

Pearson Group Pension Trustee Limited
Company Number 1765290

PEARSON GROUP PENSION TRUSTEE LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

Registered Office

80 Strand
London
WC2R 0RL



Pearson Group Pension Trustee Limited

Directors report for the year ended 31 December 2006

The directors present their report and the accounts of Pearson Group Pension Trustee Limited (the "Company") for the year ended 31 December 2006.

Principal activities, review of business and future developments

The Company acts as Trustee of The Pearson Group Pension Plan

The Company has not traded during the year and it is envisaged that this status will continue,

Directors and their interests

The directors who served during the year were

<u>"A" Directors</u>	D C M Bell
	N Cohen*
	R A Fairhead
	D J Hall*
	A Miller
	J W Webster*

<u>"B" Directors</u>	J A B Joll
	N J Godden
	C F Penn

* Member Nominated Director

The interests of the directors in shares, debentures and loan stocks of the Company, as shown by the register kept for the purpose of section 324 of the Companies Act 1985, are as follows:

	At <u>31 12 06</u>	At <u>01 01 06</u>
C F Penn		
"B" Ordinary Shares	17	17
N J Godden		
"B" Ordinary Shares	17	17
J A B Joll		
"B" Ordinary Shares	17	17

No other director held any interest in the Company at 31 December 2006

Pearson Group Pension Trustee Limited

The Company is a subsidiary of Pearson Services Limited, and its ultimate parent company is Pearson plc. The interests of the directors in shares, 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

<u>N Cohen</u>	At 1 1 2006	Granted	Exercised	Lapsed	At 31 12 2006
Ordinary shares	3229	94	750	-	2573
SAYE options on ordinary shares	3866				3866

D Hall

Ordinary shares	5756	31			5787
Longterm Incentive Plan Shares	-				-

A Miller

Ordinary shares	28,370	2519			30,889
SAYE options on ordinary shares	2224		2224		-
Executive options on ordinary shares	39,760		3360		36,400
Longterm Incentive Plan options	12,600				12,600
Longterm Incentive Plan shares	6,000	6000	500		11,500

A Scott

Longterm Incentive Plan shares	5000	5500			10,500
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The interests of D C M Bell and R A Fairhead who are also directors of Pearson plc, are not shown in this Company's financial statements as they are disclosed in the financial statements of Pearson plc

Statements of directors' responsibilities

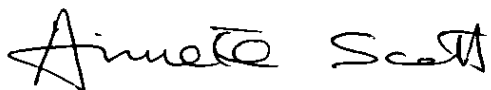
Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the statement of affairs of the Company and of the profit or loss of the Company for that period

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 2006, that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

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.

Pearson Group Pension Trustee Limited

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read "A Scott". The signature is written in a cursive, flowing style.

A Scott
Secretary
23 May 2007

Pearson Group Pension Trustee Limited

Balance sheet as at 31 December 2006

	Note	2006 £	2005 £
Current assets			
Debtors		102	102
		102	102
Creditors, amounts falling due within one year		-	-
Net assets		102	102
Capital and reserves			
Called up share capital		102	102
Profit and loss account		-	-
Equity shareholders' funds		102	102


For the year ended 31 December 2006 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 or loss for the financial year, in accordance with section 226, and otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company

The financial statements on pages 4 to 5 were approved by the board of directors on 23 May 2006 and were signed on its behalf by


"A" Director


"B" Director

Pearson Group Pension Trustee Limited

Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important policies is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

As a subsidiary of Pearson plc, the Company has taken advantage of the exemption from preparing its own cash flow statement and disclosing related party transactions with other group companies.

Notes to the Financial Statements for the year ended 31 December 2006

1. Called up share capital

	<u>2006</u> £	<u>2005</u> £
Called up share capital:		
Authorised, allotted and fully paid -		
51 "A" Ordinary shares of £1 each	51	51
51 "B" Ordinary shares of £1 each	<u>51</u>	<u>51</u>
	<u>£102</u>	<u>£102</u>

The "A" and "B" Ordinary shares confer the same rights upon the holders thereof and rank pari passu in all respects except in relation to the appointment of directors. The holders of "A" Ordinary shares have the right to appoint three "A" directors and to remove and replace them. In addition, the holders of "A" shares have the right to appoint a further three directors who are nominated by members of the Plan. In respect of the member nominated "A" directors, the holders of "A" shares will only act in accordance with the procedure approved by members in 1996. The holders of "B" Ordinary shares have the right to appoint three "B" directors and to remove and replace them. The "B" directors must not be employees or executive directors of a Pearson Group company.

"A" and "B" directors have different voting rights in connection with various matters concerning the trusteeship of The Pearson Group Pension Plan (the "Plan"). In particular, the "B" Directors have specific voting rights in relation to resolutions of the Company proposing the removal of the Company as trustee of the Plan or proposing the winding up of the Plan.

Pearson Group Pension Trustee Limited

- Any Pearson Group Company is eligible to hold the "A" shares
- Any person who is neither
 - an employee, nor
 - an executive director of a Pearson Group Company

is eligible to hold the "B" shares

The Trustee operates a number of bank accounts on behalf of the Pearson Group Pension Plan. The Trustee has no beneficial interest in any of the balances on such accounts and accordingly these balances are not included in the balance sheet.

2. Ultimate parent company

The immediate parent undertaking is Pearson Services Limited, a company incorporated in England. The registered office of Pearson Services Limited is at 80 Strand, London WC2R 0RL. The ultimate parent undertaking and controlling party is Pearson plc. Copies of Pearson Plc consolidated financial statements can be obtained from the Company Secretary at Pearson plc, 80 Strand, London WC2R 0RL.