

**ACTUARIAL EDUCATION COMPANY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2001**

**Registered number 3062375**



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**ACTUARIAL EDUCATION COMPANY LIMITED**

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2001**

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**ACTUARIAL EDUCATION COMPANY LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

The directors submit their report together with the audited financial statements of the company for the year ended to 31 December 2001.

**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.

2001 was a successful year as a result of the continuing high number of new students entering the profession. The directors are satisfied with the results especially considering the significant expansion of our team of tutors to cope with the increased demand for face-to-face tuition.

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 £350,000. The directors have declared an additional dividend of £400,000 to be paid in 2002.

**Directors**

The directors of the company at 31 December 2001 and 2000 and their interests in the shares of BPP Actuarial Education Limited (the parent company) at the beginning and end of the year are shown below:

	<b>Number of ordinary 0.01p shares in BPP Actuarial at 31 December 2001 and 2000</b>
John Edwards	63,731
Charles Prior (chairman)	n/a
David J Carr	n/a

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

John Edwards has 2,954 ordinary shares of 10 pence each fully paid in BPP Holdings plc.

Mr Charles Prior is a director of the ultimate holding company and accordingly his interests are disclosed in that company's accounts. Except as disclosed above, none of the other directors held any interests in the shares of the parent company, BPP Holdings plc, at the beginning or end of the year.

**ACTUARIAL EDUCATION COMPANY LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**

	<b>Loan notes issued by BPP Holdings plc 31 December 2001</b>	<b>Loan notes issued by BPP Holdings plc 31 December 2000</b>
John Edwards	10,396	35,820
Charles Prior (chairman)	n/a	n/a
David J Carr	n/a	n/a

By order of the Board



JOHN EDWARDS  
Director

6 February 2002


**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

6 February 2002

## **INDEPENDENT REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF ACTUARIAL EDUCATION COMPANY LIMITED**

We have audited the financial statements on pages 7 to 17, which have been prepared under the historical cost convention and the accounting policies set out on page 11 and 12.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for preparing the financial statements, in accordance with applicable law and United Kingdom accounting standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 whether it is consistent with the audited financial statements. Our responsibilities do not extend to any other information.

### **Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Mazars Neville Russell*

MAZARS NEVILLE RUSSELL  
Chartered Accountants and Registered Auditors  
St Thomas House, 6 Becket Street  
Oxford, OX1 1PP

*6 February* 2002

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

**FOR THE YEAR ENDED 31 DECEMBER 2001**

	Notes	Year ended 31 December 2001 £	Year ended 31 December 2000
Turnover	2	3,412,374	2,820,609
Cost of sales		<u>(691,654)</u>	<u>(620,015)</u>
Gross profit		2,720,720	2,220,594
Administrative expenses		<u>(1,630,059)</u>	<u>(1,406,952)</u>
Operating profit		1,090,661	793,642
Interest receivable		<u>36,462</u>	<u>37,517</u>
Profit on ordinary activities before taxation	3	1,127,123	831,159
Tax on ordinary activities	5	<u>(261,018)</u>	<u>(251,171)</u>
Profit on ordinary activities after taxation		866,105	579,988
Dividends	13	<u>(750,000)</u>	<u>(550,000)</u>
Retained profit for the year		<u><u>116,105</u></u>	<u><u>29,988</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 £116,105 in the year ended 31 December 2001 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 17 form an integral part of these financial statements

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

AT 31 DECEMBER 2001

	Notes	2001 £	2000 £
<b>FIXED ASSETS</b>			
Tangible assets	6	48,316	52,315
<b>CURRENT ASSETS</b>			
Stock	7	8,100	12,200
Debtors	8	663,911	381,111
Cash at bank and in hand		1,482,380	974,310
		<u>2,154,391</u>	<u>1,367,621</u>
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(1,975,328)</u>	<u>(1,317,412)</u>
<b>NET CURRENT ASSETS</b>		<u>179,063</u>	<u>50,209</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>227,379</u>	<u>102,524</u>
<b>CREDITORS: amounts falling due greater than one year</b>	10	<u>(8,750)</u>	<u>-</u>
<b>NET ASSETS</b>		<u>218,629</u>	<u>102,524</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	100	100
Profit and loss reserve	12	218,529	102,424
<b>TOTAL SHAREHOLDERS FUNDS</b>	12	<u>218,629</u>	<u>102,524</u>

The financial statements on pages 7 to 17 were approved by the board of directors on 6/2/02 and were signed on their behalf by:

  
John Edwards  
Director

The notes on pages 11 to 17 form part of these accounts



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

**FOR THE YEAR ENDED 31 DECEMBER 2001**

	Year ended 31 December 2001 £	Year ended 31 December 2000 £
<i>Net cash inflow from continuing operating activities</i>	<u>1,100,817</u>	<u>954,701</u>
<i>Returns on investments and servicing of finance</i>		
Interest received	<u>36,462</u>	<u>37,517</u>
<i>Taxation</i>		
UK corporation tax paid	<u>(250,368)</u>	<u>(294,271)</u>
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(28,841)	(55,987)
Proceeds on sale of tangible fixed assets	<u>-</u>	<u>600</u>
<i>Net cash outflow from capital expenditure and financial investment</i>	<u>(28,841)</u>	<u>(55,387)</u>
<i>Equity dividend paid</i>	<u>(350,000)</u>	<u>(550,000)</u>
<i>Increase in cash</i>	<u><u>508,070</u></u>	<u><u>92,560</u></u>
 <i>Reconciliation of net cash flow to movement in net cash</i>		
	2001 £	2000 £
Net cash inflow	508,070	92,560
Opening net cash	<u>974,310</u>	<u>881,750</u>
Closing net cash	<u><u>1,482,380</u></u>	<u><u>974,310</u></u>

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

**FOR THE YEAR ENDED 31 DECEMBER 2001**

**NOTES**

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

	2001 £	2000 £
Operating profit	1,090,661	793,642
Depreciation	32,840	31,472
Gain/(Loss) on sale of fixed assets	-	(210)
Decrease/(Increase) in stock	4,100	(5,040)
(Increase)/Decrease in debtors	(282,800)	134,050
Increase in creditors	247,266	787
Increase in long term lease	8,750	-
	<u>1,100,817</u>	<u>954,701</u>

*Analysis of changes in financing during the year*

	2001 £	2000 £
Opening net cash	974,310	881,750
Net cash inflow	<u>508,070</u>	<u>92,560</u>
Closing net cash	<u>1,482,380</u>	<u>974,310</u>

*Analysed in balance sheet*

	2001 £	2000 £
Cash in hand and at bank	<u>1,482,380</u>	<u>974,310</u>

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

**AT 31 DECEMBER 2001**

**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 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.
- (iv) Depreciation on motor vehicles is at 25% per annum on cost.

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

*(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.

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

(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 pension scheme are charged to the profit and loss account in the period to which they relate. At present the pension scheme is non-contributory.

(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 period end are treated as deferred revenue.

Sales of materials are recognised when the goods are shipped. Sales of marking and tutorial services are recognised as the services are provided.

**2. Turnover**

Turnover by geographic region is as follows:

	2001	2000
	£	£
United Kingdom	3,078,744	2,535,376
European Union	140,114	119,804
Africa	169,144	134,329
Other	24,372	31,100
<b>TOTAL</b>	<u>3,412,374</u>	<u>2,820,609</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 2001 £	Year Ended 31 December 2000 £
Depreciation	32,840	31,471
Auditors' remuneration	7,050	6,590
Hire of plant and machinery (operating leases)	856	826
Operating lease rentals (property) recharge	23,550	23,550

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

**4. Directors and employees**

Staff costs during the period amounted to:

	Year ended 31 December 2001 £	Year Ended 31 December 2000 £
Wages and salaries	1,012,578	847,889
Social security costs	115,629	93,324
	<u>1,128,207</u>	<u>941,213</u>

The average number of employees during the period was:

	Number	Number
Tutors	16	14
Administration	<u>10</u>	<u>9</u>
	<u>26</u>	<u>23</u>

Directors' remuneration

£ £

Aggregate emoluments

- 71,293

The emoluments of the highest paid director (excluding pension contributions) were £nil

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

	Year ended 31 December 2001 £	Year ended 31 December 2000 £
Corporation tax @ 30%		
Current year	260,650	250,000
Prior years	368	1,171
Deferred tax	-	-
	<u>261,018</u>	<u>251,171</u>

**6. Tangible fixed assets**

	Leasehold property £	Motor vehicles £	Fixtures & fittings £	Office equipment (incl. Leased) £	Total £
Cost:					
at 31 December 2000	2,387	2,164	2,490	108,310	115,351
Additions	-	-	-	28,841	28,841
Disposals	-	-	-	(20,678)	(20,678)
	<u>2,387</u>	<u>2,164</u>	<u>2,490</u>	<u>116,473</u>	<u>123,514</u>
At 31 December 2001	2,387	2,164	2,490	116,473	123,514

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

Depreciation:					
at 31 December 2000	795	1,353	2,185	58,703	63,036
Charge for the period	150	541	305	31,844	32,840
Disposals	-	-	-	(20,678)	(20,678)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2001	<u>945</u>	<u>1,894</u>	<u>2,490</u>	<u>69,869</u>	<u>75,198</u>
Net book value:					
At 31 December 2001	<u>1,442</u>	<u>270</u>	<u>-</u>	<u>46,604</u>	<u>48,316</u>
Net book value:					
at 31 December 2000	<u>1,592</u>	<u>811</u>	<u>305</u>	<u>49,607</u>	<u>52,315</u>

The net book value of office equipment of £46,604 includes an amount of £11,000 (2000: £nil) in respect of assets held under finance leases. The original cost of these assets was £11,000 (2000:£nil).

**7. Stock**

	2001	2000
	£	£
Finished goods	<u>8,100</u>	<u>12,200</u>

**8. Debtors**

	2001	2000
	£	£
Trade debtors	286,978	352,787
Amount due from immediate holding company	336,202	10,310
Prepayments	<u>40,731</u>	<u>18,014</u>
	<u>663,911</u>	<u>381,111</u>

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

	2001	2000
	£	£
Trade creditors	54,883	45,521
Owing to BPP Courses	45,843	7,402
Corporation tax	260,650	250,000
Dividend payable	400,000	-
Accruals	144,492	123,336
Current lease commitment	1,500	-
Other taxes and social security	117,360	97,853
Deferred income	<u>950,600</u>	<u>793,300</u>
	<u>1,975,328</u>	<u>1,317,412</u>

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

**10. Long term lease commitment**

	2001	2000
	£	£
Long term lease commitment	8,750	-

The Company has leased equipment during the year for which the estimated useful life is equal to the lease term (see accounting policy note (f)). The long term lease commitment represents the annual payments due until the end of the lease term. The current payments due are shown under current liabilities (see note 10).

Obligations under finance leases.	2001	2000
Amounts payable:	£	£
Within two to five years	6,000	-
After 5 years	2,750	-
	8,750	-

**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 2000	1	1	99	99
At 31 December 2001	1	1	99	99

All ordinary shares carry one vote and are entitled to an equal share of any proceeds upon wind up of the company.

The special share carries no entitlement to vote 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**

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

	Share capital £	Profit & loss account £	Total £
At 31 December 2000	100	102,424	102,524
Profit for the year	-	866,105	866,105
Dividends paid and declared	-	(750,000)	(350,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2001	<u>100</u>	<u>218,529</u>	<u>218,629</u>

**13. Dividends on equity shares**

	2001 £	2000 £
Ordinary – interim dividends paid of £3,535.35 (2000:£5,555.56) per share	350,000	550,000
Ordinary – interim dividends proposed of £4,040.40 (2000:£nil) per share	400,000	-
	<hr/>	<hr/>
	<u>750,000</u>	<u>550,000</u>

**14. Related party transactions**

£3,327,722 (2000: £2,815,674) 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 2001 the balance outstanding owed to the company by IFE Ltd was £271,608 (2000: £342,677).

£2,302 (2000: £4,935) of the turnover of the company comes from its parent company BPP Actuarial Education Limited for its' share of overheads.

The company incurred charges of £60,318 (2000: £20,550) from a fellow subsidiary of BPP Holdings plc, BPP Courses with respect to the rental of rooms for tutorials. At 31 December 2001 the balance owed to BPP Courses by the company was £45,843 (2000: £7,402).

The company was owed £336,202 by its parent company BPP Actuarial Education at 31 December 2001 (2000: £10,310).

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

The directors regard BPP Actuarial Education Limited, a company registered in England and Wales, as the immediate parent company.



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

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.

**16. Defined Contribution Scheme**

The parent company operates a group defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension scheme is non-contributory and so no contributions were paid by the group during the year (2000: none) and no amounts were outstanding at year end (2000: none).