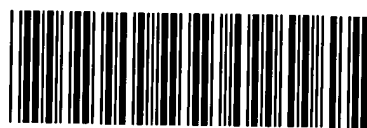


ACTUARIAL EDUCATION COMPANY LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2019**

Registered number 03062375

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Contents

	Pages
Directors' Report	3-4
Statement of Directors' Responsibilities	5
Independent Auditors' Report	6-8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12-22

for the year ended 31 August 2019

Directors' Report

The directors submit their report together with the audited financial statements of the company for the year ended 31 August 2019.

Results and dividends

The Statement of Comprehensive Income for the year is set out on page 9. The company paid net interim dividends during the year of £2,600,000 (2018: £575,000). The directors recommend no final dividend (2018: £nil).

Principal activity and review of the business

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

The levels of revenue and profits achieved exceeded expectations, primarily due to the introduction of a new Actuary Apprenticeship and the additional demand for services due to the Profession's new education strategy.

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 fall slightly this year, as the impact of the new education strategy tails off, but then continue at a similar level to that witnessed in previous years. The Directors do not expect Brexit to have a significant impact on the trade of the company and the situation will continue to be monitored.

Directors and their interests

The directors that served during the year and up to the date of signing the directors' report were:

Darrell Chainey
Tim Stewart
Alison Barbe
Gary Dart
Graham Gaddes

None of the directors had any interest in the shares of the company at 31 August 2019, or at any other time during the year. No rights to subscribe for shares in or debentures of the company or any company in the same group were granted or exercised 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 August 2019 were 1.74 days (2018: 8.71 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 to some extent.

for the year ended 31 August 2019

Directors' Report continued

Auditors

Mazars LLP are deemed to be reappointed in accordance with an elective resolution made under Section 368(1) of the Companies Act 1985 which continues in force under the Companies Act 2006.

The report of the directors has been prepared in accordance with section 415A of the Companies Act 2006.


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.

Statement for small companies

In preparing this report, the Directors have taken advantage of the small companies exemption provided by section 415A (1) (b) of the Companies Act 2006. The directors have also taken advantage of the small companies exemption from preparing a Strategic Report provided by 414B (1) (b) of the Companies Act 2006.

This report was approved by the Board on 10 February 2020
and signed on its behalf by



DARRELL CHAINEY
Director

for the year ended 31 August 2019

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.

This report was approved by the Board on 10 February 2020
and signed on its behalf by



DARRELL CHAINEY
Director

for the year ended 31 August 2019

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

Opinion

We have audited the financial statements of Actuarial Education Company Limited (the 'company') for the year ended 31 August 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to the United Kingdom exiting the European Union on our audit

The Directors' view of the impact of Brexit is disclosed on page 3.

The terms on which the United Kingdom may withdraw from the European Union are not clear and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

for the year ended 31 August 2019

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

for the year ended 31 August 2019

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

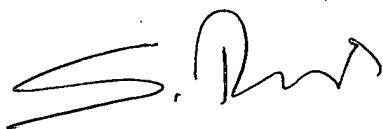
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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.

Signed:



Samantha Russell (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: 10th February 2020

for the year ended 31 August 2019

Statement of Comprehensive Income

	Notes	Year ended 31 August 2019 £	Year ended 31 August 2018 £
Turnover	3	8,775,766	7,098,200
Cost of sales		<u>(4,879,162)</u>	<u>(4,425,361)</u>
Gross profit		3,896,604	2,672,839
Administrative expenses		<u>(1,387,233)</u>	<u>(1,014,297)</u>
Operating profit	4	2,509,371	1,658,542
Interest receivable		<u>39,495</u>	<u>34,690</u>
Profit on ordinary activities before taxation		2,548,866	1,693,232
Tax on ordinary activities	6	<u>(405,433)</u>	<u>(268,247)</u>
Profit on ordinary activities after taxation		<u>2,143,433</u>	<u>1,424,985</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>2,143,433</u>	<u>1,424,985</u>

All business activities of the company are continuing in nature.

The notes on pages 12 to 22 form an integral part of these financial statements.

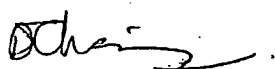
for the year ended 31 August 2019

Statement of Financial Position

		2019	2018
		£	£
	Notes		
FIXED ASSETS			
Tangible assets	7	14,410	21,776
ASSETS			
Stock	8	46,535	55,570
Debtors	9	1,499,583	1,734,803
Cash at bank and in hand		<u>1,237,847</u>	<u>2,659,050</u>
		2,783,965	4,449,423
CREDITORS: amounts falling due within one year	10	<u>(1,827,508)</u>	<u>(3,043,765)</u>
NET CURRENT ASSETS		<u>956,457</u>	<u>1,405,658</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		970,867	1,427,434
NET ASSETS		<u>970,867</u>	<u>1,427,434</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss reserve		<u>970,767</u>	<u>1,427,334</u>
TOTAL SHAREHOLDERS' FUNDS		<u>970,867</u>	<u>1,427,434</u>

The financial statements have been prepared in accordance with provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS102 Section 1a – small entities.

The financial statements on pages 9 to 22 were approved by the Board of Directors and authorised for issue on 10 February 2020 and were signed on their behalf by:



Darrell Chainey
Director

The notes on pages 12 to 22 form part of these financial statements.

for the year ended 31 August 2019

Statement Of Changes In Equity**AT 31 AUGUST 2018**

	Share capital £	Profit and Loss Reserves £	Total equity £
At 1 September 2017	100	577,349	577,449
Comprehensive income for the year			
Profit for the year	-	1,424,985	1,424,985
Dividends	-	(575,000)	(575,000)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	849,985	849,985
At 31 August 2018	100	1,427,334	1,427,434

AT 31 AUGUST 2019

	Share capital £	Profit and Loss Reserves £	Total equity £
At 1 September 2018	100	1,427,334	1,427,434
Comprehensive income for the year			
Profit for the year	-	2,143,433	2,143,433
Dividends	-	(2,600,000)	(2,600,000)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(456,567)	(456,567)
At 31 August 2019	100	970,767	970,867

Profit & loss reserve

This reserve represents cumulative profits and losses.

for the year ended 31 August 2019

Notes to the accounts

1. Accounting policies

(a) General information

Actuarial Education Company Limited is a private company limited by shares domiciled in England and Wales and incorporated in the UK, registration number 03062375. The registered office is BPP House, 142-144 Uxbridge Road, London, W12 8AA.

These financial statements have been presented in Pound Sterling (GBP) as this is the currency of the primary economic environment in which the Company operates.

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

(b) Compliance with Accounting Standards

These financial statements have been prepared in accordance with FRS102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ("FRS102") and applicable legislation as set out in the Companies Act 2006. The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of FRS102.

In preparing these financial statements the Company has not taken advantage of any disclosure exemptions as permitted by FRS 102 paragraph 1.12.

(c) FRS 102 reduced disclosure framework accounting policy

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including the notification of and no objection to, the use of exemptions by the company's shareholders. In preparing the financial statements, the company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 *Related Party Disclosures*;
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 *Statement of Financial Position*; and
- from presenting a statement of cash flows, as required by Section 7 *Statement of Cash Flows*.

On the basis that equivalent disclosures are given in the consolidated financial statements the company has also taken advantage of the exemption not to provide:

- certain disclosure requirements of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instruments Issues*.

Notes to the accounts

1. Accounting policies (continued)

(d) *Going Concern*

These financial statements have been prepared on a going concern basis.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

(e) *Taxation*

The tax expense for the year comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

for the year ended 31 August 2019

Notes to the accounts

1. Accounting policies (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is recognised as interest accrues using the effective interest rate method.

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.

(g) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date the transactions took place. Where this is not possible to determine, income and expense items are translated using an average exchange rate for the period.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rate prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities are reported in profit or loss.

(h) Cash and cash equivalents

Cash is represented by cash in hand and deposits and financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(i) Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments, like accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Notes to the accounts

1. Accounting policies (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(j) *Tangible fixed assets*

Tangible fixed assets are stated at cost less depreciation.

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

Depreciation on leasehold property and capitalised leased equipment is provided on a straight line basis over the duration of the lease.

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

(k) *Stock*

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

(l) *Operating lease commitments*

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

(m) *Pension costs*

Contributions payable to the company's defined contribution pension scheme are charged to the 'Statement of Comprehensive Income' 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 2019

Notes to the accounts

2. Critical accounting judgements and key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Recoverability of receivables

The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of customers.

3. Turnover

Turnover is attributable to one continuing activity, the provision of actuarial training.

An analysis of the Company's revenue by class and category of business is as follows:

	Year ended 31 August 2019 £	Year ended 31 August 2018 £
Sale of goods	4,611,745	3,412,531
Rendering of services	4,164,021	3,685,669
Total turnover	<u>8,775,766</u>	<u>7,098,200</u>

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

	Year ended 31 August 2019 £	Year ended 31 August 2018 £
United Kingdom	7,098,088	6,148,478
European Union	672,876	394,924
Africa	539,237	285,242
Other	465,564	269,556
TOTAL	<u>8,775,766</u>	<u>7,098,200</u>

for the year ended 31 August 2019

Notes to the accounts**4. Operating Profit**

Operating profit is stated after charging:

	Year ended 31 August 2019 £	Year ended 31 August 2018 £
Depreciation	7,366	7,366
Auditors' remuneration – audit	7,140	6,800

5. Directors and employees

Staff costs during the period amounted to:

	Year ended 31 August 2019 £	Year ended 31 August 2018 £
Wages and salaries	2,808,232	2,550,691
Social security costs	276,223	255,143
Pension costs	174,337	158,022
	<u>3,258,792</u>	<u>2,963,856</u>

The average number of employees during the period was:

	Year ended 31 August 2019 Number	Year ended 31 August 2018 Number
Tutors	32	31
Administration	<u>14</u>	<u>12</u>
	<u>46</u>	<u>43</u>

	£	£
Directors' remuneration		
Salary	139,106	122,087
Contribution to pension scheme	7,215	7,546
Aggregate emoluments	<u>146,321</u>	<u>129,633</u>

During the year 1 (2018: 1) director accrued benefits under the money purchase pension scheme. Emoluments to key management personnel are considered to be the same as directors' remuneration.

for the year ended 31 August 2019

Notes to the accounts**6. Taxation on results from ordinary activities**

	Year ended 31 August 2019 £	Year ended 31 August 2018 £
Corporation tax @ 19% (2018: 19%)		
Current period	484,285	267,326
Deferred tax	441	921
Prior years	(79,293)	-
	<u>405,433</u>	<u>268,247</u>
Factors affecting the tax charge for the period		
Profit on ordinary activities before tax	<u>2,548,866</u>	<u>1,693,232</u>
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporate taxation of 19% (2018: 19%)	<u>484,285</u>	<u>321,714</u>
Effects of:		
Depreciation	(1,030)	(1,030)
Deferred tax	441	921
Under/(over) provisions for prior years	(79,293)	-
Other tax adjustments	<u>1,030</u>	<u>(53,358)</u>
TOTAL	<u>(78,852)</u>	<u>(53,467)</u>
Current tax charge	<u>405,433</u>	<u>268,247</u>

Note: Even though it is immaterial the deferred tax balance of (£5,443) (2018: (£5,884)) has been provided for in the accounts.

for the year ended 31 August 2019

Notes to the accounts**7. Tangible fixed assets**

	Leasehold property improvements £
Cost:	
At 31 August 2018	67,354
Additions	-
Disposals	-
	<u> </u>
At 31 August 2019	<u>67,354</u>
Depreciation:	
At 31 August 2018	45,578
Charge for the period	7,366
Disposals	-
	<u> </u>
At 31 August 2019	<u>52,944</u>
Net book value:	
At 31 August 2018	<u>21,776</u>
Net book value:	
At 31 August 2019	<u>14,410</u>

8. Stock

	2019 £	2018 £
Finished goods	<u>46,535</u>	<u>55,570</u>

Stock recognised in cost of sales during the year as an expenses was £629,425 (2018: £537,442).

An impairment loss of £7,957 (2018: £8,487) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

for the year ended 31 August 2019

Notes to the accounts**9. Debtors**

	2019 £	2018 £
Other debtors	380,678	365,609
Owing from group undertakings	102,620	331,752
Loan from group undertaking (see terms of loan in note 13)	1,000,000	1,000,000
Corporation tax	5,443	33,584
Accrued revenue	7,785	-
Prepayments	3,057	3,858
	<u>1,499,583</u>	<u>1,734,803</u>

Amounts owing from group undertakings are interest free, unsecured and repayable on demand.

10. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	13,712	58,935
Amounts owing to group undertakings	218,056	2,123,560
Corporation tax	418,134	-
Accruals	365,402	304,356
Other taxes and social security	206,364	157,524
Deferred income	605,840	399,390
	<u>1,827,508</u>	<u>3,043,765</u>

Amounts owing from group undertakings are interest free, unsecured and repayable on demand.

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 August 2018	<u>1</u>	<u>1</u>	<u>99</u>	<u>99</u>
At 31 August 2019	<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.

for the year ended 31 August 2019

Notes to the accounts

12. Dividends on equity shares

	Year ended 31 August 2019 £	Year ended 31 August 2018 £
Ordinary – interim dividends paid of £26,262.63 (2018: £5,8,08.08) per share	<u>2,600,000</u>	<u>575,000</u>

13. Related party transactions

£8,516,740 (2018: £7,074,351) 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 2019 the balance outstanding owed to the company by IFE Ltd was £380,678 (31 August 2018: £365,609).

The company has an intercompany creditor balance with BPP Holdings Ltd, a parent company, of £(56,728) at 31 August 2019 (2017: £1,649,363). This relates to corporation tax paid under group arrangements.

The company incurred recharges from BPP Services Ltd and BPP University and other related group companies of £818,149 (2018: £517,607) for services such as IT, payroll and HR. The net balance owed to BPP Services Ltd and other related group companies by the company at 31 August 2019 was £175,392 (31 August 2018: £314,507). The balance owing to BPP University at 31 August 2019 was £21,745 (31 August 2018: £139,507). This figure also includes interest paid by BPP Services Ltd of £13,663 (2018: £11,572) 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 also has a loan of £1,000,000 to BPP Services Ltd (2018: £1,000,000). Interest is paid at 3 month LIBOR plus 1.75% and the loan is repayable on demand. Interest earned during the year was £25,832 (2018: £23,118).

The company incurred charges of £387,820 (2018: £354,800) from BPP Professional Education Ltd (a related group company) with respect to the rental of rooms for tutorials. At 31 August 2019 the net balance owed by the company was £nil (31 August 2018: £nil).

The company incurred charges of £76,194 (2018: £79,946) for rent and other facilities charges from McTimoney Chiropractic College, a division of BPP University Ltd. At 31 August 2019 the balance owed by the company was £nil (31 August 2018: £15,200)

The company incurred charges of £275,921 (2018: £223,378) for printing and despatch from BPP Learning Media Ltd (a related group company). At 31 August 2019 the company owed £20,920 to BPP Learning Media Ltd (31 August 2018: £19,894).

Advantage has been taken of the exemption conferred by section 33 *Related Party Disclosures* not to disclose transactions with fellow members of the BPP Actuarial Education Limited Group where 100% of the voting rights are controlled within the group.

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 and incorporated in UK, as the immediate parent company.

In the opinion of the directors, the Company's ultimate parent company is Apollo Global Management Inc., a Company incorporated in the United States. The immediate parent undertaking of the largest and smallest group, which includes the Company and for which group financial statements are prepared, is Socrates Global Parent Limited, a Company incorporated in Great Britain with a registered address of Eversheds House, 70 Great Bridgewater Street, Manchester, M1 5ES. Copies of the group financial statements of Socrates Global Parent Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. The Company's immediate controlling party is BPP Holdings Limited.

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 £174,337 (2018: £158,022) were paid during the year and no amounts were outstanding at year end (2018: nil).

16. Guarantee

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