

THE ECONOMIST GROUP TRUSTEE COMPANY LIMITED

ANNUAL REPORT

YEAR ENDED 31 MARCH 2004

Registered Number: 1775932



THE ECONOMIST GROUP TRUSTEE COMPANY LIMITED

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THE ECONOMIST GROUP TRUSTEE COMPANY LIMITED

Report of the directors for the year ended 31 March 2004

Annual Report

The directors present their annual report and audited financial statements for the year ended 31 March 2004.

Results and dividends

The company has not traded in its own right during the year but operates and will continue to operate as a trustee company for the employee share ownership plan ('the ESOP') of The Economist Newspaper Limited for the foreseeable future. The directors do not propose a dividend (2003: £nil). No profit was recognised in the year.

The principal purpose of the ESOP is to buy and sell shares from and to the employees of The Economist Newspaper Limited and its subsidiaries.

Directors

The directors who served on the Board during the financial year are set out below.

Sir Dominic Cadbury (resigned 11 July 2003)
H A Alexander
K B S Malik
Lord Stevenson of Coddenham CBE
Sir Robert Wilson (appointed 11 July 2003)

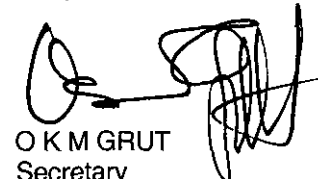
Directors' interests

None of the directors of the company beneficially owns any shares in the company. Details of the directors' interests in the share capital and share options in the parent company, The Economist Newspaper Limited, are disclosed in that company's accounts.

Auditors

The company has passed an elective resolution to dispense with the requirement to appoint auditors on an annual basis.

BY ORDER OF THE BOARD



O K M GRUT
Secretary

17 September 2004

Registered Office

25 St James's Street
London SW1A 1HG

THE ECONOMIST GROUP TRUSTEE COMPANY LIMITED

Directors' statement of responsibilities
for the year ended 31 March 2004

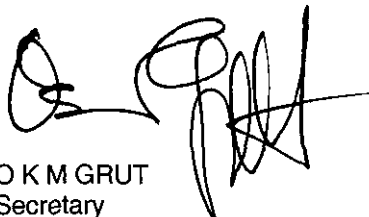
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company, and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable 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 confirm that the financial statements comply with the above requirements.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure the financial statements comply with the Companies Act 1985, 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



O K M GRUT
Secretary
17 September 2004

THE ECONOMIST GROUP TRUSTEE COMPANY LIMITED

Independent auditors' report to the members of The Economist Group Trustee Company Limited

We have audited the financial statements which comprise the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

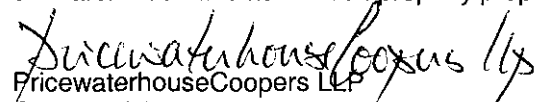
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2004 and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London, WC2N 6RH
17 September 2004

THE ECONOMIST GROUP TRUSTEE COMPANY LIMITED

Balance sheet as at 31 March 2004

	Notes	<u>2004</u>	<u>2003</u>
		£	£
Amounts owed by parent company		<u>2</u>	<u>2</u>
NET ASSETS		<u>2</u>	<u>2</u>
Called up share capital	5	<u>2</u>	<u>2</u>
EQUITY SHAREHOLDERS' FUNDS		<u>2</u>	<u>2</u>



K B S Malik

Director

The financial statements were approved by the Board of Directors on 12 September 2004.

The notes on page 6 form part of the financial statements.

THE ECONOMIST GROUP TRUSTEE COMPANY LIMITED

Notes to the financial statements – 31 March 2004

1. Accounting policies

- (a) The financial statements are prepared on a going concern basis, under the historical cost convention in accordance with the Companies' Act 1985 and applicable accounting standards. The principal accounting policies, all of which have been applied consistently, are set out below.
- (b) The company is a wholly owned subsidiary of The Economist Newspaper Limited and the cash flows of the company are included in the consolidated group cash flow statement of The Economist Newspaper Limited. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 (revised) from publishing a cash flow statement.
- (c) As the company is a wholly owned subsidiary of The Economist Newspaper Limited, the company has taken advantage of the exemptions contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. There were no other related party transactions in the year.

2. Profit and Loss Account

The company has not traded in its own right since incorporation but operates as a trustee company for the ESOP. The audit fee for the year was borne by The Economist Newspaper Limited.

3. Emoluments of Directors

None of the directors received any emoluments from the company in respect of their services to the company during the year (2003: nil).

4. Employees

The company had no employees during the year (2003: nil).

5. Share Capital

	<u>2004</u> £	<u>2003</u> £
Authorised 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

6. Parent Company

The ultimate parent company and ultimate controlling party is The Economist Newspaper Limited, which is registered in England and Wales.