

The Financial Times Limited

(Registered Number: 227590)

Annual Report And Financial Statements For The Year Ended 31 December 2009

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The Financial Times Limited
Registered Number 227590

Annual Report And Financial Statements
For The Year Ended 31 December 2009

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Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2009

Principal Activities and Business Review

The Company continues to be in the business of providing international business and financial news, data, comment and analysis. It produces and publishes the international daily newspaper, *Financial Times*, for which the average daily circulation was maintained at 412,000 copies for the June – December ABC 2009 period (442,000 average for the June – December 2008 ABC period). The FT is the only international business title to show audience growth on every major readership survey released in 2009 (Sources: NRS, BE Europe, EMS, BE Asia, PAX & Mendelsohn).

The Company also provides online news, conferences and recruitment websites and collects and distributes third party information. The *Financial Times* and FT.com compete with newspapers and other information sources, such as *The Wall Street Journal*, by offering timely and expert journalism. They compete for advertising with other forms of media based on the ability to offer an effective means for advertisers to reach their target audience.

FT.com charges subscribers for detailed industry news, comment and analysis, while providing general news and market data to a wider audience. The FT's online subscription base grew during 2009, with total numbers of paid digital subscriptions rising to 126,281 (2008: 109,609), up 15% year on year. Registered users almost doubled at 1.8m - up from 1.0m at the end of 2008.

As a consequence of the Company's B2B strategy the FT now has over 750 direct corporate licences (up by 36% from 550 licences in 2008) granting the right to access the Company's journalism on 30 different technology platforms.

The Company offers a wide range of print magazines, websites, conferences and events targeting specific areas of the financial world. Magazine titles include *Investors Chronicle*, *Money Management*, *Pensions Week*, *Financial Adviser*, *fDi Magazine*, *This is Africa*, *How to Spend It* and *The Banker*.

Effective 1 January 2009, the trade and assets of Exec-Appointments Ltd were transferred to the Company. It is expected that this will benefit the Company by offering additional online services to its target audience. Exec-appointments.com is a well-established global job site that focuses on the high-earning executive sector with approximately 300,000 registered executive users (2008: 260,000).

On 6 August 2009, the Company acquired the entire share capital of the UK entity, MandateWire Limited ("MandateWire"), a company incorporated in England. MandateWire provides money managers with timely business intelligence on institutional assets. The trade and assets of MandateWire were transferred to the Company with effect from 6 August 2009.

On 4 April 2008, the Company acquired the entire share capital of OCO Consulting Limited (OCO), a company incorporated in Northern Ireland. The consulting division of OCO was immediately sold to LOCO Limited. The trade and assets of FDI were transferred to the Company with effect from 5 April 2008. OCO changed its name to FDI Intelligence Limited ("FDI") with effect from 10 April 2008.

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Directors' Report (continued)

Future Outlook

The Directors do not anticipate any significant changes in the Company's activities in the foreseeable future, but will continue to acquire products and companies that complement its desire to build content revenues through niche digital, subscription news and analysis

In 2010, the Company will continue to build the international reach of the *Financial Times* both in print, through its five editions worldwide, and online, through FT com and FT Chinese com. The Company expects its cost measures, integration actions, acquisitions, revenue diversification and continued strong demand for high-quality analysis of global business, finance, politics and economics to prove advantageous in 2010 despite uncertain market conditions

Principal Risks And Uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risk and uncertainty affecting the Company is considered to relate to the potential reduction in advertising revenue and / or circulation because of competing news information distribution channels, particularly online and digital formats, or due to weak general economic conditions. Social, environmental and ethical risks are managed no differently to other business risks and the most important are considered to be journalistic/author integrity, ethical business behaviour, intellectual copyright protection compliance with the UN Global Compact standards, environmental impact, people and data privacy.

The Company conducts regular risk reviews to identify, and report to Pearson plc, the ultimate parent company, risk factors that may affect our business and financial performance. The principal risks and uncertainties are integrated with the principal risks of the Pearson group. Accordingly, the principal risks and uncertainties of the Financial Times group, which include those of the Company, are discussed in detail on pages 33 to 35 of the Pearson plc annual report which does not form part of this report.

Key Performance Indicators (KPIs)

The Financial Times had an average daily circulation 412,000 copies for the June – December ABC 2009 period (442,000 average for the June – December 2008 ABC period). The FT's online subscription base grew during 2009, with total numbers of paid digital subscriptions rising to 126,281 (2008 109,609), up 15% year on year. Registered users almost doubled at 1.8m - up from 1.0m at the end of 2008.

Further detail on the development, performance and position of the Financial Times group, which includes the Company, is discussed on pages 24 and 27 of the Pearson plc annual report which does not form part of this report.

Financial Risk

Financial risk is managed on a group basis by Pearson plc. Pearson plc's approach to the management of financial risk is set out on pages 33 to 35 of the Pearson plc annual report which does not form part of this report.

Results and Dividends

The profit for the financial year after taxation and a top-up contribution to the Pearson Group pension scheme of £23,136,000 (2008 £11,691,000) was £2,000 (2008 profit of £19,531,000). The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2009 (2008 £12,000,000).

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Directors' Report (continued)

Directors

The Directors who held office during the year were as follows

FL Barber
DCM Bell Resigned 30 December 2009
LS Burdett
RA Fairhead
TS Henderson
AC Miller
JJ Ridding

Supplier Payment Policy

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 21 days (2008: 18 days) of purchases.

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 Company. The training, career development and promotion of disabled employees are, as far as possible, identical to that of employees who do not suffer from a disability.

Employee Information

Employees are provided with information by a variety of methods including the FT intranet, notes from management and a regular team briefing programme on a cascade basis. The Chief Executive Officer holds employee briefing sessions to update employees.

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

All qualifying employees may participate in the Pearson plc Save As You Earn share option scheme. Employees are encouraged to maintain an interest in the financial and economic factors affecting the Pearson Group's performance.

The Company is an equal opportunities employer.

Health and Safety Policy

The Company retains the services of a physician three days a week and offers an occupational health service for all employees. First Aiders are available at all times during the working hours of the Company.

The Company has a Health and Safety policy, a copy of which is made available to all New Starters and is available on the FT Intranet for reference by all staff. The policy is reviewed and updated at least annually or if there are significant changes. Senior employees and line management receive Health and Safety training and the Company has a full time Health and Safety advisor to assist them in complying with their responsibilities. There is also a regular committee to discuss Health and Safety issues and accident statistics.

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Directors' Report (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and Financial Statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial period Under that law the Directors have elected to prepare 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 for that period

In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company to 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

Impact on Society

The Company, as a wholly owned subsidiary of Pearson plc, follows the Pearson Group Environmental Policy This is available on <http://www.pearson.com/environment> The Company continues to hold the Re-accreditation for Achievements in Energy Efficiency Award from the Institute of Energy and the International Standard ISO 14001 As part of Pearson plc, one of the Company's goals is to be a socially responsible company that has a positive impact on society Details of Pearson's strategy and highlights on Corporate Social Responsibility can be found on pages 36 to 43 of the Pearson plc annual report which does not form part of this report

Directors' Insurance

During the year to 31 December 2009 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 the Companies Act 2006

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Directors' Report (continued)

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office

Statement of Disclosure of Information to Auditors

In the case of each of the persons who are Directors at the time of approval of this report

a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

b) he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

By Order of The Board

A handwritten signature in black ink, appearing to read 'J. Ridding', is written over the printed name.

John Ridding
Director

24 May 2010

The Financial Times Limited

Independent Auditors' Report To the Members of The Financial Times Limited

We have audited the financial statements of The Financial Times Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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 Directors' Responsibilities Statement set out on page 4, 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 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.

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 2009 and of its result 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 matters 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.

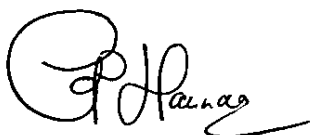
The Financial Times Limited

Independent Auditors' Report (continued)

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



Giles Hannam (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 May 2010

The Financial Times Limited

Profit And Loss Account For The Year Ended 31 December 2009

	Notes	2009 £'000	2008 Restated £'000
Turnover	2	265,327	294,567
Cost of sales		(160,479)	(157,951)
Gross Profit		104,848	136,616
Administrative expenses			
Impairment of investments	10	(5,158)	-
Special pension contribution		(23,136)	(11,691)
Other		(74,366)	(69,662)
		(102,660)	(81,353)
Distribution costs		(37,859)	(45,815)
Operating (Loss)/ Profit		(35,671)	9,448
Loss on disposal of fixed assets	21	-	(2,324)
Income from shares in group undertakings		26,111	15,741
Income from other fixed asset investments		210	180
(Loss)/ Profit On Ordinary Activities Before Interest and Taxation		(9,350)	23,045
Interest receivable and similar income	5	838	2,991
Interest payable and similar charges	6	(1,564)	(1,695)
(Loss)/ Profit On Ordinary Activities Before Taxation	3	(10,076)	24,341
Taxation on (loss)/ profit on ordinary activities	7	10,078	(4,810)
Profit For The Financial Year	18	2	19,531

The results relate solely to continuing activities

The notes on pages 11 to 29 form part of these financial statements

The Financial Times Limited

Statement of Total Recognised Gains and Losses For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Profit for the financial year	18	2	19,531
Deferred tax on share-based payments directly recognised in equity	18	243	(100)
Total Gains Recognised For The Financial Year		245	19,431

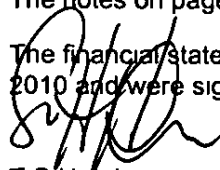
The Financial Times Limited

Balance Sheet As At 31 December 2009

	Notes	2009 £'000	2008 £'000
Intangible Assets			
Goodwill	8	43,291	35,617
Fixed Assets			
Tangible fixed assets	9	86,974	87,556
Investments			
Subsidiary undertakings	10	43	9,619
Associated undertakings	11	2,457	2,457
Other investments	11	343	3,549
		133,108	138,798
Current Assets			
Stocks	12	1,115	1,625
Debtors (including £nil (2008 £3,503,000) due after one year)	13	117,748	100,359
Cash at bank and in hand		100,871	87,749
		219,734	189,733
Creditors: amounts falling due within one year	14	(137,532)	(111,141)
Net Current Assets		82,202	78,592
Total Assets Less Current Liabilities		215,310	217,390
Creditors: amounts falling due after more than one year	14	(1,128)	(873)
Provision For Liabilities And Charges	16	(701)	(4,824)
Net Assets		213,481	211,693
Capital And Reserves			
Called up share capital	17	185,000	185,000
Profit and loss account	18	25,956	24,343
Other reserves	18	2,525	2,350
Equity Shareholder's Funds	19	213,481	211,693

The notes on pages 11 to 29 form part of these statements

The financial statements on pages 8 to 29 were approved by the Board of Directors on 24 May 2010 and were signed on its behalf by



T S Henderson
Director

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009

1 Accounting Policies

Basis of Accounting

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

Basis of Consolidation

Consolidated financial statements have not been prepared as the Company is itself a wholly-owned subsidiary undertaking of Pearson plc, a company incorporated in Great Britain and registered in England and Wales, which prepares consolidated financial statements. Consequently, the Company has taken advantage of the exemption provided by the Companies Act 2006 not to prepare group accounts.

Turnover

Turnover represents net circulation, advertisement and other revenue receivable excluding value added tax and discounts. Circulation and advertising revenue is recognised when the newspaper or publication is published. Subscription revenue is recognised over the life of the subscription.

Barter Transactions

Turnover and costs in respect of barter transactions for advertising are recognised only if there is persuasive evidence of the value at which, if the advertising had not been exchanged, it would have been sold for cash in a similar transaction.

Cost of Sales

Cost of sales includes all costs directly incurred in publishing the *Financial Times* newspaper and in running its online activities and is recognised on an accruals basis.

Intangible Assets

Goodwill arising on the acquisition of a business or purchase of publishing rights and titles is capitalised and amortised in equal instalments over the shorter of its estimated economic life and 20 years. Any permanent diminution in the value of goodwill is recognised by an immediate write-off to the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Finance lease rentals are capitalised at the total amount of rentals payable under the leasing agreement (excluding finance charges) and depreciated in accordance with the tangible fixed assets policy above. Finance charges are written off over the period of the lease in reducing amounts in relation to the written down carrying cost.

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

1 Accounting Policies (continued)

Tangible Fixed Assets

Fixed assets are stated at cost less provision required to take account of any diminution in value. Impairment losses recognised in previous years are reversed through the profit and loss account where the recoverable amount of the assets concerned (or the cash generating unit to which they relate) subsequently increases. These assets are depreciated to their estimated residual value over their estimated economic lives by equal annual instalments, starting in the month of acquisition, at the following rates:

Freehold buildings	2½% - 10%
Plant and machinery	5% - 33%
Fixtures, fittings and equipment	10% - 33%

Freehold land is not depreciated. Leasehold buildings are depreciated over the period of the lease.

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 retranslated at the rate of exchange ruling at the balance sheet date. Resultant exchange differences are taken to the profit and loss account. Non-monetary assets and liabilities are held at the historical exchange rate and are not retranslated at the balance sheet date.

Fixed Assets Investments

The Company's investments in subsidiary undertakings and associated undertakings are stated at cost less provisions required to take account of any permanent diminution in value. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value if higher. The discount rate applied is based upon the Company's weighted average cost of capital, with appropriate adjustment for the risks associated with the relevant business.

Pension Costs

The Company participates in the Pearson Group Pension Scheme, which is a hybrid scheme 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 and, accordingly, accounts for its participation in the Scheme as defined contribution under the multi-employer rules of Financial Reporting Standard 17 Retirement Benefits ("FRS 17"). The sponsoring entity to this scheme is Pearson Services Limited, a fellow subsidiary entity.

Provision Policy

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.

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

1 Accounting Policies (continued)

Share-Based Payments

Options and shares are awarded to the Company's employees under Pearson share and option plans. The fair value of options granted is recognised as an employee expense after taking into account 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 optional model that is most appropriate to the award. The fair value of 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:

Worldwide 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 2001 and renewed in 2006 and consists of two parts: share options and/or restricted shares.

Options were granted under this plan in 2001 based on a pre-grant earnings per share growth test and are not subject to further performance conditions on exercise. The options became exercisable in tranches and lapse if they remain unexercised at the tenth anniversary of the date of grant.

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 2008 and 2009 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. Other restricted shares awarded in 2008 and 2009 vest depending on continuing service over a three-year period.

Annual bonus share matching This plan permits executive Directors and senior executives to invest up to 50% of any after tax annual bonus in Pearson shares. If these shares are held and the Pearson's Group meets the earnings per share growth target, the Company will match them on a gross basis of up to one share for every one held.

In addition to the above, share options remain outstanding under Executive Share Option, Reward and Special Share Option Plans. These are legacy plans which were replaced with the introduction of the Long-Term Incentive Plan in 2001.

Restatement of Prior year

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

Cost of Goods sold of £74,951,000 in 2008 have been reanalysed upwards on the face of the profit and loss account, with a downwards adjustment of £45,389,000 to administrative expenses and £37,611,000 to distribution expenses. These have been reanalysed on the face of the profit and loss account in order to more fairly reflect the nature of the costs.

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

2 Turnover

	2009 £'000	2008 £'000
Geographical markets supplied by destination		
United Kingdom	155,752	183,379
Rest of Europe	61,586	63,499
North America	32,871	29,119
Asia and Middle East	11,781	10,103
Rest of World	3,337	8,467
	265,327	294,567

The Company treats invoices to agents in the United Kingdom as United Kingdom turnover, regardless of the country of residence of the customer. The Company has recognised £3,631,000 of barter revenue (2008 £10,209,000) on a gross basis consistent with the requirements of UITF 26 "Barter transactions for advertising" ("UITF 26")

The Company provides international business and financial news, data, comment and analysis, which together with associated advertising revenue, forms one class of business

3 (Loss)/ Profit On Ordinary Activities Before Taxation

(Loss)/ Profit on ordinary activities before taxation is stated after charging/(crediting)

	2009 £'000	2008 £'000 Restated
Staff costs (note 4)	111,345	97,341
Depreciation of tangible fixed assets (note 9)		
- Owned assets	12,009	11,031
- Leased assets	736	727
Amortisation of intangibles (note 8)	3,055	2,562
Auditors' remuneration for audit services	123	174
Exchange losses	8,472	7,057
Operating lease rentals		
- plant and machinery	4,853	6,212
- land and buildings	151	4,097
- lease income	-	(3,758)
Exit lease charge	-	1,250

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 Financial Times Limited's accounts since the consolidated accounts of The Financial Times Limited's ultimate parent company, Pearson plc, are required to disclose non-audit fees on a consolidated basis

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Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

4 Directors And Employees

The average monthly number of persons (including Directors) employed by the Company during the year was

	2009	2008
Production	909	949
Distribution	211	241
Administration	126	133
	1,246	1,322

	2009 £'000	2008 £'000
Staff costs comprised		
Wages and salaries	70,912	68,154
Social security costs	7,007	7,070
Pension costs (note 25)	33,426	22,117
	111,345	97,341

Pension costs include £239,110 (2008 £239,110) representing the Company's contributions to employees' personal pension schemes. The remaining amounts of £33,187,000 (2008 £21,878,000) represent the charge for funding of the Pearson Group Pension Scheme.

Directors' emoluments

	2009 £'000	2008 £'000
The remuneration paid to Directors was		
Aggregate emoluments	1,481	1,818
Aggregate amounts (excluding shares) receivable under long-term incentive schemes	-	22
Company contributions to money purchase pension schemes	20	-
	1,501	1,840

The following Directors' emoluments are excluded from the figures above

DCM Bell and AC Miller were employed by other Pearson group companies during 2009 and no recharge for their services is made to the Company. RA Fairhead and L Burdett are employed by the parent company, Financial Times Group Limited, and no recharge for their services is made to the Company. As such, the above disclosure does not include these Directors' emoluments.

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Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

4 Directors And Employees (continued)

	2009 £'000	2008 £'000
The highest paid Director received		
Aggregate emoluments	727	807

Retirement benefits are accruing to 2 (2008: 2) Directors under a defined benefit scheme
Retirement benefits are accruing to 1 (2008: nil) Directors under a money purchase scheme

5 Interest Receivable And Similar Income

	2009 £'000	2008 £'000
Other interest received	274	317
Bank interest received	529	2,674
Interest received from Group Undertakings	35	-
	838	2,991

6 Interest Payable And Similar Charges

	2009 £'000	2008 £'000
Interest paid to group undertakings	1,292	971
Finance charges on finance leases	217	251
Other interest paid	55	473
	1,564	1,695

7 Taxation On (Loss)/Profit On Ordinary Activities

	2009 £'000	2008 £'000
Current Tax		
UK corporation tax credit on the current year (loss)/ profit	(12,590)	(250)
Adjustments in respect of prior years	780	3,335
Foreign Taxation		
Current year foreign tax	50	54
Total Current Tax	(11,760)	3,139
Deferred Tax		
Origination and reversal of timing differences	5,819	4,584
Deferred tax on share based payments	(222)	100
Adjustment in respect of prior years	(3,915)	(3,013)
Total Deferred Taxation (note 15)	1,682	1,671
Taxation (Credit)/ Charge on (Loss)/ Profit on Ordinary Activities	(10,078)	4,810

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

7 Taxation On (Loss)/Profit On Ordinary Activities (continued)

The tax assessed for the year is lower than (2008 higher than) the standard rate of corporation tax in the UK. The differences are explained below.

	2009 £'000	2008 £'000
(Loss)/ Profit on ordinary activities before tax	(10,076)	24,341
(Loss)/ Profit on ordinary activities multiplied by standard rate in the UK of 28% (2008 28.5%)	(2,821)	6,937
Effects of		
Excess of capital allowances over depreciation for the year	(1,386)	(247)
Other expenses not deductible for tax purposes	1,035	987
Other timing differences	(571)	(489)
Adjustments in respect of prior years	780	3,335
Foreign tax	50	54
Non tax deductible goodwill amortisation	855	730
Non-taxable UK dividend income	(7,332)	(4,538)
Pensions spreading	(3,845)	(3,913)
Share-based payments	31	283
Impairment of subsidiaries	1,444	-
Current Tax (Credit)/ Charge for the Year	(11,760)	3,139

8 Intangible Assets

	Trade Names £'000	Customer Lists £'000	Goodwill £'000	Total £'000
Cost				
At 1 January 2009	-	-	49,829	49,829
Additions	265	1,351	1,881	3,497
Transfer from investments	-	-	7,231	7,231
At 31 December 2009	265	1,351	58,942	60,558
Amortisation				
At 1 January 2009	-	-	14,212	14,212
Charge for the year	11	56	2,988	3,055
At 31 December 2009	11	56	17,200	17,267
Net book value				
At 31 December 2009	254	1,295	41,742	43,291
At 31 December 2008	-	-	35,617	35,617

Amounts shown in Transfer from Investments are in respect of the transfer of the trade and assets of Exec-Appointments Limited and represent the excess of the value of investment over the identifiable assets of Exec-Appointments Limited.

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

8 Intangible Assets (continued)

On 6 August 2009, the Company purchased the business of MandateWire Limited. The table below details the assets and liabilities acquired and the adjustments made to the figures.

	Book Value £'000	Fair value adjustments £'000	Total £'000
Trade names	-	265	265
Customer lists	-	1,351	1,351
Tangible assets	31	-	31
Debtors	67	-	67
Cash	449	-	449
Creditors	(643)	-	(643)
Deferred tax	(4)	-	(4)
Net assets acquired	(100)	1,616	1,516
Consideration paid	3,397	-	3,397
Goodwill arising	-	-	1,881

9 Tangible Fixed Assets

	Land and Buildings £'000	Plant and Machinery £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost				
At 1 January 2009	73,997	20,047	69,078	163,122
Additions	-	1,276	10,598	11,874
Transfers	-	-	289	289
At 31 December 2009	73,997	21,323	79,965	175,285
Depreciation				
At 1 January 2009	28,700	18,323	28,543	75,566
Charge for the year	603	615	11,527	12,745
At 31 December 2009	29,303	18,938	40,070	88,311
Net book value				
At 31 December 2009	44,694	2,385	39,895	86,974
At 31 December 2008	45,297	1,724	40,535	87,556

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

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

9 Tangible Fixed Assets (continued)

If the above changes in valuation had not been applied, the freehold property would be included at a cost of £85,117,000 (2008 £85,117,000) and accumulated depreciation of £33,303,000 (2008 £32,450,000)

Included in fixtures and fittings are amounts relating to finance leases at cost of £4,586,110 (2008 £4,278,951) and accumulated depreciation of £2,858,027 (2008 £2,125,404)

Amounts disclosed under transfers relate to the fixed assets acquired as part of the transfer of the trade and assets of Exec-Appointments Limited and MandateWire Limited of £258,000 and £31,000 respectively

10 Subsidiary Undertakings

	£'000
Cost	
At 1 January 2009	10,440
MandateWire Limited Acquisition	3,237
Disposals	(8)
Unutilised Deferred Consideration	(416)
Transfer to Goodwill	(7,231)
At 31 December 2009	6,022
Provision	
At 1 January 2009	821
Charge for the year	5,158
At 31 December 2009	5,979
Net book value	
At 31 December 2009	43
At 31 December 2008	9,619

On 17 December 2009, the Company disposed of its investment in The Financial Times (Sweden) AB for SEK 74,000

The unutilised deferred consideration released during the year was in respect of FDI Intelligence Limited as a consequence of the Directors' best estimate of the performance against specific earnings and sales targets

Amounts shown in Transfer to Goodwill are in respect of the transfer of the trade and assets of Exec-Appointments Limited and represent the excess of the value of the investment over the identifiable assets of Exec-Appointments Limited

Amounts provided for during the year are in respect of the investments in FDI Intelligence Limited and MandateWire Limited following the transfers of trade and assets and the receipt of dividends from these companies

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

10 Subsidiary Undertakings (continued)

Details of principal subsidiary undertakings, all of which are wholly owned, are as follows

Subsidiary	Principal activity	Country of incorporation	% owned 2009	% owned 2008
Exec-Appointments Limited	Non-trading	England	100	100
The Financial Times (Benelux) Limited	Advertising, circulation and promotional representative of The Financial Times Limited in Belgium	England	100	100
The Financial Times (France) Limited	Advertising, circulation and promotional representative of The Financial Times Limited in France	England	100	100
The Financial Times (Japan) Limited	Advertising, circulation and promotional representative of The Financial Times Limited in Japan	England	100	100
The Financial Times (Spain) Limited	Advertising, circulation and promotional representative of The Financial Times Limited in Spain	England	100	100
St Clements Press Limited	Management of printing contracts for The Financial Times Limited	England	100	100
MandateWire Limited	Non-trading	England	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

11 Associated Undertakings And Other Investments

Associated Undertakings and Joint Ventures

	2009 £'000	2008 £'000
Cost and net book value	2,457	2,457

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

11 Associated Undertakings And Other Investments (continued)

Details of the associated undertakings and joint ventures are as follows

	2009	2008
	<u>% of issued shares held</u>	
(a) Associated undertakings		
The Economist Newspaper Limited		
11,340,000 5p ordinary shares	50	50
1,260,000 5p 'B' special shares	100	100
<hr/>		
2TheDoor Limited		
300 (2006 300) £1 ordinary shares	30	30

(b) Joint ventures

FTSE International Limited

500 (2006 500) £1 ordinary shares	50	50
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The above companies are registered in England and Wales. In the opinion of the Directors, the value of the investment in the associated undertakings is not less than the amount at which it is stated in the balance sheet.

The associates are primarily concerned with the provision, distribution and/or publication of business information.

Other Investments

	Unlisted Debentures £'000	Other Investments £'000	Total £'000
Cost at 1 January 2009	72	3,538	3,610
Redemption of preference shares	-	(3,000)	(3,000)
Redemption of loan stock	-	(200)	(200)
Cost at 31 December 2009	72	338	410
Amounts written off			
At 1 January 2009	61	-	61
Amortisation charge for the year	6	-	6
At 31 December 2009	67	-	67
Net book amount			
At 31 December 2009	5	338	343
At 31 December 2008	11	3,538	3,549

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

11 Associated Undertakings And Other Investments (continued)

Details of the investments are as follows

Investments	Class of Shares held	Percentage of capital owned %
Newspaper Licensing Agency	Ordinary shares	12.5
Twickenham debentures	Unlisted debentures	-

In the opinion of the Directors, the investments are not valued at less than the amount at which they are stated in the balance sheet

12 Stock

	2009 £'000	2008 £'000
Raw materials and consumables	1,115	1,625

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

13 Debtors

	2009 £'000	2008 £'000
Amounts falling due within one year		
Trade debtors	37,144	39,529
Amounts owed by group undertakings	39,517	27,411
Deferred taxation (see note 15)	11,225	12,677
Corporation tax	12,441	-
Other taxation	4,661	7,170
Other debtors	9,162	8,745
Accrued income	1,711	2,730
Prepayments	1,887	2,097
	117,748	100,359

Amounts owed by group undertakings include loans for the value of £980,000 (2008: £nil) attracting interest at LIBOR plus 325 basis points

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

14 Creditors

	2009 £'000	2008 £'000
Amounts falling due within one year		
Trade creditors	10,869	9,238
Amounts owed to group undertakings	57,556	30,543
Obligations under finance leases	835	1,359
Other taxation and social security	8,033	9,122
Other creditors	446	2,053
Corporation tax	-	359
Accruals and deferred income	59,793	58,467
	137,532	111,141

Amounts falling due after more than one year

	2009 £'000	2008 £'000
Obligations under finance leases	1,128	873
	1,128	873

Within amounts due to group undertakings are loans for the value of £19,416,000 (2008 £19,029,000) attracting interest at LIBOR plus 325 basis points (2008 quarterly base rate plus 45 basis points) Other amounts due to group undertakings are unsecured, interest free and repayable on demand

15 Deferred Taxation

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

	Pensions £'000	Share Based Payments £'000	Fixed Assets £'000	Provisions £'000	Total £'000
Asset at 1 January 2009	7,690	399	4,072	516	12,677
Profit and loss (charge)/credit	(3,845)	222	1,831	110	(1,682)
Transfers	-	-	(13)	-	(13)
Recognised gains	-	243	-	-	243
Asset at 31 December 2009	3,845	864	5,890	626	11,225

A further deferred tax asset of £5,256,000 (2008 £8,628,000) has not been recognised on losses available to carry forward due to the uncertainty regarding the timing of future taxable profits These will be available to offset against future taxable profits

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

16 Provision For Liabilities And Charges

	Pensions £'000	Reorganisations £'000	Deferred Consideration £'000	Total £'000
At 1 January 2009	646	2,515	1,663	4,824
Utilised in the year	-	(2,252)	(1,250)	(3,502)
Amounts released to the profit and loss	-	(262)	(22)	(284)
Amounts charged to the profit and loss	-	54	25	79
Unutilised deferred consideration	-	-	(416)	(416)
At 31 December 2009	646	55	-	701

The reorganisation provision relates to redundancy obligations arising in the year. The pension provision relates to a defined benefit scheme for non-journalistic staff resident outside of the UK, Germany or the US (see note 25). The deferred consideration represented the present value of the Directors' best estimation of additional consideration due to the vendors of Exec-Appointments Limited and FDI Intelligence Limited. During the year, £1,250,000 was paid to the vendors of Exec-Appointments Limited.

The deferred consideration in respect of FDI Intelligence Limited was credited against the cost of investment during the year as a consequence of Management's best estimate of the performance against the specific earnings and sales targets.

17 Called Up Share Capital

	2009 £'000	2008 £'000
Authorised, allotted, called up and fully paid		
185,000,000 £1 Ordinary shares (2008: 185,000,000)	185,000	185,000

18 Reserves

	P&L Account £'000	Other Reserves £'000	Total £'000
At 1 January 2009	24,343	2,350	26,693
Profit for the financial year	2	-	2
Deferred tax on share-based payments directly recognised in equity	243	-	243
Share based payments charge	-	1,543	1,543
Shares exercised/lapsed during the year	1,403	(1,403)	-
Transfers	(35)	35	-
At 31 December 2009	25,956	2,525	28,481

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

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

19 Reconciliation Of Movements In Equity Shareholders' Funds

	2009 £'000	2008 £'000
Opening equity shareholder's funds	211,693	202,432
Profit for the financial year	2	19,531
Dividends paid	-	(12,000)
Share-based payments charge	1,543	1,830
Other recognised gains/ (losses) relating to the year	243	(100)
Closing Equity Shareholder's Funds	213,481	211,693

20 Capital Commitments

	2009 £'000	2008 £'000
Contracts placed for future capital expenditure not provided in the financial statements	2,277	4,300

21 Operating Lease Commitments

At 31 December 2009, the Company was committed to make payments during next year under non-cancellable operating leases as follows

	2009			2008 Restated		
	Land and Buildings £'000	Other £'000	Total £'000	Land and Buildings £'000	Other £'000	Total £'000
Expiring						
within one year	147	4,902	5,049	-	4,797	4,797
between two and five years	427	18,827	19,254	157	19,352	19,509
In over five years	263	3,464	3,727	205	8,083	8,288
	837	27,193	28,030	362	32,232	32,594

In 2008, the Company surrendered a lease under which it had been committed to making payments. A one-off charge of £1,250,000 and a loss on disposal of fixed assets of £2,324,435 was incurred to exit from this arrangement.

Amounts disclosed as charged to the profit and loss account as operating lease rentals plant and machinery (note 3) and operating lease commitments other (note 21) have been restated upwards by £4,619,000 and £31,176,000 respectively following a reassessment of a specific contract.

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

22 Finance Lease Commitments

Future minimum payments under finance leases are as follows

	2009 £'000	2008 £'000
Within one year	998	1,549
In more than one year, but not more than five years	1,248	1,038
Total gross payments	2,246	2,587
Less Finance lease charges included above	(283)	(355)
	1,963	2,232

23 Contingent Liabilities

(a) Bank guarantees

Bank guarantees

The Company participates in an arrangement with HSBC Bank plc whereby the accounts of Pearson plc and 34 of its subsidiaries, "the guarantors", are combined, with cleared debit and credit balances being offset for interest calculation purposes. In order to comply with banking regulations, each guarantor 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. The net balance under this arrangement at 31 December 2009 was a debit balance of £4,238,000.

The maximum amount of this guarantee is limited to a net overdraft of £50,000,000. As at 31 December 2009 the potential liability arising from these guarantee arrangements amounted to £50,000,000 (2008 £50,000,000) for the parent undertaking and fellow subsidiary undertakings and £50,000,000 (2008 £50,000,000) for the subsidiary undertakings of the company.

(b) Other guarantees and indemnities

The Company has agreed to provide, or arrange the provision of, funds to St Clements Press Limited, a subsidiary undertaking of the Company, sufficient to meet its obligations as they fall due for at least the twelve months from the date of signature of their accounts. At 31 December 2009, St Clements Press Limited had net liabilities of £3,055,000 (2008 £3,258,000).

The Company has agreed to provide, or arrange the provision of, funds to FT Personal Finance Limited, a fellow group undertaking of the Company, sufficient to meet its obligations as they fall due for at least the twelve months from the date of signature of their accounts. At 31 December 2009, FT Personal Finance Limited had net liabilities of £19,320,000 (2008 of £19,378,000).

The Company has agreed to provide, or arrange the provision of, funds to The Financial Times (M-M UK) Limited, a fellow group undertaking of the Company, sufficient to meet its obligations as they fall due for at least the twelve months from the date of signature of their accounts. At 31 December 2009, The Financial Times (M-M UK) Limited had net liabilities £993,000 (2008 of £493,000).

The Company has agreed to provide, or arrange the provision of, funds to The Financial Times (Benelux) Limited, a fellow group undertaking of the Company, sufficient to meet its obligations as they fall due for at least the twelve months from the date of signature of their accounts. At 31 December 2009, The Financial Times (Benelux) Limited had net liabilities €4,000 (2008 net assets of €494,000).

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

24 Share-Based Payments

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

	2009 Number of share options	2009 Weighted average exercise price	2008 Number of share options	2008 Weighted average exercise price
	000s	£	000s	£
Outstanding at beginning of year	1,567	11.24	1,701	10.96
Granted during the year	233	5.47	350	5.35
Exercised during the year	(180)	5.21	(269)	4.47
Forfeited during the year	(194)	13.03	(190)	8.98
Expired during the year	(37)	5.18	(29)	5.44
Transferred during the year	5	0.77	4	38.16
Outstanding at end of year	1,394	10.92	1,567	11.24
Options exercisable at end of year	669	16.88	856	15.96

Options were exercised regularly during the year. The weighted average share price during the year was £7.15 (2008: £6.44). Early exercises are treated as an acceleration of vesting and the Company therefore recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the original vesting period in the profit and loss account.

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

Range of exercise prices	2009 Number of share options	2009 Weighted average contractual life	2008 Number of share options	2008 Weighted average contractual life
£	000s	Years	000s	Years
0-5	105	1.00	229	1.21
5-10	779	2.85	713	3.08
10-15	220	1.36	280	2.08
15-20	38	0.70	47	1.47
20-25	38	0.19	38	1.19
>25	214	0.19	261	1.19
	1,394	1.94	1,567	2.22

In 2009 and 2008 options were granted under the Worldwide Save for Shares Plan. The weighted average estimated fair value for the options granted was calculated using a Black-Scholes option pricing model.

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

24 Share-Based Payments (continued)

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

	2009 Weighted average	2008 Weighted average
Fair value	1.68	1.68
Weighted average share price	7.13	6.96
Weighted average exercise price	5.47	5.35
Expected volatility	27.01%	21.72%
Expected life	4.3	4.4
Risk-free rate	2.53%	4.30%
Forfeiture rate	3.8%	3.9%
Expected dividend yield	4.74%	4.54%

The expected volatility is based on the historical volatility of the Group share price over the previous 3 to 7 years depending on the vesting term of the options

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

	2009 Number of shares	2009 Weighted average fair value	2008 Number of shares	2008 Weighted average fair value
	000s	£	000s	£
Annual Bonus Share Matching Plan	7	6.70	8	6.73
Long-Term Incentive Plan	169	6.26	205	6.28

Restricted shares granted under the Annual Bonus Share Matching Plan are valued using the share price at the date of grant. From 2008 shares granted include the entitlement to dividends during the vesting period and therefore the share price is not discounted.

Participants of the Long-Term Incentive Plan are entitled to dividends during the vesting period. The fair value of shares granted under the Long-Term that vest unconditionally was determined using the share price at the date of the grant. The number of shares to vest was adjusted based on historical experience to account for any potential forfeitures. Restricted shares with a market performance condition were valued by an independent actuary using a Monte Carlo model. Restricted shares with a non-market performance condition were fair valued based on the share price at the date of grant. Non-market performance conditions were considered by adjusting the number of shares expected to vest based on the most likely outcome of the relevant performance criteria.

The Financial Times Limited

Notes To The Financial Statements For The Year Ended 31 December 2009 (continued)

25 Pension Commitments

The Company participates in the Pearson Group Pension Scheme, which is a hybrid with both defined benefit 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 profit and loss charge for the Company in respect of its participation in the scheme, representing regular contributions paid was £9,985,110 (2008 £10,186,951).

The total market value of assets in the Pearson Group Pension Scheme was £1,609 million as at 31 December 2009 (2008 £1,478 million) and the value of liabilities calculated in accordance with FRS 17 was £1,787 million as at 31 December 2009 (2008 £1,420). Hence the total FRS 17 deficit for Pearson Group Pension Scheme was £178 million (2008 £58 million surplus). This was determined by an actuarial valuation using the projected unit method.

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 2010.

26 Cash Flow Statement

The cash flows of the Company are included in the consolidated cash flow statement of Pearson plc, the ultimate parent company. Consequently, the Company is exempt under the terms of FRS 1 "Cash Flow Statements" from publishing a cash flow statement.

27 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 28.

28 Ultimate Parent Company

The Company's immediate parent company is Financial Times Group Limited.

The ultimate controlling parent company is Pearson plc, a company incorporated in Great Britain and registered in England and Wales. Pearson plc is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of Pearson plc are available to the public from The Company Secretary, Pearson plc, 80 Strand, London WC2R 0RL.