

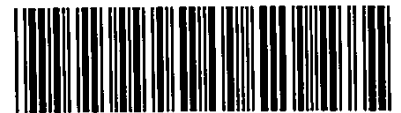
Mergermarket Limited
Registered Number

03879547

Annual Report and Financial Statements
For the Year Ended

31 December 2011

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Mergermarket Limited

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of Mergermarket Limited (the "Company") for the year ended 31 December 2011

Principal activities

The principal activity of the Company in the year under review was the provision of information services regarding mergers and acquisitions, stressed and distressed debt, special situations in the equity markets and wealth generation

Business review

The directors believe that the Company will continue in these activities for the foreseeable future

Key performance indicators

Turnover for the year increased by 13% and operating profit decreased by 8% when compared to the prior year. The increase in turnover was primarily driven by continuing momentum in the level of new sales and a stable renewal rate, which was offset by a corresponding increase in the cost base, primarily being salary costs

Future developments

Mergermarket's products are focused on the M&A advisory and hedge fund markets. These markets are expected to remain stable in 2012 but are highly susceptible to inherent uncertainty surrounding global credit conditions and geographical events

Principal risks and uncertainties and financial risk management

The management of the business and execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to consolidation of the customer base, employee retention and the regulatory environment.

The principal risks and uncertainties and financial risk management are integrated with the principal risks of the consolidated financial statements of Pearson plc (the "group") and are not managed separately. Accordingly, the principal risks and uncertainties and financial risk management of Pearson plc, which include those of the Company, are discussed in detail on pages 33 - 35 of the Pearson plc annual report which does not form part of this report.

Results and dividends

The results for the financial year are set out on page 4. The profit for the year after taxation was £9,893,030 (2010: £10,823,125). A dividend of £8,500,000 was proposed and paid during the year (2010: £10,000,000).

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:
Louisa Burdett
Rona Fairhead
Hamilton Matthews

The registered office address of the company

Number 1
Southwark Bridge
London
SE1 9HL

Qualifying third party and pension scheme indemnity provisions

During the year to 31 December 2011 the Company maintained insurance covering officers of the Company against liabilities arising in relation to the Company. This is a qualifying third party indemnity provision for the purposes of Companies Act 2006.

Mergermarket Limited

DIRECTORS' REPORT

Employees

Disabled Persons - The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment for 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 group. If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement - The group 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. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in maintaining its competitive advantage.

Policy and practice on payment of creditors

The Company aims to pay all its suppliers within a reasonable period of their invoices being received and in any case within the suppliers' own payment periods. Trade creditors at the year end represented 12 days (2010: 15 days) of purchases.

Statement of directors' responsibilities

The directors are responsible for preparing the 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 judgments 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

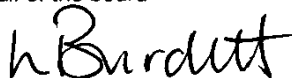
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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 auditor is 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 auditor is aware of that information.

On behalf of the board



Louisa Burdett
Director
30 April 2012

Company registered number
03879547

Mergermarket Limited

Independent auditors' report to the members of : Mergermarket Limited

We have audited the financial statements of Mergermarket Limited for the year ended 31 December 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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). 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.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 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.

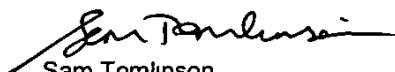
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Sam Tomlinson
Senior Statutory Auditor

For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2012

Mergermarket Limited

PROFIT AND LOSS ACCOUNT

For the year ended
31 December 2011

		2011	2010
	Note	£'000	£'000
Turnover	3	37,330	32,954
Cost of sales		(23,259)	(19,792)
Gross profit		14,071	13,162
Administrative expenses		(8,859)	(7,243)
Other operating income		8,270	8,798
Operating profit	4	13,482	14,717
Profit on ordinary activities before interest and taxation		13,482	14,717
Interest receivable and similar income	7	140	208
Interest payable and similar charges	7	0	(9)
Profit on ordinary activities before taxation		13,622	14,916
Tax on profit on ordinary activities	8	(3,729)	(4,093)
Profit for the financial year		9,893	10,823

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

All results derived from continuing operations

Mergermarket Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended .

31 December 2011

	2011	2010
	£'000	£'000
Note		
Profit for the financial year	9,893	10,823
Total recognised gains and losses relating to the year	9,893	10,823

Mergermarket Limited

BALANCE SHEET

As at
31 December 2011

		2011	2010
	Note	£'000	£'000
Fixed assets			
Intangible assets	10	166	185
Tangible assets	11	929	904
		1,095	1,089
Current assets			
Debtors (includes £1,003 (2010 £1,092) due after 1 year)	12	20,647	15,396
Cash at bank and in hand		29,104	26,829
		49,751	42,225
Creditors - amounts falling due within one year	13	(31,913)	(26,240)
Net current assets		17,838	15,985
Total assets less current liabilities		18,933	17,074
Net assets		18,933	17,074
Capital and reserves			
Called up share capital	15	40	40
Share premium account	16	6,044	6,044
Other reserves	16	776	406
Profit and loss reserve	16	12,073	10,584
Total shareholders' funds		18,933	17,074

The financial statements on pages 4 to 30 were approved by the board of directors on 30 April 2012 and were signed on its behalf by



Louisa Burdett
Director

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended :
31 December 2011**

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 subscriptions to the information service and income from research reports. The cash relating to subscriptions is received in advance and the amount recognised in the profit and loss account as turnover represents the proportion receivable on a time basis appropriate to the year covered by the financial statements. The proportions receivable relating to periods after the balance sheet date are treated as deferred income and included in creditors. The income from research reports is recorded in the same accounting period in which the report is published.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account. Non-monetary assets and liabilities are held at the historical exchange rate and not re-translated at the balance sheet date.

Intangible fixed assets

Intangible fixed assets are stated at historical cost less accumulated amortisation. Amortisation is calculated to write off the cost of the assets over their expected lives using the straight line basis over 10 years.

Tangible fixed assets

Tangible fixed assets are stated at historical 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.

Plant and machinery 33 3% straight line

Fixtures and fittings 20% straight line

Accounting software 12 5% straight line

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS

**For the year ended .
31 December 2011**

Fixed asset investments

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

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, through Pearson plc, operates a hybrid pension scheme with both defined contribution and defined benefit sections for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year in which they are payable

Share-based payments

Options and shares are awarded to the Company's employees under Pearson 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 Company's employees are entitled to shares and options under the following equity-settled employee option and share plans

Save-for-Shares Plans 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 2007 and consists of restricted shares

The vesting of restricted shares is normally dependent on continuing service and/or 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 October 2007 vest dependent on relative shareholder return, return on invested capital and a combination of earnings per share growth. The award was split equally across all three measures

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended :

31 December 2011

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 "Cash flow statements (Revised 1996)". The Company is also exempt under the terms of FRS 8 "Related Party Transactions" from disclosing related party transactions with entities that are part of the Pearson plc group or investees of the Pearson plc group.

Mergermarket Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended :****31 December 2011****3****Segment reporting**

	2011	2010
	£'000	£'000
Turnover - geographical markets supplied by destination		
United Kingdom	18,505	18,702
Rest of Europe	13,986	11,002
North America	2,831	2,174
Rest of world	2,008	1,076
	37,330	32,954

The Company's activities in the year was the provision of information services regarding mergers and acquisitions, stressed and distressed debt, special situations in the equity markets and wealth generation

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended

31 December 2011

4

Operating profit

	2011	2010
	£'000	£'000
Operating profit is stated after charging / (crediting)		
Staff costs	18,973	16,436
Depreciation of tangible fixed assets		
- Owned assets	386	274
- Leased assets	0	7
Operating lease charges		
- Land & buildings	131	223
Amortisation of intangible fixed assets	19	13
Foreign exchange loss	81	127
Services provided by the Company's auditor		
- Fees payable for the audit	50	40
Amounts due from group undertakings	(8,270)	(8,798)

Fees paid to the Company'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 accounts of the Company's ultimate parent company, Pearson plc, are required to disclose non-audit fees on a consolidated basis

Mergermarket Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended
31 December 2011

5**Directors' emoluments**

	2011	2010
	£'000	£'000
Aggregate emoluments	484	478
Company contributions to defined contribution pension schemes	22	16
	506	494

Two of the directors are remunerated by another group Company (2010 2) They received no emoluments from the Company in respect of qualifying services (2010 £nil)

During the year one (2010 1) director received share options under the Company's long-term incentive scheme 2,294 options (2010 2,256) were exercised under this scheme during the year

	2011	2010
	Number directors	Number directors
Directors accruing benefits under money purchase scheme	1	1
Directors who exercised share options	1	1
Directors entitled to shares under long-term incentive schemes	1	1

	2011	2010
Highest paid director	£'000	£'000
Aggregate emoluments	484	439
Defined contribution pension scheme - Company contributions during the year	22	13

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended

31 December 2011

6

Employee information

	2011	2010
	£'000	£'000
Staff costs		
Wages and salaries	16,151	14,570
Social security costs	1,476	856
Other pension costs	880	762
Share-based payment costs	466	248
	18,973	16,436

The Company has certain share-based payment schemes which are accounted for under FRS 20 "Share-based payment"

The assumptions used in measurement are derived from appropriate sources

	2011	2010
	Number	Number
Average monthly number of persons (including directors) employed by the Company during the year		
Selling and distribution	56	53
Administration	17	16
Management	4	4
Research, Journalism and IT	184	146
	261	219

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended :

31 December 2011

7

Net interest receivable

	2011	2010
	£'000	£'000
Interest payable on overdrafts and bank loans	0	(6)
Finance lease interest	0	(3)
Interest payable and similar charges	0	(9)
Bank interest receivable	120	114
Interest receivable from group companies	20	94
Interest receivable and similar income	140	208
Net interest receivable	140	199

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended

31 December 2011

8

Tax on profit / (loss) on ordinary activities

	2011	2010
	£'000	£'000
Current tax		
UK corporation tax on profits for the year	(3,923)	(3,987)
Adjustments in respect of prior years	112	87
	(3,811)	(3,900)
Double tax relief	(72)	10
	(3,883)	(3,890)
Total current tax	(3,883)	(3,890)
Deferred tax		
Origination and reversal of timing differences	65	(188)
Deferred tax on share-based payments	88	(7)
Adjustments in respect of prior years	1	(8)
Tax charge on profit on ordinary activities	(3,729)	(4,093)
UK standard effective rate of corporation tax (%)	26.5	28

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

	2011	2010
	£'000	£'000
Profit on ordinary activities before taxation	13,622	14,916
Profit on ordinary activities before taxation multiplied by UK standard effective rate of 26.5% (2010: 28%)	(3,610)	(4,176)
Effects of		
Excess of capital allowances over depreciation for the year	(12)	17
Non deductible amortisation of goodwill	0	0
Other expenses not deductible for tax purposes	(156)	77
Other timing differences	(84)	155
Adjustments in respect of prior years	112	87
Share-based payments	(61)	(60)
Double tax relief	(72)	10
Current tax (charge) / credit for the year	(3,883)	(3,890)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable

Further reductions to the UK corporation tax rate were announced in the March 2012 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended :

31 December 2011

9

Dividends

	2011	2010	2011	2010
	Div per share	Div per share		
	pence	pence	£'000	£'000
Equity				
Dividends paid in the year	21	25	8,500	10,000
			8,500	10,000

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended

31 December 2011

10

Intangible assets

	Intellectual Property	Total
	£'000	£'000
Cost		
At 1 January 2011	198	198
Additions	0	0
Disposals	0	0
Transfers	0	0
At 31 December 2011	198	198
Accumulated amortisation :		
At 1 January 2011	13	13
Charge for the year	19	19
Disposals	0	0
Transfers	0	0
At 31 December 2011	32	32
Net book value		
At 31 December 2010	185	185
At 31 December 2011	166	166

Intellectual property consists of the right to sell Xtract Research in Europe

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended

31 December 2011

11

Tangible assets

	Plant and machinery	Fixtures and fittings	Total
	£'000	£'000	£'000
Cost or valuation :			
At 1 January 2011	2,335	105	2,440
Additions	379	32	411
Disposals	0	0	0
Transfers	0	0	0
At 31 December 2011	2,714	137	2,851
Accumulated depreciation :			
At 1 January 2011	1,503	33	1,536
Charge for the year	360	26	386
Disposals	0	0	0
Transfers	0	0	0
At 31 December 2011	1,863	59	1,922
Net book value			
At 31 December 2010	832	72	904
At 31 December 2011	851	78	929
		2011	2010
		£'000	£'000
Assets held under finance leases .			
Cost		72	72
Accumulated depreciation		(72)	(72)
Net book value		0	0

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended

31 December 2011

11a

Fixed asset investments - subsidiary undertakings

	Total
	£'000
Cost	
At 1 January 2011	300
Additions	0
Disposals	0
Transfers	0
At 31 December 2011	300
Provision	
At 1 January 2011	300
Charge for the year	0
Disposals	0
Transfers	0
At 31 December 2011	300
Net book value	
At 31 December 2010	0
At 31 December 2011	0

Details of subsidiary undertakings

				2011	2010
Subsidiary	Principal activity	Class of shares held	Country of incorporation	% owned	% owned
Mergermarket Consulting Limited	Information services	Ordinary	Hong Kong	100	100
MergerID Limited	Information services	Ordinary	United Kingdom	75	75
Mergermarket Consulting Singapore PTE Limited	Information services	Ordinary	Singapore	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

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended

31 December 2011

12

Debtors

	2011	2010
	£'000	£'000
Amounts falling due within one year :		
Trade debtors	10,473	8,990
Amounts owed by group undertakings	8,031	4,386
Deferred taxation	649	495
Other taxation	6	0
Other debtors	215	118
Prepayments and accrued income	270	315
	19,644	14,304
Amounts falling due after more than one year :		
Amounts owed by group undertakings	1,003	1,092
	1,003	1,092
Total debtors	20,647	15,396

Amounts owed by group undertakings are unsecured, interest free and repayable upon demand for 2011 with the exception of MergerID Limited and Mergermarket Consulting Australia Pty Ltd. These companies were charged interest at LIBOR plus 1.55% and 1.05% respectively from 1 January to 31 March 2011 and plus 1.45% and 0.93% respectively from 1 April to 31 December 2011 on a quarterly basis on the balance outstanding as at the end of the previous quarter.

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended

31 December 2011

13

Creditors

	2011	2010
	£'000	£'000
Amounts falling due within one year :		
Trade creditors	(616)	(456)
Amounts owed to group undertakings	(1,509)	(580)
Other taxation and social security	(1,832)	(1,328)
Corporation tax	(1,648)	(1,739)
Other creditors	(92)	(100)
Accruals and deferred income	(26,216)	(22,037)
	(31,913)	(26,240)
Total creditors	(31,913)	(26,240)

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended :

31 December 2011

14

Deferred taxation

	Accelerated capital allowances	Share based payments	Timing difference	Total
Asset	£'000	£'000	£'000	£'000
At 1 January 2011	111	95	289	495
Charge / (credited) to the Profit and loss	5	88	61	154
At 31 December 2011	116	183	350	649

Mergemmarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended

31 December 2011

15

Called up share capital

	2011	2010
	£'000	£'000
Total share capital	40	40

	2011	2010	2011	2010
	No '000s	No '000s	£'000	£'000
Ordinary share £0.01 each				
Ordinary shares	2,002	2,002	20	20
A Ordinary shares	838	838	8	8
B Ordinary shares	878	878	9	9
C Ordinary shares	260	260	3	3
Allotted and fully paid	3,978	3,978	40	40

The rights of the A, B and C Ordinary shares are as follows

- rank parri passu with the Ordinary shares as regards dividends,
- upon a winding-up of the Company any surplus shall be applied first to paying the subscription price for each A, B and C share held and then secondly paying all the shareholders the balance, and
- the voting rights are as Ordinary shares

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

**For the year ended
31 December 2011**

16

Reserves

	Share premium	Profit and loss	Other reserves	Total
	£'000	£'000	£'000	£'000
At 1 January 2011	6,044	10,584	406	17,034
Profit / (loss) for the financial year	0	9,893	0	9,893
Share-based payments charge	0	0	466	466
Shares exercised / lapsed during year	0	96	(96)	0
Dividend paid	0	(8,500)	0	(8,500)
At 31 December 2011	6,044	12,073	776	18,893

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

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended :

31 December 2011

17

Reconciliation of movements in shareholders' funds

	2011	2010
	£'000	£'000
Profit for the financial year	9,893	10,823
Dividends paid	(8,500)	(10,000)
Share-based payments charge	466	248
	1,859	1,071
Opening shareholders' funds	17,074	16,003
Closing shareholders' funds	18,933	17,074

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended :

31 December 2011

18

Operating lease commitments

	2011 Land and buildings £'000	2010 Land and buildings £'000
Expiring		
Within one year	45	0
Between two and five years	0	86
In over five years	0	0
	45	86

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

**For the year ended
31 December 2011**

19

Contingent liabilities

Bank guarantees

The Company participates in an arrangement with HSBC Bank plc whereby the financial statements of Pearson plc and 28 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 to this arrangement 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 overdraft position at 31 December 2011 was £1,748,651 (2010 net cash position £8,952,264). The maximum amount of this guarantee is limited to a net overdraft of £50,000,000.

	2011	2010
Potential liability arising from these guarantee arrangements .	£'000	£'000
Parent undertaking and fellow subsidiary undertakings	50,000	0

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended :

31 December 2011

20

Pension commitments

	2011	2010
	£'000	£'000
Profit and loss charge for the Company in respect of its participation in the scheme representing regular contributions paid	880	762

Pearson Group Pension Scheme .

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

Total market value of assets	2,008	1,848
Value of liabilities (calculated in accordance with FRS 17)	(1,970)	(1,841)
Total FRS 17 surplus	38	7

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. 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 2012

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended :

31 December 2011

21

Related party transactions

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 22.

Mergermarket Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended

31 December 2011

22

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.