

# **The Financial Times International Publishing Limited**

(Registered Number: 3710297)

## **Annual Report And Financial Statements For The Year Ended 31 December 2007**

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# **The Financial Times International Publishing Limited**

## **Directors' Report And Financial Statements For The Year Ended 31 December 2007**

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# **The Financial Times International Publishing Limited**

## **Directors' Report**

The Directors present their report and the audited financial statements for the year ended 31 December 2007

### **Principal Activities And Business Review**

During the year, the Company was a limited partner in Financial Times Deutschland GmbH & Co KG (FTD). On 30 January 2008, the Company agreed to sell its 50% stake in FTD to Gruner and Jahr Aktiengesellschaft & Co (G&J). The transaction was effective from 1 January 2008 and accordingly the Company's financial statements for the year ending 31 December 2008 will not include the Company's share of profits/(losses) in FTD.

### **Results And Dividends**

The profit for the year after taxation was €5,858,000 (loss in 2006 € 3,312,000). The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2007 (2006 Nil).

### **Directors**

The Directors who held office during the year were as follows

K Koch (Resigned 20 June 2008)

R Fairhead

L Burdett (Appointed 20 June 2008)

### **Statement of Directors' Responsibilities**

Company law requires the Directors to prepare financial statements for each financial period 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. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2007 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.

# **The Financial Times International Publishing Limited**

## **Directors' Report** (Continued)

### **Directors' Insurance**

During the year to 31 December 2007 the Company maintained insurance covering officers of the Company against liabilities arising in relation to the Company

### **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 Lister  
**Secretary**

**18** September 2008

## **Independent Auditors' Report To the Members of The Financial Times International Publishing Limited**

We have audited the financial statements of The Financial Times International Publishing Limited for the year ended 31 December 2007 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**

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 judgements 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 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

19 September 2008



# The Financial Times International Publishing Limited

## Profit And Loss Account For The Year Ended 31 December 2007

	<i>Notes</i>	<b>2007</b> <b>€ '000</b>	<b>2006</b> <b>€ '000</b>
Administrative expenses			
- Reversal of impairment/(Impairment) of investment	6	6,025	(5,662)
- Exchange loss		(10)	(35)
Interest receivable	3	54	162
<b>Profit/(Loss) On Ordinary Activities Before Taxation</b>	4	<b>6,069</b>	<b>(5,535)</b>
<b>Taxation on profit/(loss) on ordinary activities</b>	5	<b>(211)</b>	<b>2,223</b>
<b>Profit/(Loss) For The Financial Year</b>		<b>5,858</b>	<b>(3,312)</b>

The results relate solely to continuing activities

The Company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented

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

The notes on pages 7 to 12 form part of these financial statements

# The Financial Times International Publishing Limited

## Balance Sheet As At 31 December 2007

	Notes	2007 € '000	2006 € '000
<b>Fixed Assets</b>			
Investments	6	9,310	-
<b>Current Assets</b>			
Debtors	7	1,974	4,572
Cash at bank and in hand		1,965	2,819
		3,939	7,391
<b>Net Assets</b>		13,249	7,391
<b>Capital And Reserves</b>			
Called up share capital	8	100,000	100,000
Profit and loss account	9	(86,751)	(92,609)
<b>Equity Shareholders' Funds</b>	10	13,249	7,391

The notes on pages 7 to 12 form part of these financial statements

The financial statements on pages 5 to 12 were approved by the Board of Directors on 18 September 2008 and were signed on its behalf by



L Burdett  
Director



# **The Financial Times International Publishing Limited**

## **Notes To The Financial Statements For The Year Ended 31 December 2007**

### **1 Accounting Policies**

#### **Basis of Accounting**

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and with applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently, are set out below.

#### **Fixed Asset Investment**

The Company's fixed asset investment in the partnership, FTD, is stated at cost less any provisions for impairment. A review for the potential impairment of an investment is carried out if events or changes in circumstances indicate that the carrying value of the investment may not be recoverable. The recoverable amount is assessed as the net present value of expected future cash flows. Impairments thus arising are recorded in the profit and loss account. Impairment losses recognised in previous years are reversed through the profit and loss account where the recoverable amount of the assets concerned subsequently increases.

#### **Deferred Taxation**

Provision is made in full for deferred tax that arises from timing differences that have originated but not reversed by the balance sheet date on transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that there will be taxable profits from which the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted. No deferred tax is provided in respect of any future remittance of earnings of foreign subsidiaries or associates where no commitment has been made to remit such earnings.

#### **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.



# The Financial Times International Publishing Limited

## Notes To The Financial Statements For The Year Ended 31 December 2007 (Continued)

### 1 Accounting Policies (Continued)

#### 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 re-translated at the rate of exchange ruling at the balance sheet date. Resultant exchange differences are taken to the profit and loss account. The following Euro exchange rates have been used in the preparation of these financial statements

Pounds sterling	2007	2006
Average exchange rate	1.46	1.46
Closing exchange rate	1.36	1.48

### 2 Directors And Employees

The Company had no employees during the year (2006 nil). None of the Directors received any emoluments from the Company during the year in respect of qualifying services (2006 nil).

### 3 Interest Receivable

	2007 € '000	2006 € '000
Interest receivable on bank balances	54	162
	<u>54</u>	<u>162</u>

### 4 Profit On Ordinary Activities Before Taxation

Auditors' remuneration has been borne by a fellow group undertaking, The Financial Times Limited. The Company's share of the group audit fee is €4,000 (2006: €4,000).

# The Financial Times International Publishing Limited

## Notes To The Financial Statements For The Year Ended 31 December 2007 (Continued)

### 5 Taxation On Profit/(Loss) On Ordinary Activities

	2007 € '000	2006 € '000
<b>Current Taxation:</b>		
<i>UK Corporation Tax</i>		
UK Corporation tax credit for the year	(972)	(1,962)
Adjustment in respect of prior years	1,183	(261)
	<u>211</u>	<u>(2,223)</u>

The total tax charge/(credit) for the year is lower than (2006 higher) than the tax charge/(credit) at the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007 € '000	2006 € '000
Profit/(Loss) on ordinary activities before tax	6,069	(5,535)
Profit/(Loss) on ordinary activities multiplied by standard rate in the UK (30%)	1,821	(1,661)
Effects of		
Reversal of impairment / Impairment on investment not deductible for tax purposes	(1,808)	1,699
Share of German partnership loss	(985)	(1,785)
Capital allowances in excess of depreciation	-	(260)
Expenses not deductible for tax purposes	-	45
Adjustment in respect of previous years	1,183	(261)
	<u>211</u>	<u>(2,223)</u>
<b>Current tax charge/(credit)</b>	<b>211</b>	<b>(2,223)</b>

No deferred tax asset has been recognised in respect of capital allowances previously disclaimed, carried forward trading losses and other timing differences due to uncertainty over the timing of future profits

Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK changes to 28% with effect from 1 April 2008



# The Financial Times International Publishing Limited

## Notes To The Financial Statements For The Year Ended 31 December 2007 (Continued)

### 6 Fixed Asset Investment

	€ '000
<b>Cost</b>	
At 1 January 2007	128,950
Additional Funding	3,285
<b>At 31 December 2007</b>	<b>132,235</b>
<b>Provision</b>	
At 1 January 2007	(128,950)
Reversal of Impairment of investment	6,025
<b>At 31 December 2007</b>	<b>(122,925)</b>
<b>Net book value</b>	
<b>At 31 December 2007</b>	<b>9,310</b>
At 1 January 2007	-

The above investment represents the Company's 50 percent share in the German registered limited partnership, Financial Times Deutschland GmbH & Co KG ("FTD")

### 7 Debtors

	2007 € '000	2006 € '000
<b>Amounts falling due within one year</b>		
Intercompany corporation tax debtor	1,974	4,572
	<b>1,974</b>	<b>4,572</b>

### 8 Called Up Share Capital

	2007 €'000	2006 €'000
<b>Authorised</b>		
27,000,000 £1 Ordinary shares (2006 27,000,000)	38,961	38,961
100,000,000 €1 Ordinary shares (2006 100,000,000)	100,000	100,000
<b>Issued and Fully Paid</b>		
2 £1 Ordinary shares (2006 2)	-	-
100,000,000 €1 Ordinary shares (2006 100,000,000)	100,000	100,000

# The Financial Times International Publishing Limited

## Notes To The Financial Statements For The Year Ended 31 December 2007 (Continued)

### 9 Profit And Loss Account

	€'000
At 1 January 2007	(92,609)
Profit for the financial year	5,858
At 31 December 2007	(86,751)

### 10 Reconciliation Of Movements In Equity Shareholders' Funds

	€ '000
Profit for the financial year	5,858
Net increase in equity shareholders' funds	5,858
Opening equity shareholders' funds	7,391
Closing equity shareholders' funds	13,249

### 11 Capital Commitments

	2007 € '000	2006 € '000
Capital investment in FTD that has been contracted for but has not been provided for in the financial statements		
- within one year	1,557	3,285

### 12 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.

### 13 Related Party Transactions

The Company is a wholly owned subsidiary of 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 14.





# **The Financial Times International Publishing Limited**

## **Notes To The Financial Statements For The Year Ended 31 December 2007 (Continued)**

### **14 Ultimate Parent Company**

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

The ultimate 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.

### **15 Post Balance Sheet Event**

In January 2008, the Company has provided additional capital funding to Financial Times Deutschland GmbH & Co. KG of €1,557,000 in respect of its commitment for the year ended 31 December 2007. The Company's 50% interest in this limited partnership was sold in 2008.