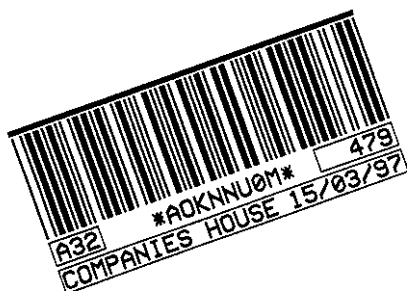


Hamish Hamilton Children's Books Limited

*Report and financial statements
for the year ended 31 December 1996*

Registered No. 700925



HAMISH HAMILTON CHILDREN'S BOOKS LIMITED

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DIRECTORS' REPORT

The directors have pleasure in presenting their report and the financial statements for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

The company did not trade during the year and is unlikely to do so in the foreseeable future.

DIRECTORS

The directors during the year were:-

J B Nissen
P Milnes Smith

The present directors will continue in office pursuant to the Articles of Association.

DIRECTORS' INTERESTS

At 31 December 1996 P Milnes Smith was a member of the board of Penguin Books Limited, the company's immediate parent undertaking, and therefore is not required to notify this company of her interests in the shares and debentures of group undertakings.

The other director had no interests in the shares and debentures of group undertakings during the year.

ELECTIVE RESOLUTIONS

At the 1990 annual general meeting an elective resolution under section 379A of the Companies Act 1985 was passed in respect of dispensing with the following provisions:

- a. the laying of the annual report and financial statements before the company in general meeting; and
- b. the holding of an annual general meeting.

The provisions of this elective resolution will apply for subsequent years until the election is revoked.

OFFICERS' LIABILITY INSURANCE

During the year to 31 December 1996, the company, as part of a group arrangement, maintained 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.

HAMISH HAMILTON CHILDREN'S BOOKS LIMITED

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DIRECTORS' REPORT (Continued)

REGISTERED AUDITORS

At the 1990 annual general meeting a special resolution was passed in accordance with section 250 of the Companies Act 1985 resolving not to appoint registered auditors.

Accordingly no report of the registered auditors is submitted.

BY ORDER OF THE BOARD



C J ENGLE
Company Secretary
27 Wrights Lane
London W8 5TZ

7 March 1997

HAMISH HAMILTON CHILDREN'S BOOKS LIMITED

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BALANCE SHEET AT 31 DECEMBER 1996

	<u>1996</u> £	<u>1995</u> £
CREDITORS		
Amount falling due within one year		
Amount due to parent undertaking	£ (5,852) =====	£ (5,852) =====
 CAPITAL AND RESERVES		
Authorised, allotted, called-up and fully paid:		
100 shares of £1 each	100	100
Profit and loss account - deficit	(5,952)	(5,952)
 EQUITY SHAREHOLDERS' FUNDS	 £ (5,852) =====	 £ (5,852) =====

The company was dormant throughout the financial year.

The financial statements on pages 3 and 4 were approved by the board of directors on 7 March 1996 and signed on its behalf by:-



J B NISSEN

Director

HAMISH HAMILTON CHILDREN'S BOOKS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

1 ACCOUNTING POLICY AND BASIS OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with the historical cost basis of accounting and in accordance with applicable Accounting Standards in the United Kingdom.

2 PROFIT AND LOSS ACCOUNT

During the year the company has not traded or incurred any liabilities and accordingly no profit and loss account is submitted.

3 ULTIMATE AND IMMEDIATE PARENT UNDERTAKINGS

The company's immediate parent undertaking is Penguin Books Limited and its ultimate parent undertaking is Pearson plc, both companies being registered in England and Wales. Copies of the consolidated financial statements of Pearson plc are available to the public from the following address:

The Secretary
Pearson plc
3 Burlington Gardens
London W1X 1LE