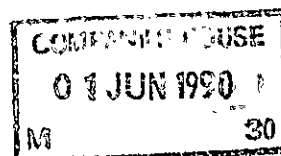


THE FINANCIAL TIMES LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1989

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THE FINANCIAL TIMES LIMITED

A subsidiary of Pearson plc

DIRECTORS

Viscount Blakenham - Chairman
F Barlow - Deputy Chairman
D E Prior-Palmer - Chief Executive
R A F McClean - Deputy Chief Executive
D S Gordon
G D Owen
A C Miller - (Appointed 7 June 1989)

SECRETARY AND REGISTERED OFFICE

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

AUDITORS

Coopers & Lybrand Deloitte

BANKERS

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

THE FINANCIAL TIMES LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 1989.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

During the year the Company moved its Head Office to a new building at Southwark Bridge, London SE1.

The Company continued printing its International edition in Roubaix, Frankfurt and New Jersey. It has also announced its intention to commence printing in Tokyo from June 1990.

RESULTS AND DIVIDENDS

The profit of the Company for the year after taxation was £13,145,590. An interim dividend of £2,745,000 has been declared and paid. The directors recommend payment of a final dividend of £7,040,000 leaving a retained profit for the year of £3,360,590 which has been credited to reserves, leaving accumulated profits carried forward of £24,417,044.

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 holding company, Financial Times Group Limited, and are not required to notify their interests to this Company.

SIGNIFICANT CHANGES IN FIXED ASSETS

The Company made the following major investments during 1989:

Payments in connection with the printing plant at East India Dock	£
Buildings	144,731
Printing Presses under construction	1,112,260
Other Equipment	3,355,007
	<hr/>
	£ 4,611,998
	<hr/>

THE FINANCIAL TIMES LIMITED

DIRECTORS' REPORT (Continued)

SIGNIFICANT CHANGES IN FIXED ASSETS (Continued)

Payments relating to transmission equipment for the new Japanese Printing Operations:

Equipment under construction	£ 525,014
------------------------------	-----------

Payments in connection with the move of both the allied production and the Head Office departments to the new building at Southwark Bridge:

	£
Building	18,414,720
Equipment	5,923,505
	<hr/>
	£ 24,338,225
	<hr/>

Further details of fixed asset movements are included in note 9 to the accounts.

CHARITABLE DONATIONS

During the year the Company donated a total of £5,600 to various charities.

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.

During 1989, following approval by its parent Pearson plc's shareholders, the Company introduced an employee share scheme based on its trading results.

All employees of Pearson plc Group companies 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 holding company are available to all employees and a statement summarising the performance of the Financial Times Group is also sent to all employees.

THE FINANCIAL TIMES LIMITED

DIRECTORS' REPORT (Continued)

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.

AUDITORS

Our auditors, Deloitte Haskins & Sells, are in the process of merging their practice with Coopers & Lybrand. In the meantime they have adopted Coopers & Lybrand Deloitte as their business name and have signed their audit report in that name.

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Coopers & Lybrand Deloitte as auditors to the Company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



Secretary

23 March 1990

THE FINANCIAL TIMES LIMITED

AUDITORS' REPORT
TO THE MEMBERS OF THE FINANCIAL TIMES LIMITED

We have audited the financial statements on pages 7 to 22 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 1989 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The financial statements do not include the statement of source and application of funds required by Statement of Standard Accounting Practice No. 10.

Ernst & Young S. C. A.

Chartered Accountants

London

23 March 1990

THE FINANCIAL TIMES LIMITED

ACCOUNTING POLICIES

Basis of accounting

The Company prepares its financial statements on the historical cost basis of accounting.

Turnover

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

Associated company

The Company's investment in the associated company is stated at cost in the balance sheet.

Tangible fixed assets

Fixed assets are stated at cost and are depreciated over their estimated economic lives by equal annual instalments at the appropriate rates between 5% and 33 1/3% per annum.

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.

Deferred taxation

The Company provides deferred taxation, at the applicable rates, 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.

Stocks and work-in-progress

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

THE FINANCIAL TIMES LIMITED

ACCOUNTING POLICIES (Continued)

Investment in subsidiaries

The Company's investment in subsidiary companies is stated at cost less provisions required to take account of any permanent diminution in value.

Pension contributions

With the adoption of the Statement of Standard Accounting Practice on Accounting for 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 from expected cost 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

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
TURNOVER	1	115,036,851	106,861,510
COST OF SALES		(66,685,262)	(63,600,480)
GROSS PROFIT		<u>48,351,589</u>	<u>43,261,030</u>
DISTRIBUTION COSTS		(4,298,256)	(4,397,752)
ADMINISTRATIVE EXPENSES		(23,283,465)	(16,402,040)
OTHER OPERATING INCOME		25,504	34,884
OPERATING PROFIT		<u>20,795,372</u>	<u>22,496,122</u>
INVESTMENT INCOME	4	1,682,400	1,397,920
INTEREST RECEIVABLE		36,623	345,467
INTEREST PAYABLE	5	<u>(2,074,605)</u>	<u>(1,084,863)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	20,439,790	23,154,646
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	6	<u>(7,294,200)</u>	<u>(8,204,972)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		13,145,590	14,949,674
EXTRAORDINARY CHARGE NET OF TAXATION	7	<u>-</u>	<u>(4,883,027)</u>
PROFIT AFTER TAXATION AND EXTRAORDINARY ITEMS		13,145,590	10,066,647
DIVIDENDS	8	<u>(9,785,000)</u>	<u>(6,627,000)</u>
RETAINED PROFIT FOR THE YEAR	20	<u>£ 3,360,590</u> =====	<u>£ 3,439,647</u> =====

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1989

1. TURNOVER

	<u>1989</u>	<u>1988</u>
	£	£
Geographical markets supplied:		
United Kingdom	95,269,165	89,040,783
Europe	7,571,650	6,052,440
North America	6,482,475	6,759,814
South America	239,958	147,497
Africa	876,307	1,095,590
Asia	4,007,948	3,348,789
Australasia	569,348	416,597
	<u>£ 115,036,851</u>	<u>£ 106,861,510</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. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1989</u>	<u>1988</u>
	£	£
Profit on ordinary activities before taxation is arrived at after charging:		
Staff costs (see Note 3)	23,426,744	22,584,758
Depreciation of tangible fixed assets	2,840,544	1,411,109
Auditors' remuneration	45,150	42,875
Hire of land and buildings - operating leases	1,795,666	268,026
Hire of other assets - operating leases	3,193	9,246
Exceptional Item:		
Costs incurred relating to the Head Office relocation. (This includes £1,501,365 relating to the hire of land and buildings under operating leases not included above)	<u>2,686,295</u>	<u>-</u>

Amounts charged to revenue in respect of sums payable for the hire of plant and machinery under finance leases are shown separately under the headings of depreciation £307,500 (1988: Nil) and finance charges £221,000 (1988: Nil).

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1989 (Continued)

3. DIRECTORS AND EMPLOYEES

	<u>1989</u>	<u>1988</u>
	Number	Number
The average weekly number of persons (including directors) employed by the Company during the year was:	871	869
	£	£
Staff costs comprised:		
Wages and salaries	21,647,765	20,971,733
Social security costs	1,778,979	1,582,799
Other pension costs	-	30,226
	<u>£ 23,426,744</u>	<u>£ 22,584,758</u>

The number of senior employees of the Company, other than directors, who received remuneration (excluding pension contributions) exceeding £30,000 were as follows:

	<u>1989</u>	<u>1988</u>
	Number	Number
£30,001 - £35,000	84	85
£35,001 - £40,000	70	55
£40,001 - £45,000	30	21
£45,001 - £50,000	19	4
£50,001 - £55,000	5	7
£55,001 - £60,000	3	6
£60,001 - £65,000	7	-
£65,001 - £70,000	4	1
£70,001 - £75,000	1	1
£75,001 - £80,000	1	-
£80,001 - £85,000	1	-
£85,001 - £90,000	1	-
£90,001 - £95,000	1	-
£95,001 - £100,000	1	-
£100,001 - £105,000	1	-

The remuneration paid to directors was:

	£	£
Fees and other emoluments (including pension contributions)	676,162	573,245
Pensions paid to former directors	-	4,905
Compensation for loss of office	-	4,700
	<u>£ 676,162</u>	<u>£ 582,850</u>

Fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:

Chairman	£ -	£ -
Highest paid director	<u>£ 250,508</u>	<u>£ 229,183</u>

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1989 (Continued)

3. DIRECTORS AND EMPLOYEES (Continued)

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

	<u>1989</u>	<u>1988</u>
	Number	Number
£0 - £5,000	1	1
£25,001 - £30,000	1	-
£35,001 - £40,000	-	1
£95,001 - £100,000	-	1
£100,001 - £105,000	-	1
£105,001 - £110,000	-	1
£115,001 - £120,000	2	-
£165,001 - £170,000	1	-

4. INVESTMENT INCOME

	<u>1989</u>	<u>1988</u>
	£	£
Income from shares in group companies (excluding associates)	540,000	454,000
Income from investment in associate	1,142,400	873,600
Income from other listed fixed asset investments	-	70,320
	<u>£ 1,682,400</u>	<u>£ 1,397,920</u>

5. INTEREST PAYABLE

	<u>1989</u>	<u>1988</u>
	£	£
Total interest payable on sums wholly repayable within 5 years	<u>£ 2,074,605</u>	<u>£ 1,084,863</u>

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1989 (Continued)

6. TAXATION

	<u>1989</u>	<u>1988</u>
	£	£
UK Corporation tax at 35%:		
Current	5,630,150	3,800,553
Deferred	1,603,162	4,099,201
	<u>7,233,312</u>	<u>7,899,754</u>
Under/(over)provision in respect of prior years:		
Current	47,300	59,482
Deferred	(272,012)	9,756
Tax credits on franked investment income	<u>285,600</u>	<u>235,980</u>
	<u>£ 7,294,200</u>	<u>£ 8,204,972</u>

7. EXTRAORDINARY ITEMS

	<u>1989</u>	<u>1988</u>
	£	£
Extraordinary charges:		
Provision against cost of investment in and amounts due from St Clements Press Limited	-	(4,777,682)
Increase in provision in respect of the relocation to Docklands	-	(162,069)
Extraordinary Charge	<u>£ -</u>	<u>£ (4,939,751)</u>
Taxation relief on the above:		
UK Corporation tax at 35%		
Current		56,724
	<u>£ -</u>	<u>£ 56,724</u>
Extraordinary Charge net of taxation	<u>£ -</u>	<u>£ (4,883,027)</u>

8. DIVIDENDS

	<u>1989</u>	<u>1988</u>
	£	£
Interim paid	2,745,000	1,877,000
Final proposed	7,040,000	4,750,000
	<u>£ 9,785,000</u>	<u>£ 6,627,000</u>

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1989 (Continued)

9. TANGIBLE FIXED ASSETS

	Plant and Machinery	Fixtures, Fittings, tools and Equipment	Payments on account & assets in course of construction	Land and Buildings	Total
	£	£	£	£	£
At 1 January 1989	25,174,608	4,491,500	-	24,310,657	53,976,765
Additions	3,474,403	7,097,282	1,637,274	18,666,412	30,875,371
Disposals	(468,740)	(862,596)	-	-	(1,331,336)
Inter-group transfer	-	7,520	-	-	7,520
At 31 December 1989	£ 28,180,271	£ 10,733,706	£ 1,637,274	£ 42,977,069	£ 83,528,320

Depreciation

At 1 January 1989	1,000,592	1,582,516	-	-	2,583,108
Charge for the year	1,624,061	600,074	-	616,409	2,840,544
Eliminated in respect of disposals	(152,837)	(353,939)	-	-	(506,776)
Inter-group transfer	-	752	-	-	752
At 31 December 1989	£ 2,471,816	£ 1,829,403	£ -	£ 616,409	£ 4,917,628

Net book value

At 31 December 1989	£ 25,708,455	£ 8,904,303	£ 1,637,274	£ 42,360,660	£ 78,610,692
At 1 January 1989	£ 24,174,016	£ 2,908,984	£ -	£ 24,310,657	£ 51,393,657

The net book value of plant and machinery includes £2,767,500 (1988 - £3,075,000) 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 £307,500 (1988 - £Nil).

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1989 (Continued)

10. OPERATING LEASES

	<u>1989</u>		<u>1988</u>	
	<u>Land and</u>	<u>Other</u>	<u>Land and</u>	<u>Other</u>
	<u>Buildings</u>		<u>Buildings</u>	
	£	£	£	£
Annual commitments in respect of operating leases:				
Expiring within one year	1,493,437	6,162	1,875,000	-
Expiring in the second to fifth years inclusive	-	3,754	5,640	8,952
Expiring in over five years	251,689	-	272,666	-
	<u>£ 1,745,126</u>	<u>£ 9,916</u>	<u>£ 2,153,306</u>	<u>£ 8,952</u>

11. INVESTMENT IN SUBSIDIARIES

	<u>1989</u>	<u>1988</u>
Shares at cost less amounts written off	£ 34,544	£ 34,544
Details of subsidiaries:		

Percentage of capital owned
Ordinary

	<u>%</u>
Active Subsidiaries:	
The Financial Times (Benelux) Limited	100
The Financial Times (France) Limited	100
FT (Germany Advertising) Limited	100
The Financial Times (Europe) Limited	100
The Financial Times (Switzerland) Limited	100
St. Clements Press Limited	100
FT (Spain) Limited	100
St Clements Press (1988) Limited	100
Dormant Subsidiaries:	
St. Clements Press Pension Trustee Limited	100
The Financial Times Pension Trustee Limited	100
The Financial News Limited	100
The Financial Times (Japan) Limited (formerly	
The Financial Times (Canada) Limited)	100
The Financial Times (Hong Kong) Limited	100
(registered in Hong Kong)	

All the above companies are registered in Great Britain except where indicated.

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1989 (Continued)

11. INVESTMENT IN SUBSIDIARIES (Continued)

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

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

12. INVESTMENT IN ASSOCIATED COMPANY

	<u>1989</u>	<u>1988</u>
Shares at cost	£ 900,000	£ 900,000

Details of the associated company are as follows:

Held at
31 December 1989
and 31 December 1988
% of issue

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 associated company is unlisted and incorporated in Great Britain.

In the opinion of the directors the value of the investment in the associated company is not less than the amount at which it is stated in the balance sheet.

13. OTHER INVESTMENTS

	£
<u>Share in Reuters Holdings plc</u>	
Cost at 1 January 1989	100
Disposals during the year	(100)
	<u> </u>
Cost at 31 December 1989	£ -
	<u> </u>

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1989 (Continued)

14. CAPITAL COMMITMENTS

	<u>1989</u>	<u>1988</u>
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>£ 7,450,000</u>	<u>£ 3,320,000</u>
Capital expenditure that has been authorised by the directors but has not yet been contracted for	<u>£ 350,000</u>	<u>£ -</u>

15. STOCKS

	<u>1989</u>	<u>1988</u>
	£	£
Stocks comprise:		
Raw materials and consumables	865,634	658,606
Work in progress	<u>41,493</u>	<u>11,108</u>
	<u>£ 907,127</u>	<u>£ 669,714</u>

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

16. DEBTORS

	<u>1989</u>	<u>1988</u>
	£	£
Amounts falling due within one year:		
Trade debtors	23,126,840	23,173,937
Amounts due from group companies	6,470,507	5,708,187
Other debtors	753,942	385,970
Prepayments and accrued income	<u>1,176,345</u>	<u>1,352,552</u>
	<u>£ 31,527,634</u>	<u>£ 30,620,646</u>

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1989 (Continued)

17. CREDITORS

	<u>1989</u>	<u>1988</u>
	£	£
Amounts falling due within one year:		
Obligations under finance leases	824,828	746,531
Bank loans and overdrafts	13,929,445	15,693,564
Trade creditors	3,492,786	3,781,538
Amounts owed to group companies	29,552,364	4,015,070
Dividends payable	7,040,000	4,750,000
Corporation tax	6,264,642	3,555,068
Other taxation and social security payable	1,543,555	1,999,434
Other creditors	440,856	5,986,836
Accruals and deferred income	9,939,384	7,285,859
	<u>£ 73,027,860</u>	<u>£ 47,813,900</u>

Amounts falling due after one year:

Obligations under finance leases		
Due within one to two years	1,503,641	824,828
Due within two to five years	-	1,503,641
	<u>£ 1,503,641</u>	<u>£ 2,328,469</u>

18. PROVISION FOR LIABILITIES AND CHARGES

a) Provisions

Provision has been made in respect of the following liabilities:

	<u>Anticipated costs in connection with proposed new printing operation</u>	<u>Pensions</u>	<u>Total</u>
	£	£	£
Provision at 1 January 1989	1,600,000	97,630	1,697,630
Expenditure during the year	<u>(596,137)</u>	<u>-</u>	<u>(596,137)</u>
Provision at 31 December 1989	<u>£ 1,003,863</u>	<u>£ 97,630</u>	<u>£ 1,101,493</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1989 (Continued)

18. PROVISION FOR LIABILITIES AND CHARGES (Continued)

b) Deferred Taxation

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

	Excess of Tax Allowances over Depreciation £	Other Short Term Timing Differences £	Timing Differences in connection with Provisions £	Total £
Provision at 1 January 1989	10,748,610	(115,075)	(822,501)	9,811,034
Transfer from Profit and Loss Account	1,079,514	45,075	206,561	1,331,150
Provision at 31 December 1989	£ 11,828,124	£ (70,000)	£ (615,940)	£ 11,142,184

19. CALLED-UP SHARE CAPITAL

	1989 £	1988 £
Authorised, allotted and fully paid 2,001,208 ordinary shares of 25p each	500,302	500,302
5,198,792 'A' ordinary shares of 25p each	1,299,698	1,299,698
	£ 1,800,000	£ 1,800,000

20. RESERVES

	Profit and Loss account £
At 1 January 1989	21,056,454
Retained profit for the year	3,360,590
At 31 December 1989	£ 24,417,044

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1989 (Continued)

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 subsidiaries 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 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 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 subsidiaries of Pearson plc has guaranteed interest on and repayment of £30,936,443 guaranteed unsecured loan stock of Pearson plc.

There are contingent liabilities in respect of outstanding libel claims amounting to £29,500 based on lawyers' estimates of settlements and costs. A significant proportion of this amount would be covered by insurance.

The Company has guaranteed payment of the rent of £29,000 per annum in respect of premises occupied by F.T. Business Information Limited, a fellow subsidiary 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 £29,103 at 31 December 1989.

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, can be found in the Report and Accounts of Pearson plc for the year ended 31 December 1989. The Company's pension scheme, The Financial Times Pension Scheme, was merged into one Pearson group plan, together with other group schemes, on 1 August 1988; as part of that merger all company contributions were suspended for the time being.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1989 (Continued)

22. PENSION COMMITMENTS (Continued)

The pension costs relating to The Pearson Group Pension Plan are assessed in accordance with the advice of a qualified actuary from The Wyatt Company (UK) Limited. The latest actuarial assessment of the Plan was at 1 August 1988. In 1989 the expected pensions cost charged to the profit and loss account has been eliminated as a result of certain valuation surpluses which are being spread over the expected remaining service lives of current employees in the scheme together with part of the valuation surplus resulting from a significant reduction in group employees since previous valuations.

In previous years the profit and loss account was charged with the contributions payable by the Company to the scheme. The change in accounting policy in 1989 follows the adoption of the Statement of Standard Accounting Practice on Accounting for Pension Costs.

23. ULTIMATE HOLDING COMPANY

The Company's ultimate holding company is Pearson plc, a company incorporated in Great Britain.