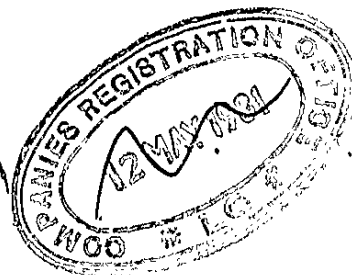


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THE FINANCIAL TIMES LIMITED  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31st DECEMBER 1980



THE FINANCIAL TIMES LIMITED

INDEX TO THE REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st DECEMBER 1980

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THE FINANCIAL TIMES LIMITED

A subsidiary of Pearson Longman Limited

Directors

A.V. Hare, M.C. (Chairman and Chief Executive)  
A.G. Cox  
J.P. Dukes  
M.H. Fisher (resigned 31st December 1980)  
The Hon. C.P. Gibson  
M.C. Gorman, C.A.  
J.G. Lee (appointed 1st April 1980)  
R.A.F. McClean  
G.D. Owen (appointed 1st December 1980)  
H.J. Rogaly (alternate to G.D. Owen - appointed 1st December 1980)  
R.P. West, F.C.A.

Secretary and Registered Office

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

Auditors

Deloitte Haskins & Sells

Bankers

Midland Bank Limited

Solicitors

Freshfields

THE FINANCIAL TIMES LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the fifty-third Annual General Meeting of The Financial Times Limited will be held at Bracken House, Cannon Street, London, EC4P 4BY on Monday 27th April 1981, at 11.00 a.m for the following purposes:

1. To receive and consider the financial statements for the year ended 31st December 1980, and the reports of the directors and auditors thereon.
2. To confirm the dividends paid during the year end to resolve that no final dividend be declared.
3. To re-elect directors.
4. To re-appoint the auditors and resolve that their remuneration be agreed by the directors.

BY ORDER OF THE BOARD

Secretary

Note: Any member of the company entitled to attend and vote may appoint another person (whether a member or not) as his proxy to attend and vote instead of him.

# THE FINANCIAL TIMES LIMITED

## REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the financial statements for the year ended 31st December 1980.

### PROFIT AND APPROPRIATIONS

The net profit of the group, after extraordinary items,  
attributable to The Financial Times Limited is £1,301,625

The following appropriations for dividends have been made:

First interim dividend	250,400
Second interim dividend	199,600
Third interim dividend	850,000
Special dividend	750,000
	<hr/>
	2,050,000
	<hr/>

Giving an excess of dividends over profit for the year,  
which has been deducted from reserves £ (748,375)

The directors do not recommend a final dividend.

### PRINCIPAL ACTIVITIES OF THE GROUP AND SIGNIFICANT CHANGES

The principal business activity of the company during the year under review has been the publication of the national daily newspaper "The Financial Times". The group also published an international edition from Germany.

Other activities of the group include the publication of magazines and news-letters, the organisation of business conferences and the provision of business information services.

During the year the group acquired the business and assets of McCarthy Information Limited.

The company has interests in other companies as set out on page 21 to the financial statements.

There have been no significant changes in the group's activities during the year.

### VALUATIONS

Leasehold properties, which are included in fixed assets in the consolidated balance sheet at 31st December 1980 at the net book amount of £6,311,694, had in the opinion of the directors, a market value of approximately £10,700,000 at that date. This opinion is based on a valuation prepared by St. Quintin, Chartered Surveyors. If the properties had been disposed of at the estimated value, tax payable on the surplus and not provided for in the accounts would have been some £2,300,000.

The investments in associated companies have a balance sheet book value of £3,836,630 (1979 £3,805,156). At the balance sheet date, current values were estimated at a total of £2,950,000 (1979 £4,130,000). Since these are considered to be long-term investments, no provision has been made for fluctuations in current values which are not considered to be of a permanent nature.

THE FINANCIAL TIMES LIMITED

REPORT OF THE DIRECTORS (continued)

DIRECTORS

The present directors are listed on page 2.

Mr. J.G. Lee and Mr. G.D. Owen were appointed during the year under Article 119 of the Articles of Association and, being eligible, offer themselves for election. The directors who retire by rotation are Mr. A.G. Cox, and Mr. R.P. West who, being eligible, offer themselves for re-election.

DIRECTORS INTERESTS

The interests of directors and their families in shares, debentures and unsecured loan stocks of S. Pearson & Son, Limited and its subsidiaries were as follows:-

	S. Pearson & Son, Limited 25p Ordinary Shares	
	31st December 1980	1st January 1980
A.G. Cox	-	-
J.P. Dukes	-	-
M.C. Gorman	1,500	1,500
R.A.F. McClean	-	-
G.D. Owen	-	-*
H.J. Rogaly	-	-*

\*Date of appointment

Mr. M.H. Fisher, The Hon. C.P. Gibson, Mr. A.V. Ware, Mr. J. G. Lee and Mr. R.P. West are also directors of the immediate holding company, Pearson Longman Limited, and are not required to notify their interests to this company.

EXPORTS

Overseas revenue from the sale of publications and advertisement space during the year amounted to £12,439,103 (1979 £13,150,958).

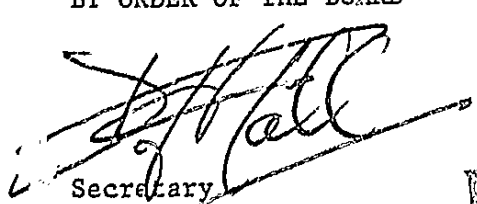
EMPLOYEES

During 1980 the average number of United Kingdom employees of the group was 1,769 (1979 1,690) and their aggregate remuneration £17,914,118 (1979 £14,008,778).

AUDITORS

Deloitte Haskins & Sells have indicated their willingness to continue in office and their re-appointment at a remuneration to be agreed by the Board will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

  
Secretary

176 APR 1981

AUDITORS' REPORT TO THE MEMBERS OF  
THE FINANCIAL TIMES LIMITED

We have audited the financial statements on pages 7 to 21 in accordance with approved Auditing Standards.

The group's share of the profit before taxation of associated companies in the consolidated profit and loss account and the reserves attributable to the interest of the group in associated companies in the consolidated balance sheet include respectively £287,000 and £79,800 which are based upon unaudited financial statements of one associated company and accordingly we have been unable to satisfy ourselves as to these amounts.

In our opinion, subject to any adjustments that would have been necessary had audited financial statements of the associated company been available, the financial statements give a true and fair view of the state of affairs of the company and the group at 31st December 1980 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1980.



Chartered Accountants

London

16th April 1981

THE FINANCIAL TIMES LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31st DECEMBER 1980

	<u>Notes</u>	<u>1980</u> £	<u>1979</u> £
TURNOVER (net circulation, advertisement and other revenue)		£48,584,830	£44,322,232
PROFIT BEFORE TAXATION			
The company and its subsidiaries	2	898,820	3,755,248
Associated companies	3	1,223,101	241,027
		2,121,921	3,996,275
TAXATION THEREON	4	1,014,152	2,226,999
PROFIT AFTER TAXATION		1,107,769	1,769,276
LOSSES ATTRIBUTABLE TO MINORITY INTERESTS		85,740	48,958
PROFIT OF THE YEAR BEFORE EXTRAORDINARY ITEMS		1,193,509	1,818,234
EXTRAORDINARY ITEMS	6	108,116	(122,510)
NET PROFIT ATTRIBUTABLE TO THE FINANCIAL TIMES LIMITED		1,301,625	1,695,724
Of which £1,050,291 (1979 £1,601,285) is dealt with in the profit and loss account of the company.			
DIVIDENDS OF THE FINANCIAL TIMES LIMITED			
First interim		250,400	125,000
Second interim		199,600	225,000
Third interim		850,000	-
Special		750,000	-
Proposed final		-	650,000
		2,050,000	1,000,000
NET TRANSFER FROM RESERVES (1979 Profit retained and added to reserves)	12		
Capital reserves		123,116	(80,844)
Revenue reserves		(871,491)	776,568
		£(748,375)	£695,724



THE FINANCIAL TIMES LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET 31st DECEMBER 1980

	<u>Notes</u>	<u>1980</u> £	<u>1979</u> £
FIXED ASSETS	7	10,518,347	9,751,715
INVESTMENTS			
Associated companies	9	3,836,630	2,805,156
Other	10	65,268	83,458
		3,901,898	3,888,614
CURRENT ASSETS			
Stocks		945,993	792,426
Debtors		8,499,385	9,712,595
Consortium taxation relief receivable		132,750	56,250
Taxation recoverable		717,439	-
Amounts due from holding company and fellow subsidiaries		245,454	253,383
Deposit with holding company		2,400,000	6,000,000
Deposits and bank balances		2,096,990	827,891
		15,038,011	17,642,545
CURRENT LIABILITIES			
Creditors		8,877,494	8,469,925
Amounts due to fellow subsidiaries		60,178	61,045
Current taxation		3,067,763	1,575,531
Corporation tax due on 1st January 1982		-	1,751,250
Short term borrowing	11	31,847	386,179
Proposed dividend		-	650,000
		12,037,282	12,893,930
NET CURRENT ASSETS		3,000,729	4,748,615
		£17,420,974	£18,388,944
INTEREST OF SHAREHOLDERS OF THE FINANCIAL TIMES LIMITED			
Share capital of the company (page 9)		1,800,000	1,800,000
Reserves:	12	12,957,600	13,915,864
the company and its subsidiaries		2,539,554	2,508,080
associated companies		15,497,154	16,423,944
		17,297,154	18,223,944
DEFERRED TAXATION	13	123,820	165,000
		£17,420,974	£18,388,944

THE FINANCIAL TIMES LIMITED

BALANCE SHEET 31st DECEMBER 1980

	<u>Notes</u>	<u>1980</u> £	<u>1979</u> £
FIXED ASSETS	7	8,120,140	7,300,045
INVESTMENT IN SUBSIDIARIES	8	4,594,698	2,474,677
INVESTMENTS			
Associated companies	9	1,297,076	1,297,076
Other	10	65,268	75,982
		1,362,344	1,373,058
GOODWILL AND COPYRIGHTS		1,084,108	1,084,108
CURRENT ASSETS			
Stocks		476,755	411,680
Debtors		6,474,554	7,668,307
Taxation recoverable		700,457	-
Amounts due from subsidiaries		1,975,967	2,066,809
Amounts due from fellow subsidiaries		1,619	9,515
Deposit with holding company		2,400,000	6,000,000
Deposits and bank balances		176,428	330,642
		12,205,780	16,486,953
CURRENT LIABILITIES			
Creditors		4,154,374	4,635,386
Amounts due to subsidiaries		2,681,124	1,151,787
Amounts due to fellow subsidiaries		441	25,001
Amounts due to holding company		14,447	-
Current taxation		2,592,913	1,767,626
Corporation tax due on 1st January 1982		-	1,775,000
Short term borrowing	11	2,158,577	1,972,430
Proposed dividend		-	650,000
		11,601,876	11,977,230
NET CURRENT ASSETS		603,904	4,509,723
		£15,765,194	£16,741,611
ORDINARY CAPITAL			
Authorised, issued and fully paid		500,302	500,302
2,001,208 ordinary shares of 25p each		1,299,698	1,299,698
5,198,792 'A' ordinary shares of 25p each		1,800,000	1,800,000
RESERVES	12	13,965,194	14,941,611
		£15,765,194	£16,741,611

*AWW*  
*McGonaghy* Directors

THE FINANCIAL TIMES AND ITS SUBSIDIARY COMPANIES  
SOURCE AND APPLICATION OF LIQUID FUNDS  
FOR THE YEAR ENDED 31st DECEMBER 1980

	<u>1980</u> £	<u>1979</u> £
<b>SOURCE OF FUNDS</b>		
Profit before tax and extraordinary items	898,820	3,755,248
Dividends received from associated companies	415,600	133,550
Adjustments for items not involving the movement of funds:-		
Depreciation charged against profit	687,259	637,758
Losses attributable to minorities	85,740	48,958
Total generated from operations	<u>2,087,419</u>	<u>4,575,514</u>
Funds from other sources:-		
Proceeds from disposal of subsidiaries	119,678	285,000
Further consideration from disposal of subsidiary in previous year	5,295	-
Disposal of investments	7,476	-
Reduction in loan	10,714	-
	<u>2,230,582</u>	<u>4,860,514</u>
<b>APPLICATION OF FUNDS</b>		
Purchase of business	24,603	165,802
Purchase of fixed assets net of disposals at book value	1,523,938	973,441
Purchase of investments	850	82,344
Taxation paid	1,370,028	2,009,176
Dividends paid	2,700,000	1,100,000
	<u>5,619,419</u>	<u>4,330,763</u>
Changes in working capital:		
Stocks	145,241	235,241
Debtors	(1,149,544)	2,916,894
Creditors	(442,790)	(2,180,893)
	<u>(1,447,093)</u>	<u>971,242</u>
	<u>4,172,326</u>	<u>5,302,005</u>
<b>DECREASE IN NET LIQUID FUNDS</b>		
Deposit with holding company	(3,600,000)	450,000
Deposits and bank balances	1,303,924	(505,312)
Short term borrowing	354,332	(386,179)
	<u>£(1,941,744)</u>	<u>£(441,491)</u>

THE FINANCIAL TIMES LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON SOURCE AND APPLICATION OF LIQUID FUNDS  
FOR THE YEAR ENDED 31st DECEMBER 1980

Note:-

In reconciling the flow of funds with balance sheet figures it is necessary to take account of the following:-

	<u>1980</u> £
(i) Reconversion of net assets in overseas currencies	
Fixed assets	(85,047)
Stocks	(1,329)
Debtors	(70,588)
Deposits and bank balances	(61,629)
Creditors	176,485
Taxation	(938)
	<hr/>
Dealt with in reserves	£(43,046)
	<hr/>
(ii) Net assets of business acquired	
Fixed assets	15,000
Stock	9,655
Cash	26,804
Taxation	(12,475)
Goodwill	126,016
	<hr/>
	165,000
	<hr/>
Less: Creditors	(140,397)
	<hr/>
Cash consideration paid	£24,603
	<hr/>
(iii) Disposal of subsidiary	
Net assets eliminated on disposal	1,857
Net surplus on disposal	117,821
	<hr/>
Cash consideration received	£119,678
	<hr/>

# THE FINANCIAL TIMES LIMITED AND ITS SUBSIDIARY COMPANIES

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### Basis of accounting

The annual financial statements are prepared on the historical cost basis of accounting, modified to include the revaluation of certain properties.

#### Basis of consolidation

The financial statements of the subsidiaries are made up to 31st December and all are included in the consolidated accounts.

#### Associated companies

Profits and losses of associated companies are included in the consolidated profit and loss account to the full extent of the investing company's interest therein. Its share of the undistributed reserves of associated companies arising since acquisition is included in the amount at which such investments are stated in the consolidated balance sheet. For this purpose the latest available audited financial statements are used, supplemented by unaudited management accounts made up to 31st December.

#### Goodwill and copyrights

##### (a) Consolidated balance sheet

Goodwill, being the net excess of the cost of shares in subsidiaries over the attributable portion of their net assets at dates of acquisition and the cost of other goodwill by purchase, is deducted from reserves in the year of acquisition in the consolidated financial statements. This is a change in accounting policy from previous years when goodwill was carried as an asset. The comparative figures for 1979 have been restated to reflect the revised policy.

##### (b) Balance sheet of The Financial Times Limited

Goodwill purchased by the company continues to be carried in the company's balance sheet at cost.

#### Fixed assets

Fixed assets are stated at cost less government grants or at valuation.

Long-term leasehold properties are depreciated by equal instalments over the unexpired periods of the leases less a deduction therefrom of five years to cover dilapidations. Other fixed assets are depreciated over their estimated economic lives by equal annual instalments. Generally short-term leasehold properties are depreciated over the period of the lease, motor vehicles at 25% per annum and other plant and equipment at appropriate rates between 5% and 20% per annum.

#### Stocks

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

THE FINANCIAL TIMES LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (continued)

Deferred taxation

The group provides deferred taxation, at the rates current at 31st December, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes except to the extent it is, in the opinion of the directors, reasonable to assume that the timing differences will not reverse in the future so as to give rise to a tax liability.

Overseas currencies

Assets, liabilities and profits of the year in overseas currencies are converted to sterling at the rates ruling at balance sheet date. The exchange difference arising on the annual reconversion of fixed assets, investments and long-term liabilities is taken direct to capital reserves. The exchange difference arising on the annual reconversion of other assets and liabilities is taken direct to revenue reserves.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	<u>1980</u> £	<u>1979</u> £
<b>2. PROFIT BEFORE TAXATION</b>		
The profit before taxation of the company and its subsidiaries is arrived at after crediting:		
Interest receivable:		
Holding company	1,031,148	765,148
Other	85,885	10,339
Rents receivable	137,278	129,246
and after charging:		
Interest payable on bank loans and other loans repayable within five years	47,437	12,837
Depreciation of fixed assets	687,259	637,758
Amount paid by associated company to employees declared redundant on closure of printing operation	-	464,283
Auditors' remuneration	<u>65,700</u>	<u>51,261</u>

**3. ASSOCIATED COMPANIES**

Dividends received from the unlisted associated companies including tax credits of £178,114 (1979 £57,232) amounted to £593,714 (1979 £190,782).

The profit before taxation and retained reserves of associated companies include £287,000 (1979 £42,848) and £79,800 (1979 deficit of £84,786) respectively derived from unaudited financial statements.

	<u>1980</u> £	<u>1979</u> £
<b>4. TAXATION</b>		
The company and its subsidiaries:		
Corporation tax on the profit of the year at 52%	208,326	1,900,840
Deferred Corporation tax	(41,180)	165,000
Double taxation relief	(236,014)	(203,300)
	<u>(68,868)</u>	<u>1,862,540</u>
Overseas taxation	331,346	223,962
	<u>262,478</u>	<u>2,086,502</u>
Associated companies	751,674	140,497
	<u>£1,014,152</u>	<u>£2,226,999</u>

The taxation charge has been reduced by £404,000 (1979 £24,000) by reason of timing differences for which no provision for deferred taxation has been made. The taxation charge has been further reduced by £37,000 in respect of stock relief calculated on the basis of the March 1981 budget proposals.

THE FINANCIAL TIMES LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. EMOLUMENTS OF THE DIRECTORS AND EMPLOYEES OF THE FINANCIAL TIMES LIMITED

	1980 £	1979 £
DIRECTORS		
Fees		
Less: borne by an associated company	500 (500)	1,000 (1,000)
Other emoluments	-	-
Pensions of past executive directors	211,401 24,786	176,105 19,675
	<u>£236,187</u>	<u>£195,780</u>
Analysis of emoluments (exclusive of contributions to pension funds):		
Chairman	<u>£38,278</u>	<u>£33,718</u>
Highest paid director (1979 Chairman)	<u>£38,471</u>	<u>£ -</u>
Other directors:		
Not exceeding £5,000	5	3
£20,000 to £25,000	1	4
£25,001 to £30,000	3	-
£30,001 to £35,000	-	2
EMPLOYEES		
Analysis of emoluments of employees receiving more than £20,000 per annum (exclusive of contributions to pension funds):		
£20,001 to £25,000	7	1
£25,001 to £30,000	1	-

6. EXTRAORDINARY ITEMS

	£	£
Profit (1979 Loss) on sale of a subsidiary	117,821	(105,513)
Further consideration from disposal of subsidiary in previous year	5,295	-
Fixed assets written off by associated company on closure of factory	(15,000)	(60,000)
Surplus on disposal of goodwill to a fellow subsidiary	-	117,871
Further acquisition costs relating to a former investment	-	(74,868)
	<u>£108,116</u>	<u>£(122,510)</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)

7. FIXED ASSETS	Long Leaseholds £	Short Leaseholds £	Plant and Machinery £	Total £
(a) COMPANY AND ITS SUBSIDIARIES				
Cost or valuation				
At 31st December 1979	7,259,686	143,308	5,728,848	13,131,842
Exchange adjustments	-	(1,884)	(102,694)	(104,578)
Additions at cost	-	-	1,599,640	1,599,640
Disposals	-	(602)	(155,648)	(156,250)
At 31st December 1980	7,259,686	140,822	7,070,146	14,470,654
Analysed as follows:				
Valuation 1971	7,250,000	-	-	7,250,000
Cost	9,686	140,822	7,070,146	7,220,654
	7,259,686	140,822	7,070,146	14,470,654
Depreciation				
At 31st December 1979	883,828	102,504	2,393,795	3,380,127
Exchange adjustments	-	(146)	(19,385)	(19,531)
Provided in accounts	87,877	14,751	584,631	687,259
Disposals	-	-	(95,548)	(95,548)
At 31st December 1980	971,705	117,109	2,863,493	3,952,307
Net book values				
At 31st December 1980	£6,287,981	£23,713	£4,206,653	£10,518,347
At 31st December 1979	£6,375,858	£40,804	£3,335,053	£ 9,751,715
(b) COMPANY				
Cost or valuation				
At 31st December 1979	7,259,686	116,814	1,269,475	8,645,975
Additions at cost	-	-	1,157,472	1,157,472
Transfers from subsidiaries	-	-	6,931	6,931
Disposals	-	-	(111,028)	(111,028)
At 31st December 1980	7,259,686	116,814	2,322,850	9,699,350
Analysed as follows:				
Valuation 1971	7,250,000	-	-	7,250,000
Cost	9,686	116,814	2,322,850	2,449,350
	£7,259,686	£116,814	£2,322,850	£9,699,350

THE FINANCIAL TIMES LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. FIXED ASSETS (continued)	Long Leaseholds £	Short Leaseholds £	Plant and Machinery £	Total £
Depreciation				
At 31st December 1979	883,828	100,457	361,645	1,345,930
Provided in accounts	87,877	11,653	199,739	299,269
Transfers from subsidiaries	-	-	1,717	1,717
Disposals	-	-	(67,706)	(67,706)
At 31st December 1980	971,705	112,110	495,395	1,579,210

Net book values

At 31st December 1980	£6,287,981	£ 4,704	£1,827,455	£8,120,140
At 31st December 1979	£6,375,858	£ 16,357	£ 907,830	£7,300,045

8. INVESTMENT IN SUBSIDIARIES

	1980 £	1979 £
Shares at cost less amounts written off	876,941	902,761
Loans and advances less provisions	3,717,757	1,571,916
	£4,594,698	£2,474,677

Details of subsidiaries are:

Percentage of capital owned

Ordinary

F.T. (America Advertising) Limited	100
F.T. (France Advertising) Limited	100
F.T. (Germany Advertising) Limited	100
F.T. Publications Inc. (incorporated in U.S.A.)	100
St. Clements Press Limited	100
St. Clements Press Pension Trustee Limited	100
The Financial Times Business Enterprises Limited	100
Apollo Magazine Limited	100
The Financial Times Business Information Limited	100
McCarthy Information Limited	100
The Financial Times Business Publishing Limited	100
Fintel Limited	55
Investors Chronicle Limited (dormant)	100
Stock Exchange Gazette Publications Limited (dormant)	100
The Banker Limited (dormant)	100
Throgmorton Publications Limited (dormant)	100
Fundex Limited (dormant)	100
F.T. World Business Weekly Limited	100
The Financial Times Pension Trustee Limited	100
The Financial Times (Europe) Limited	100
The Financial News Limited (dormant)	100

THE FINANCIAL TIMES LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. INVESTMENTS IN ASSOCIATED COMPANIES (for details see page 21)

	<u>Company and its subsidiaries</u>		<u>Company</u>	
	<u>1980</u>	<u>1979</u>	<u>1980</u>	<u>1979</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Unlisted				
Shares at cost	1,297,076	1,297,076	1,297,076	1,297,076
Share of post-acquisition reserves	2,539,554	2,508,080	-	-
	<u>£3,836,630</u>	<u>£3,805,156</u>	<u>£1,297,076</u>	<u>£1,297,076</u>

Directors' valuation £2,950,000 (1979 £4,130,000).

See note 3 as to the inclusion of amounts derived from unaudited management accounts.

It is estimated that a liability to corporation tax on chargeable gains not exceeding £520,000 (1979 £875,000) would arise if the above investments were realised at the valuations stated.

10. OTHER INVESTMENTS

	<u>Company and its subsidiaries</u>		<u>Company</u>	
	<u>1980</u>	<u>1979</u>	<u>1980</u>	<u>1979</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Listed in Great Britain	-	7,476	-	-
Market value (1979 £7,245)				
Unlisted	65,268	75,982	65,268	75,982
	<u>£65,268</u>	<u>£83,458</u>	<u>£65,268</u>	<u>£75,982</u>

Directors' valuation of unlisted investments

Group £170,286 (1979 £160,000)

Company £170,286 (1979 £160,000)

It is estimated that a liability to corporation tax on chargeable gains not exceeding £30,000 (1979 £25,000) would arise if the above investments were realised at the valuations stated.

11. SHORT TERM BORROWING

	<u>Company and its subsidiaries</u>		<u>Company</u>	
	<u>1980</u>	<u>1979</u>	<u>1980</u>	<u>1979</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Loan from minority shareholder in subsidiary	166,500	63,000	-	-
Less: attributable losses	(134,653)	(48,913)	-	-
	<u>31,847</u>	<u>14,087</u>	<u>-</u>	<u>-</u>
Bank overdrafts	-	372,092	2,158,577	1,972,430
	<u>£31,847</u>	<u>£386,179</u>	<u>£2,158,577</u>	<u>£1,972,430</u>

There is a right of set-off existing between the company and certain of its subsidiaries in respect of bank balances and bank overdrafts with the group's principal U.K. bank.

THE FINANCIAL TIMES LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. RESERVES

	<u>Company</u> <u>£</u>	<u>Company and its</u> <u>subsidiaries</u> <u>£</u>	<u>Associated</u> <u>companies</u> <u>£</u>
Capital reserves:			
31st December 1979	6,496,146	6,758,449	1,470,551
Prior year adjustment on change of accounting policy for goodwill (note 1)	-	(1,149,604)	-
31st December 1979 restated	6,496,146	5,608,845	1,470,551
Exchange differences	-	(85,047)	-
Transfer from profit and loss account	23,292	123,116	-
31st December 1980	6,519,438	5,646,914	1,470,551
Revenue Reserves:			
31st December 1979	8,445,465	9,554,998	1,037,529
Prior year adjustment on change of accounting policy for goodwill (note 1)	-	(1,247,979)	-
31st December 1979 restated	8,445,465	8,307,019	1,037,529
Exchange differences	-	42,001	(9,353)
Transfer (to) from profit and loss account (Group £871,491)	(999,709)	(912,318)	40,827
Goodwill arising in 1980	-	(126,016)	-
31st December 1980	7,445,756	7,310,686	1,069,003
Total reserves:			
31st December 1980	£13,965,194	£12,957,600	£2,539,554
31st December 1979	£14,941,611	£13,915,864	£2,508,080

THE FINANCIAL TIMES LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. DEFERRED TAXATION

	<u>Company and its subsidiaries</u>		<u>Company</u>	
	<u>1980</u> £	<u>1979</u> £	<u>1980</u> £	<u>1979</u> £
Full potential amount:				
Revalued fixed assets	1,000,000	1,013,890	1,000,000	1,013,890
Capital allowances on fixed assets and other timing differences	1,871,082	1,497,151	847,143	387,652
Stock relief	78,496	26,129	22,762	-
	<u>£2,949,578</u>	<u>£2,537,170</u>	<u>£1,869,905</u>	<u>£1,401,542</u>
Provided in accounts:				
Capital allowances on fixed assets and other timing differences	£ 123,820	£ 165,000	£ -	£ -

14. CAPITAL COMMITMENTS

Commitments for capital expenditure amounted at 31st December 1980 to £848,000 (1979 £150,000) for the company and £958,980 (1979 £159,000) for the company and its subsidiaries. Capital expenditure authorised but not contracted for amounted at 31st December 1980 to £500,000 (1979 £455,000) for the company and £587,000 (1979 £620,000) for the company and its subsidiaries.

15. CHARGE ON ASSETS

The company and certain of its subsidiaries have given first floating charges on the whole of their undertakings and assets as security for their guarantee in respect of the Debenture Stocks of Pearson Longman Limited.

16. CONTINGENT LIABILITIES

Contingent liabilities, mainly in respect of bank guarantees, at 31st December 1980 amounted to £98,935.

17. ULTIMATE HOLDING COMPANY

The ultimate holding company is S. Pearson & Son, Limited, a company incorporated in Great Britain.

THE FINANCIAL TIMES LIMITED AND ITS SUBSIDIARY COMPANIES

INVESTMENT IN ASSOCIATED COMPANIES

INVESTMENT IN ASSOCIATED COMPANIES (See note 9 page 18)

All companies are incorporated in the United Kingdom.

	Held at 31st December 1980 % of issue	Status of financial statements used
<u>Industrial and Trade Fairs Holdings Limited</u>		
210,440 £1 'A' Shares	-	
210,400 £1 'B' Shares	100	12 months to 31st December 1980 audited
105,200 £1 'C' Shares	-	
 <u>The Economist Newspaper Limited</u>		
4,536,000 25p ordinary shares	50	3 months audited
252,000 25p 'A' special shares	-	9 months unaudited
252,000 25p 'B' special shares	100	(latest audited financial statements-31st March 1980)
100 5p Trust shares	-	