

Pearson Loan Finance Unlimited

Registered Number :

5144467

Annual Report and Financial Statements
For the Year Ended :

31 December 2017

Registered Address :

80 Strand, London WC2R 0RL

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COMPANIES HOUSE

Pearson Loan Finance Unlimited

DIRECTORS' REPORT

The directors present their report and the financial statements of Pearson Loan Finance Unlimited (the 'company') for the year ended 31 December 2017.

The company has taken exemption from preparing a Strategic Report in accordance with s414B of the Companies Act 2006 relating to small companies.

Directors

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

J D Marshall

A J Midgley

K Proffitt (resigned 13 March 2017)

S K M Johnson (appointed 13 March 2017)

Qualifying third party indemnity provisions and liability insurance

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. Pearson plc (the "group") also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors and officers.

Financial risk management

From the perspective of the company, financial risk management is integrated with the financial risk management of the consolidated financial statements of the group and is not managed separately. Accordingly, the financial risk management of Pearson plc, which includes that of the company, is discussed in the group's annual report which does not form part of this report.

Statement of directors' responsibilities

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

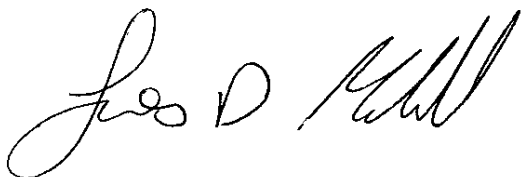
Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework', and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 United Kingdom Accounting Standards, including FRS 101, 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.

On behalf of the board

A handwritten signature in black ink, appearing to read 'J D Marshall', written in a cursive style.

J D Marshall
Director
13 September 2018

Company registered number :
5144467

Pearson Loan Finance Unlimited

PROFIT AND LOSS ACCOUNT

For the year ended :

31 December 2017

		2017	2016
Continuing operations	Note	£'000	£'000
Profit before interest and taxation		0	0
Finance income	3	1,086	11,791
Finance costs	3	(5,577)	0
Profit before taxation		(4,491)	11,791
Tax on profit	4	(229)	(2,516)
Profit for the financial year		(4,720)	9,275

Pearson Loan Finance Unlimited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended :

31 December 2017

	2017	2016
	£'000	£'000
Profit for the financial year	(4,720)	9,275
Total comprehensive income for the year	(4,720)	9,275

Pearson Loan Finance Unlimited

BALANCE SHEET

As at :

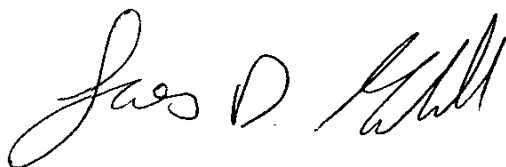
31 December 2017

		2017	2016
	Note	£'000	£'000
Fixed assets			
Investments	5	641,207	641,092
		641,207	641,092
Current assets			
Debtors	6	56,124	63,181
Cash at bank and in hand		15	16
		56,139	63,197
Creditors - amounts falling due within one year	7	(217)	(2,440)
Net current assets		55,922	60,757
Total assets less current liabilities		697,129	701,849
Net assets		697,129	701,849
Capital and reserves			
Called up share capital	8	6	6
Profit and loss account		697,123	701,843
Total shareholders' funds		697,129	701,849

For the year ended 31 December 2017 :

- The directors confirm that the company is entitled to take exemption from the requirement to obtain an audit under section 479A of the Companies Act 2006;
- The members have not required the company to obtain an audit of its accounts in accordance with section 476 of the Companies Act 2006; and
- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the accounts.

The financial statements were approved by the board of directors and authorised for issue on 13 September 2018. They were signed on its behalf by :



J D Marshall
Director

Pearson Loan Finance Unlimited

STATEMENT OF CHANGES IN EQUITY

For the year ended :

31 December 2017

	Called up share capital	Profit and loss account	Total
	£'000	£'000	£'000
At 1 January 2016	6	692,568	692,574
Profit for the financial year	0	9,275	9,275
Total comprehensive income for the year	0	9,275	9,275
At 31 December 2016	6	701,843	701,849
Profit for the financial year	0	(4,720)	(4,720)
Total comprehensive income for the year	0	(4,720)	(4,720)
At 31 December 2017	6	697,123	697,129

Pearson Loan Finance Unlimited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended :

31 December 2017

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Accounting policies

The principal accounting policies are set out below. These policies and measurement bases have been consistently applied to all the years presented.

Basis of preparation

Pearson Loan Finance Unlimited is a private limited company, limited by shares, incorporated in the United Kingdom. The address of its registered office is 80 Strand, London WC2R 0RL.

The financial statements of the company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There were no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements requiring disclosure.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101. Where required, equivalent disclosures are given in the group financial statements of Pearson plc :

- IFRS 7 'Financial Instruments: Disclosures'
- Paragraphs 91-99 of IFRS 13 'Fair Value Measurement'
- Paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1 'Presentation of Financial Statements':
 - (i) paragraph 10(d)
 - (ii) paragraph 16
 - (iii) paragraph 38A
 - (iv) paragraph 111
 - (v) paragraph 134-136
- IAS 7 'Statement of Cash Flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- Paragraph 17 of IAS 24 'Related Party Disclosures'
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

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 is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Foreign currency translation

The financial statements are presented in pounds sterling (£) which is also the company's functional currency.

Transactions in currencies other than the functional currency are recorded using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Current income tax

Current tax is recognised on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Investment in subsidiaries and associated undertakings

Investments in subsidiaries are held at cost less accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short-term investments with maturities of three months or less.

Share capital

Ordinary shares are classified as equity.

Pearson Loan Finance Unlimited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2017

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Directors' emoluments and employee information

The emoluments of the directors are paid by their employing company, another group undertaking. The directors' services to this company and to a number of fellow subsidiaries are chiefly of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to their employing company. Accordingly, the financial statements include no emoluments in respect of the directors. No one was employed by the company at any time during the year (2016: no one).

Pearson Loan Finance Unlimited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2017

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Finance income and costs

	2017	2016
	£'000	£'000
Finance income		
Interest receivable from group companies	1,086	944
Net foreign exchange gain	0	10,847
Finance income	1,086	11,791
	2017	2016
	£'000	£'000
Finance costs		
Net foreign exchange loss	(5,577)	0
Finance costs	(5,577)	0

Pearson Loan Finance Unlimited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2017

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Taxation

	2017	2016
	£'000	£'000
Current tax		
UK corporation tax on profits/(losses) for the year	209	2,432
Adjustments in respect of prior years	20	84
Total current tax	229	2,516
Total tax on profit	229	2,516
UK standard effective rate of corporation tax (%)	19.25	20

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	2017	2016
	£'000	£'000
Profit before tax	(4,491)	11,791
Tax on profit at standard UK corporation tax rate of 19.25% (2016: 20%)	(865)	2,358
Effects of:		
Expenses not deductible for tax purposes	0	0
Adjustments in respect of prior years	20	84
UK tax on foreign profits of controlled foreign companies	0	2,243
Non-taxable foreign exchange difference	1,074	(2,169)
Total tax charge for the year	229	2,516

The standard rate of UK corporation tax changed from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profits for this financial year have been taxed at an effective rate of 19.25% (2016: 20%).

Pearson Loan Finance Unlimited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2017

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Investments

	2017	2016
	£'000	£'000
Subsidiary undertakings	641,207	641,092
	641,207	641,092

Pearson Loan Finance Unlimited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2017

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Investments - subsidiary undertakings

2017

£'000

Cost

At 1 January 2017 641,092

Additions 115

At 31 December 2017 641,207

Net book value

At 31 December 2016 641,092

At 31 December 2017 641,207

On 27 January 2017, the company increased its investment in Atkey Finance Limited by £39,000 in exchange for 50,000 ordinary shares at USD 1 each. On 4 December 2017, the company increased its investment in Atkey Finance Limited by £76,000 in exchange for 100,000 ordinary shares of US \$1 each.

Details of subsidiary undertakings:

2017

2016

Subsidiary

Registered address

% held

% held

Atkey Finance Limited	1st Floor Riverview House, 21/23 City Quay, Dublin, D02FP21, Ireland.	100%	100%
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Pearson Loan Finance Unlimited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2017

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Debtors

	2017	2016
	£'000	£'000
Amounts falling due within one year		
Amounts owed by group undertakings	56,124	63,181
	56,124	63,181

Pearson Loan Finance Unlimited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2017

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Creditors

	2017	2016
	£'000	£'000
Amounts falling due within one year		
Amounts owed to group undertakings	(8)	(8)
Corporation tax	(209)	(2,432)
	(217)	(2,440)

Pearson Loan Finance Unlimited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2017

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Called up share capital

	2017		2016	
	£'000		£'000	
Total share capital	6		6	
	2017	2016	2017	2016
Ordinary shares US \$1 each	No '000s	No '000s	£'000	£'000
Allotted, called up and fully paid	10	10	6	6

Pearson Loan Finance Unlimited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2017

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Contingent liabilities

On 24 November 2017, the European Commission published an opening decision that the United Kingdom controlled foreign company group financing partial exemption (FCPE) constitutes State Aid. No final decision has yet been published, and it may be challenged by the UK tax authorities. The company has benefited from FCPE in 2017 and prior periods in total by approximately £23m. At present the directors believe no provision is required in respect of this issue.

Pearson Loan Finance Unlimited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2017

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Related party transactions

The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

Pearson Loan Finance Unlimited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2017

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Ultimate parent undertaking

The immediate parent undertaking is Pearson Overseas Holdings 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.