

**PEARSON STERLING INVESTMENTS LIMITED**

**FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2009**

**Registered Office:**

**80 Strand  
London  
WC2R 0RL**

**Registered in England  
Number 1587570**

**WEDNESDAY**



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**28/04/2010**

**COMPANIES HOUSE**

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**PEARSON STERLING INVESTMENTS LIMITED**

**Number 1587570**

**Directors' Report for the year ended 31 December 2009**

**Directors**

D H Colville

M G Day

A J Midgley

The directors present their report and the audited financial statements for Pearson Sterling Investments Limited ("the company") for the year ended 31 December 2009

**Principal activity**

The principal activity of the company in the year under review was that of an investment company. The company did not trade during the current year or previous year. It is envisaged that this status will continue. The directors' report has been prepared in accordance with the special provisions of Part 15 chapter 1 of the Companies Act 2006 relating to small companies.

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the consolidated accounts of Pearson plc (the "group") and are not managed separately. Accordingly, the principal risks and uncertainties of Pearson plc, which include those of the company, are discussed in the group's annual report which does not form part of this report.

**Directors**

The directors listed above held office during the year and up to the date of signing the accounts.

During the year to 31 December 2009 the company maintained insurance covering officers of the company against liabilities arising in relation to the company in accordance with Section 233 of the Companies Act 2006.

**Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 2006. 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 STERLING INVESTMENTS LIMITED**  
**Number 1587570**

**Directors' Report for the year ended 31 December 2009 (continued)**

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

**Provision of information to Auditors**

In the case of each of the persons who are directors at the time when this report is approved, the following applies

- so far as each director is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- each director 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

**Auditors**

PricewaterhouseCoopers LLP will continue in office as auditors of the company in accordance with Section 485 of the Companies Act 2006

By order of the board

  
S A Jones  
Joint Secretary  
19<sup>th</sup> April 2010



**PEARSON STERLING INVESTMENTS LIMITED**

**Number 1587570**

**Profit and Loss Account for the year ended 31 December 2009**

The company did not trade during the current year or the preceding year and made neither a profit nor a loss. There were also no other recognised gains and losses for the current financial year or the preceding financial year. Accordingly, neither a profit and loss account nor a statement of total recognised gains and losses have been presented.

**Balance Sheet as at 31 December 2009**

	<u>Notes</u>	<u>2009</u> £000	<u>2008</u> £000
<b>Fixed assets</b>			
Investments	4	<u>106,600</u>	<u>106,600</u>
<b>Creditors - Amounts falling due within one year</b>			
Amounts due to parent undertaking	5	<u>(62,780)</u>	<u>(62,780)</u>
<b>Net assets</b>		<u>43,820</u>	<u>43,820</u>
<b>Capital and reserves</b>			
Called up share capital	6	50,000	50,000
Profit and loss reserves		<u>(6,180)</u>	<u>(6,180)</u>
<b>Total shareholders' funds</b>	7	<u>43,820</u>	<u>43,820</u>

The financial statements and notes on pages 4 to 6 were approved by the board of directors on 19<sup>th</sup> April 2010, and signed on its behalf by



M G Day  
Director

**PEARSON STERLING INVESTMENTS LIMITED**  
**Number 1587570**

Notes to the financial statements for the year ended 31 December 2009

**1**     Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently through the year, are set out below.

- a) Basis of accounting - The financial statements are prepared under the historical cost convention.
- b) Fixed asset investments – Fixed asset investments are stated at the lower of cost or net realisable value. Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.
- c) Corporation tax payable is provided on taxable profits at the current rate.

**2**     Directors' emoluments and employee costs

The emoluments of the directors are paid by their employing company, another group undertaking. The directors' services to this company and to a number of fellow subsidiaries are chiefly of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to their employing company. Accordingly, the above details include no emoluments in respect of the directors. No one was employed by the company at any time during the year (2008: no one).

**3**     Auditors' remuneration

Auditors' remuneration is borne by a fellow group company.

**4**     Fixed asset investments

	<u>2009</u> £000	<u>2008</u> £000
At 1 January and 31 December, at cost	<u>106,600</u>	<u>106,600</u>

The above investment relates entirely to IBD Holdings, a wholly owned subsidiary. The company is a wholly-owned subsidiary of Pearson plc and is included in the consolidated financial statements of Pearson plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006. In the opinion of the directors, the value of the interest in the subsidiary is not less than the amount at which it is stated in the balance sheet.

**5**     Amounts due to ultimate parent undertaking

Amounts due to ultimate parent undertaking are unsecured, payable on demand. No interest is charged.

**6**     Share capital

	<u>2009</u> £000	<u>2008</u> £000
<u>Called up and allotted</u>		
50,000,000 (2008: 50,000,000) ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

**7**     Reconciliation of movements in shareholders' funds

	<u>2009</u> £000	<u>2008</u> £000
Opening shareholders' funds	43,820	43,820
Retained profit for the financial year	-	-
Closing shareholders' funds at 31 December	<u>43,820</u>	<u>43,820</u>

**PEARSON STERLING INVESTMENTS LIMITED**

**Number 1587570**

**Notes to the financial statements for the year ended 31 December 2009 (continued)**

**8      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 group. The address at which Pearson plc consolidated financial statements are publicly available is shown in note 10.

**9      Cash flow statement**

The company is a wholly owned subsidiary of Pearson plc and is included in the consolidated financial statements of Pearson plc, which are publicly available. The company has taken advantage of the exemption in FRS 1 "Cash flow statements (revised 1996)" from the requirement to present a cash flow statement on the grounds that it is a small company.

**10     Ultimate parent undertaking**

The immediate and ultimate parent undertaking is Pearson plc, a company incorporated in England and Wales. The only group in which the financial statements of the company as at 31 December 2009 are consolidated, is that headed by Pearson plc. Copies of the consolidated financial statements for Pearson plc may be obtained from The Secretary, Pearson plc, 80 Strand, London, WC2R 0RL.

**PEARSON STERLING INVESTMENTS LIMITED**

**Number 1587570**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PEARSON STERLING INVESTMENTS LIMITED**

We have audited the financial statements of Pearson Sterling Investments Limited for the year ended 31 December 2009 which comprise the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as applicable to financial statements prepared in accordance with the small companies regime of the Companies Act 2006.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us,
- the financial statements are not in agreement with the accounting records and returns,
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit,
- the directors were not entitled to prepare financial statements and the directors' report in accordance with the small company regime



Ranjan Sriskandan (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

20 April 2010