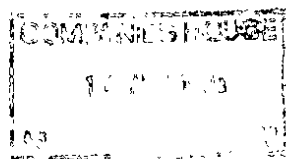


# **The Financial Times Limited**

**Report and Financial Statements  
for the year ended 31 December 1992**

Registered number: 227590



# **The Financial Times Limited**

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## **Report and Financial Statements for the year ended 31 December 1992**

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# **The Financial Times Limited**

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A subsidiary of Pearson plc

## **DIRECTORS**

Viscount Blakenham	- Chairman
F Barlow	- Deputy Chairman
D E P Palmer	- Chief Executive
R A F McClean	- Deputy Chief Executive
D S Gordon	
A C Miller	
R P Lambert	
D C M Bell	
W K Gibson	

## **SECRETARY AND REGISTERED OFFICE**

D J Hall FCA  
No 1 Southwark Bridge  
London  
SE1 9HL

## **REGISTERED AUDITOR**

Coopers & Lybrand

## **BANKERS**

Midland Bank plc  
The Chase Manhattan Bank, N.A.

# **The Financial Times Limited**

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## **Directors' Report**

The directors present their report and the audited financial statements for the year ended 31 December 1992.

## **Principal Activities and Business Review**

The principal activity of the Company during the year has been the publication of the international daily newspaper "Financial Times".

The Company continued printing its International edition in Roubaix, Frankfurt, New Jersey and Tokyo.

The directors do not anticipate any significant changes in the Company's activities in the foreseeable future.

## **Results and Dividends**

The profit of the Company for the year after taxation was £1,012,000. An interim dividend of £5,833,000 has been declared and paid. The directors do not recommend the payment of a final dividend, leaving a deficit for the year of £4,821,000 which has been transferred to reserves, leaving accumulated profits carried forward of £10,528,000.

## **Directors**

The directors who served during the year are listed on page 2.

## **Directors' Interests in Shares and Debentures**

All the directors are also directors of the immediate parent company, Financial Times Group Limited, and are not required to notify their interests to this Company.

## **Significant Changes in Fixed Assets**

Details of fixed asset movements are included in note 9 to the financial statements.

In the opinion of the directors the present market value of land and buildings is in the region of £52 million below its net book value of £102 million. However, having discussed this matter with their professional advisers the directors are of the opinion that this does not represent a permanent diminution in value.

## **Directors' Report (Continued)**

### **Employment of Disabled Persons**

Applications for employment by disabled persons are considered on the same basis as other applications, giving full and fair consideration to the respective skills, knowledge and abilities of the applicant concerned and the requirements of the work involved. In the event of members of staff becoming disabled every effort is made to assist them in ensuring that their employment can continue within the group. The training, career development, and promotion of disabled employees is, as far as possible, identical to that of employees who do not suffer from a disability.

### **Employee Information**

Employees are provided with information systematically on matters of concern to them as employees by means of a newsletter, the FT Perspective, notes from management and a company-wide regular Team Briefing programme for the dissemination of information to all employees.

The Company also has a variety of methods enabling employees to communicate upwards to management.

The Company operates an employee share scheme the distributions under which are based on the achievement of target levels for the Financial Times Group's trading margins.

All full-time employees of Pearson plc Group companies who are resident in the UK may participate in the Pearson plc Save As You Earn Share Option Scheme. Employees are encouraged to maintain an interest in the financial and economic factors affecting the Company's performance. Copies of the financial statements of the ultimate parent company are available to all employees and a statement summarising the performance of the Financial Times Group is also sent to all employees.

### **Health and Safety at Work**

The Company retains the services of a leading physician supported by qualified nursing staff and a fully equipped medical clinic. Medical help is available at all times during the working hours of the Company.

There is also a joint committee of management and staff who monitor all aspects of health, safety and welfare at work of the employees of the Company.

The Company has a formal Health and Safety policy, a copy of which is distributed to all staff.

## Directors' Report (Continued)

### Officers' Liability Insurance

During the year to 31 December 1992 the Company, as part of a group arrangement, maintained insurance covering officers of the Company against liabilities arising in relation to the Company in accordance with section 310 (3) (a) of Companies Act 1985.

### Elective Resolutions

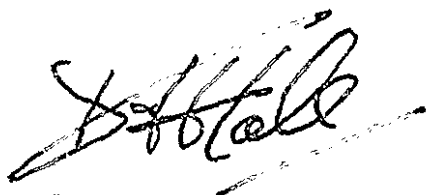
The Company has passed an elective resolution whereby it has dispensed with the holding of an Annual General Meeting until such time as the election is revoked. Further elective resolutions passed at the same time were that the Company dispense with:

- a) The laying of the annual report and financial statements before the Company in General Meeting; and
- b) The requirement to re-appoint annually the registered auditor of the Company in General Meeting.

### Registered Auditor

As a consequence of the elective resolution in (b) above, Coopers & Lybrand are deemed to be re-appointed for each succeeding financial year.

By Order of the Board



Secretary  
22 March 1993

# **The Financial Times Limited**

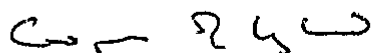
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## **Auditor's Report**

**To the members of The Financial Times Limited**

We have audited the financial statements on pages 7 to 24 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs at 31 December 1992 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, consisting of a series of loops and curves, positioned above the printed name of the auditor.

**Chartered Accountants and Registered Auditor**

London  
22 March 1993

# The Financial Times Limited

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## Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

### Basis of accounting

The Company prepares its financial statements on the historical cost basis of accounting, as modified by the revaluation of certain land and buildings.

### Turnover

Turnover represents net circulation, advertisement and other revenue receivable excluding value added tax.

### Tangible fixed assets

Fixed assets are stated at cost and are depreciated over their estimated economic lives by equal annual instalments at the following rates:

Freehold buildings	: 2%
Plant and machinery	: 5% - 20%
Fixtures, fittings and equipment	: 5% - 20%

### Finance and operating leases

Finance leases are recorded in the balance sheet by capitalising leased assets at their fair market value on acquisition and by recording the obligations to pay future rentals. These assets are depreciated over the shorter of the lease term and their estimated useful life. Finance charges payable under finance leases are charged to the profit and loss account using the actuarial method to give a constant periodic rate of charge on the remaining balance of the obligations. Operating lease rentals are charged to the profit and loss account as they are incurred.

### Overseas currencies

Transactions, including purchases of fixed assets, are translated at the exchange rate ruling at the date of the transaction or at an appropriate average rate. Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Resultant exchange differences are taken to the profit and loss account.



## **Accounting Policies (Continued)**

### **Deferred taxation**

The Company provides deferred taxation, at the applicable rate of taxation, to take account of timing differences which exist between the treatment of certain items for the purposes of the financial statements and their treatment for taxation purposes except to the extent that the directors consider it reasonable to assume that such timing differences will continue in the future.

### **Stock and work-in-progress**

Stock of newsprint, paper and other materials are valued at the lower of cost and net realisable value.

### **Fixed asset investments**

The Company's investments in subsidiary undertakings and associated undertakings are stated at cost less provisions required to take account of any permanent diminution in value.

### **Pension costs**

The expected cost of the Company's defined benefit pension scheme is charged to the profit and loss account in order to apportion the cost of pensions over the service lives of employees in the scheme. Variations arising from a significant reduction in the number of employees are adjusted in the profit and loss account to the extent that the expected pension cost, reduced by other variations, exceeds contributions payable for that year. Other variations from cost are apportioned over the expected service lives of current employees in the scheme.

# The Financial Times Limited

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## Profit and loss account for the year ended 31 December 1992

	Notes	<u>1992</u> £'000	<u>1991</u> £'000
Turnover	1	103,719	102,708
Cost of Sales		<u>(71,363)</u>	<u>(70,781)</u>
Gross profit		32,356	31,927
Distribution costs		(5,151)	(5,007)
Administrative expenses		(24,105)	(26,378)
Other operating income		<u>30</u>	<u>6</u>
Operating profit		3,130	548
Investment income	4	1,814	1,579
Interest receivable		100	33
Interest payable	5	<u>(5,899)</u>	<u>(7,233)</u>
Loss on ordinary activities before taxation	2	(855)	(5,073)
Taxation on loss on ordinary activities	6	<u>1,867</u>	<u>1,781</u>
Profit/(loss) on ordinary activities after taxation		1,012	(3,292)
Extraordinary items	7	<u>-</u>	<u>1,776</u>
Profit/(loss) for the financial year		1,012	(1,516)
Dividends	8	<u>(5,833)</u>	<u>(706)</u>
Deficit for the year	18	<u><u>(4,821)</u></u>	<u><u>(2,222)</u></u>

# The Financial Times Limited

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## Balance sheet as at 31 December 1992

	<u>Notes</u>	<u>1992</u> <u>£000</u>	<u>1991</u> <u>£000</u>
<b>Fixed assets</b>			
Tangible fixed assets	9	154,043	158,315
Investments:			
Subsidiary undertakings	10	35	35
Associated undertaking	11	900	900
Other investment	12	33	37
		<u>155,011</u>	<u>159,287</u>
<b>Current assets</b>			
Stocks	13	525	588
Debtors	14	23,134	31,476
Cash at bank and in hand		1,100	988
		<u>24,759</u>	<u>33,052</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(75,073)</u>	<u>(84,912)</u>
<b>Net current liabilities</b>		<u>(50,314)</u>	<u>(51,860)</u>
<b>Total assets less current liabilities</b>		<u>104,697</u>	<u>107,427</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(75,199)</u>	<u>(75,199)</u>
<b>Provisions for liabilities and charges</b>			
Deferred taxation	16	(15,087)	(14,439)
Other provisions	16	(1,525)	(82)
		<u>(16,612)</u>	<u>(14,521)</u>
<b>Net assets</b>		<u>12,886</u>	<u>17,707</u>
<b>Capital and reserves</b>			
Called-up share capital	17	1,800	1,800
Profit and loss account	18	10,528	15,349
Revaluation reserve	18	558	558
		<u>12,886</u>	<u>17,707</u>

The financial statements on pages 7 to 24 were approved by the Board of Directors on 22 March 1993 and were signed on its behalf by:

*Amie*

Director

## Notes to the financial statements for the year ended 31 December 1992

### 1 Turnover

	<u>1992</u> £'000	<u>1991</u> £'000
<b>Geographical markets supplied:</b>		
United Kingdom	79,132	82,746
Europe	12,153	9,203
North America	5,954	5,724
South America	365	185
Africa	1,562	700
Asia	4,409	3,955
Australasia	144	195
	<u>103,719</u>	<u>102,708</u>

The Company treats invoices to agents in the United Kingdom as United Kingdom turnover regardless of the country of residence of the customer.

### 2 Loss on ordinary activities before taxation

	<u>1992</u> £'000	<u>1991</u> £'000
<b>Loss on ordinary activities before taxation is arrived at after charging:</b>		
Staff costs (see note 3)	29,508	27,760
Depreciation of tangible fixed assets	7,263	6,420
Auditor's remuneration	39	42
Operating lease rentals - land and buildings	310	325
Operating lease rentals - other assets	237	98
Exceptional Cost - provision in respect of amounts due from a fellow subsidiary undertaking	900	3,767
Loss on sale of fixed assets	33	9
	<u>          </u>	<u>          </u>

Remuneration of the Company's auditor for the provision of non audit services to the Company in the year was £157,000.

### 3 Directors and employees

	<u>1992</u> Number	<u>1991</u> Number
The average weekly number of persons (including directors) employed by the Company during the year was:		
Production	641	652
Distribution	41	36
Administration	199	217
	<u>881</u>	<u>905</u>
	<u><u>881</u></u>	<u><u>905</u></u>
	<u>1992</u> £'000	<u>1991</u> £'000
Staff costs comprised:		
Wages and salaries	26,163	25,548
Social security costs	2,192	2,175
Other pension costs	1,153	37
	<u>29,508</u>	<u>27,760</u>
	<u><u>29,508</u></u>	<u><u>27,760</u></u>
The remuneration paid to directors was:	<u>1992</u> £'000	<u>1991</u> £'000
Fees and other emoluments	558	502
Pension scheme contributions	64	-
Ex gratia payment to former Director	-	9
	<u>622</u>	<u>511</u>
	<u><u>622</u></u>	<u><u>511</u></u>
Fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:	<u>1992</u> £'000	<u>1991</u> £'000
Chairman	-	-
	<u><u>-</u></u>	<u><u>-</u></u>
Highest paid director	131	120
	<u>131</u>	<u>120</u>

## Notes to the financial statements for the year ended 31 December 1992 (Continued)

### 3 Directors and employees (Continued)

The number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	<u>1992</u> Number	<u>1991</u> Number
£ 0 - £ 5,000	4	4
£ 80,001 - £ 85,000	.	1
£ 85,001 - £ 90,000	1	-
£ 90,001 - £ 95,000	.	1
£ 95,001 - £100,000	.	1
£105,001 - £110,000	1	1
£115,001 - £120,000	2	1
£130,001 - £135,000	1	-

### 4 Investment income

	<u>1992</u> £'000	<u>1991</u> £'000
Income from shares in associated undertaking	<u>1,814</u>	<u>1,579</u>

### 5 Interest payable

	<u>1992</u> £'000	<u>1991</u> £'000
On bank loans, overdrafts and other loans repayable within five years, not by instalments:		
To group undertakings	4,438	5,134
Other	1,446	2,043
On finance leases	15	56
	<u>5,899</u>	<u>7,233</u>

Notes to the financial statements  
for the year ended 31 December 1992 (Continued)

6	Taxation on loss on ordinary activities	<u>1992</u> £'000	<u>1991</u> £'000
	UK Corporation tax (credit)/charge at 33% (1991: 33.25%):		
	Current	(2,027)	(1,808)
	Deferred	1,856	1,431
		<u>(171)</u>	<u>(377)</u>
	(Over)/Under provision in respect of prior years:		
	Current	(762)	(2,176)
	Deferred	(1,387)	377
	Tax credits on franked investment income	453	395
		<u>(1,867)</u>	<u>(1,781)</u>

The current tax credit in respect of prior years includes a credit of £2,007,000 (1991: £730,000) relating to consortium relief received by the Company for nil consideration, the balance relates to additional tax charge due to the disclaimer of capital allowances in respect of prior years.

7	Extraordinary items	<u>1992</u> £'000	<u>1991</u> £'000
	Extraordinary credit		
	Release of provision against cost of investment in and amounts due from St Clements Press Limited, a subsidiary undertaking	-	1,776
		<u>-</u>	<u>1,776</u>

Notes to the financial statements  
for the year ended 31 December 1992 (Continued)

8 Dividends

	<u>1992</u> <u>£'000</u>	<u>1991</u> <u>£'000</u>
Interim paid	<u>5,833</u>	<u>706</u>

9 Tangible fixed assets

	<u>Plant &amp; Machinery</u> <u>£'000</u>	<u>Fixtures, Fittings, Tools &amp; Equipment</u> <u>£'000</u>	<u>Long Leasehold Property</u> <u>£'000</u>	<u>Freehold Property</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
<b>Cost</b>					
At 1 January 1992	38,921	10,838	25,799	99,763	175,321
Reclassification	14,851	-	-	(14,851)	-
Additions	1,764	1,246	50	113	3,173
Disposals	(32)	(638)	-	(182)	(852)
Inter-group transfers	-	102	-	-	102
At 31 December 1992	<u>55,504</u>	<u>11,548</u>	<u>25,849</u>	<u>84,843</u>	<u>177,744</u>
<b>Depreciation</b>					
At 1 January 1992	6,817	3,549	1,222	5,418	17,006
Reclassification	799	-	-	(799)	-
Charge for the year	3,388	1,429	424	2,022	7,263
Eliminated in respect of disposals	(31)	(560)	-	(13)	(604)
Inter-group transfers	-	36	-	-	36
At 31 December 1992	<u>10,973</u>	<u>4,454</u>	<u>1,646</u>	<u>6,628</u>	<u>23,701</u>
<b>Net Book Value</b>					
At 31 December 1992	<u>44,531</u>	<u>7,094</u>	<u>24,203</u>	<u>78,215</u>	<u>154,043</u>
At 1 January 1992	<u>32,104</u>	<u>7,289</u>	<u>24,577</u>	<u>94,345</u>	<u>158,315</u>



## Notes to the financial statements for the year ended 31 December 1992 (Continued)

### 9 Tangible fixed assets (Continued)

In the opinion of the directors the present market value of land and buildings is in the region of £52 million below the net book value of £102 million. However, having discussed this matter with their property advisers, the directors are of the opinion that this does not represent a permanent diminution in value. Accordingly no adjustments have been made in the financial statements.

Subsequent to the transfer of No. 1 Southwark Bridge in 1990 from Pearson plc to the Company, the directors have revalued the asset by restating accumulated depreciation. The depreciation charge for the year and the accumulated depreciation are therefore not affected by the revaluation. The directors revalued the asset on the basis that it should reflect the original cost to Pearson plc less accumulated depreciation to the date of the inter-group transfer.

The net book value of plant and machinery includes £1,442,000 (1991 - £1,803,000) in respect of plant and machinery held under finance leases. The depreciation charged in the profit and loss account in respect of the fixed assets held under finance leases was £361,000 (1991 - £361,000).

### 10 Subsidiary undertakings

	<u>1992</u> <u>£'000</u>	<u>1991</u> <u>£'000</u>
Cost of shares	855	855
Provisions for permanent diminution in value	(820)	(820)
Net book value	<u>35</u>	<u>35</u>

Details of subsidiary undertakings, all of which are wholly-owned, are as follows:

#### Active subsidiary undertakings:

The Financial Times (Benelux) Limited  
The Financial Times (France) Limited  
F.T. (Germany Advertising) Limited  
The Financial Times (Europe) Limited  
The Financial Times (Europe) GmbH  
(incorporated in Germany)  
The Financial Times (Switzerland) Limited  
St. Clements Press Limited  
The Financial Times (Spain) Limited  
The Financial Times (Japan) Limited

## Notes to the financial statements for the year ended 31 December 1992 (Continued)

### 10 Subsidiary undertakings (Continued)

#### Dormant subsidiary undertakings:

St. Clements Press (1988) Limited  
St. Clements Press Pension Trustee Limited  
The Financial Times Pension Trustee Limited  
The Financial News Limited  
The Financial Times (Hong Kong) Limited  
(incorporated in Hong Kong)

All the above companies are registered in England and Wales except where indicated.

Group financial statements have not been prepared as the Company is itself the wholly-owned subsidiary undertaking of Financial Times Group Limited, a company incorporated in Great Britain and registered in England and Wales.

In the opinion of the directors the value of the investments in subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

### 11 Associated undertaking

	<u>1992</u> £'000	<u>1991</u> £'000
Cost of shares being also net book value	<u>900</u>	<u>900</u>

Details of the associated undertaking are as follows:

Held at  
1 January 1992  
and 31 December 1992  
% of issued shares held

#### The Economist Newspaper Limited

4,536,000 25p ordinary shares	50
252,000 25p 'A' special shares	-
252,000 25p 'B' special shares	100
100 5p Trust shares	-

The above Company is registered in England and Wales. In the opinion of the directors the value of the investment in the associated undertaking is not less than the amount at which it is stated in the balance sheet.

Notes to the financial statements  
for the year ended 31 December 1992 (Continued)

12 Other investment

The Company acquired unlisted debentures of £41,000 in 1990 which are being amortised over a 10 year period. Amortisation of £4,000 was charged to the profit and loss account during the year.

13 Stocks

	<u>1992</u> £'000	<u>1991</u> £'000
Raw materials and consumables	<u>525</u>	<u>588</u>

In the opinion of the directors, there is no material difference between the replacement cost and the balance sheet valuation of stock.

14 Debtors

	<u>1992</u> £'000	<u>1991</u> £'000
Amounts falling due within one year:		
Trade debtors	16,902	19,720
Amounts owed by group undertakings	986	6,655
Other debtors	1,575	713
Prepayments and accrued income	748	1,045
Corporation tax recoverable	2,923	3,343
	<u>23,134</u>	<u>31,476</u>

Notes to the financial statements  
for the year ended 31 December 1992 (Continued)

15 Creditors

	<u>1992</u> £'000	<u>1991</u> £'000
Amounts falling due within one year:		
Bank loans and overdrafts	13,429	22,203
Obligations under finance leases	-	592
Trade creditors	3,987	3,551
Amounts owed to group undertakings	47,731	45,842
Other taxation and social security	2,117	3,356
Other creditors	306	513
Accruals and deferred income	7,503	8,855
	<u>75,073</u>	<u>84,912</u>

Included in amounts owed to group undertakings is an interest bearing loan of £41,000,000, which is subject to interest at ½% above LIBOR.

	<u>1992</u> £'000	<u>1991</u> £'000
Amounts falling due after more than one year:		
Interest free loans from group undertakings	<u>75,199</u>	<u>75,199</u>

Notes to the financial statements  
for the year ended 31 December 1992 (Continued)

16 Provision for liabilities and charges

a) Deferred taxation

Deferred taxation is provided in full at the applicable rate of taxation in the financial statements. The amounts for which provision has been made are as follows:

	Excess of Tax Allowances over Depreciation £'000	Other Short Term Timing Differences £'000	Timing Differences in connection with Provisions £'000	Total £'000
Provision at 1 January 1992	15,903	(1,437)	(27)	14,439
Transferred from profit and loss account	547	408	(486)	469
Advance corporation tax released	-	179	-	179
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Provision at 31 December 1992	<u>16,450</u>	<u>(850)</u>	<u>(513)</u>	<u>15,087</u>

The deferred tax balance at 31 December 1992 is stated net of advance corporation tax recoverable of £1,047,000 (1991: £1,226,000).

No provision has been made for potential deferred taxation of £184,000 arising on the revaluation of No. 1 Southwark Bridge since the directors do not expect the liability to crystallise.

b) Other provisions

Provision has been made in respect of certain pension arrangements, see note 22:

	£'000
Provision at 1 January 1992	82
Transferred from profit and loss account	1,134
Transfer from group undertakings	309
	<u>          </u>
Provision at 31 December 1992	<u>1,525</u>

The transfer from group undertakings relates to amounts paid by certain fellow subsidiary undertakings and a subsidiary undertaking to the Company, relating to those undertakings pension costs.

Notes to the financial statements  
for the year ended 31 December 1992 (Continued)

17 Called-up share capital

	<u>1992</u> £'000	<u>1991</u> £'000
Authorised, allotted, called-up and fully paid:		
2,001,208 ordinary shares of 25p each	500	500
5,198,792 'A' ordinary shares of 25p each	1,300	1,300
	<u>1,800</u>	<u>1,800</u>

18 Reserves

	<u>Revaluation Reserve</u> £'000	<u>Profit and Loss Account</u> £'000
At 1 January 1992	558	15,349
Deficit for the year	.	(4,821)
At 31 December 1992	<u>558</u>	<u>10,528</u>

19 Capital commitments

	<u>1992</u> £'000	<u>1991</u> £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	822	.
Capital expenditure that has been authorised by the directors but has not yet been contracted for	<u>566</u>	<u>4,831</u>

Notes to the financial statements  
for the year ended 31 December 1992 (Continued)

20 Operating leases

	<u>1992</u>		<u>1991</u>	
	<u>Land and Buildings</u> £'000	<u>Other</u> £'000	<u>Land and Buildings</u> £'000	<u>Other</u> £'000
Annual commitments in respect of operating leases:				
Expiring between two and five years	49	230	49	111
Expiring in over five years	27	-	274	1
	<u>76</u>	<u>230</u>	<u>323</u>	<u>112</u>

21 Contingent liabilities

The Pearson Group, in common with many other groups of companies, has established cash management arrangements with its bankers which reduce aggregate interest expense. In this connection The Financial Times Limited has given an undertaking to Midland Bank plc in respect of sterling sums and to Chase Manhattan Bank NA in respect of US dollar sums owing by fellow group undertakings of Pearson plc included in these banking arrangements. The liability which could ensue from these undertakings is limited to the amount standing to the credit of specified accounts of The Financial Times Limited and certain of its group undertakings with Midland Bank plc and Chase Manhattan Bank NA.

The Company has guaranteed the performance and payment by F.T. Publications Inc, a fellow subsidiary undertaking of Pearson plc, of its contracts with Evergreen Printing and Publishing Company, and American Satellite company in connection with the printing of the Financial Times newspaper in the United States of America.

The Company, together with certain other group undertakings of Pearson plc has guaranteed interest on and repayment of £30,936,000 guaranteed unsecured loan stock of Pearson plc.

## Notes to the financial statements for the year ended 31 December 1992 (Continued)

### 21 Contingent liabilities (Continued)

The Company has agreed to provide F.T. Business Enterprises Limited, a fellow subsidiary undertaking, with sufficient funds to meet F.T. Business Enterprises Limited's obligations as they fall due whilst F.T. Business Enterprises Limited remains a fellow subsidiary within the Financial Times Group. At 31 December 1992 F.T. Business Enterprises Limited had net liabilities due to third parties of £1,885,000.

There are contingent liabilities in respect of outstanding libel claims amounting to £45,000 based on lawyers' estimates of settlements and costs.

The Company has guaranteed payment of the rent of £172,500 per annum in respect of premises occupied by F.T. Business Enterprises Limited (formerly F.T. Business Information Limited), a fellow subsidiary undertaking of Pearson plc.

The Company has a contingent liability to post a bond of US\$1,000,000 relating to the purchase of a computer aided publishing system.

Other contingent liabilities, in respect of bank guarantees, amounted to £141,000 at 31 December 1992.

### 22 Pension commitments

The Company is a member of The Pearson Group Pension Plan, which is a funded defined benefit scheme, details of which, including particulars of the actuarial valuation as at 1 January 1992, can be found in the Report and Accounts of Pearson plc for the year ended 31 December 1992. The pension costs relating to the group plan are assessed in accordance with the advice of a qualified actuary.

The valuation surplus on the group plan calculated by the actuary at 1 January 1992 is being spread over the expected service lives of the group's employees. The Company's pension cost, net of this surplus, is £1,134,000. In 1991 there was no pension cost to the Company because there was both a valuation surplus and also a surplus resulting from a significant reduction in group employees. The latter surplus has now been fully utilised.

### 23 Cash flow statement

The cash flows of the Company are included in the consolidated group cash flow statement of Pearson plc, the ultimate parent company. Consequently, the Company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.



**Notes to the financial statements  
for the year ended 31 December 1992 (Continued)**

**24 Ultimate parent company**

The Company's ultimate parent company is Pearson plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements of Pearson plc are available to the public from the following address:

Pearson plc  
Millbank Tower  
Millbank  
LONDON  
SW1P 4QZ