

FT Knowledge Holdings Limited

Registered Number: 3022333

Annual Report and Financial Statements For the year ended 31 December 2005



FT Knowledge Holdings Limited

Directors' Report

The Directors present their annual report on the affairs of the Company and the financial statements for the year ended 31 December 2005.

Principal Activities and Business Review

The Company acts as a holding company for its subsidiary undertakings and has not traded in the current or prior year.

Results and Dividends

The result on ordinary activities before taxation for the year amounts to a loss of £2,445,028 (2004: £nil), as shown in the profit and loss account on page 5. The directors are unable to recommend the payment of a dividend (2004: £nil) and the loss on ordinary activities after taxation has been transferred to reserves.

Going Concern

The Company has net liabilities at 31 December 2005. The financial statements have been prepared on a going concern basis and the ultimate parent Company, Pearson plc, has indicated its intention to provide continuing financial support to the Company.

Directors and Company Secretary

The Directors who held office during the year are as follows:

M Malcomson	Resigned 25 September 2006
J Knight	Appointed 25 September 2006
C Warburton	
V Lockie	Appointed 28 January 2005
A Fortescue	Company Secretary, resigned 28/1/2005
V Lockie	Company Secretary appointed 28/1/2005

FT Knowledge Holdings Limited

Directors' Interests

The interests of the directors who held office at the end of the financial year in the shares of Pearson plc, the ultimate parent company, were as follows:

Pearson plc – 2004	Ordinary Shares		Incentive and reward share plans	Share options			
	1 January 2004 *	31 December 2004	31 December 2004	1 January 2004 *	Granted	Exercised	31 December 2004
C Warburton	10	20	-	-	-	-	-
M Malcomson	10	10	2,666	16,978	-	-	16,978
* - or date of appointment, if later.							
Pearson plc – 2005					Ordinary Shares	Incentive and reward share plans	Share options
	1 January 2005 *	31 December 2005	31 December 2005	1 January 2005 *	Granted	Exercised	31 December 2005
C Warburton	10	20	-	-	-	-	-
M Malcomson	10	293	3,186	16,978	-	-	16,978
* - or date of appointment, if later.							

No Directors held any interest in the share capital of the Company.

FT Knowledge Holdings Limited

Directors' Report (Continued)

Statement Of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year that 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. The Directors are required to prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently, with the exception of the changes arising on the adoption of new accounting policies (note 1). They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable Accounting Standards have been followed.

The Directors are responsible for keeping proper accounting records that 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 1985. 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.

Elective Resolutions

The Company has passed an elective resolution whereby it has dispensed with the holding of an Annual General Meeting until such time as the election is revoked. A further elective resolution passed at the same time dispenses with the laying of the annual report and financial statements before the Company in General Meeting.

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office, and in the absence of a notice proposing that the appointment be terminated, they will be deemed to be re-appointed for the next financial year.

By order of the board



C Warburton
Director

21/12/2006

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS AND MEMBERS OF FT
KNOWLEDGE HOLDINGS LIMITED**

We have audited the financial statements of FT Knowledge Holdings Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6RH

7 December 2006

FT Knowledge Holdings Limited

Profit and Loss Account For the Year Ended 31 December 2005

	Notes	2005 £	2004 £
Provision for impairment on investments and subsidiaries	4	(2,445,028)	-
The results relate to continuing activities before taxation		-	-
Tax on ordinary activities		-	-
Loss after taxation, retained for the financial year	7	(2,445,028)	-

The Company has no recognised gains or losses other than results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation or the retained loss for the year stated above and their historical cost equivalents.

FT Knowledge Holdings Limited

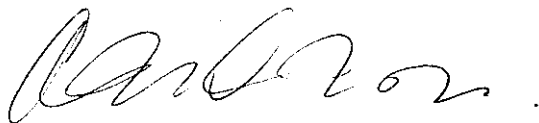
Balance Sheet As at 31 December 2005

	Notes	2005 £	2004 £
Fixed assets			
Investments in subsidiary undertakings	4	-	2,460,055
Creditors: Amounts falling due within one year	5	<u>(5,293,359)</u>	<u>(5,308,386)</u>
Net Current Liabilities		<u>(5,293,359)</u>	<u>(5,308,386)</u>
Total Net Liabilities		<u>(5,293,359)</u>	<u>(2,848,331)</u>
Capital and reserves			
Called up share capital	6	2	2
Profit and loss account	7	<u>(5,293,361)</u>	<u>(2,848,333)</u>
Equity shareholders' funds	7	<u>(5,293,359)</u>	<u>(2,848,331)</u>

The notes on pages 7 to 9 form an integral part of these financial statements.

The financial statements on pages 5 to 9 were approved by the board of directors on
and signed on its behalf by:

7/12/ 2006



C Warburton
Director

2006

FT Knowledge Holdings Limited

Notes to the Financial Statements For the year ended 31 December 2005

1 Principal Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of certain tangible fixed assets and with applicable Accounting Standards in the United Kingdom. Comparatives may have been adjusted to ensure consistency with current year disclosure. The principal accounting policies, which have been applied consistently, are set out below.

Changes in Accounting Policy

The Company has adopted FRS 21 "Events after the balance sheet date". The adoption of this standard represents a change in accounting policy. A restatement of comparative figures was not necessary as a result of this change of policy given that the Company has neither declared nor paid dividends in 2005 or 2004.

Going Concern Basis

The financial statements have been prepared on a going concern basis. The company has net liabilities at 31 December 2005. The ultimate parent Company, Pearson plc, has indicated its willingness to provide continuing financial support to the Company.

Subsidiary Undertakings

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.

Shares in subsidiary undertakings are stated at cost less provisions required to take account of any impairment in value.

FT Knowledge Holdings Limited

Notes to the Financial Statements For the year ended 31 December 2005

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.

2 Directors and Employees

The Directors received no remuneration for their services from the Company £nil (2004: £nil). The Company had no employees during the year £nil (2004: nil).

3 Auditors

The auditors' fees are borne by a subsidiary undertaking of the Company.

4 Investment in Subsidiary Undertakings

	£
Cost	
At 1 January 2005 and 31 December 2005	4,861,571
Provision	
At 1 January 2005	(2,401,516)
Amounts provided for in the year	(2,460,055)
At 31 December 2005	(4,861,571)
Net book value	
At 31 December 2005	-
At 31 December 2004	2,460,055

The principal subsidiary undertaking is FT Knowledge Limited.

The investment has been written down to the underlying value of the investments in the subsidiaries.

	Country of Incorporation	Principal activity	Holding	Class
FT Knowledge Limited	England & Wales	Training Provider	100%	Ordinary
HDL Training and Development Limited	England & Wales	Dormant	100%	Ordinary
The Open College Limited	England & Wales	Dormant	100%	Ordinary
Financial Times Distributors Limited	England & Wales	(Struck off in 2005)	100%	Ordinary
Crown Eagle Communications Limited	England & Wales	(Struck off in 2005)	100%	Ordinary
Spitfire Publishing Limited	England & Wales	Dormant	100%	Ordinary
Millartrice Ltd	England & Wales	Dormant (in liquidation)	100%	Ordinary

FT Knowledge Holdings Limited

Notes to the Financial Statements For the year ended 31 December 2005

5 Creditors: Amounts Falling Due Within One Year

	2005 £	2004 £
Due to group undertakings	5,293,359	5,308,386

6 Share Capital

	2005 £	2004 £
Authorised:		
1,000 Ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid:		
2 Ordinary shares of £1 each	2	2

7 Movement In Equity Shareholders' Funds

	Called Up Share Capital £	Profit And Loss Account £	Total £
At 31 December 2004	2	(2,848,333)	(2,848,331)
Result retained for the financial year	-	(2,445,028)	(2,445,028)
At 31 December 2005	2	(5,293,361)	(5,293,359)

8 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 Financial Reporting Standard No 1 "Cash Flow Statements" from publishing a cash flow statement.

9 Related Party Transactions

The Company is a wholly owned subsidiary of Pearson plc and utilises the exemption contained in Financial Reporting Standard No 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 10.

10 Ultimate Parent Company

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