

VERA CRUZ (MEXICO) RAILWAYS LIMITED

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2001**

Registered Office:

**80 Strand
London
WC2R 0RL**

**Registered in England
Number 66525**



VERA CRUZ (MEXICO) RAILWAYS LIMITED

Directors

S A Jones
A J Midgley
J E Powney

Report of the Directors

The directors present their report and the financial statements for the year ended 31 December 2001.

The company has not traded during the year or the previous year.


The present directors are listed above. The directors served throughout the year.

The company is a wholly owned subsidiary of Pearson Management Services Limited, and its ultimate parent company is Pearson plc. The interests of the directors in shares and debentures and loan stocks of Pearson plc and its subsidiaries, as shown by the register kept for the purpose of section 324 of the Companies Act 1985, are as follows:

	At 1.1.2001 or date of appointment	SAYE/ Granted	Exercised	At 31.12.2001
S A Jones				
Pearson plc:				
SAYE options on ordinary shares	406	1,012	(406)	1,012
Executive options on ordinary shares	1,500	-	-	1,500
Pearson Bonus Plan	-	15	-	15
Long Term Incentive Plan Options	-	2,100	-	2,100
A J Midgley				
Pearson plc:				
Ordinary shares	-	1,419	-	1,419
SAYE options on ordinary shares	1,419	1,012	(1,419)	1,012
Executive options on ordinary shares	10,078	-	-	10,078
Pearson Bonus Plan	31	15	-	46
Long Term Incentive Plan Options	-	4,200	-	4,200
J E Powney				
Pearson plc:				
SAYE options on ordinary shares	520	404	(520)	404
Executive options on ordinary shares	2,799	-	-	2,799
Pearson Bonus Plan	27	15	-	42
Long Term Incentive Plan Options	-	2,100	-	2,100

During the year to 31 December 2001 the company maintained an insurance covering officers of the company against liabilities arising in relation to the company in accordance with section 310(3)(a) of the Companies Act 1985.

By order of the Board



J E Powney
Secretary

6 march 2002

VERA CRUZ (MEXICO) RAILWAYS LIMITED

Balance Sheet at 31 December 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
<u>Current Assets</u>			
Debtors: amounts falling due within one year			
Due from parent undertaking	2	168,380	168,380
Cash at bank and in hand		<u>84</u>	<u>84</u>
		168,464	168,464
<u>Creditors: amounts falling due within one year</u>			
Other creditors		(84)	(84)
<u>Net current assets</u>		<u>168,380</u>	<u>168,380</u>
<u>Net assets</u>		<u>168,380</u>	<u>168,380</u>
<u>Capital and Reserves</u>			
Called up share capital	3	500,000	500,000
Capital deficit		(246,987)	(246,987)
Profit and loss account		(84,633)	(84,633)
<u>Equity shareholders' interests</u>		<u>168,380</u>	<u>168,380</u>

The company was dormant (within the meaning of Section 250 of the Companies Act 1985) throughout the year ended 31 December 2001.

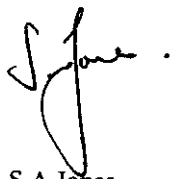
The financial statements on pages 3 and 4 were approved by the board on 6 march 2002.

For the year ended 31 December 2001 the company was entitled to the exemption under section 249AA(1) of the Companies Act 1985.

Members have not required the company to obtain an audit in accordance with section 249 (B)(2) of the Companies Act 1985.

The directors acknowledge their responsibility for:

- (i) ensuring the company keeps accounting records which comply with section 221; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit and loss for the financial year, in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.



S A Jones

Director

VERA CRUZ (MEXICO) RAILWAYS LIMITED

Notes to the financial statements for the year ended 31 December 2001

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the UK. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting - the financial statements are prepared under the historical cost convention.

2. Due from parent undertaking

	<u>2001</u>	<u>2000</u>
	£	£
Deposited with parent undertaking, Pearson Management Services Limited, interest free, repayable on demand	<u>168,380</u>	<u>168,380</u>

3. Called up share capital

Authorised

37,500 ordinary shares of £10 each	<u>375,000</u>	<u>375,000</u>
37,500 4.2% cumulative preference shares of £10 each	<u>375,000</u>	<u>375,000</u>

Allotted, issued and fully paid

25,000 ordinary shares	250,000	250,000
37,500 preference shares	375,000	375,000
less 12,500 surrendered to the company	<u>(125,000)</u>	<u>(125,000)</u>
	<u>500,000</u>	<u>500,000</u>

4. Approval of the Court is required to cancel the preference shares surrendered to the company.

5. Arrears of dividend on the cumulative preference shares at 31 December 2001 amounted to £801,500 (excluding any tax credit).

6. Ultimate parent undertaking

The ultimate parent undertaking is Pearson plc which is registered in England and Wales. Copies of the consolidated financial statements of Pearson plc may be obtained from The Secretary, Pearson plc, 80 Strand, London WC2R 0RL.

VERA CRUZ (MEXICO) RAILWAYS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to select suitable accounting policies and apply them consistently and make judgements and estimates that are reasonable and prudent.

The directors must also state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements which must be prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for the maintenance of adequate accounting records in compliance with the Companies Act 1985, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.