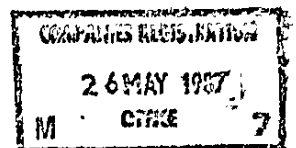


THE FINANCIAL TIMES LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1986

FT6/02



THE FINANCIAL TIMES LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1986

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THE FINANCIAL TIMES LIMITED

A subsidiary of Pearson plc

DIRECTORS

Viscount Blakenham - Chairman
F. Barlow - Chief Executive
R.A.F. McClean - Deputy Chief Executive
D.S. Gordon
M.C. Gorman
G.D. Owen
D.E. Prior-Palmer
H.J. Fogaly (resigned 16th February 1987)

SECRETARY AND REGISTERED OFFICE

D.J. Hall, F.C.A.
Bracken House,
Cannon Street,
London,
EC4P 4BY.

AUDITORS

Deloitte Haskins & Sells

BANKERS

Midland Bank plc

THE FINANCIAL TIMES LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31st December 1986.

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".

On 9th July 1986 the Company announced its intention to relocate its printing facilities from Bracken House in the City of London to a new site in the Docklands area. The company also announced its decision to change the technology of its printing operations and to seek a total of 404 redundancies over the next 2 years. A substantial redundancy package would be negotiated with the Company's workforce and an extraordinary item of £28 million before taxation relief has been provided in this year's accounts to cover all these items of expenditure.

RESULTS AND DIVIDENDS

The profit of the company for the year after taxation but before extraordinary items was £15,306,128. An extraordinary item, net of taxation, of £18,541,513 was charged against the profit after taxation. An interim dividend of £2,250,000 has been declared and paid. The directors do not recommend payment of a final dividend leaving a retained deficit for the year of £5,485,385 which has been deducted from reserves, leaving accumulated profits carried forward of £7,225,937.

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 two major investments in fixed assets during the year. An amount of £3,642,000 was incurred on new technology for Editorial Word Processing equipment and a further amount of £2,058,000 as payment for the construction of printing presses for the new printing works in London Docklands.

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 with 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.

THE FINANCIAL TIMES LIMITED

EMPLOYEE INFORMATION

Employees are provided systematically with information on matters of concern to them as employees by means of a newsletter, the F.T. Perspective. Joint consultative committees of management and union representatives exist to discuss matters likely to affect employees' interests. Since December 1986 the Company has initiated a company-wide programme of "team briefing" in conjunction with the Industrial Society.

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.

HEALTH AND SAFETY AT WORK

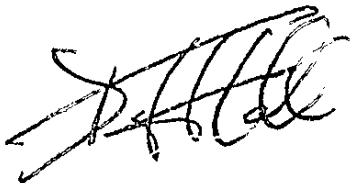
The Company retains the services of a leading physician supported by qualified nursing staff and a fully equipped medical clinic. Medical help is available at all times during the working hours of the Company.

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 this Company.

AUDITORS

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

BY ORDER OF THE BOARD



Secretary

18 March 1987

AUDITORS' REPORT
TO THE MEMBERS OF THE FINANCIAL TIMES LIMITED

We have audited the financial statements on pages 6 to 19 in accordance with approved Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company at 31st December 1986 and of the result for the year then ended and comply 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.

Deville Hashine & Selby

Chartered Accountants

London

184 March 1987

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 25% per annum.

Overseas currencies

Assets and liabilities in overseas currencies are translated to sterling at the rates ruling at the balance sheet date, and profit and loss account items are translated at the rate ruling at the date of the transaction. All exchange differences are taken to 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

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1986

	<u>Notes</u>	<u>1986</u> £	<u>1985</u> £
TURNOVER	1	98,482,502	78,825,962
COST OF SALES		(56,319,653)	(49,204,962)
GROSS PROFIT		<u>42,162,849</u>	<u>29,621,000</u>
DISTRIBUTION COSTS		(7,287,037)	(5,443,080)
ADMINISTRATIVE EXPENSES		(16,013,882)	(14,343,694)
OTHER OPERATING INCOME		76,177	67,754
OPERATING PROFIT		<u>18,938,107</u>	<u>9,901,980</u>
INVESTMENT INCOME	4	2,318,259	3,703,582
INTEREST RECEIVABLE		<u>1,831,468</u>	<u>1,072,809</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	23,087,834	14,678,371
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	5	(7,781,706)	(4,892,471)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		15,306,128	9,785,900
EXTRAORDINARY CHARGE (1985: INCOME)	6	(18,541,513)	2,450,000
NET OF TAXATION		<u>(3,235,385)</u>	<u>12,235,900</u>
LOSS (1985: PROFIT) AFTER TAXATION AND EXTRAORDINARY ITEMS	7	(2,250,000)	(4,075,000)
DIVIDENDS		<u> </u>	<u> </u>
DEFICIT (1985: RETAINED SURPLUS) FOR THE YEAR	19	<u>£(5,485,385)</u>	<u>£ 8,160,900</u>

THE FINANCIAL TIMES LIMITED

BALANCE SHEET
AS AT 31ST DECEMBER 1986

	<u>Notes</u>	<u>1986</u> £	<u>1985</u> £
FIXED ASSETS			
Tangible assets	8	8,831,496	2,730,814
Investments:			
Subsidiaries	10	876,103	1,876,103
Associated company	11	900,000	900,000
Other investments	12	100	10,815
		<u>10,607,699</u>	<u>5,517,732</u>
CURRENT ASSETS			
Stocks	14	573,383	607,858
Debtors	15	27,535,124	22,418,917
Cash at bank and in hand		17,128,379	13,110,318
		<u>45,236,886</u>	<u>36,137,093</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(20,386,255)	(21,360,805)
		<u>24,850,631</u>	<u>14,776,288</u>
NET CURRENT ASSETS		<u>35,458,330</u>	<u>20,294,020</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(6,824,021)	(5,111,871)
PROVISION FOR LIABILITIES AND CHARGES	17	(27,621,076)	(670,827)
DEFERRED TAXATION ASSET	17	8,012,704	-
		<u>(19,608,372)</u>	<u>(670,827)</u>
NET ASSETS		<u>£ 9,025,937</u>	<u>£14,511,322</u>
CAPITAL AND RESERVES			
Called-up share capital	18	1,800,000	1,800,000
Profit and loss account	19	7,225,937	12,711,322
		<u>£9,025,937</u>	<u>£14,511,322</u>

The financial statements on pages 6 to 19 were approved by the Board of Directors on 18 March 1987 and were signed on its behalf by:

Frank Pearson }
McGowan } DIRECTORS

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1986

1. TURNOVER

	<u>1986</u>	<u>1985</u>
	£	£
Geographical markets supplied:		
United Kingdom	80,209,489	64,175,258
Europe	7,048,881	5,635,608
North America	7,009,968	5,168,151
South America	121,116	193,729
Africa	1,114,575	1,443,682
Asia	2,733,262	1,877,239
Australasia	245,211	332,295
	<u>£98,482,502</u>	<u>£78,825,962</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>1986</u>	<u>1985</u>
	£	£
Profit on ordinary activities before taxation is arrived at after charging:		
Staff costs (see Note 3)	17,046,012	15,236,366
Depreciation of tangible fixed assets	826,963	764,126
Auditors' remuneration (including expenses)	35,000	32,000
Hire of land and buildings - operating leases	2,048,535	2,036,696
Hire of other assets - operating leases	15,093	9,254
	<u>17,046,012</u>	<u>15,236,366</u>

3. DIRECTORS AND EMPLOYEES

	<u>1986</u>	<u>1985</u>
	Number	Number
The average weekly number of persons (including directors) employed by the company during the year was:	<u>800</u>	<u>807</u>
	£	£
Staff costs comprised:		
Wages and salaries	15,310,470	13,471,053
Social security costs	1,145,517	720,349
Other pension costs (see note 22)	590,025	1,044,964
	<u>£17,046,012</u>	<u>£15,236,366</u>

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1986 (continued)

3. DIRECTORS AND EMPLOYEES (continued)

The number of senior employees of the company, other than directors, who received remuneration (excluding pension contributions) in the following ranges was:

	<u>1986</u>	<u>1985</u>
	Number	Number
£30,001 - £35,000	21	10
£35,001 - £40,000	7	15
£40,001 - £45,000	11	1
£45,001 - £50,000	1	1
£55,001 - £60,000	1	NIL

The remuneration paid to directors was:

	£	£
Fees and other emoluments (including pension contributions)	493,865	511,235
Pensions paid to former directors	13,640	14,187
Compensation for loss of office	-	37,425
	<u>£507,505</u>	<u>£562,847</u>

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

	<u>NIL</u>	<u>NIL</u>
	£112,063	£ 90,009
Chairman		
Highest paid director		

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

	<u>1986</u>	<u>1985</u>
	Number	Number
£0 - £5,000	1	1
£30,001 - £35,000	NIL	1
£55,001 - £60,000	1	NIL
£60,001 - £65,000	1	1
£65,001 - £70,000	NIL	1
£70,001 - £75,000	1	1
£75,001 - £80,000	1	1
£80,001 - £85,000	1	1

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1986 (continued)

4. INVESTMENT INCOME

	<u>1986</u> £	<u>1985</u> £
Income from shares in group companies (excluding associates)	1,500,000	2,992,911
Income from investment in associate	780,845	684,108
Income from other listed fixed asset investments	37,414	26,563
	<u>£2,318,259</u>	<u>£3,703,582</u>

5. TAXATION

	<u>1986</u> £	<u>1985</u> £
Current year:		
Corporation tax on the profit of the year at 36.25% (1985 41.25%)	7,071,792	5,114,482
Deferred taxation	530,113	(146,611)
	<u>7,601,905</u>	<u>4,967,871</u>
Prior year adjustments:		
Current taxation	(56,244)	(253,834)
Deferred taxation	(1,267)	(34,843)
Tax credits franked on investment income	237,312	213,277
	<u>£7,781,706</u>	<u>£4,892,471</u>

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1986 (continued)

6. EXTRAORDINARY ITEMS	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
Extraordinary charges:		
Anticipated costs in connection with proposed transfer of printing and production operations from Central London to new premises in London Docklands	(28,000,000)	-
Extraordinary income:		
Provision against the cost of shares in FT Business Enterprises Limited now no longer required	-	2,450,000
Extraordinary charge (1985: income)	<u>(28,000,000)</u>	<u>2,450,000</u>
Taxation relief on the above:		
UK Corporation tax at 36.25%	246,110	-
Current	9,212,377	-
Deferred (at 35%)	<u>9,458,487</u>	<u>-</u>
Extraordinary Charge (1985 Income) net of taxation	<u>£(18,541,513)</u>	<u>£2,450,000</u>

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1985 (continued)

7. DIVIDENDS	<u>1986</u>	<u>1985</u>
	£	£
First interim paid	2,250,000	975,000
Proposed final	-	3,100,000
	<u>£ 2,250,000</u>	<u>£ 4,075,000</u>

8. TANGIBLE FIXED ASSETS

	<u>Plant and Machinery</u>	<u>Fixtures, fittings, tools and equipment</u>	<u>Payments on account and assets in course of construction</u>	<u>Total</u>
	£	£	£	£
At 1st January 1986	1,813,962	3,365,607	-	5,179,569
Additions	3,740,188	1,065,169	2,069,306	6,874,663
Intra-group additions	94,734	17,234	-	111,968
Disposals	-	(266,430)	-	(266,430)
At 31st December 1986	<u>5,648,884</u>	<u>4,181,580</u>	<u>2,069,306</u>	<u>11,899,770</u>
<u>Depreciation</u>				
At 1st January 1986	876,894	1,571,861	-	2,448,755
Charge for the year	354,459	472,504	-	826,963
Intra-group additions	-	9,571	-	9,571
Eliminated in respect of disposals	-	(217,015)	-	(217,015)
At 31st December 1986	<u>1,231,353</u>	<u>1,836,921</u>	<u>-</u>	<u>3,068,274</u>
<u>Net book value</u>				
At 31st December 1986	<u>£4,417,531</u>	<u>£2,344,659</u>	<u>£2,069,306</u>	<u>£8,831,496</u>
At 1st January 1986	<u>£ 937,068</u>	<u>£1,793,746</u>	<u>£ -</u>	<u>£2,730,814</u>

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1986 (continued)

9. OPERATING LEASES

	<u>1986</u>		<u>1985</u>	
	<u>Land and Buildings</u> £	<u>Other</u> £	<u>Land and Buildings</u> £	<u>Other</u> £
Annual commitments in respect of operating leases:				
Expiring within one year	3,400	7,599	9,375	-
Expiring in the second to fifth years inclusive	60,266	8,949	73,095	9,254
Expiring in over five years	1,989,316	19	1,954,226	-
	<u>£2,052,982</u>	<u>£16,567</u>	<u>£2,036,696</u>	<u>£9,254</u>

10. INVESTMENT IN SUBSIDIARIES

	<u>1986</u> £	<u>1985</u> £
Shares at cost less amounts written off	852,141	852,141
Loans and advances less provisions	23,962	1,023,962
	<u>£ 876,103</u>	<u>£1,876,103</u>

Details of subsidiaries:

Percentage of capital owned
Ordinary

Active Subsidiaries:	100
The Financial Times (Benelux) Limited	100
The Financial Times (France) Limited	100
F.T. (Germany Advertising) Limited	100
The Financial Times (Europe) Limited	100
The Financial Times (Switzerland) Limited	100
St. Clements Press Limited	
Dormant Subsidiaries:	100
St. Clements Press Pension Trustee Limited	100
The Financial Times Pension Trustee Limited	100
The Financial News Limited	100
The Financial Times (Canada) Limited	100
F.T. (America Advertising) Limited	100

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1986 (continued)

10. 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 investment in subsidiaries is not less than the amount at which it is stated in the balance sheet.

11. INVESTMENT IN ASSOCIATED COMPANY

	<u>1986</u>	<u>1985</u>
Shares at cost	<u>£900,000</u>	<u>£900,000</u>

Details of the associated company are as follows:

	Held at 31st December 1986 and 31st December 1985 <u>% of issue</u>
<u>The Economist Newspaper Limited</u>	
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.

12. OTHER INVESTMENTS

	<u>1986</u>	<u>1985</u>
	£	£
At cost:		
Shares in Reuters Holdings plc	100	100
Loan Stock in Fairplay Publications Limited	-	10,715
	<u>£ 100</u>	<u>£10,815</u>
Summary of movements:		
<u>Cost</u>		
At 1st January 1986	10,815	21,530
Annual repayment of Loan Stock	(10,715)	(10,715)
	<u>£ 100</u>	<u>£10,815</u>
At 31st December 1986		

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

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1986 (continued)

13. CAPITAL COMMITMENTS

	<u>1986</u> £	<u>1985</u> £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>£9,151,300</u>	<u>£ NIL</u>
Capital expenditure that has been authorised by the directors but has not yet been contracted for	<u>£17,146,000</u>	<u>£ NIL</u>

14. STOCKS

	<u>1986</u> £	<u>1985</u> £
Stocks comprise:		
Raw materials and consumables	570,565	583,973
Work in progress	<u>2,818</u>	<u>23,885</u>
	<u>£573,383</u>	<u>£607,858</u>

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

15. DEBTORS

	<u>1986</u> £	<u>1985</u> £
Amounts falling due within one year:		
Trade debtors	19,950,378	18,187,387
Amounts due from group companies	6,095,203	3,765,394
Other debtors	706,870	216,839
Prepayments and accrued income	<u>782,673</u>	<u>249,297</u>
	<u>£27,535,124</u>	<u>£22,418,917</u>

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1986 (continued)

16. CREDITORS

	<u>1986</u>	<u>1985</u>
	£	£
Amounts falling due within one year:		
Trade creditors	2,620,079	2,431,265
Amounts owed to group companies	6,340,030	6,216,508
Dividends payable	-	3,100,000
Corporation tax	4,918,288	3,015,065
Other taxation and social security payable	1,301,513	2,471,992
Other creditors	162,558	13,744
Accruals and deferred income	5,043,787	4,112,231
	<u>£20,385,255</u>	<u>£21,360,805</u>
Amounts falling due after one year:		
Corporation tax	<u>£6,824,021</u>	<u>£ 5,111,871</u>

17. 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>Anticipated future costs in connection with dilapidation of Leasehold Property</u>	<u>Total</u>
	£	£	£
Provision at 1st January 1986	-	-	-
Transferred from Profit and Loss Account	28,000,000	300,000	28,300,000
Expenditure during the year	(678,924)	-	(678,924)
Provision at 31st December 1986	<u>£27,321,076</u>	<u>£300,000</u>	<u>£27,621,076</u>

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1986 (continued)

17. 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 1st January 1986	700,939	(30,112)	-	670,827
Transfer from(to) Profit and Loss Account	643,359	(9,513)	(9,317,377)	(8,683,531)
Provision at 31st December 1986	<u>£1,344,298</u>	<u>£(39,625)</u>	<u>£(9,317,377)</u>	<u>£(8,012,704)</u>

18. CALLED-UP SHARE CAPITAL

	1986 £	1985 £
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
	<u>£1,800,000</u>	<u>£1,800,000</u>

19. RESERVES

	Profit and loss account £
At 1st January 1986	12,711,322
Deficit for the year	<u>(5,485,385)</u>
At 31st December 1986	<u>£7,225,937</u>

THE FINANCIAL TIMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1986 (continued)

20. CONTINGENT LIABILITIES

The company has, together with certain fellow subsidiaries, jointly and severally given a guarantee to its bankers, Midland Bank plc in respect of sums owing to the Bank at any time on any of the individual companies' accounts, or the accounts of certain other subsidiaries of Pearson plc included in the agreement.

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 £30,926,443 guaranteed unsecured loan stock of Pearson plc.

There are contingent liabilities in respect of outstanding libel claims amounting to £22,000 based on lawyers' estimates of settlements and costs. A significant proportion of this amount would be covered by insurance.

Other contingent liabilities, in respect of bank guarantees, amounted to £22,762 at 31st December 1986.

21. CHARGE ON ASSETS

The company's leasehold interest in Bracken House is specifically charged to the Prudential Assurance Company Limited as trustees for the stockholders of £5,167,756 first mortgage debenture stocks of Pearson plc.

22. PENSION COMMITMENTS

Payments are made into a pension scheme in the United Kingdom. The actuaries to the scheme are Messrs. R. Watson and Sons and their last valuation was at 30th June 1983 which disclosed a surplus on a discontinuance basis. Based on a preliminary assessment of the results of the latest valuation, as at 30th June 1986, the company's contributions have been suspended with effect from 1st July 1986.

23. THE ULTIMATE HOLDING COMPANY

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