827</u>	<u>56,089</u>
Net book value				
At 31 August 2013	<u>48,670</u>	<u>7,093</u>	<u>14,228</u>	<u>69,991</u>
Net book value				
At 31 August 2012	<u>54,754</u>	<u>10,640</u>	<u>17,746</u>	<u>83,140</u>

7. Stock

	2013 £	2012 £
Finished goods	<u>19,473</u>	<u>117,030</u>

8. Debtors

	2013 £	2012 £
Other debtors	567,850	454,377
Owing from group undertakings	17,028	20,615
Prepayments	<u>4,862</u>	<u>4,042</u>
	<u>589,740</u>	<u>479,034</u>

for the year ended 31 August 2013

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

	2013	2012
	£	£
Trade creditors	8,400	60,722
Amounts owing to group undertakings	883,028	414,546
Corporation tax	184,156	477,500
Accruals	262,294	362,439
Other taxes and social security	354,733	187,216
Deferred income	591,260	566,200
	<u>2,283,871</u>	<u>2,068,623</u>

10. 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 August 2012	<u>1</u>	<u>1</u>	<u>99</u>	<u>99</u>
At 31 August 2013	<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, dividend, or any rights upon wind up of the company. However, the holder of the special share must consent in writing before one of the events detailed in 3 (ii) (e) of the Articles of Association can occur.

Notes to the accounts

11. Reconciliation of shareholders' funds and movements on reserves

	Share capital	Profit & loss account	Total
	£	£	£
At 1 September 2012	100	1,175,982	1,176,082
Profit for the period	-	1,378,077	1,378,077
Dividends paid	-	(2,283,800)	(2,283,800)
At 31 August 2013	<u>100</u>	<u>270,259</u>	<u>270,359</u>

12. Dividends on equity shares

	Year ended 31 August 2013	Year ended 31 August 2012
	£	£
Ordinary – interim dividends paid of £ 23,068 69 (2012 £6,060 61 per share)	<u>2,283,800</u>	<u>600,000</u>

13. Related party transactions

£6,941,346 (2012 £6,927,055) of the turnover of the company comes from Institute and Faculty Education Ltd (IFE Ltd), a special shareholder of the company. 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 and Faculty of Actuaries. IFE Ltd contracts out these services to the company. At 31 August 2013 the balance outstanding owed to the company by IFE Ltd was £324,569 (31 August 2012 £439,903).

£10,922 (2012 £13,129) of the turnover of the company comes from its parent company BPP Actuarial Education Limited for its share of overheads. The company was owed £4,772 by its parent company BPP Actuarial Education at 31 August 2013 (31 August 2012 £2,601).

The company has an intercompany balance with BPP Holdings Ltd, a parent company, of £730,000 (2012 £375,148). This relates to corporation tax paid under group arrangements.

The company incurred recharges from BPP Services Ltd and other related group companies of £446,656 (2012 £424,626) for services such as IT, payroll and HR. The net balance owed by BPP Services Ltd and other related group companies to the company at 31 August 2013 was £12,255 (31 August 2012 £15,763). This figure also includes interest paid by BPP Services Ltd of £14,845 (2012 £12,478) 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 company incurred charges of £434,021 (2012 £437,139) from BPP Professional Education Ltd (a related group company) with respect to the rental of rooms for tutorials. At 31 August 2013 the net balance owed by the company was £73,640 (31 August 2012 £37,147).

The company incurred charges of £65,924 (2012 £32,732) for rent and other facilities charges from McTimoney Chiropractic College, a division of BPP University Ltd.

Notes to the accounts

14. 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

Apollo Group Inc is the company's ultimate parent company where the results of this company are consolidated. Copies of Apollo Global Inc's financial statements can be obtained from 4025 S Riverpoint, Phoenix, AZ, 85040. According to the register kept by the company, BPP Holdings Ltd has a 80.97% interest in the equity capital of BPP Actuarial Education Limited.

BPP Holdings Ltd 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.

15. Defined Contribution Scheme

The group provides a defined contribution pension plan to its employees. The pension plan is administered by an external pension provider. The group is required to contribute a specified percentage of payroll costs to the scheme to fund the benefit and has no other obligation under the scheme other than to make the required contributions. Contributions of £77,945 (2012: £38,291) were paid during the year (2012: none) and no amounts were outstanding at year end (2012: none).

16. Guarantee

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