

The Financial Times (Japan) Limited

Registered Number :

1613900

Annual Report and Financial Statements

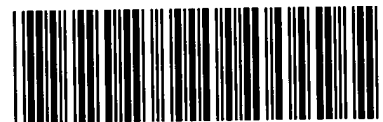
For the Year Ended :

31 December 2015

Registered address :

Number One Southwark Bridge, London, SE1 9HL

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COMPANIES HOUSE

The Financial Times (Japan) Limited

DIRECTORS' REPORT

The directors present their report and the audited financial statements of The Financial Times (Japan) Limited (the "Company") for the year ended 31 December 2015.

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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

During the year the Company transitioned from UK GAAP to FRS 101 Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking The Financial Times Limited was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. The recognition and measurement differences arising on the adoption of FRS 101 are disclosed in note 19.

On 23 July 2015 Pearson plc and Nikkei Inc. entered into an agreement for the sale and purchase of the Financial Times group of companies. The sale completed on 30 November 2015.

Principal activities

The Company acts as the advertising, circulation and promotional representative of The Financial Times Limited in Japan. The directors do not anticipate any significant change in the Company's activities in the foreseeable future.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2015 (2014: nil).

Directors

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

JD Lund

BM Hughes

A Viglatzis (resigned 30 November 2015)

Directors' insurance

During the year ended 31 December 2015, the Company maintained insurance covering the directors of the Company against liabilities arising in relation to the Company in accordance with Section 233 of the Companies Act 2006.

Statement of directors' responsibilities

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

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

The Financial Times (Japan) Limited

DIRECTORS' REPORT (continued)

Statement of directors' responsibilities (continued)

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors

The Company's auditor for the financial year ending 31 December 2015 is Pricewaterhouse Coopers LLP. Deloitte LLP will be proposed as the Company's auditor for the financial year ending 31 December 2016.

Disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved, the following applies :

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board



AM Fortescue
Company secretary

24 June 2016

Company registered number :
1613900

Independent auditors' report to the members of The Financial Times (Japan) Limited

Report on the financial statements

Our opinion

In our opinion, The Financial Times (Japan) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the statement of total comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

The financial statements for the year ended 31 December 2014, forming the corresponding figures of the financial statements for the year ended 31 December 2015, are unaudited.



Sam Tomlinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 June 2016

The Financial Times (Japan) Limited

STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year ended :

31 December 2015

| | | 2015 | 2014 |
|---|-------------|----------------|-----------------|
| | Note | ¥'000 | ¥'000 |
| Continuing operations | | | |
| Turnover | 2 | 538,178 | 524,130 |
| Cost of sales | | (230,036) | (199,612) |
| Gross profit | | 308,142 | 324,518 |
| Distribution costs | | (191,294) | (211,164) |
| Administrative expenses | | (109,685) | (105,245) |
| Operating profit | 3 | 7,163 | 8,109 |
| Profit on ordinary activities before interest and taxation | | 7,163 | 8,109 |
| Interest receivable and similar income | 5 | 12 | 234 |
| Interest payable and similar charges | 5 | (250) | (500) |
| Profit on ordinary activities before taxation | | 6,925 | 7,843 |
| Tax on profit on ordinary activities | 6 | 10,683 | (5,397) |
| Profit for the financial year | | 17,608 | 2,446 |
| Other comprehensive income / (expense): | | | |
| Actuarial loss on pension fund | | 0 | (16,182) |
| Shares exercised/ lapsed during year | | 2,617 | 2,484 |
| Tax adjustment - reserves | | 9,835 | 0 |
| Transfers for share based payments | | 1,930 | 0 |
| Other comprehensive income / (expense) for the year | | 14,382 | (13,698) |
| Total comprehensive income / (expense) for the year | | 31,990 | (11,252) |

The total comprehensive income / (expense) is attributable to the owners of The Financial Times (Japan) Limited.

The items recorded in other comprehensive income will not be reclassified to profit or loss.

The Financial Times (Japan) Limited

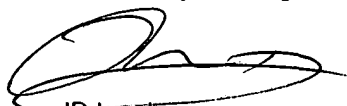
BALANCE SHEET

For the year ended :

31 December 2015

| | | 2015 | 2014 |
|---|------|-----------|-----------|
| | Note | ¥'000 | ¥'000 |
| Fixed assets | | | |
| Tangible assets | 7 | 9,767 | 9,662 |
| Current assets | | | |
| Deferred tax assets | 11 | 40,246 | 14,600 |
| Debtors | 8 | 200,691 | 188,576 |
| Cash at bank and in hand | | 68,170 | 75,973 |
| | | 309,107 | 279,149 |
| Creditors: amounts falling due within one year | 9 | (213,217) | (218,547) |
| Provisions for liabilities | 10 | (10,200) | (10,200) |
| Net current assets | | 85,690 | 50,402 |
| Total assets less current liabilities | | 95,457 | 60,064 |
| Defined pensions plan deficit | 16 | (61,600) | (55,833) |
| Net assets | | 33,857 | 4,231 |
| Capital and reserves | | | |
| Called up share capital | 12 | 13 | 13 |
| Other reserves | | 0 | 2,364 |
| Profit and loss account | | 33,844 | 1,854 |
| Total shareholders' funds | | 33,857 | 4,231 |

The financial statements on pages 5 - 28 were approved by the board of directors and authorised for issue on 24 June 2016. They were signed on its behalf by :



JD Lund
Director

The Financial Times (Japan) Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended :

31 December 2015

| | Profit and loss account | Called up share capital | Other reserves | Total shareholders funds |
|---|-------------------------------|-------------------------------|-------------------|--------------------------------|
| | ¥'000 | ¥'000 | ¥'000 | ¥'000 |
| At 1 January 2014 | 13,106 | 13 | 2,648 | 15,767 |
| Profit for the financial year | 2,446 | 0 | 0 | 2,446 |
| Other comprehensive income / (expense) for the year: | | | | |
| Share-based payment transactions | 0 | 0 | 2,200 | 2,200 |
| Shares exercised/ lapsed during year | 2,484 | 0 | (2,484) | 0 |
| Actuarial loss on pension fund | (16,182) | 0 | 0 | (16,182) |
| Total comprehensive expense for the year | (11,252) | 0 | (284) | (11,536) |
| At 31 December 2014 | 1,854 | 13 | 2,364 | 4,231 |
| Profit for the financial year | 17,608 | 0 | 0 | 17,608 |
| Other comprehensive income / (expense) for the year: | | | | |
| Share-based payment transactions | 0 | 0 | 2,732 | 2,732 |
| Shares exercised/ lapsed during year | 2,617 | 0 | (2,617) | 0 |
| Tax adjustment - reserves | 9,835 | 0 | (549) | 9,286 |
| Transfers for share based payments | 1,930 | 0 | (1,930) | 0 |
| Total comprehensive income / (expense) for the year | 31,990 | 0 | (2,364) | 29,626 |
| At 31 December 2015 | 33,844 | 13 | 0 | 33,857 |

The Financial Times (Japan) Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended :

31 December 2015

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Accounting policies

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

Basis of preparation

The Financial Times (Japan) Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of its registered office is Number One, Southwark Bridge, London, SE1 9HL.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015, the Company has changed its accounting framework from UK GAAP to FRS 101 (Financial Reporting Standard 101 Reduced Disclosure Framework) as issued by the Financial Reporting Council. There were no material adjustments on the adoption of FRS 101.

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

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

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

- a) the requirements of IFRS 7 Financial Instruments: Disclosures
- b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- c) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- d) the requirements of IAS 7 Statement of Cash Flows;
- e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The financial statements for the year ended 31 December 2014, forming the corresponding figures of the financial statements for the year ended 31 December 2015, are unaudited.

Consolidation

The Company is a wholly owned subsidiary of Nikkei Inc. and is included in the consolidated financial statements of Nikkei Inc. which are publicly available.

Going concern

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

Foreign currency translation

The financial statements are presented in Japanese Yen (¥) which is also the Company's functional currency.

The Financial Times (Japan) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2015

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Accounting policies (continued)

Foreign currency translation (continued)

Transactions in currencies other than the functional currency are recorded using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction and are not re-translated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

The share capital of the Company has been translated from pounds sterling (£) into Japanese Yen (¥) at a historical rate in the Balance Sheet.

Turnover recognition

Turnover represents commissions on advertising sales and service fees receivable from group companies and net newspaper circulation and online revenues from third parties and is recognised on an accruals basis as the related services are delivered.

Current and deferred income tax

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

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of tax assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives as follows:

Plant and machinery 10 years

Fixtures and fittings 10 years

Computer equipment 10 years

Leasehold improvements 6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying value of an asset is written down to its recoverable amount if the carrying value of the asset is greater than its estimated recoverable amount.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provisions for bad and doubtful debts and anticipated future sales returns.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short-term investments with maturities of three months or less. Overdrafts are included in borrowings in current liabilities in the balance sheet.

The Financial Times (Japan) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2015

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Accounting policies (continued)

Creditors

Creditors are recognised initially at fair value and subsequently measured at amortised cost.

Provisions

Provisions are recognised if the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation and that the amount can be reliably estimated. Provisions are discounted to present value where the effect is material.

Pensions

The Company's employees are members of The Financial Times (Japan) Limited Pension Plan, which is a defined benefit scheme. The scheme is unfunded and hence there are no assets to value each year. The liabilities are valued using the projected unit credit method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Company's defined benefit pension scheme expected to arise from employee service in the period or arising from the passage of time is charged to the profit and loss account. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. An independent actuarial valuation is performed every three years and this was last performed by Towers Watson as at 30 June 2014.

Share-based payments

Options and shares were awarded to the Company's employees under Pearson share and option plans. The fair value of options or shares 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 was measured at the date of grant and was spread over the vesting period of the option or share. The fair value of the options granted was measured using an option model that was most appropriate to the award. The fair value of the shares awarded was measured using the share price at the date of grant unless another method was more appropriate. The schemes ceased as at 30 November 2015.

Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in financial liabilities. The interest element of the finance cost is charged to the profit and loss account over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity.

The Financial Times (Japan) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2015

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Turnover

| | 2015 | 2014 |
|-----------------------|----------------|--------------|
| | ¥'000 | ¥'000 |
| Continuing operations | | |
| Sale of goods | 378,620 | 386,900 |
| Provision of services | 159,558 | 137,230 |
| Turnover | 538,178 | 524,130 |

Turnover by geographical market is as follows:

| | 2015 | 2014 |
|----------------------|----------------|--------------|
| | ¥'000 | ¥'000 |
| United Kingdom | 159,558 | 137,230 |
| Asia and Middle East | 378,620 | 386,900 |
| | 538,178 | 524,130 |

The Company's activities consist of one class of business namely net circulation revenues, commission on advertising sales and service fees.

The Financial Times (Japan) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2015

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Operating profit

Operating profit is stated after charging/(crediting):

| | 2015 | 2014 |
|---|----------------|--------------|
| | ¥'000 | ¥'000 |
| Staff costs | 138,515 | 118,549 |
| Depreciation of tangible fixed assets: | | |
| - owned | 5,135 | 5,911 |
| Operating lease charges | 38,257 | 38,342 |
| Net foreign exchange losses/(gains) | 3,335 | (4,489) |
| Audit fees payable to the company's auditor | 2,147 | - |

No fees were paid to the company's auditor, PricewaterhouseCoopers LLP, and its associates for services other than the statutory audit of the company.

The Directors' services to this Company are of a non- executive nature and as such their emoluments are deemed to be wholly attributable to their services to other group companies.

The Financial Times (Japan) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2015

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Staff costs

| | 2015 | 2014 |
|---------------------------|----------------|--------------|
| | ¥'000 | ¥'000 |
| Staff costs | | |
| Wages and salaries | 114,565 | 97,623 |
| Social security costs | 15,490 | 12,522 |
| Other pension costs | 5,728 | 6,204 |
| Share-based payment costs | 2,732 | 2,200 |
| | 138,515 | 118,549 |

The directors are all employed by and remunerated through a fellow group undertaking which makes no recharge to the Company (2014: nil).

The employees of the Company worked wholly outside the United Kingdom during the current and prior year.

| | 2015 | 2014 |
|--|---------------|---------------|
| Average monthly number of persons employed by the company during the year | Number | Number |
| Selling and distribution | 1 | 3 |
| Administration | 6 | 5 |
| Advertising | 6 | 4 |
| | 13 | 12 |

The Financial Times (Japan) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2015

5.

Interest

| | 2015 | 2014 |
|---|--------------|--------------|
| | ¥'000 | ¥'000 |
| Interest receivable | | |
| Bank interest receivable | 9 | 8 |
| Other interest receivable | 3 | 226 |
| Interest receivable and similar income | 12 | 234 |
| | 2015 | 2014 |
| | ¥'000 | ¥'000 |
| Interest payable | | |
| Net finance cost in respect of pension benefits | 250 | 500 |
| Interest payable and similar charges | 250 | 500 |

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2015

| | | |
|--|-----------------|--------------|
| 6 | | |
| Tax on profit on ordinary activities | | |
| | 2015 | 2014 |
| | ¥'000 | ¥'000 |
| Current tax | | |
| UK corporation tax on profits for the financial year | 4,616 | 7,359 |
| Double tax relief | (4,616) | (7,359) |
| Foreign tax | 5,331 | 2,469 |
| Adjustments in respect of prior years | 344 | (68) |
| Total current tax | 5,675 | 2,401 |
| Deferred tax | | |
| Origination and reversal of temporary differences | 1,338 | 0 |
| Impact of change in tax laws and rates | 4,351 | 0 |
| Deferred tax on share-based payments | 0 | 57 |
| Provision for tax losses | 0 | 515 |
| Provision for retirement benefits | (2,093) | 2,424 |
| Adjustment in respect of prior years | (19,954) | 0 |
| Total deferred tax | (16,358) | 2,996 |
| Total tax on profit on ordinary activities | (10,683) | 5,397 |
| UK standard effective rate of corporation tax (%) | 20.25 | 21.5 |

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

| | | |
|---|-----------------|--------------|
| | 2015 | 2014 |
| | ¥'000 | ¥'000 |
| Profit on ordinary activities before taxation | 6,925 | 7,843 |
| Tax on profit on ordinary activities at standard UK corporation tax rate of 20.25% (2014: | 1,402 | 1,686 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 2,099 | 1,960 |
| Adjustments in respect of prior years | (19,610) | (1,129) |
| Change in tax laws and rates | 5,021 | |
| UK GAAP retirement benefit timing difference | (2,093) | 2,424 |
| Share based payments | 0 | 57 |
| Differential rate of corporate tax in overseas territory | 2,246 | 988 |
| Non-profit based tax | 252 | 351 |
| Utilisation of tax losses | 0 | (940) |
| Total tax (credit) / charge for the year | (10,683) | 5,397 |

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Company's profit for this accounting year is taxed at an effective rate of 20.25% subject to double taxation relief. The effective Japanese rate of tax for the Company in 2015 was 36.3%. This rate has been used to calculate the deferred tax asset.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2015

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Tangible fixed assets

| | Land and buildings | Plant and machinery | Fixtures and fittings | Computer Equipment | Total |
|----------------------------|-----------------------|------------------------|--------------------------|-----------------------|---------------|
| | ¥'000 | ¥'000 | ¥'000 | ¥'000 | ¥'000 |
| Cost or valuation | | | | | |
| At 1 January 2015 | 27,225 | 2,651 | 14,899 | 12,164 | 56,939 |
| Additions | 392 | - | - | 4,848 | 5,240 |
| At 31 December 2015 | 27,617 | 2,651 | 14,899 | 17,012 | 62,179 |
| Depreciation | | | | | |
| At 1 January 2015 | 25,811 | 1,980 | 9,185 | 10,301 | 47,277 |
| Charge for the year | 1,468 | 134 | 1,306 | 2,227 | 5,135 |
| At 31 December 2015 | 27,279 | 2,114 | 10,491 | 12,528 | 52,412 |
| Net book value | | | | | |
| At 31 December 2014 | 1,414 | 671 | 5,714 | 1,863 | 9,662 |
| At 31 December 2015 | 338 | 537 | 4,408 | 4,484 | 9,767 |

The Financial Times (Japan) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2015

| | | | |
|--|----------------|--------------|--------------|
| 8 | | | |
| Debtors | | | |
| | | 2015 | 2014 |
| | | ¥'000 | ¥'000 |
| Amounts falling due within one year | | | |
| Trade debtors | 24,270 | | 27,592 |
| Amounts owed by group undertakings | 111,549 | | 95,808 |
| Other taxation | 5,205 | | 5,585 |
| Prepayments and accrued income | 59,667 | | 59,591 |
| Total debtors | 200,691 | | 188,576 |

Amounts due from group undertakings are unsecured, interest free and repayable on demand.

The Financial Times (Japan) Limited

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2015

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Creditors: amounts falling due within one year

| | 2015 | 2014 |
|--|----------------|----------------|
| | ¥'000 | ¥'000 |
| Amounts falling due within one year | | |
| Trade creditors | 1,404 | 4 |
| Amounts owed to group undertakings | - | 7,155 |
| Corporation tax | 3,979 | 2,122 |
| Accruals and deferred income | 207,834 | 209,266 |
| Total Creditors | 213,217 | 218,547 |

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

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

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Provisions

Dilapidation
Provision

Total

| | ¥'000 | ¥'000 |
|---------------------|--------|--------|
| At 1 January 2015 | 10,200 | 10,200 |
| At 31 December 2015 | 10,200 | 10,200 |

| | 2015 | 2014 |
|-------------------------------|--------|--------|
| Analysis of total provisions: | ¥'000 | ¥'000 |
| Current | 10,200 | 10,200 |
| | 10,200 | 10,200 |

The dilapidation provision is the current best estimate of the cost of bringing the property held under an operating lease back to its original condition as required by the lease agreement.

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NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

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Deferred taxation

| | Other Timing Differences | Retirement Benefits | Share Based Payments | Total |
|--|--------------------------------|------------------------|----------------------------|---------------|
| Asset | ¥'000 | ¥'000 | ¥'000 | ¥'000 |
| At 1 January 2015 | 0 | 14,051 | 549 | 14,600 |
| Charged/(credited) to profit and loss | 17,885 | (1,525) | 0 | 16,360 |
| Charged/(credited) to other comprehensive income | 0 | 9,835 | (549) | 9,286 |
| At 31 December 2015 | 17,885 | 22,361 | 0 | 40,246 |
| | | | 2015 | 2014 |
| | | | ¥'000 | ¥'000 |
| Deferred tax assets due within 12 months | | | 17,885 | 549 |
| Deferred tax liabilities due within 12 months | | | 0 | 0 |
| | | | 17,885 | 549 |
| | | | 2015 | 2014 |
| | | | ¥'000 | ¥'000 |
| Deferred tax assets due after more than 12 months | | | 22,361 | 14,051 |
| Deferred tax liabilities due after more than 12 months | | | 0 | 0 |
| | | | 22,361 | 14,051 |
| | | | 2015 | 2014 |
| | | | ¥'000 | ¥'000 |
| Total deferred tax | | | 40,246 | 14,600 |

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NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

31 December 2015

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Called up share capital

| | 2015 | 2014 |
|----------------------------|---------------|---------------|
| | £ | £ |
| Total share capital | 100 | 100 |
| | ¥ | ¥ |
| Total share capital | 13,000 | 13,000 |

| | 2015 | 2014 | 2015 | 2014 |
|------------------------------------|---------------|---------------|-------------|-------------|
| Ordinary shares £1 each | Number | Number | £ | £ |
| Allotted, called up and fully paid | 100 | 100 | 100 | 100 |

The share capital of the Company has been translated from pounds sterling (£) into Japanese Yen (¥) at a historical rate in the Balance Sheet.

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NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

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Reserves

| | Profit and loss account | Called up share capital | Other reserves | Total |
|--------------------------------------|-------------------------------|-------------------------------|-------------------|---------------|
| | ¥'000 | ¥'000 | ¥'000 | ¥'000 |
| At 1 January 2014 | 13,106 | 13 | 2,648 | 15,767 |
| Profit for the financial year | 2,446 | 0 | 0 | 2,446 |
| Share-based payment transactions | 0 | 0 | 2,200 | 2,200 |
| Shares exercised/ lapsed during year | 2,484 | 0 | (2,484) | 0 |
| Actuarial loss on pension fund | (16,182) | 0 | 0 | (16,182) |
| At 31 December 2014 | 1,854 | 13 | 2,364 | 4,231 |
| Profit for the financial year | 17,608 | 0 | 0 | 17,608 |
| Share-based payment transactions | 0 | 0 | 2,732 | 2,732 |
| Shares exercised/ lapsed during year | 2,617 | 0 | (2,617) | 0 |
| Tax adjustment - reserves | 9,835 | 0 | (549) | 9,286 |
| Other | 1,930 | 0 | (1,930) | 0 |
| At 31 December 2015 | 33,844 | 13 | 0 | 33,857 |

Other reserves comprise the accumulated charge for share-based payment plans.

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For the year ended :

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Share-based payments

The Company's employees were entitled to shares and options under the following equity-settled employee option and share plans up until the date of sale of the Financial Times group of companies. The schemes ceased as at 30 November 2015.

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, renewed in 2006 and again in 2011. The plan consists of restricted shares. The vesting of restricted shares is normally dependent on continuing service over a three to five- year period, and in the case of senior management 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 May 2014 and May 2013, vest dependent on relative total shareholder return, return on invested capital and a combination of earnings per share growth. Restricted shares awarded to senior management in November 2014 vest dependent on earnings per share growth. Other restricted shares awarded in 2014 and 2013 vest depending on continuing service over a three-year period.

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

| | 2015 Number of share options 000s | 2015 Weighted average exercise price £ | 2014 Number of share options 000s | 2014 Weighted average exercise price £ |
|-----------------------------------|---|---|---|---|
| Outstanding at beginning of year | 0 | 0.00 | 0 | 8.06 |
| Exercised during the year | 0 | 0.00 | 0 | 8.06 |
| Outstanding at end of year | 0 | 0.00 | 0 | 0.00 |

Weighted average share price during the year of options exercised

0.00

11.41

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

| Range of exercise prices £ | 2015 Number of share options 000s | 2015 Weighted average contract life Years | 2014 Number of share options 000s | 2014 Weighted average contract life Years |
|-------------------------------|---|--|---|---|
| 5-10 | 0 | 0.00 | 0 | 0.00 |
| | 0 | 0.00 | 0 | 0.00 |

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

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Capital and other commitments

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2015 | 2015 | 2014 | 2014 |
|----------------------------|------------------|--------------|------------------|--------------|
| | Land and | Other | Land and | Other |
| | buildings | | buildings | |
| | ¥'000 | ¥'000 | ¥'000 | ¥'000 |
| Within one year | 22,529 | 168 | 37,757 | 396 |
| Between two and five years | 0 | 0 | 21,228 | 163 |
| | 22,529 | 168 | 58,985 | 559 |

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NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

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Retirement benefit schemes

| | 2015 | 2014 |
|--|--------------|--------------|
| | ¥'000 | ¥'000 |
| Profit and loss charge for the Company in respect of its participation in the scheme | 5,728 | 6,204 |

The Company participates in a defined benefit scheme for senior and long serving employees. The scheme is unfunded and non-contributory. The scheme has been valued by Towers Watson, an independent actuary, as at 30 June 2014 using the projected unit credit method. Valuations are carried out every 3 years.

| Principal assumptions are : | 2015 | 2014 |
|--|-------------|-------------|
| | % | % |
| Inflation | 1.5 | 1.5 |
| Rate of increase in pensionable salaries | 2.5 | 2.5 |
| Discount rate | 1.0 | 1.0 |

Withdrawal rates are based on the historical experience of the Company since the last actuarial valuation performed in 2014. The MHLW2009 mortality table has been used. It represents the most up-to-date mortality table currently available in Japan. It has also been assumed that anyone who reaches age 60 will retire immediately.

| Reconciliation of present value of scheme liabilities: | 2015 | 2014 |
|---|-----------------|--------------|
| | ¥'000 | ¥'000 |
| Present value of defined benefit obligation | | |
| At 1 January 2015 | 55,833 | 38,139 |
| Current service cost | 5,517 | 6,204 |
| Interest cost | 250 | 500 |
| Actuarial (gains)/ losses | 0 | 16,182 |
| Benefits paid | 0 | (5,192) |
| At 31 December 2015 | 61,600 | 55,833 |
| Net amount recognised in balance sheet | (61,600) | (55,833) |

Amounts for current period and previous 4 periods:

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|--------------|--------------|--------------|--------------|--------------|
| | ¥'000 | ¥'000 | ¥'000 | ¥'000 | ¥'000 |
| Defined benefit obligation | 61,600 | 55,833 | 38,139 | 60,726 | 52,311 |
| Total actuarial gains and losses recognised in the statement of total recognised gains and losses | 0 | 16,182 | 0 | (6,840) | 10,911 |

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NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

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Related party transactions

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

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NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

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Ultimate parent undertaking

The immediate parent undertaking is The Financial Times Limited.

The ultimate parent undertaking and controlling party is Nikkei Inc., which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Nikkei Inc.'s consolidated financial statements can be obtained from Nikkei Inc., 1-3-7 Otemachi, Chiyoda-ku, Tokyo 100-8066, Japan.

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NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended :

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Explanation of transition to FRS 101

For all periods up to and including the year end 31 December 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements for the year ended 31 December 2015 are the first the Company has prepared in accordance with FRS 101.

Accordingly the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, no adjustments were required to be made by the Company on transition to FRS 101.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1 'First time adoption of International Financial Reporting Standards'.

| | At 1 January 2014 | At 31 December 2014 |
|---|----------------------|---------------------------|
| Reconciliation of equity | ¥'000 | ¥'000 |
| Equity reported under previous UK GAAP | 15,767 | 4,231 |
| Adjustments to equity on transition to FRS 101: | | |
| None required | 0 | 0 |
| Equity reported under FRS 101 | 15,767 | 4,231 |

Reconciliation of total comprehensive income for the year ended 31

| | |
|--|--------------|
| December 2014 | ¥'000 |
| Total comprehensive income for the financial year under previous UK GAAP | 2,446 |
| Adjustments on transition to FRS 101: | |
| None required | 0 |
| Total comprehensive income for the financial year under FRS 101 | 2,446 |