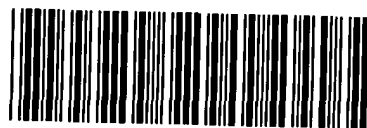

BPP ACTUARIAL EDUCATION LIMITED

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2018**

Registered number 02904358

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Directors' Report

The directors submit their report together with their strategic report and audited consolidated financial statements for the year ended 31 August 2018.

Results and dividends

The Consolidated Statement of Comprehensive Income for the year is set out on page 9. During the year the directors recommended and paid a dividend of £5,000,000 (2017: £nil). The profit of £1,203,202 (2017: £1,678,314) will be transferred to reserves.

Future developments

The focus for the group for the coming year is to continue to provide a high quality tuition service for Fellowship and Analyst students world-wide.

Directors and their interests

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

Darrell Chainey
Alison Barbe
Graham Gaddes

Gary Dart
Tim Stewart

None of the directors had any interest in the shares of the company at 31 August 2018, or at any other time during the year. No rights to subscribe for shares in or debentures of the company of 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 same policy is adopted for UK subsidiaries of the company.

The creditor days at 31 August 2018 were 7.59 days (31 August 2017: 0.84 days).

Auditors

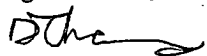
Mazars LLP are deemed to be reappointed in accordance with an elective resolution made under Section 368(1) of the Companies Act 1985 which continues in force under the Companies Act 2006.

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.

This report was approved by the Board on 18 January 2019
and signed on its behalf by


DARRELL CHAINEY
Director

for the year ended 31 August 2018

Statement of Directors' responsibilities in respect of the accounts

The directors are responsible for preparing the Directors' Report, the Strategic 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 18 January 2019
and signed on its behalf by



DARRELL CHAINEY
Director

Strategic Report

Principal activity

The principal activity of the group is the provision of training for students taking the fellowship examinations of the Institute and Faculty of Actuaries in the UK, although a small selection of training materials are also provided for students taking exams of the Society of Actuaries and the Casualty Actuarial Society in the US and for students studying the Certified Actuarial Analyst qualification. The company also acts as a lead training provider for the Level 4 Actuarial Technician Apprenticeships in England.

Business review

Revenue from our core UK business was similar to last year and profits were in line with expectations. Revenue from the US subsidiary continues to decline and products are slowly being withdrawn from the market as they become out of date.

The company still holds a provision against the recoverability of the investment in the US of £535,350 (2017:£535,350).

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. There is also a risk of fewer students being recruited into trainee actuarial positions, but given the average length of time to qualify, the impact is smoothed over a number of years.

Key Performance Indicators

	17-18	16-17
Core Course Sales (number of courses)	10,137	10,284
Teaching days	1,435	1,542
Marking sales (number of assignment series)	1,757	1,849
Operating profit margin	18.5%	26.3%
Percentage overseas revenue	13.3%	17.7%

The KPI's above indicate a slight reduction in trade from our core UK business. This was compensated for by an increase in Apprenticeship revenue.

This report was approved by the board on 18 January 2019 and signed on its behalf:



DARRELL CHAINEY
Director

for the year ended 31 August 2018

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

Opinion

We have audited the financial statements of BPP Actuarial Education Company Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and Company 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 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 group's and of the parent company's affairs as at 31 August 2018 and of the group's 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.

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 group's or the parent 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 Strategic and 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

for the year ended 31 August 2018

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.



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: 24 January 2019

for the year ended 31 August 2018

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31 August 2018 £	Year ended 31 August 2017 £
Turnover	3	7,343,762	7,237,337
Cost of sales		<u>(4,617,669)</u>	<u>(4,394,719)</u>
Gross profit		2,726,093	2,842,618
Administrative expenses		<u>(1,367,873)</u>	<u>(939,477)</u>
Operating profit	4	1,358,220	1,903,141
Interest receivable		<u>137,229</u>	<u>187,785</u>
Profit on ordinary activities before taxation		1,495,449	2,090,926
Tax on ordinary activities	6	<u>(292,247)</u>	<u>(412,612)</u>
Profit on ordinary activities after taxation		<u>1,203,202</u>	<u>1,678,314</u>
Other comprehensive income for the year		-	-
Currency translation difference on foreign currency net investments		<u>(181)</u>	<u>246</u>
Total comprehensive income for the year		<u><u>1,203,021</u></u>	<u><u>1,678,560</u></u>

All business activities are continuing in nature.

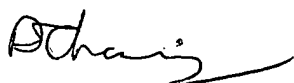
The notes on pages 15 to 27 form an integral part of these financial statements.

for the year ended 31 August 2018

Consolidated Statement of Financial Position

		2018	2017
		£	£
	Notes		
FIXED ASSETS			
Tangible assets	8	21,776	29,142
CURRENT ASSETS			
Stock	9	60,123	34,416
Debtors	10	3,416,257	7,575,470
Cash at bank and in hand		5,258,974	4,395,126
		8,735,354	12,005,012
CREDITORS: amounts falling due within one year	11	(3,138,450)	(2,618,495)
NET CURRENT ASSETS		5,596,904	9,386,517
TOTAL ASSETS LESS CURRENT LIABILITIES		5,618,680	9,415,659
NET ASSETS		5,618,680	9,415,659
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss reserve		5,618,580	9,415,559
TOTAL SHAREHOLDERS' FUNDS		5,618,680	9,415,659

The financial statements on pages 9 to 27 were approved and authorised for use by the Board of Directors on 18 January 2019 and were signed on their behalf by:



Darrell Chainey
Director

The notes on pages 15 to 27 form part of these financial statements.

for the year ended 31 August 2018

Company Statement of Financial Position

		2018	2017
		£	£
	Notes		
FIXED ASSETS			
Investment in subsidiaries	7	18,447	22,682
CURRENT ASSETS			
Debtors	10	2,009,117	6,006,010
Cash at bank and in hand		<u>2,599,925</u>	<u>2,871,680</u>
		4,609,042	8,877,690
CREDITORS: amounts falling due within one year	11	<u>(425,586)</u>	<u>(51,424)</u>
NET CURRENT ASSETS		<u>4,183,456</u>	<u>8,826,266</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,201,903	8,848,948
NET ASSETS		<u>4,201,903</u>	<u>8,848,948</u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss reserve		<u>4,201,803</u>	<u>8,848,848</u>
TOTAL SHAREHOLDERS' FUNDS		<u>4,201,903</u>	<u>8,848,948</u>

The financial statements on pages 9 to 27 were approved and authorised for use by the Board of Directors on 18 January 2019 and were signed on their behalf by:



Darrell Chainey
Director

The notes on pages 15 to 27 form part of these financial statements.

for the year ended 31 August 2018

Consolidated Statement of Cash Flow

	2018	2017
	£	£
Cashflows from operating activities		
Operating Profit for the financial year	1,358,220	1,903,141
Adjustments for:		
Exchange movement	(181)	247
Depreciation	7,366	7,366
(Increase)/Decrease in stock	(25,707)	42,458
Decrease in receivables	4,167,443	906,656
Increase in payables	519,954	366,791
UK Corporation tax paid	<u>(300,476)</u>	<u>(355,749)</u>
Net cash generated from operating activities	<u>5,726,619</u>	<u>2,870,910</u>
Financing activities		
Interest received	<u>137,229</u>	<u>187,785</u>
Investing activities		
Purchase of tangible fixed assets	<u>-</u>	<u>-</u>
Equity dividend paid	<u>(5,000,000)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	863,848	3,058,695
Cash and cash equivalents at the beginning of the year	4,395,126	1,336,431
Cash and cash equivalents at the end of the year	<u><u>5,258,974</u></u>	<u><u>4,395,126</u></u>
Components of cash and cash equivalents		
Cash	<u><u>5,258,974</u></u>	<u><u>4,395,126</u></u>

for the year ended 31 August 2018

Consolidated Statement Of Changes In Equity**AT 31 AUGUST 2017**

	Share capital £	Profit and Loss Reserves £	Total equity £
At 1 September 2016	100	7,736,999	7,737,099
Comprehensive income for the year			
Profit for the year	-	1,678,314	1,678,314
Other comprehensive income for the year	-	246	246
Total comprehensive income for the year	-	1,678,560	1,678,560
At 31 August 2017	100	9,415,559	9,415,659

AT 31 AUGUST 2018

	Share capital £	Profit and Loss Reserves £	Total equity £
At 1 September 2017	100	9,415,559	9,415,659
Comprehensive income for the year			
Profit for the year	-	1,203,202	1,203,202
Dividend paid	-	(5,000,000)	(5,000,000)
Other comprehensive income for the year	-	(181)	(181)
Total comprehensive income for the year	-	(3,796,979)	(3,796,979)
At 31 August 2018	100	5,618,580	5,618,680

Profit & loss reserve

This reserve represents cumulative profits and losses.

for the year ended 31 August 2018

Company Statement Of Changes In Equity**AT 31 AUGUST 2017**

	Share capital £	Profit and Loss Reserves £	Total equity £
At 1 September 2016	100	6,862,527	6,862,627
Comprehensive income for the year			
Profit for the year	-	1,986,321	1,986,321
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,986,321	1,986,321
At 31 August 2017	100	8,848,848	8,849,948

AT 31 AUGUST 2017

	Share capital £	Profit and Loss Reserves £	Total equity £
At 1 September 2017	100	8,848,848	8,849,948
Comprehensive income for the year			
Profit for the year	-	352,955	352,955
Dividend paid	-	(5,000,000)	(5,000,000)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(4,647,045)	(4,647,045)
At 31 August 2018	100	4,201,803	4,201,903

Profit & loss reserve

This reserve represents cumulative profits and losses.

Notes to the accounts

1. Accounting policies

(a) General information

BPP Actuarial Education Limited is a private limited company, limited by shares, domiciled in England and Wales and incorporated in UK, registration number 02904358. 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 Group operates.

The principal activity of the Group 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.

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

(c) 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.

for the year ended 31 August 2018

Notes to the accounts

1. Accounting policies (continued)

(d) *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.

(e) *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

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.

Notes to the accounts

1. Accounting policies (continued)

(f) *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.

(g) *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.

(h) *Investments*

Investments are measured at cost less accumulated impairment. Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

(i) *Financial Instruments*

The Group 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.

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.

Notes to the accounts

1. Accounting policies (continued)

(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 of 120 months.

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

(k) *Stocks*

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) *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.

(n) *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 Group matches employee contributions up to a small percentage of salary.

(o) *Basis of consolidation*

The Consolidated Statement of Comprehensive Income and Statement of Financial Position include the financial statements of BPP Actuarial Education Company Limited and its subsidiary companies for the year ended 31 August 2018. Intra-group sales and profits are eliminated on consolidation.

BPP Actuarial Education Limited is exempt from publishing the parent's Statement of Comprehensive Income.

Notes to the accounts

1. Accounting policies (continued)

(p) *Turnover*

Turnover represents the invoiced amount of goods and services provided during the year, 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.

(q) *Audit fees*

The Actuarial Education Company Ltd paid the £6,500 (2017: £6,400) audit fees of Institute and Faculty Education Ltd.

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 Group 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 Group's revenue by class and category of business is as follows:

	Year ended 31 August 2018 £	Year ended 31 August 2017 £
Sale of goods	3,427,705	3,500,541
Rendering of services	3,916,057	3,736,796
Total turnover	<u>7,343,762</u>	<u>7,237,337</u>

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

	Year ended 31 August 2018 £	Year ended 31 August 2017 £
United Kingdom	6,370,263	5,955,827
European Union	397,156	503,153
North America	24,697	48,849
Africa	287,477	391,895
Other	264,169	337,613
TOTAL	<u>7,343,762</u>	<u>7,237,337</u>

for the year ended 31 August 2018

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

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

	Year ended 31 August 2018 £	Year ended 31 August 2017 £
Depreciation	7,366	7,366
Auditors' remuneration – audit	13,700	13,050

5. Directors and employees

Staff costs during the period amounted to:	Year ended 31 August 2018 £	Year ended 31 August 2017 £
Wages and salaries	2,716,481	2,564,050
Social security costs	266,415	260,057
Pension costs	162,046	124,082
	<u>3,144,942</u>	<u>2,948,189</u>

The average number of employees during the year was:	Year ended 31 August 2018 Number	Year ended 31 August 2017 Number
Tutors	34	32
Administration	13	13
	<u>47</u>	<u>45</u>

Directors' remuneration	£	£
Salary	122,087	120,389
Contribution to pension scheme	7,546	6,385
Aggregate emoluments	<u>129,633</u>	<u>126,774</u>

During the year 1 (2017: 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 2018

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

	Year ended 31 August 2018 £	Year ended 31 August 2017 £
Corporation tax @ 19% (2017: 19.58%)		
Current year	291,327	410,241
Deferred tax	920	(3,244)
Prior years	-	5,615
	<u>292,247</u>	<u>412,612</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before tax	<u>1,495,449</u>	<u>2,090,926</u>
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporate taxation of 19% (2017: 19.58%)	<u>284,135</u>	<u>409,403</u>
Effects of:		
Deferred tax	920	(3,244)
Depreciation	(1,030)	(1,473)
Capital Allowances	-	-
Overseas tax	-	-
Under/(over) provisions for prior years	-	5,615
Other tax adjustments	8,222	2,311
TOTAL	<u>8,112</u>	<u>3,209</u>
Current tax charge	<u>292,247</u>	<u>412,612</u>

Note: The deferred tax balance of (£5,884) (2017: (£6,805)) has been provided for in the accounts even though it is immaterial.

for the year ended 31 August 2018

Notes to the accounts**7. Investment in Subsidiary - Company**

	Investment in Actuarial Education Company Limited £	Investment in BPP Professional Education Inc £	Net long term loan in BPP Professional Education Inc £	Total £
Balance brought forward as at 1 September 2017	100	12,580	10,002	22,682
Increase in loan	-	-	-	-
Revaluation of loan	-	-	-	-
Loan recovered	-	-	(4,235)	(4,235)
Balance as at 31 August 2018	100	12,580	5,767	18,447

The company has set up a provision against the recoverability of the long term loan in the US of £535,350 (2017: £535,350). This was unchanged during the year based on an assessment of the recoverability of the loan.

The company owns 100% of the dividend paying and voting share capital of Actuarial Education Company Limited (incorporated in England and Wales) which is fully consolidated in the accounts. The principal activity of the subsidiary is the provision of training for students taking the professional examinations of the Institute of Actuaries and the Faculty of Actuaries.

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

There is one special share of Actuarial Education Company Limited which 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.

The company also owns 100% of the dividend paying and voting share capital of BPP Professional Education Inc. (formerly BPP Professional Training Inc.), incorporated in the USA, which is fully consolidated in the accounts. The principal activity of the subsidiary is the provision of training for students taking the professional examinations of the Society of Actuaries and the Casualty Actuarial Society in the USA.

The relevant results for these investments, which are both included in the consolidated accounts are as follows (all subsidiaries year ends are coterminous):

	Share Capital and Reserves £	Profit for the year £
Actuarial Education Company Limited	1,427,434	1,424,985
BPP Professional Education Inc.	(486,438)	284

Actuarial Education is registered at the same address as the Company and has the same principal place of business. BPP Professional Education Inc is registered at 251 Little Falls Drive, Wilmington, Delaware 19808, USA and has the same principal place of business.

Notes to the accounts

8. Tangible fixed assets - Group

	Leasehold property improvements £
Cost:	
At 31 August 2017	67,354
Additions	-
Disposals	-
At 31 August 2018	<u>67,354</u>
Depreciation:	
At 31 August 2017	38,212
Charge for the period	7,366
Disposals	-
At 31 August 2018	<u>45,578</u>
Net book value:	
At 31 August 2017	<u>29,142</u>
Net book value:	21,776
At 31 August 2018	<u>21,776</u>

The fixed assets categorised as leasehold property are being depreciated over the term of a lease held by a related separate party. This lease is subsequently recharged to this group.

9. Stock - Group

	2018 £	2017 £
Finished goods	<u>60,123</u>	<u>34,416</u>

Stock recognised in cost of sales during the year as an expenses was £539,517 (2017: £523,659).

An impairment loss of £8,487 (2017: £nil) as recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

for the year ended 31 August 2018

10. Debtors - Group

	2018 £	2017 £
Amounts falling due within one year		
Trade debtors	378,312	520,317
Prepayments	4,335	4,243
Corporation tax	33,584	25,355
Accrued revenue	-	1,232
Owing from group undertakings	26	24,323
Loans owing from group undertaking (see terms of loan in note 16)	3,000,000	7,000,000
	<u>3,416,257</u>	<u>7,575,470</u>

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

Debtors – Company

	2018 £	2017 £
Amounts falling due within one year		
Corporation tax	-	-
Accrued revenue	-	1,233
Prepays	477	-
Owing from group undertakings	-	-
Loan owing from group undertaking (see terms of loan in note 16)	2,000,000	6,000,000
Trade debtors	8,640	4,777
	<u>2,009,117</u>	<u>6,006,010</u>

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

11. Creditors: amounts falling due within one year – Group

	2018 £	2017 £
Trade creditors	58,993	5,458
Amounts owing to group undertakings	2,178,411	1,483,835
Corporation tax	-	-
Other taxes and social security	159,637	239,072
Accruals and deferred revenue	741,409	890,130
	<u>3,138,450</u>	<u>2,618,495</u>

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

Notes to the accounts

for the year ended 31 August 2018

11. Creditors: amounts falling due within one year (continued) - Company

	2018 £	2017 £
Amounts owing to group undertakings	386,577	42,976
Trade creditors	32	-
Corporation tax	-	-
Other taxes and social security	2,114	1,993
Accruals and deferred revenue	<u>36,863</u>	<u>6,455</u>
	<u>425,586</u>	<u>51,424</u>

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

12. Financial instruments

	2018 £	2017 £
Financial assets that are debt instruments measured at amortised cost		
Cash and cash equivalents	5,258,974	4,395,126
Trade receivables	378,312	520,317
Other receivables	3,000,026	7,024,323
Accrued revenue	<u>-</u>	<u>1,232</u>
	<u>8,637,312</u>	<u>11,940,998</u>

	2018 £	2017 £
Financial liabilities that are debt instruments measured at amortised cost		
Trade creditors	58,993	5,458
Other payables	<u>2,338,048</u>	<u>1,687,895</u>
	<u>2,397,041</u>	<u>1,693,353</u>

13. Share capital

	2018 £	2017 £
Allotted issued and fully paid		
1,000,000 ordinary shares of 0.01p each	<u>100</u>	<u>100</u>

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

for the year ended 31 August 2018

Notes to the accounts

14. Profits for the financial year.

As permitted by section 408 of the Companies Act 2006, the holding company's Statement of comprehensive income has not been included in these financial statements. The amount of profit after dividends dealt with in the holding company's Statement of comprehensive (loss)/income was £(4,647,045) (2017: £1,986,321).

15. Related party transactions

£7,074,351 (2017: £7,027,871) of the turnover of the group comes from Institute and Faculty Education Ltd (IFE Ltd), a special shareholder of Actuarial Education Company Limited. Some of this income is from students originating outside 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 group. At 31 August 2018 the balance outstanding owed to the group by IFE Ltd was £365,609 (31 August 2017: £509,913).

The group has an intercompany creditor balance owing to BPP Holdings Ltd, a parent company of £1,704,214 (2017: £1,389,429). 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 £836,522 (2017: £430,016) for services such as IT, payroll and HR. The net balance owed from BPP Services Ltd and other related group companies by the company at 31 August 2018 was £314,507 (31 August 2017: £24,321). The balance owing to BPP University at 31 August 2018 was £139,507 (31 August 2017: £45,469). This figure also includes interest paid by BPP Services Ltd of £26,741 (2017: £70,442) on the bank balances held by the group, as under group banking arrangements the company does not earn interest directly in its bank accounts. The group has loaned £3,000,000 to BPP Services Ltd (2017: £7,000,000). Interest is paid at 3 month LIBOR plus 1.75% and the loan is repayable on demand. Interest earned during the year was £110,488 (2017: £172,587).

The group incurred charges of £354,800 (2017: £384,420) from BPP Professional Education Ltd, a fellow group company, with respect to the rental of rooms for tutorials. At 31 August 2018 the net balance owed by the group was £nil (31 August 2017: £nil).

The group incurred charges of £79,946 (2017: £59,707) for rent and other facilities charges from McTimoney Chiropractic College, a division of BPP University College of Professional Studies Ltd. At 31 August 2018 the balance owed by the company was £15,200 (31 August 2017: £nil).

The group incurred charges of £223,378 (2017: £200,486) for printing and despatch from BPP Learning Media Ltd (a related group company). At 31 August 2018 the group owed £19,894 to BPP Learning Media Ltd (2017: £18,085).

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.

16. Guarantee

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

17. Parent undertaking and controlling party

In the opinion of the directors, the Company's ultimate parent company is Apollo Management, L.P., a Company incorporated in the United States. The parent undertaking of the largest group, which incorporates the Company and for which group accounts are prepared, is Socrates Global Parent Limited, a Company incorporated in Great Britain. 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

18. 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 £162,046 (2017: £124,082) were paid during the year and no amounts were outstanding at year end (2017: none).