

The Exchange Telegraph Company Limited

Annual Report and Financial Statements for the year ended 31 December 2001

Registered Office:

Fitzroy House
13-17 Epworth Street
London EC2A 4DL
England

Registered in England
Registered Number 1406615



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The Exchange Telegraph Company 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 2001.

Principal Activities

During the year the Company has not traded. There has been no income or expenditure and, therefore, no change in the Company's position has arisen.

Directors

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

J L King

Directors' Interests

No Director had any interests in the shares of the Company at the end of the year.

The interests, including share option entitlements, of those directors together with the interests of their families in the shares of Pearson plc at 31 December 2001 were as follows:

Pearson plc 25p ordinary shares	Shares		1 January 2001	Share options		31 December 2001
	1 January 2001	31 December 2001		Granted	Exercised	
J L King	4,315	2,603	82,591	2,928	(1,419)	84,100

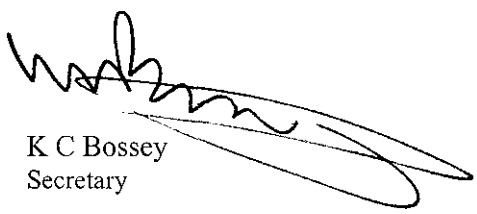
Statement of Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for the period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

By order of the board


K C Bossey
Secretary

2002

The Exchange Telegraph Company Limited

Balance Sheet

At 31 December 2001

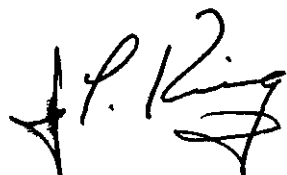
	<i>Note</i>	<u>2001</u> £	<u>2000</u> £
Fixed Assets			
Tangible fixed assets		100	100
Current Assets			
Amounts owed by group undertakings		266,495	266,495
Creditors: amounts falling due after more than one year	<i>1</i>	262,595	262,595
Net current assets		3,900	3,900
Total assets less current liabilities		4,000	4,000
Capital and Reserves			
Called up share capital	<i>2</i>	4,000	4,000

For the year ended 31 December 2001 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985. Members have not required the company to obtain an audit in accordance with the section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibility for:

- (a) ensuring the company keeps accounting records which comply with section 221; and
- (b) 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 the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

Approved by the Board of Directors on 18 October 2002 and signed on its behalf by;



J L King
Director

The Exchange Telegraph Company Limited

Notes To The Financial Statements For The Year Ended 31 December 2001

1 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Amounts owed to group undertakings	262,595	262,595

2 Share Capital

	2001 £	2000 £
Authorised:		
5,000 Ordinary shares of £1 each	5,000	5,000
Called up, allotted and fully paid:		
2,000 Ordinary shares of £1 each	2,000	2,000
2,000 3% non-cumulative preference shares of £1 each	2,000	2,000
	4,000	4,000

3 Ultimate Parent Undertaking

The ultimate parent undertaking, which is also the ultimate controlling party, is Pearson plc, which is a company registered in England and Wales. Copies of the consolidated financial statements of Pearson plc may be obtained from the following address:

The Secretary
Pearson plc
80 Strand
London
WC2R 0RL