

**ACTUARIAL EDUCATION COMPANY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 1999**

**Registered number 3062375**



**ACTUARIAL EDUCATION COMPANY LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 1999**

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**ACTUARIAL EDUCATION COMPANY LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

The directors submit their report together with the audited financial statements of the company for the year ended to 31 December 1999.

**Principal activity, review of the business and future developments**

The profit and loss account for the year is set out on page 6.

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.

1999 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 continued strain on resources due to the development of new courses for 1999/2000. All courses for the new exam syllabus have now been written.

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 £710,000.

**Year 2000**

The company experienced no disruption or malfunction of its financial accounting and other systems since the turn of the year.

**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 minimal impact on the company's business.

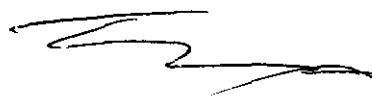
**Directors**

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 & 1999
Graham Hazell	167,884
John Edwards	63,731
David Carr	167,884

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

7 June 2000

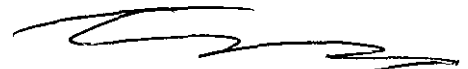
**ACTUARIAL EDUCATION COMPANY LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE**  
**ACCOUNTS**

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

7 June 2000

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

We have audited the financial statements on pages 6 to 14, which have been prepared under the historical cost convention and the accounting policies set out on page 10.

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

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom 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 United Kingdom 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.

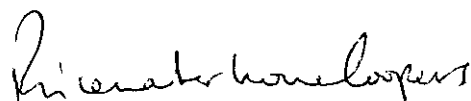
### **Basis of opinion**

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 1999 and of the results 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  
West London

7 June 2000

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

**FOR THE YEAR ENDED 31 DECEMBER 1999**

	Notes	Year ended 31 December 1999 £	Year ended 31 December 1998
Turnover	2	2,761,596	2,579,781
Cost of sales		<u>(560,378)</u>	<u>(496,530)</u>
Gross profit		2,201,218	2,083,251
Administrative expenses		<u>(1,274,621)</u>	<u>(1,209,385)</u>
Operating profit		926,597	873,866
Interest receivable		<u>35,671</u>	<u>33,255</u>
Profit on ordinary activities before taxation	3	962,268	907,121
Tax on ordinary activities	5	<u>(293,097)</u>	<u>(269,086)</u>
Profit on ordinary activities after taxation		669,171	638,035
Dividends	12	<u>(710,000)</u>	<u>(530,000)</u>
(Loss)/retained profit for the year	11	<u><u>(40,829)</u></u>	<u><u>108,035</u></u>

All business activities of the company are continuing in nature.

There are no recognised gains or losses other than the net loss attributable to the shareholders of the company of £(40,829) in the year ended 31 December 1999 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 10 to 14 form an integral part of these financial statements

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

AT 31 DECEMBER 1999

	Notes	£	1999	£	1998	£
<b>FIXED ASSETS</b>						
Tangible assets	6			28,190		47,269
<b>CURRENT ASSETS</b>						
Stock	7	7,160			24,400	
Debtors	8	515,161			613,790	
Cash at bank and in hand		881,750			712,885	
			1,404,071			1,351,075
<b>CREDITORS: amounts falling due within one year</b>	9	(1,359,725)			(1,284,979)	
<b>NET CURRENT ASSETS</b>				44,346		66,096
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				72,536		113,365
<b>NET ASSETS</b>				72,536		113,365
<b>CAPITAL AND RESERVES</b>						
Called up share capital	10			100		100
Profit and loss reserve	11			72,436		113,265
<b>TOTAL SHAREHOLDERS FUNDS</b>	11			72,536		113,365

The financial statements on pages 6 to 14 were approved by the board of directors on 7/6/00 and were signed on their behalf by:



John Edwards  
Director

The notes on pages 10 to 14 form part of these accounts

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

**FOR THE YEAR ENDED 31 DECEMBER 1999**

	Year ended 31 December 1999 £	Year ended 31 December 1998 £
<i>Net cash inflow from continuing operating activities</i>	<u>1,077,088</u>	<u>947,028</u>
<i>Returns on investments and servicing of finance</i>		
Interest received	<u>35,671</u>	<u>33,255</u>
<i>Taxation</i>		
UK corporation tax paid	<u>(223,997)</u>	<u>(210,180)</u>
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(13,147)	(28,024)
Proceeds on sale of tangible fixed assets	<u>3,250</u>	<u>146</u>
<i>Net cash outflow from capital expenditure and financial investment</i>	<u>(9,897)</u>	<u>(27,878)</u>
<i>Equity dividend paid</i>	<u>(710,000)</u>	<u>(530,000)</u>
<i>Increase in cash</i>	<u><u>168,865</u></u>	<u><u>212,225</u></u>
 <i>Reconciliation of net cash flow to movement in net cash</i>		
	1999 £	1998 £
Net cash inflow	168,865	212,225
Opening net cash	<u>712,885</u>	<u>500,660</u>
Closing net cash	<u><u>881,750</u></u>	<u><u>712,885</u></u>



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

**FOR THE YEAR ENDED 31 DECEMBER 1999**

**NOTES**

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

	1999 £	1998 £
Operating profit	926,597	873,866
Depreciation	28,236	32,961
Loss on sale of fixed assets	740	1,811
Decrease/(Increase) in stock	17,240	(2,800)
Decrease/(Increase) in debtors	98,629	(108,897)
Increase in creditors	5,646	150,087
	<u>1,077,088</u>	<u>947,028</u>

*Analysis of changes in financing during the year*

	1999 £	1998 £
Opening net cash	712,885	500,660
Net cash inflow	<u>168,865</u>	<u>212,225</u>
Closing net cash	<u>881,750</u>	<u>712,885</u>

*Analysed in balance sheet*

	1999 £	1998 £
Cash in hand and at bank	<u>881,750</u>	<u>712,885</u>

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

**AT 31 DECEMBER 1999**

**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:

	1999 £	1998 £
United Kingdom	2,431,190	2,222,943
European Union	105,529	96,424
Africa	172,936	203,606
Other	51,941	56,808
<b>TOTAL</b>	<u><u>2,761,596</u></u>	<u><u>2,579,781</u></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 1999 £	Year Ended 31 December 1998 £
Depreciation	28,236	32,961
Auditors' remuneration	14,034	13,200
Hire of plant and machinery (operating leases)	388	388
Operating lease rentals (property)	23,550	23,550

**4. Directors and employees**

Staff costs during the period amounted to:

	Year ended 31 December 1999 £	Year Ended 31 December 1998 £
Wages and salaries	738,046	685,916
Social security costs	89,106	79,985

827,152

765,901

The average number of employees during the period was:

	Number	Number
Tutors	15	11
Administration	<u>9</u>	<u>12</u>
	<u>24</u>	<u>23</u>

Directors' remuneration

£

£

Aggregate emoluments

79,375

154,883

The emoluments of the highest paid director (excluding pension contributions) were £79,375

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

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

	Year ended 31 December 1999 £	Year ended 31 December 1998 £
Corporation tax @ 31% and 30%		
Current year	293,100	281,500
Prior years	(3)	(10,930)
Deferred tax	-	(1,484)
	<u>293,097</u>	<u>269,086</u>

**6. Tangible fixed assets**

	Leasehold property £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost:					
at 31 December 1998	2,387	2,164	2,490	105,516	112,557
Additions	-	-	-	13,147	13,147
Disposals	-	-	-	(8,717)	(8,717)
	<u>2,387</u>	<u>2,164</u>	<u>2,490</u>	<u>109,946</u>	<u>116,987</u>
At 31 December 1999	<u>2,387</u>	<u>2,164</u>	<u>2,490</u>	<u>109,946</u>	<u>116,987</u>
Depreciation:					
at 31 December 1998	497	271	1,251	63,269	65,288
Charge for the period	149	541	565	26,981	28,236
Disposals	-	-	-	(4,727)	(4,727)
	<u>646</u>	<u>812</u>	<u>1,816</u>	<u>85,523</u>	<u>88,797</u>
At 31 December 1999	<u>646</u>	<u>812</u>	<u>1,816</u>	<u>85,523</u>	<u>88,797</u>
Net book value:					
At 31 December 1999	<u>1,741</u>	<u>1,352</u>	<u>674</u>	<u>24,423</u>	<u>28,190</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>

**7. Stock**

	1999 £	1998 £
Finished goods	<u>7,160</u>	<u>24,400</u>

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

**8. Debtors**

	1999 £	1998 £
Trade debtors	452,380	547,261
Amount due from immediate holding company	49,711	54,687
Prepayments	13,070	11,842
	<u>515,161</u>	<u>613,790</u>

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

	1999 £	1998 £
Trade creditors	33,903	53,766
Owing to BPP Courses	4,759	825
Corporation tax	293,100	149,000
Advance Corporation tax	-	75,000
Accruals	181,893	175,279
Other taxes and social security	94,570	91,409
Deferred income	751,500	739,700
	<u>1,359,725</u>	<u>1,284,979</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 December 1998	<u>1</u>	<u>1</u>	<u>99</u>	<u>99</u>
At 31 December 1999	<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.

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

**11. Reconciliation of shareholders' funds and movements on reserves**

	Share capital £	Profit & loss account £	Total £
At 31 December 1998	100	113,265	113,365
Profit for the year	-	669,171	669,171
Dividends paid	-	(710,000)	(710,000)
	<hr/>	<hr/>	<hr/>
At 31 December 1999	<u>100</u>	<u>72,436</u>	<u>72,536</u>

**12. Dividends on equity shares**

	1999 £	1998 £
Ordinary – interim dividends paid of £7,171.71 (1998: £5,353.54) per share	<u>710,000</u>	<u>530,000</u>

**13. Related party transactions**

£2,758,975 (1998: £2,476,351) 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 1999 the balance outstanding owed to the company by IFE Ltd was £439,721 (1998: £524,034).

The company incurred charges of £0 (1998: £5,110) from its parent company, BPP Actuarial Education Limited (BPP Actuarial) with respect to the use of the services of BPP Actuarial by the company's employees. Also, £2,620 (1998: £3,430) of the turnover of the company comes from BPP Actuarial for its' share of overheads.

The company incurred charges of £18,900 (1998: £6,295) from a related company, BPP Courses with respect to the rental of rooms for tutorials. At 31 December 1999 the balance owed to BPP Courses by the company was £4,759 (1998: £825).

**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.

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.