

The Financial Times Limited

Registered Number :

227590

Annual Report and Financial Statements
For the Year Ended :

31 December 2014

THURSDAY



L4G4KWAG

LD5

17/09/2015

#16

COMPANIES HOUSE

The Financial Times Limited

STRATEGIC REPORT

The directors present their strategic report on The Financial Times Limited (the "Company") for the year ended 31 December 2014.

Review of the Business

The Company continues to be in the business of providing international business and financial news, data, comment and analysis including the publication of the international daily newspaper, Financial Times (FT). The Company also provides users with access to detailed industry news, comments and analysis on FT.com, in mobile and tablet format, on social media and through third party platforms. The Company's education products are used by 335 (2013: 291) education institutions globally, including 39 (2013: 37) of the world's top 50 business schools.

In addition, the Company offers a wide range of print magazines, websites, conferences and events targeting specific areas of the business world. Published titles include Investors Chronicle; Money Management; Pensions Week; Professional Wealth Management; Financial Adviser; fDi Magazine; This is Africa; How to Spend It; China Confidential, ASEAN Confidential and LatAm Confidential; and The Banker.

The FT Non-Executive Director Diploma, a formally accredited, post-graduate level qualification was launched in June 2011 and has had 304 graduates since launch. The course is the first of its kind to address the needs of aspiring and existing non-executive directors.

The Company continues to grow its footprint in executive education, launching the FT | IE Corporate Learning Alliance in December 2014, a joint venture with IE Business School, which provides premium custom learning to business leaders around the globe. The partnership connects the academic excellence of prominent business schools with the FT's award-winning journalism and insight into real world, real-time business challenges.

Key performance indicators

In 2014, the FT's total circulation grew by 10% year-on-year to 720,000 (2013: 652,000) across print and online, the highest paying readership in its history. Digital readership grew strongly, with online subscribers increasing 21% year-on-year to 504,000 (2013: 415,000). Digital readers now represent 70% of the FT's total audience. Mobile readership continues to increase, driving almost half of total traffic. The Company has 330,000 (2013: 260,000) corporate users, up circa 27% on 2013. This includes 39 (2013: 37) of the world's top 50 business schools and 51 (2013: 52) central banks.

In the twelve months to 31 December 2014, the total average weekly circulation of The Economist, in which the Company has a 50% stake, was 1,608,000 (2013: 1,599,000). This comprised a print circulation of 1,409,000 (2013: 1,438,000) and a digital-only circulation of 199,000 (2013: 161,000).

Future developments

Whilst we anticipate the external environment to remain challenging in 2015, we expect to benefit from continued growth in digital and subscription revenues with print advertising remaining volatile and profits reflecting further actions to accelerate the shift from print to digital.

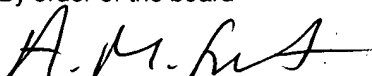
Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the consolidated financial statements of Pearson plc (the "group") and are not managed separately. Accordingly they are discussed in the Business Review section of the group's annual report, which does not form part of this report.

Results

The profit for the financial year after taxation was £12,522,000 (2013: loss of £19,387,000). This includes a top up contribution to the Pearson Group pensions scheme of £24,801,000 (2013: £33,919,000).

By order of the board



AM Fortescue
Company Secretary

30 April 2015

Company registered number:
227590

The Financial Times Limited

DIRECTORS' REPORT

The directors present their report and the audited financial statements of The Financial Times Limited (the "Company") for the year ended 31 December 2014.

Future developments

Future developments have been set out in the Strategic Report on Page 1.

Financial risk management

The financial risk management of the Company is integrated with the principal risks of the consolidated financial statements of Pearson plc (the "group") and are not managed separately. Accordingly they are discussed in the Business Review section of the group's annual report, which does not form part of this report.

Dividends

The directors recommend the payment of a final dividend in respect of the year ended 31 December 2014 of £21,829,000 (2013: £21,028,000).

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

FL Barber

BM Hughes

JD Lund (appointed 1 January 2014)

JJ Ridding

A Viglatzis

Directors' insurance

During the year ended 31 December 2014, the Company maintained insurance covering the directors of the Company against liabilities arising in relation to the Company in accordance with Section 233 of the Companies Act 2006.

Employees

The Company is committed to employment policies, which follow best practice based on equal opportunities for all employees irrespective of gender, marital status, race, ethnic or national origin, colour or nationality, religious or political beliefs, sexual orientation, disability or age.

Disabled Persons

The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If employees become disabled, the Company will offer to continue employment either in the same role, or an alternative position with appropriate retraining, subject to agreement with the employee and with regard to their particular circumstances.

Employee Involvement

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employees are provided with information by a variety of methods including, the Pearson internal communications hub "NEO" and regular emails from Internal Communications. In addition, the Managing Director holds employee briefing sessions to update employees.

In line with the European directive on works councils, Pearson plc has introduced an employee forum where matters of relevance are discussed with elected employee representatives.

All qualifying employees 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 Pearson Group's performance.

The Company is an equal opportunities employer.

The Financial Times Limited

DIRECTORS' REPORT (continued)

Health and Safety Policy

The Company retains the services of an occupational health advisor who works three days a week and offers an occupational health service for all employees. The Company has also appointed first aiders who are available at all times during the working hours of the Company, as well as being available out of hours. All security supervisor shift workers are first aid trained. First aiders are now trained to use automated external defibrillators.

The Company complies with the Pearson Global Health and Safety Policy and minimum standards and also to the Pearson UK Health and Safety Policy which are available on NEO for reference by all staff. All staff members have been made aware of where to find the policy.

The policies are reviewed and updated at least annually or when there is significant change to legislation or the organisation. Pearson health and safety advisers are accessible to the Company, with on-site representation as and when required. The Company has a dedicated Health, Safety & Environment Group on NEO for site specific information. The Company is covered by Pearson's SGS certification for ISO: 14001 Environmental Management. The Company is represented at regular Pearson UK Group Health, Safety and Environment Forum meetings to discuss health and safety issues and keep abreast of relevant new legislation.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared 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 these financial statements, 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he / she has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the board



AM Fortescue
Company Secretary

30 April 2015

Company registered number:
227590

The Financial Times Limited

Independent auditors' report to the members of : The Financial Times Limited

Report on the Financial Statements

Our opinion

In our opinion, The Financial Times Limited's (the "company") financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The Financial Times Limited's financial statements comprise:

- Balance Sheet as at 31 December 2014;
- Profit and Loss Account and Statement of Total Recognised Gains and Losses for the year then ended;
- Reconciliation of movements in shareholders' funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

The Financial Times Limited

**Independent auditors' report to the members of :
The Financial Times Limited (continued)**

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Samuel Tomlinson
Senior Statutory Auditor

For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2015

The Financial Times Limited

PROFIT AND LOSS ACCOUNT

For the year ended :

31 December 2014

		2014	2013
	Note	£'000	£'000
Continuing operations			
Turnover	3	288,343	296,385
Cost of sales		(156,312)	(166,608)
Gross profit		132,031	129,777
Distribution costs		(9,771)	(11,117)
Administrative expenses		(133,684)	(163,558)
Administrative expenses comprise :			
Special pension contribution		(24,801)	(33,919)
Other		(108,883)	(129,639)
Operating loss	4	(11,424)	(44,898)
Income from other fixed asset investments		21,829	21,028
Profit / (loss) on ordinary activities before interest and taxation		10,405	(23,870)
Interest receivable and similar income	7	2,067	3,712
Interest payable and similar charges	7	(487)	(351)
Profit / (loss) on ordinary activities before taxation		11,985	(20,509)
Tax on profit / (loss) on ordinary activities	8	537	1,122
Profit / (loss) for the financial year		12,522	(19,387)

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The Financial Times Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended :

31 December 2014

	2014	2013
	£'000	£'000
Profit / (loss) for the financial year	12,522	(19,387)
Actuarial loss on defined benefit pension obligation	(306)	0
Total recognised gains and losses relating to the year	12,216	(19,387)

The Financial Times Limited

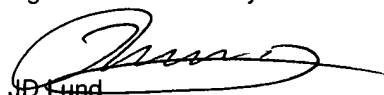
BALANCE SHEET

As at :

31 December 2014

		2014	2013
	Note	£'000	£'000
Fixed assets			
Intangible assets	9	27,806	30,783
Tangible assets	10	86,179	89,916
Investments	11	12,223	2,590
		126,208	123,289
Current assets			
Stocks	12	1,344	1,519
Debtors	13	204,272	215,767
Cash at bank and in hand		74,153	91,961
		279,769	309,247
Creditors - amounts falling due within one year	14	(117,070)	(132,951)
Net current assets		162,699	176,296
Total assets less current liabilities		288,907	299,585
Creditors - amounts falling due after more than one year	14	(1,140)	(1,114)
Provisions for liabilities	16	(3,171)	(7,052)
Net assets		284,596	291,419
Capital and reserves			
Called up share capital	18	185,000	185,000
Other reserves	19	3,151	3,067
Profit and loss account	19	96,445	103,352
Total shareholders' funds	20	284,596	291,419

The financial statements on pages 6 to 43 were approved by the board of directors on 30 April 2015 and were signed on its behalf by :



JD Lund
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended :

31 December 2014

1

Accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently, are set out below.

Basis of consolidation

The Company is a wholly-owned subsidiary of Pearson plc and is included in the consolidated financial statements of Pearson plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Turnover

Turnover represents net circulation, advertisement and other revenue receivable, net of discounts and excluding value added tax. Circulation and print advertising revenue is recognised when the newspaper or publication is published. Online advertising revenue is recognised either as page impressions are served or evenly over the period, depending on the terms of the contract. Subscription revenue is recognised over the life of the subscription.

Foreign currencies

Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction or at an appropriate average rate. Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet.

Intangible fixed assets

Goodwill arising on acquisitions is capitalised and is amortised over a period not exceeding 20 years, being the period expected to benefit. The Company evaluates whether there are any triggers for goodwill impairment in each financial year which would result in an inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Other intangible assets comprise of customer lists and trade names acquired as part of acquisitions of businesses and are capitalised separately from goodwill if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits attributable to the asset will flow to the Company.

Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its estimated useful life as follows:

Customer lists - 10%

Trade names - 10%

Tangible fixed assets

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis.

Freehold buildings are depreciated straight line at 2.5%-10%.

Plant and machinery is depreciated straight line at 10%-20%.

Fixtures and fittings are depreciated straight line at 10%-33.3%.

Freehold land is not depreciated.

Leasehold buildings are depreciated over the period of the lease.

Fixed asset investments

Fixed asset investments are stated at cost less any provision for permanent diminution in value.

Dividend income is recognised when the right to receive payment is established.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended :

31 December 2014

1

Accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where 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 have occurred at the balance sheet date.

A net deferred tax asset is deemed recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Pensions

The Company participates in the Pearson Group Pension Scheme, which is a hybrid with both defined benefit and defined contribution sections but, predominantly, consisting of defined benefit liabilities. The Company is unable to identify its share of the underlying assets and liabilities of the Pearson Group Pension Scheme owing to information regarding non-active members and changes to the group structure including acquisitions and disposals. Accordingly, the Company accounts for its participation in the scheme as defined contribution under the multi-employer rules of FRS 17 "Retirement Benefits". The sponsoring entity to this scheme is Pearson Services Limited, a fellow subsidiary entity.

Certain employees are members of The Financial Times Overseas Pension Plan, which is a defined benefit scheme. The scheme is unfunded and hence there are no assets to value each year. The liabilities are valued in accordance with FRS 17 "Retirement Benefits" using the projected unit credit method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the company's defined benefit pension scheme expected to arise from employee service in the period or arising from the passage of time is charged to the profit and loss account. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. An independent actuarial valuation is performed every three years and this was last performed by Towers Watson as at 30 June 2014.

Share-based payments

Options and shares are awarded to the Company's employees under Pearson plc share and option plans. The fair value of the options granted is recognised as an employee expense after taking account of the Company's best estimate of the number of awards expected to vest. Fair value is measured at the date of grant and is spread over the vesting period of the option or share. The fair value of the options granted is measured using an option model that is most appropriate to the award. The fair value of the shares awarded is measured using the share price at the date of grant unless another method is more appropriate.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended :

31 December 2014

1

Accounting policies (continued)

Leases

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Trade debtors

Trade debtors are stated at fair value after provisions for bad and doubtful debts, credit notes, returns and volume discounts.

Re-presentation of prior year

There has been a presentation change that will improve the comparability of the Company's results with fellow group entities. The change has been applied retrospectively and listed below:

The disclosure of the Company's contributions to employees' personal pension schemes for the year ended 31 December 2013 has been revised to £387,000 from £33,000.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

2

Cash flow statement and related party disclosure

The Company is a wholly-owned subsidiary of Pearson plc and is included in the consolidated financial statements of Pearson plc, which are publicly available. Consequently, the Company has taken exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) "Cash flow statements ". The Company is also exempt under the terms of FRS 8 "Related Party Disclosures" from disclosing related party transactions with Pearson plc and its wholly owned subsidiaries.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

3

Turnover

	2014	2013
	£'000	£'000
Turnover - geographical markets supplied by destination		
United Kingdom	162,876	168,645
Rest of Europe	65,858	69,749
North America	31,113	30,753
Asia and Middle East	22,066	22,779
Rest of world	6,430	4,459
	288,343	296,385

The Company's activities consist of one class of business namely the provision of international business and financial news, data, comment and analysis and associated advertising revenue.

The Company treats invoices to agents in the United Kingdom as United Kingdom turnover, regardless of the country of residence of the customer. The Company has recognised £8,624,000 of barter revenue (2013: £8,619,000) on a gross basis consistent with the requirements of UITF 26 "Barter transactions for advertising."

The net assets of the company are located in the United Kingdom.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

4

Operating loss

	2014	2013
	£'000	£'000
Operating loss is stated after charging / (crediting) :		
Staff costs	121,435	146,022
Depreciation of tangible fixed assets :		
- Owned assets	22,337	15,875
- Leased assets	776	889
Operating lease charges :		
- Land and buildings	142	142
- Other	131	248
Amortisation of intangible fixed assets	3,127	3,111
Foreign exchange (gain) / loss	(514)	1,742
Services provided by the Company's auditors :		
- Fees payable for the audit	217	198

Fees paid to the group's auditor, PricewaterhouseCoopers LLP, and its associates for services other than the statutory audit of the company are not disclosed in the company's financial statements since the consolidated financial statements of the company's ultimate parent company, Pearson plc, are required to disclose non-audit fees on a consolidated basis.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

5

Directors' emoluments

	2014	2013
	£'000	£'000
Aggregate emoluments	2,767	2,926
Company contributions to defined contribution pension schemes	31	0
Aggregate compensation for loss of office	0	477
	2,798	3,403

	2014	2013
	Number directors	Number directors
Directors accruing benefits under defined benefit scheme	1	2
Directors who exercised share options	0	0
Directors entitled to shares under long-term incentive schemes	5	3

	2014	2013
Highest paid director	£'000	£'000
Aggregate emoluments	863	951
Defined benefit pension scheme - accrued pension at end of year	28	25
Shares received under long-term incentive scheme (number)	116,000	100,000

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

6

Employee information

	2014	2013
	£'000	£'000
Staff costs		
Wages and salaries	72,625	87,379
Social security costs	9,140	9,446
Other pension costs	37,681	46,793
Share-based payment costs	1,989	2,404
	121,435	146,022

Pension costs include £447,000 (2013: £387,000) representing the Company's contributions to employees' personal pension schemes. The remaining amounts of £37,234,000 (2013: £46,406,000) represent the charge for funding of the Pearson Group Pension Scheme.

	2014	2013
	Number	Number
Average monthly number of persons (including directors) employed by the Company during the year		
Production	861	889
Selling and distribution	117	105
Administration	282	247
	1,260	1,241

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

7

Net interest receivable

	2014	2013
	£'000	£'000
Finance lease interest	66	209
Interest payable to group companies	58	38
Other interest	363	6
Bank interest payable	0	98
Interest payable and similar charges	487	351
Bank interest receivable	204	3
Interest receivable from group companies	1,863	3,665
Other interest	0	44
Interest receivable and similar income	2,067	3,712
Net interest receivable	1,580	3,361

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

8

Tax on profit / (loss) on ordinary activities

	2014	2013
	£'000	£'000
Current tax :		
UK corporation tax on profit / (loss) for the year	(423)	(8,329)
Adjustments in respect of prior years	(311)	7,044
Overseas taxation	413	166
Total current tax	(321)	(1,119)
Deferred tax :		
Origination and reversal of timing differences	(186)	239
Deferred tax on share-based payments	0	(19)
Adjustments in respect of prior years	(30)	(223)
Total deferred tax	(216)	(3)
Tax (credit) on profit / (loss) on ordinary activities	(537)	(1,122)
UK standard effective rate of corporation tax (%)	21.50	23.25

The tax assessed for the year differs from the standard effective rate of corporation tax in the UK as explained below :

	2014	2013
	£'000	£'000
Profit / (loss) on ordinary activities before taxation	11,985	(20,509)
Profit / (loss) on ordinary activities before taxation multiplied by UK standard effective rate	2,577	(4,768)
Effects of :		
Excess of capital allowances over depreciation for the year	389	322
Other expenses not deductible for tax purposes	1,250	1,481
Other timing differences	49	(301)
Adjustments in respect of prior years	(311)	7,044
Foreign tax	413	166
Non taxable UK dividend income	(4,693)	(4,889)
Share-based payments	5	(174)
Current tax credit for the year	(321)	(1,119)

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. A further reduction of the main rate to 20% from 1 April 2015 was substantively enacted on 2 July 2013. Accordingly, the company profits for this accounting period are taxed at an effective rate of 21.5% and deferred tax at 20%.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

9

Intangible assets

	Customer lists	Trade names	Goodwill	Total
	£'000	£'000	£'000	£'000
Cost :				
At 1 January 2014	1,351	265	58,974	60,590
Additions	0	150	0	150
At 31 December 2014	1,351	415	58,974	60,740
Accumulated amortisation :				
At 1 January 2014	596	119	29,092	29,807
Charge for the year	134	46	2,947	3,127
At 31 December 2014	730	165	32,039	32,934
Net book value :				
At 31 December 2013	755	146	29,882	30,783
At 31 December 2014	621	250	26,935	27,806

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

10

Tangible assets

	Land and buildings	Plant and machinery	Fixtures and fittings	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation :					
At 1 January 2014	87,823	21,008	115,887	10,425	235,143
Additions	0	0	1,279	18,097	19,376
Reclassifications	79	0	20,339	(20,418)	0
At 31 December 2014	87,902	21,008	137,505	8,104	254,519
Accumulated depreciation :					
At 1 January 2014	41,172	19,258	84,797	0	145,227
Charge for the year	2,936	233	19,944	0	23,113
At 31 December 2014	44,108	19,491	104,741	0	168,340
Net book value :					
At 31 December 2013	46,651	1,750	31,090	10,425	89,916
At 31 December 2014	43,794	1,517	32,764	8,104	86,179

If land and buildings had not been revalued they would be included at :

	2014 £'000	2013 £'000
Cost	85,117	85,117
Accumulated depreciation	(41,122)	(40,259)
Net book value	43,995	44,858

	2014 £'000	2013 £'000
Assets held under finance leases :		
Cost	4,086	4,021
Accumulated depreciation	(2,981)	(2,205)
Net book value	1,105	1,816

Finance lease assets relate to fixtures and fittings.

In 1993, the directors took advice from their professional advisers regarding the market value of land and buildings. The directors were of the opinion that there had been a permanent diminution in value of land and buildings and provided for £20,000,000 at 31 December 1993, reducing the cost accordingly. The impairment was recorded in the profit and loss account as an operating expense.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

11

Investments

	2014	2013
	£'000	£'000
Subsidiary undertakings	1,352	1,352
Associated undertakings and joint ventures	10,533	900
Other	338	338
	12,223	2,590

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

11a

Investments - subsidiary undertakings

	Total
	£'000
Cost :	
At 1 January 2014	7,311
At 31 December 2014	7,311
Impairment	
At 1 January 2014	5,959
At 31 December 2014	5,959
Net book value :	
At 31 December 2013	1,352
At 31 December 2014	1,352

The directors consider that giving full particulars of all subsidiary and associated undertakings would lead to a statement of excessive length. The following information relates to principal subsidiary undertakings.

Details of subsidiary undertakings:

				2014	2013
Subsidiary	Principal activity	Class of shares held	Country of incorporation	% owned	% owned
The Financial Times (Benelux) Limited	Advertising, circulation and promotional representative of the Company in Belgium.	Ordinary	England	100%	100%
The Financial Times (France) Limited	Advertising, circulation and promotional representative of the Company in France.	Ordinary	England	100%	100%
The Financial Times (Japan) Limited	Advertising, circulation and promotional representative of the Company in Japan.	Ordinary	England	100%	100%
The Financial Times (Spain) Limited	Advertising, circulation and promotional representative of the Company in Spain.	Ordinary	England	100%	100%
Financial Times (ASC) Limited	Management of printing contracts for the Company.	Ordinary	England	100%	100%
St. Clements Press (1988) Limited	Printing of the Financial Times and other newspapers.	Ordinary	England	100%	100%
FT Labs Limited	Website development	Ordinary	England	100%	100%
The Financial Times (M-M UK) Limited	Provider of news and intelligence for investors	Ordinary	England	100%	100%

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.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

11b

Investments - associated undertakings and joint ventures

	Total
	£'000
Cost :	
At 1 January 2014	900
Additions	9,633
At 31 December 2014	10,533
Net book value :	
At 31 December 2013	900
At 31 December 2014	10,533

On 3 April 2014 the Company disposed of its shareholding in 2TheDoor Limited for £300 which represents the cost of the investment. On 23 December 2014, the Company acquired a 50% stake in Corporate Learning Alliance Ltd for £9,633,000.

Details of associated undertakings and joint ventures:

			2014	2013
Associated undertaking	Principal activity	Country of incorporation	% owned	% owned
The Economist Newspaper Limited (11,340,000 5p ordinary shares) (1,260,000 5p "B" special shares)	Provision, distribution and publication of business information.	England	50%	50%
2TheDoor Limited	Delivery of publications	England	0%	30%
Corporate Learning Alliance (1,090,000 'B' shares)	Provision of executive education	England	50%	0

In the opinion of the directors, the value of the investments in associated undertakings and joint ventures is not less than the amount at which they are stated in the balance sheet.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

11c

Investments - other

	Unlisted Debentures	Other Investments	Total
	£'000	£'000	£'000
Cost :			
At 1 January 2014	72	338	410
At 31 December 2014	72	338	410
Impairment			
At 1 January 2014	72	0	72
At 31 December 2014	72	0	72
Net book value :			
At 31 December 2013	0	338	338
At 31 December 2014	0	338	338

Details of other investments :

		2014	2013
	Class of shares held	% owned	% owned
NLA Media Access Limited	Ordinary	12.5%	12.5%

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

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

12

Stocks

	2014	2013
	£'000	£'000
Raw materials and consumables	1,344	1,519

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

13

Debtors

	2014	2013
	£'000	£'000
Amounts falling due within one year :		
Trade debtors	43,060	40,576
Amounts owed by group undertakings	144,143	151,827
Deferred taxation	3,998	3,781
Other taxation and social security	688	4,835
Other debtors	6,953	6,867
Prepayments and accrued income	5,430	7,881
Total Debtors	204,272	215,767

Amounts owed by group undertakings include loans attracting interest at LIBOR plus basis points ranging from 102 - 106 (2013: LIBOR plus basis points ranging from 35 - 102). The loans are unsecured and repayable on demand. The remaining amount owed by group undertakings is unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

14

Creditors

	2014	2013
	£'000	£'000
Amounts falling due within one year :		
Trade creditors	8,742	21,633
Amounts owed to group undertakings	21,329	21,394
Finance leases	475	957
Other taxation and social security	5,955	10,460
Corporation tax	15,602	13,626
Other creditors	399	545
Accruals and deferred income	64,568	64,336
	117,070	132,951
Amounts falling due after more than one year :		
Trade creditors	0	477
Amounts owed to group undertakings	1,009	0
Finance leases	131	637
	1,140	1,114

Amounts owed by group undertakings include loans attracting interest at rates varying from nil to LIBOR plus 106 basis points (2013: rates ranging from nil to LIBOR plus 102 basis points). The loans are unsecured and repayable on demand.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

15

Loans and other borrowings

Finance leases

Future minimum payments under finance leases are as follows :

	2014	2013
	£'000	£'000
Within one year	481	1,009
In more than one year, but not more than five years	140	647
Total gross payments	621	1,656
Less finance charges included above	(15)	(62)
	606	1,594

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

16

Provisions for liabilities

	Pensions	Re- organisations	Other Provisions	Total
	£'000	£'000	£'000	£'000
At 1 January 2014	794	4,914	1,344	7,052
Utilised in the year	0	(3,160)	(1,161)	(4,321)
Amounts released to the profit and loss	0	(444)	(14)	(458)
Amounts charged to the profit and loss	396	480	22	898
At 31 December 2014	1,190	1,790	191	3,171

The reorganisation provision relates to redundancy obligations.

The pension provision relates to a defined benefit scheme for non-journalistic staff.

Other provisions relate to dilapidations and onerous lease provisions and other amounts in respect of legal proceedings.

The dilapidation provision is the current best estimate of the cost of bringing certain properties, held under operating leases, back to their original condition as required by the lease agreement. The provision is built up over the life of the lease with the associated cost recognised as an operating item in the profit and loss account. The provision will be utilised as the lease comes to an end and / or properties require repair.

A provision has been recognised for an onerous obligation under an operating lease where the property is vacant. The provision covers residual lease commitments after allowing for anticipated sublet rental income.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

17

Deferred taxation

	Share based payments	Fixed Assets	Provisions	Total
Asset	£'000	£'000	£'000	£'000
At 1 January 2014	609	2,950	222	3,781
Amounts charged to the profit and loss	0	113	103	216
At 31 December 2014	609	3,063	325	3,997
			2014	2013
			£'000	£'000
Total deferred taxation			3,997	3,781

A further deferred tax asset of £3,751,000 (2013: £3,751,000) has not been recognised on losses available to carry forward due to the uncertainty regarding the timing of future taxable profits. The losses will be available to offset against future taxable profits.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

18

Called up share capital

	2014	2013
	£'000	£'000
Total share capital	185,000	185,000

	2014	2013	2014	2013
	Number	Number	£'000	£'000
	'000s	'000s	£'000	£'000
Ordinary share £1 each				
Allotted and fully paid	185,000	185,000	185,000	185,000

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

19

Reserves

	Profit and loss account	Other reserves	Total
	£'000	£'000	£'000
At 1 January 2014	103,352	3,067	106,419
Profit for the financial year	12,522	0	12,522
Share-based payments charge	0	1,989	1,989
Transfers	1,905	(1,905)	0
Dividend paid	(21,028)	0	(21,028)
Actuarial loss on defined benefit pension obligation	(306)	0	(306)
At 31 December 2014	96,445	3,151	99,596

Other reserves comprise the accumulated charge for the parent company's share-based payment plans.

In addition, the directors are proposing a final dividend in respect of the financial year ending 31 December 2014 of £0.12 per share which will absorb an estimated £21,829,000 of shareholders' funds.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

20

Reconciliation of movements in shareholders' funds

	2014	2013
	£'000	£'000
Profit / (loss) for the financial year	12,522	(19,387)
Dividends paid	(21,028)	(321,171)
Share-based payments charge	1,989	2,404
Actuarial loss on defined benefit pension obligation	(306)	0
Opening shareholders' funds	291,419	629,573
Closing shareholders' funds	284,596	291,419

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

21

Share-based payments

The company's employees are entitled to shares and options under the following equity-settled employee option and share plans:

Save-for-Shares Plans

Since 1994, the Group has operated a Save-As-You-Earn plan for UK employees. In 1998, the Group introduced a Worldwide Save for Shares Plan. Under these plans, employees can save a portion of their monthly salary over periods of three, five or seven years. At the end of this period, the employee has the option to purchase ordinary shares with the accumulated funds at a purchase price equivalent to 80% of the market price prevailing at the time of the commencement of the employee's participation in the plan. Options that are not exercised within six months of the third, fifth or seventh anniversary after grant lapse unconditionally.

Long-Term Incentive Plan

This plan was introduced in 2001, renewed in 2006 and again in 2011. The plan consists of restricted shares. The vesting of restricted shares is normally dependent on continuing service over a three to five-year period, and in the case of senior management upon the satisfaction of corporate performance targets over a three-year period. These targets may be based on market and/or non-market performance criteria. Restricted shares awarded to senior management in May 2014 and May 2013, vest dependent on relative total shareholder return, return on invested capital and earnings per share growth. Restricted shares awarded to senior management in November 2014 vest dependent on earnings per share growth. Other restricted shares awarded in 2014 and 2013 vest depending on continuing service over a three-year period.

Annual bonus share matching

This plan permits executive directors and senior executives around the Group to invest up to 50% of any after tax annual bonus in Pearson shares. If these shares are held and the Group meets an earnings per share growth target, the company will match them on a gross basis of up to one matching share for every invested share, i.e. the maximum number of matching shares is equal to the number of shares that could have been acquired with the amount of the pre-tax annual bonus taken in invested shares. Awards under this plan ceased in 2013.

The movement and weighted average exercise prices of share options granted under the group's schemes are as follows:

	2014 Number of share options	2014 Weighted average exercise price	2013 Number of share options	2013 Weighted average exercise price
	'000s	£	'000s	£
Outstanding at beginning of year	408	8.32	513	7.49
Granted during the year	438	8.11	103	9.14
Exercised during the year	(112)	7.73	(180)	6.34
Forfeited during the year	(55)	8.89	(25)	8.94
Expired during the year	(7)	6.50	(6)	6.50
Transferred in during the year	0	0.00	3	5.35
Transferred out during the year	0	0.00	0	0.00
Outstanding at end of year	672		408	

Weighted average share price during the year of options exercised

11.41

12.42

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

**For the year ended :
31 December 2014**

21

Share-based payments (continued)

Options were exercised regularly during the year. Early exercises arising from redundancy, retirement or death are treated as an acceleration of vesting and the Group therefore recognises in the income statement the amount that otherwise would have been recognised for services received over the remainder of the original vesting period.

The options outstanding at the end of the year have weighted average remaining contractual lives and exercise prices as follows :

	2014	2014	2013	2013
	Number of	Weighted	Number of	Weighted
	share	average	share	average
	options	contract	options	contract
Range of exercise prices		life		life
£	'000s	Years	'000s	Years
0-5	0	0.00	0	0.00
5-10	672	3.01	408	2.36
10-15	0	0.00	0	0.00
	672	3.01	408	2.36

In 2014 and 2013 options were granted under the Worldwide Save for Shares Plan. The weighted average estimated fair value for the options granted was calculated using a Black-Scholes option pricing model.

The weighted average estimated fair values and the inputs to the Black-Scholes model are as follows :

	2014	2013
	Weighted	Weighted
	average	average
Fair value	2.42	2.30
Weighted average share price	11.09	11.71
Weighted average exercise price	8.11	9.14
Expected volatility	21.57%	22.38%
Expected life	4.31	4.01
Risk-free rate	1.46%	0.57%
Forfeiture rate	3.81%	3.51%
Expected dividend yield	4.33%	3.84%

The expected volatility is based on the historic volatility of the Company's share price over the previous 3 to 7 years depending on the vesting term of the options.

During the year, the following shares were granted under restricted share arrangements:

	2014	2014	2013	2013
	Number of	Weighted	Number of	Weighted
	shares	average	shares	average
	'000s	fair value	'000s	fair value
		£		£
Annual Bonus Share Matching Plan	0	0.00	18	12.06
Long-term Incentive Plan	253	11.29	208	11.50

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

21

Share-based payments (continued)

Restricted shares with a market performance condition were valued by an independent actuary using a Monte Carlo model. Restricted shares with a non-market performance condition were fair valued based on the share price at the date of grant. Non-market performance conditions are taken into consideration by adjusting the number of shares expected to vest based on the most likely outcome of the relevant performance criteria.

The fair value of shares granted under the Long-Term Incentive Plan that vest unconditionally is determined using the share price at the date of grant. The number of shares expected to vest is adjusted, based on historical experience, to account for potential forfeitures. Restricted shares granted under the Annual Bonus Share Matching Plan are valued using the share price at the date of grant. Participants under both plans are entitled to dividends during the vesting period and therefore the share price is not discounted.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

22

Capital commitments

	2014	2013
	£'000	£'000
Contracts placed for future capital expenditure not provided in the financial statements	873	1,040

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

23

Operating lease commitments

	2014 Land and buildings £'000	2014 Other £'000	2013 Land and buildings £'000	2013 Other £'000
Expiring :				
Within one year	21	31	132	131
Between two and five years	91	7	20	44
	112	38	152	175

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

24

Contingent liabilities

Bank guarantees

The Company participates in an arrangement with HSBC Bank plc whereby the financial statements of Pearson plc and 34 of its subsidiaries, 'the guarantors', are combined, with cleared debit and credit balances being offset for interest calculation purposes. In order to comply with banking regulations, each Guarantor has provided a multilateral guarantee in respect of the overdraft obligations (but no other debts due to the bank) of each of the other participants. Under this arrangement, the net cash position at 31 December 2014 was £4,242,473 (2013: net cash position £7,538,075). The maximum amount of this guarantee is limited to a net overdraft of £50,000,000 (2013: £50,000,000).

Other guarantees and indemnities

The Company has agreed to provide, or arrange the provision of, funds to Financial Times (ASC) Limited, a subsidiary undertaking of the Company, sufficient to meet its obligations as they fall due for at least twelve months from the date of signature of their financial statements. At 31 December 2014, Financial Times (ASC) Limited had net liabilities of £1,892,000 (2013: £1,867,000).

The Company has agreed to provide, or arrange the provision of, funds to FT Personal Finance Limited, a subsidiary undertaking of the Company, sufficient to meet its obligations as they fall due for at least twelve months from the date of signature of their financial statements. At 31 December 2014, FT Personal Finance Limited had net liabilities of £19,652,000 (2013: £19,551,000).

The Company has agreed to provide, or arrange the provision of, funds to The Financial Times (M-M UK) Limited, a subsidiary undertaking of the Company, sufficient to meet its obligations as they fall due for at least twelve months from the date of signature of their financial statements. At 31 December 2014, The Financial Times (M-M UK) Limited had net liabilities of £2,886,000 (2013: £2,624,000).

The Company has agreed to provide, or arrange the provision of, funds to St. Clements Press (1988) Limited, a subsidiary undertaking of the Company, sufficient to meet its obligations as they fall due for at least twelve months from the date of signature of their financial statements. At 31 December 2014, St. Clements Press (1988) Limited had total net liabilities of £8,000 (2013: £184,000).

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

25

Pension commitments

	2014	2013
	£'000	£'000
Profit and loss charge for the Company in respect of its participation in the scheme representing regular contributions paid	12,612	12,573

Pearson Group Pension Scheme :

(determined by an actuarial valuation using the projected unit method)

Total market value of assets	2,714,000	2,353,000
Value of liabilities (calculated in accordance with FRS 17)	(2,512,300)	(2,254,200)
Total FRS 17 surplus / (deficit)	201,700	98,800

The Company participates in the Pearson Group Pension Scheme.

This is a hybrid with both defined benefit and defined contribution sections but, predominantly, consisting of defined benefit liabilities.

The Company is unable to identify its share of the underlying assets and liabilities of the Pearson Group Pension Scheme owing to information regarding non-active members and changes to the group structure including acquisitions and disposals. Accordingly, the Company accounts for its participation in the scheme as defined contribution under the multi-employer rules of FRS 17 "Retirement Benefits". The sponsoring entity to this scheme is Pearson Services Limited.

The Company will be required to make incremental contributions as part of the group's obligations to fund the scheme and any deficit arising and contributions are expected to remain at similar levels to the current year in 2015.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

26

Related party transactions

There are no material amounts on the balance sheet due to/from associates.

The Company is a wholly owned subsidiary within Pearson plc and utilises the exemption contained in FRS 8 "Related Party Disclosures" not to disclose any transactions with entities that are part of the Pearson plc group. The address at which the Pearson plc consolidated financial statements are publicly available is shown in note 28.

Included in the Creditors balance is £2,266,000 payable to Corporate Learning Alliance Ltd, a joint venture entered into in December 2014.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

27

Post balance sheet events

There have been no significant transactions or events between 31 December 2014 and the date of this report.

The Financial Times Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2014

28

Ultimate parent undertaking

The immediate parent undertaking is Financial Times Group Limited.

The ultimate parent undertaking and controlling party is Pearson plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Pearson plc's consolidated financial statements can be obtained from the Company Secretary at Pearson plc, 80 Strand, London WC2R 0RL.