THE ECONOMIST INTELLIGENCE UNIT LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Registered number: 01762617

THE ECONOMIST INTELLIGENCE UNIT LIMITED

Contents

THE ECONOMIST INTELLIGENCE UNIT LIMITED

Strategic Report for the year ended 31 March 2014

The directors present their strategic report on the company for the year ended 31 March 2014.

Principal activities and business review

The principal activity of the company is the publication and supply of business information. The company saw operating profit increase in the year largely due to cost management. Our subscription portfolio enjoyed high renewal rates and our content led marketing and research operations continued to build a robust business serving corporate clients.

The directors have reviewed the going concern status of the company, The Economist Newspaper Limited has confirmed that it will continue to support the company for at least one year from the signing date of these financial statements. Based on their review the directors have concluded the preparation of the financial statements under the going concern basis should be used.

Future developments

The global economic recovery bodes well for the company next year. Our clients are looking to emerging markets, while emerging market businesses are looking to expand overseas. Alongside this we have resilient subscriptions. We also have resilient core subscriptions and a robust pipeline for our Thought Leadership and custom-research services. Developments and likely future developments are discussed in The Economist Group Annual Report 2014 on page 10 which does not form part of this report. The Economist Group Annual Report 2014 can be obtained from 25 St. James's Street, London SW1A 1HG or viewed at www.economistgroup.com.

Results and dividends

Revenue decreased by 3% largely due to lower research and sponsorship revenues during the year. Total costs reduced by 6% because of efficiencies in fellow overseas subsidiaries providing support services and lower direct costs. The results for the company show a profit for the financial year of £9,945,000 (2013: £9,516,000) and turnover of £38,380,000 (2013: £39,702,000). No interim dividends (2013: £nil) were paid during the year. The directors do not recommend the payment of a final dividend (2013: £9,285,000).

Principal risks and uncertainties

The principal risks and uncertainties affecting the company are integrated with the principal risks of The Economist Group ("Group") and are not managed separately. Accordingly, the principal risks and uncertainties of The Economist Newspaper Limited, which include those of the company, are discussed in the Directors' Report on pages 17 to 20 of its 2014 annual report.

Key performance indicators

The Group's operations are managed and analysed on a regional business as opposed to a legal entity basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of The Economist Intelligence Unit Limited. The development, performance and position of The Economist Intelligence Unit, which includes the company, are discussed on page 10 of The Economist Group Annual Report 2014.

By order of the Board

Anna Samuelsson

Anna Samuelsson
Company Secretary
15 December 2014

Registered office
25 St. James's Street
London, SW1A 1HG

THE ECONOMIST INTELLIGENCE UNIT LIMITED

Directors' Report for the year ended 31 March 2014

The directors present their report and audited financial statements of the company for the year ended 31 March 2014.

Future developments, results and dividends

The future developments, results and dividends of the company have been discussed within the Strategic Report on page 2.

Financial risk management

The company's operations expose it to movements in foreign exchange and other financial risks. These risks and the financial risk management policies are discussed in the financial review in The Economist Group Annual Report 2014 under the heading 'Treasury' and in the Directors' Report of The Economist Group Annual Report 2014 under the heading 'Internal control'.

Directors

The directors and non-executive directors who served on the Board during the year and up to the date of signing the financial statements are set out below:

Directors:
C J Stibbs
N T Ludlow (resigned October 1st 2013)
A Rashbass (resigned July 18th 2013)
R Bew (appointed July 17th 2013)
A J Hofman (appointed May 10th 2013)
I M Toksoz (appointed May 10th 2013)
M J Worthington (appointed October 21st 2013)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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.

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Directors' Report for the year ended 31 March 2014 (continued)

Disclosure of information to auditors

So far as each of the directors is aware, there is no relevant information that has not been disclosed to the company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the company's auditors have been made aware of that information.

By order of the Board

Anna Samuelsson

Anna Samuelsson
Company Secretary

15 December 2014

Registered office
25 St. James's Street
London,
SW1A 1HG

THE ECONOMIST INTELLIGENCE UNIT LIMITED

Independent auditors' report to the members of The Economist Intelligence Unit Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit for the year then ended;
- 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by The Economist Intelligence Unit Limited, comprise:

- the balance sheet as at 31 March 2014;
- the profit and loss account and Statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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.

In addition, we read all the financial and non-financial information in the Strategic Report, the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of The Economist Intelligence Unit Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, 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 and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & 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.

Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

19 December 2014

THE ECONOMIST INTELLIGENCE UNIT LIMITED

Profit and loss account for the year ended 31 March 2014

Company registered number: 01762617

	Note	2014 £'000	2013 £'000
Turnover	2	38,380	39,702
Cost of sales		(12,941)	(13,700)
GROSS PROFIT		25,439	26,002
Distribution costs		(252)	(245)
Administrative expenses	3	(15,184)	(16,379)
OPERATING PROFIT		10,003	9,378
Income from other fixed asset investments	4	2,429	2,500
Other finance costs	5	(158)	(34)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	12,274	11,844
Tax on profit on ordinary activities	9	(2,329)	(2,328)
PROFIT FOR THE FINANCIAL YEAR	20	9,945	9,516

The results reported above relate solely to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

THE ECONOMIST INTELLIGENCE UNIT LIMITED

Balance sheet as at 31 March 2014

Company registered number: 01762617

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Tangible assets	12	339	190
Investments	13	97,625	97,625
		97,964	97,815
CURRENT ASSETS			
Stocks	14	69	145
Debtors	15	11,537	11,612
Deferred taxation	16	106	159
Cash at bank and in hand		-	-
		11,712	11,916
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	17	(98,948)	(99,673)
NET CURRENT LIABILITIES		(87,236)	(87,757)
TOTAL ASSETS LESS CURRENT LIABILITIES		10,728	10,058
Provisions for liabilities	18	(516)	(552)
NET ASSETS		10,212	9,506
CAPITAL AND RESERVES			
Called up share capital	19	-	-
Profit and loss account	20	10,212	9,506
TOTAL SHAREHOLDERS' FUNDS	21	10,212	9,506

The financial statements on pages 7 to 19 were approved by the Board of directors on 15 December 2014, and were signed on its behalf by:

M J Worthington

Director

Statement of total recognised gains and losses for the year ended 31 March 2014

Company registered number: 01762617

	Note	2014 £'000	2013 £'000
Profit for the financial year		9,945	9,516
Actuarial gain/(loss) on post-retirement benefits	18	58	(13)
United Kingdom deferred tax attributable to the actuarial (gain) / loss	18	(12)	3
TOTAL RECOGNISED GAINS FOR THE FINANCIAL YEAR		9,991	9,506

THE ECONOMIST INTELLIGENCE UNIT LIMITED

Notes to the financial statements for the year ended 31 March 2014

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently, are set out below.

(a) Basis of accounting

The financial statements are prepared on a going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. Notwithstanding the fact that the company has net current liabilities the directors believe it is appropriate to prepare the financial statements on a going concern basis as The Economist Newspaper Limited has confirmed that it will provide financial support as necessary to meet liabilities as they fall due for a period of at least 12 months from the date of signing the financial statements.

(b) Consolidation

As the company is a wholly-owned subsidiary of The Economist Newspaper Limited, the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

(c) Turnover

Turnover represents sales to third parties from subscriptions, research, sponsorship and delegate fees net of trade discounts, value-added tax and other sales related taxes.

Subscription revenues are recognised in the profit and loss account over the period of the subscription. Research, sponsorship and delegate turnover arising in the year relating to future events and deliveries is deferred until those events have taken place.

Where a contractual arrangement consists of two or more separate elements that can be provided to customers either on a stand-alone basis or as an optional extra, turnover is recognised for each element as if it were an individual contractual arrangement.

Research revenues are generally derived from sales of economic, industry and management research products to clients. These revenues are accrued or deferred and recognised over the contract term in line with milestones or on delivery of the final product in accordance with the contract.

(d) Foreign currencies

Transactions in foreign currency are recorded at rates ruling at the date of the transaction. All foreign currency monetary assets and liabilities have been translated into sterling at the rates of exchange ruling at the balance sheet date. All exchange differences arising from the application of the policy are included in the profit and loss account. Profits and losses of branches that have currencies of operation other than sterling are translated into sterling at average rates of exchange for the year.

(e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off an asset's cost over its useful economic life as follows:

Equipment	10% - 33% straight-line

1. Accounting policies (continued)

(f) Fixed asset investments

Investments held as fixed assets are included at cost, less provisions for diminution in value.

(g) Stocks and work in progress

There are no stocks. Work in progress is valued at the lower of cost and net realisable value. Cost includes all direct expenditure. Work in progress includes deferred conference costs, as costs are incurred for conferences planned to be held after the balance sheet date.

(h) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(i) Deferred taxation

Deferred taxation is fully provided, using the liability method, at the expected applicable rates, on all timing differences between accounting and taxation treatments which are expected to reverse in the foreseeable future.

No provision is made for any additional taxation which would arise on the remittance of profits retained, where there is no intention to remit such profits. A deferred tax asset is only recognised to the extent that it is more likely than not that there will be taxable profits from which the future reversal of the timing differences can be deducted.

(j) Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

(k) Retirement benefits

Employees of the company are entitled to join a pension scheme operated by the parent company. For staff joining before 2003, The Economist Group Pension Plan ('Plan') provides for their defined benefits. Under FRS 17, 'Retirement benefits' the company accounts for the defined benefit scheme as if it were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities of the Plan. Since 1 January 2003 the defined benefit scheme has been closed to new members; a defined contribution plan is available to new joiners since then. The cost of providing pensions under defined contribution schemes is charged against profits as they become payable.

The assets of these schemes are held in separate trustee administered funds, with independent qualified actuaries acting as advisors.

Certain current and former employees are entitled to post-retirement medical benefits, the cost of which is met by the company. The movement in the post-retirement medical benefits provision is split between financial items in the profit and loss account and the statement of total recognised gains and losses. The net impact of the unwinding of the discount rate on the liabilities and the expected return on assets is charged to other finance costs.

1. Accounting policies (continued)

(l) Cash flow statement

The company is a wholly owned subsidiary of The Economist Newspaper Limited and the cash flows of the company are included in the consolidated cash flow statement of The Economist Newspaper Limited. Consequently, the company is exempt under the terms of FRS 1 (revised 1996), 'Cash flow statements' from publishing a cash flow statement.

(m) Related party transactions

As the company is a wholly owned subsidiary of The Economist Newspaper Limited, the company has taken advantage of the exemption contained in FRS 8 'Related party disclosures' and therefore has not disclosed transactions or balances which form part of the Group.

(n) Share based payments

The Economist Group awards certain employees entitlements to cash-settled share-based payments in accordance with its long-term incentive scheme arrangements. The fair value of these awards is measured and updated using an appropriate option pricing model. The key assumptions used in calculating the fair value of the awards are the discount rate, the Group's share price volatility, dividend yield, risk-free rate of return and expected option lives. These assumptions are set out in note 11. Management regularly updates the estimates of the number of awards that are expected to vest. This is dependent on the anticipated number of leavers. In addition to the key assumptions above, the value of the awards is dependent upon the future profits of the Group and the Group's relative market performance, which management is required to estimate. A liability equal to the portion of the services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments.

2. Turnover

The turnover and profit on ordinary activities before taxation are attributable to the one principal activity of the company.

Analysis by destination	2014 £'000	2013 £'000
United Kingdom	9,989	9,819
Europe	7,843	8,762
North America	10,587	11,042
Asia	6,488	6,339
Other	3,473	3,740
	38,380	39,702

£10,684,000 of turnover originated in the United Kingdom (2013: £11,808,000) and £27,696,000 originated in North America (2013: £27,894,000).

3. Administrative expenses

Within administrative costs are reorganisation costs of £161,230 (2013: £115,549), comprising severance costs incurred relating to the restructuring of the continuing business.

4. Income from other fixed asset investments

	2014 £'000	2013 £'000
Dividend income from shares in Group companies	2,429	2,500

5. Other finance costs

	2014	2013
	£'000	£'000
Other finance costs include:		
Interest on post-retirement liabilities (note 18)	33	34
Interest payable on other loans	125	-
	158	34

6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2014	2013
	£'000	£'000
Depreciation on tangible fixed assets (note 12)	143	146
Operating lease rentals:		
Plant and equipment	1	11
Land and buildings	148	520

The audit fee is borne by the ultimate parent company, The Economist Newspaper Limited. It is not practical to split out the fee for the subsidiaries, as such the aggregated fee for the subsidiaries of The Economist Newspaper Limited is £299,000 as can be found in Note 3 "Profit on ordinary activities before taxation" of the consolidated group financial statements.

7. Staff costs

Particulars of employee costs (including directors) are shown below:

	2014	2013
	£'000	£'000
Wages and salaries	8,775	9,353
Social security costs	896	901
Other pensions costs (note 18)	2,231	1,257
Shared based payments	(233)	130
	11,669	11,641

The average monthly number of persons employed by the company during the year was 166 (2013: 176).

8. Directors' emoluments

	2014	2013
	£'000	£'000
Aggregate emoluments	243	278

One of the directors received emoluments in respect of his services to the company during the year (2013: one). In 2014, contributions were paid to a defined benefit pension scheme for one director and in January 2014 he ceased to accrue benefits in the plan, becoming a deferred member at March 2014. His deferred pension at the 31 March 2014 was £63,000.

9. Tax on profit on ordinary activities

The taxation charge is based on the profit on ordinary activities for the year and comprises:

	2014 £'000	2013 £'000
Current tax:		
United Kingdom corporation tax	2,247	2,298
Adjustments in respect of prior years	22	(13)
Total current tax	2,269	2,285
Deferred tax:		
Origination and reversal of timing differences	73	(7)
Adjustments in respect of prior years	(13)	50
Total deferred tax	60	43
Tax on profit on ordinary activities	2,329	2,328

Included within the deferred tax charge for the year is a charge of £7,000 (2013: charge of £10,000) in relation to post-retirement benefits.

Tax assessed in the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 23% (2013: 24%).

Current tax rate reconciliation

	2014 %	2013 %
UK tax rate	23.0	24.0
Effect of expenses not deductible for tax purposes	0.3	0.3
Effect of utilisation of general provisions	(0.4)	0.2
Effect of adjustments in respect of prior years	0.2	(0.1)
Effect of non-taxable intra-group UK dividend received	(4.7)	(5.1)
Effect of group relief surrendered for no payment	2.5	2.9
Transfer pricing deemed interest on UK inter-company loans	(2.5)	(2.9)
	18.4	19.3

Changes to the UK main corporation tax rate from 23% (effective on 1 April 2013), to 21% (effective from 1 April 2014) and to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. The relevant UK deferred tax balances have been remeasured to the rate which is expected to apply to the period when the assets are realised and the liabilities are settled, based on the tax rates substantively enacted by the balance sheet date.

10. Dividends

	2014 £'000	2013 £'000
Dividend paid: £4,642,500 (2013: £4,871,500) per ordinary £1 share	9,285	9,743

No final dividend for the year has been proposed (2013: £9,285,000 or £4,642,500 per share).

Notes to the financial statements for the year ended 31 March 2014 (continued)

11. Share based payments

The company participates in the following Economist Group share-based incentive schemes:

Executive Long-Term Plan - Units are granted to directors and senior employees. These awards are taken in cash form only after three years. The value of the award is based on share price, the earnings per share compound annual growth rate and on the Group's total shareholder return (TSR) compared with a group of selected comparator companies over the period of the scheme.

Restricted Share Scheme - This scheme is for key employees who have been awarded a right to acquire ordinary shares of The Economist Newspaper Limited at a nominal price between two and six years after the date of the award. The Group has the discretion to pay shares or cash on exercise.

The company has recorded total liabilities at 31st March 2014 of £49,000 (2013: £331,000), of which £nil (2013: £49,000) relates to awards which had vested at the year end.

The credit to the profit and loss account recognised with respect to cash-settled share-based payment transactions was £233,000 (2013: £130,000 expense).

The fair values of the long-term schemes were calculated using a Black Scholes option pricing model, except for the schemes including a TSR ranking performance condition where a Monte Carlo model was used. The inputs to the models were as follows:

	2014	2013
Weighted average share price (£)	27.26	26.31
Weighted average exercise price (£)	25.51	24.76
Expected volatility (%)	30	33
Expected life (months)	18	18
Risk-free rate (%)	0.6	0.2
Expected dividend yield (%)	4.5	4.4
Forfeiture rate (%)	5.0	5.0

The expected volatility is determined by calculating the historical volatility of The Economist Newspaper Limited's share price over the previous ten years and by calculating the historical TSR volatility of the comparator group over the relevant life of the schemes.

During the year, 17,892 long-term plan units (2013: 26,093) were granted with a weighted average fair value at the March 31st of £4.84 (2013: £3.16). No long-term plan units (2013: 16,859) vested at March 31st, with a weighted average fair value at March 31st of £nil (2013: £2.60).

THE ECONOMIST INTELLIGENCE UNIT LIMITED

Notes to the financial statements for the year ended 31 March 2014 (continued)

12. Tangible fixed assets

	Equipment £'000
Cost:	
At 1 April 2013	771
Additions	296
Disposals	(7)
At 31 March 2014	1,060
Accumulated depreciation:	
At 1 April 2013	581
Charge for the year	143
Disposals	(3)
At 31 March 2014	721
Net book value at 31 March 2014	339
Net book value at 31 March 2013	190

13. Fixed asset investments

	Total £'000
Cost:	
At 1 April 2013 and 31 March 2014	97,625

The company owns 100% of the ordinary share capital in Ryder Street Properties Limited, which rents and lets property, and 40% of the ordinary share capital in The Economist Overseas (Holdings) Limited, an investment holding company. Both companies are incorporated and registered in England and Wales. The directors are of the opinion that the market value of these investments is greater than the carrying value.

The table below shows the 40% holding in The Economist Overseas (Holdings) Limited for the year ended 31 March 2014.

	2014 £'000	2013 £'000
Turnover	-	-
Profit on ordinary activities before taxation	-	4
Taxation	-	-
Result for the financial year	-	4
Fixed assets	43,704	43,704
Current liabilities	-	-

14. Stocks

	2014 £'000	2013 £'000
Work in progress	69	145

15. Debtors

	2014 £'000	2013 £'000
Trade debtors	939	1,492
Amounts owed by parent company	9,402	9,285
Amounts owed by group undertakings	881	658
Other debtors	10	19
Prepayments and accrued income	305	158
	11,537	11,612

16. Deferred taxation

	2014 £'000	2013 £'000
Depreciation in excess of capital allowances	75	84
Other timing differences	31	75
	106	159

Deferred taxation represents the full recognition of the potential asset.

The movement on the deferred taxation asset comprises:

	£'000
Balance at 1 April 2013	159
Charge to profit and loss account in year	(53)
Balance at 31 March 2014	106

17. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	-	12
Amounts owed to group undertakings	94,855	94,752
Taxation and social security	1,100	1,186
Accruals and deferred income	2,993	3,723
	98,948	99,673

Amounts owed to group undertakings includes a loan of £93,892,000 (2013: £93,892,000) from The Economist Group (Investments) Limited. The loan is repayable on demand and is unsecured. Interest was not charged on the loan for the year ended 31 March 2014. There are other unsecured and repayable on demand amounts owed by group companies amounting to £963,000 (2013: £860,000), some of which are interest bearing.

18. Pension and other post-retirement liabilities

Pension scheme

The company is a member of The Economist Group Pension Plan. The Economist Group Pension Plan consists of both a defined benefit and a defined contribution scheme. Under FRS 17, 'Retirement benefits' the company accounts for the UK defined benefit scheme as if it were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities of the Plan.

The most recent full actuarial valuation of the UK defined-benefit scheme was at 1 January 2013, and a deficit of £22,786,000 was identified. Under FRS 17, the UK defined-benefit scheme is recognised on the balance sheet (net of deferred tax) in the financial statements of The Economist Newspaper Limited. As at 31 March 2014 there was a deficit, on this basis, of £9,270,000 (net of deferred tax) (2013: £22,034,000 deficit). The level of this surplus/deficit may change each year. Further information about the assets and liabilities of the UK defined-benefit scheme, the major assumptions used by the actuary and the implications of the deficit can be found on pages 47 to 50 of the financial statements of The Economist Group Annual Report 2014.

The total pension costs in the year of £2,231,000 (2013: £1,257,000) reflect contributions made to both the UK defined benefit and defined contribution schemes. No contributions (2013: £2,771) were accrued in respect of defined contribution schemes at the year end.

Other post-retirement benefits

	£'000
At 1 April 2013	552
Interest charge	33
Credit to the statement of total recognised gains and losses (net of deferred tax)	(46)
Charge to the profit and loss account	18
Transfer from other group companies	4
Utilised in the year	(45)
At 31 March 2014	516

The company provides post-retirement medical benefits to certain former employees. These liabilities were confirmed by a qualified independent actuary. The principal assumptions used in estimating this obligation are healthcare premium cost escalation of 5.35% per year (2013: 5.40%) and a discount rate to represent the time value of money of 4.50% (2013: 4.40%). Actual premiums paid are being set against this provision, which is periodically assessed for adequacy.

At 31 March 2014, 15 (2013: 15) retired employees were eligible to receive benefits.

19. Called up share capital

	2014	2013
	£	£
Allotted and fully paid:		
2 (2013: 2) ordinary shares of £1 each	2	2

20. Profit and loss account

	2014 £'000	2013 £'000
Balance at 1 April	9,506	9,743
Profit for the financial year	9,945	9,516
Dividends	(9,285)	(9,743)
Actuarial gain/(loss) on post-retirement benefits	46	(10)
Balance at 31 March	10,212	9,506

21. Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Opening equity shareholders' funds	9,506	9,743
Profit for the financial year	9,945	9,516
Dividends	(9,285)	(9,743)
Actuarial gain/(loss) on post-retirement benefits	46	(10)
Closing shareholders' funds	10,212	9,506

Dividends paid in the year were £9,285,000 (2013: £9,743,000) and the dividends received during the year were £2,429,000 (2013: £2,500,000).

22. Operating lease commitments

Non cancellable operating leases - annual commitments at 31 March were as follows:

	2014 £'000	2013 £'000
Land and buildings - leases expiring:		
In more than five years	156	148
	156	148

23. Related party transactions

Two directors received fees for services to the company during the year, A J Hofman £4,823 (2013: £nil) and I M Toksoz £5,000 (2013: £nil).

24. Ultimate parent company and controlling party

The immediate and ultimate parent company and ultimate controlling party is The Economist Newspaper Limited, registered in England and Wales. This is the only company that consolidates these financial statements. The 2014 annual report of The Economist Group can be obtained from 25 St. James's Street, London SW1A 1HG or viewed at www.economistgroup.com. The Economist Group consists of The Economist Newspaper Limited and its subsidiary undertakings.