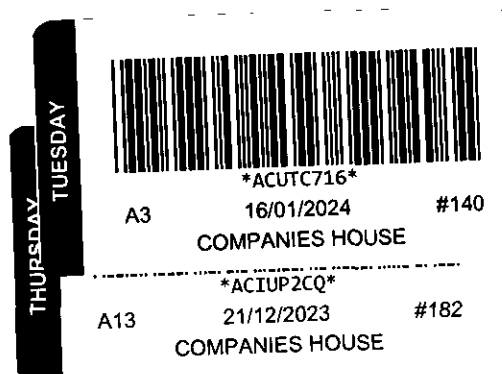


**THE ECONOMIST GROUP LIMITED**

**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31<sup>st</sup> 2023**

**Registered number: 02642807**



## **THE ECONOMIST GROUP LIMITED**

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## **THE ECONOMIST GROUP LIMITED**

### **Strategic report for the year ended March 31<sup>st</sup> 2023**

The directors present their Strategic report on the company for the year ended March 31<sup>st</sup> 2023.

#### Principal activities and business review

The principal activity of the company is the publication and supply of business information. At the end of the year, the company had net assets of £70,738,530 (2022: £70,260,384).

#### Going concern

The directors have prepared these financial statements on the going concern basis, and in doing so have considered the matters set out in the paragraphs below.

The Company is a subsidiary of The Economist Newspaper Limited which operates a centralised treasury function to manage the liquidity needs of The Economist Newspaper Limited and all its subsidiaries (together "the Group"). All subsidiaries participate in the Group's treasury operations either by contributing funding to or drawing funding from fellow subsidiaries. The continued availability of the Group's borrowing facilities depends on the Group's overall performance, and therefore the context of the whole Group is relevant when considering the going concern basis of accounting.

The directors continue to monitor the impact that the global economic environment, in particular the high levels of inflation, may have on demand for the Group's products and services as well as the financial viability of the Group's clients and key suppliers. Financial projections including profit, cash, debt and balance-sheet commitments are prepared regularly covering short, medium and longer-term periods and are stress-tested to ensure the Group has sufficient liquidity and available financing facilities in place for the foreseeable future.

These measures taken together with future actions that could be taken mean that, based on the Group's financial projections presented to the Audit Committee of The Economist Newspaper Limited in November 2023, the Group will continue to have sufficient liquidity headroom in its existing facilities and measurement headroom against the revolving credit facility financial covenants and will be able to operate within the level of its bank facilities for the foreseeable future. For these reasons, the going-concern basis has been adopted in preparing these financial statements.

#### Future developments

The directors expect that the present level of activity will be sustained for the foreseeable future.

#### Results and dividends

The results for the company show a profit for the financial year of £478,146 (2022: £468,481) and revenue of £31,362,699 (2022: £22,771,566). No interim dividend (2022: £nil) was paid during the year. The directors do not propose that a final dividend be paid (2022: £nil).

#### Principal risks and uncertainties

The Economist Group's bi-annual review of risk highlighted the following principal areas relevant to the company: changes to its markets (including the commoditisation of, and pricing pressures on, information products); the quality of the Company's products keeping up with customers' expectations; its systems and infrastructure; the challenges in retaining customers; employing and retaining talent; the impact of cybercrime attacks; regulatory risk, such as changes to privacy laws; and the financial operations of the company.

**THE ECONOMIST GROUP LIMITED**

**Strategic report for the year ended March 31<sup>st</sup> 2023 (continued)**

Key performance indicators

The key performance indicator for the company, which enters into global contracts with customers of The Economist Group, is the number and value of customer contracts entered into. Revenue amounted to £31,362,699 in the year (2022: £22,771,566).

The Strategic report has been approved by the Board and signed on its behalf by:



O K M Grut  
**Company secretary**

December 18<sup>th</sup> 2023

Registered office

The Adelphi  
1-11 John Adam Street  
London  
WC2N 6HT

## **THE ECONOMIST GROUP LIMITED**

### **Directors' report for the year ended March 31<sup>st</sup> 2023**

The directors present their Directors' report and financial statements of the company for the year ended March 31<sup>st</sup> 2023.

#### 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 Economist Group Annual report 2023 within the Monitoring and managing our risk on pages 55-56 and in the notes to the accounts under the heading 'Financial risk management' on pages 121-125.

The Company is a member of The Economist Newspaper Limited group of companies. The group operates a centralised treasury function and advances funds through intercompany loans to group companies to meet their financing needs as required.

#### Directors

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

O K M Grut  
M Roy  
L Salame Boro

#### Director's indemnities

The Economist Group provides, to the extent permitted by law, an indemnity to all directors and officers of the company and its subsidiaries in respect of claims against them arising in respect of the conduct of the business of the Group. The Economist Group has also purchased directors' and officers' insurance cover against certain legal liabilities and costs for claims in connection with any act or omission by such directors and officers in the execution of their duties.

#### Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and 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), including FRS 101 "Reduced Disclosure Framework". 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the company will continue in business.

**THE ECONOMIST GROUP LIMITED**

**Directors' report for the year ended March 31<sup>st</sup> 2023 (continued)**

Directors' responsibilities statement (continued)

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.

The directors 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.

The Director's report has been approved by the Board and signed on its behalf by:



O K M Grut  
**Company secretary**

December 18<sup>th</sup> 2023

Registered office

The Adelphi  
1-11 John Adam Street  
London  
WC2N 6HT

**THE ECONOMIST GROUP LIMITED****Statement of comprehensive income for the year ended March 31<sup>st</sup> 2023**

|  | Note | 2023<br>£         | 2022<br>£         |
|--|------|-------------------|-------------------|
| Revenue  | 2    | 31,362,699        | 22,771,566        |
| Cost of sales  | 3    | (11,285,674)      | (9,030,346)       |
| <b>Gross profit</b>                                      |      | <u>20,077,025</u> | <u>13,741,220</u> |
| Administrative expenses                                  | 3    | (18,512,898)      | (12,614,710)      |
| <b>Operating profit</b>                                  |      | <u>1,564,127</u>  | <u>1,126,510</u>  |
| Interest receivable and similar income                   | 4    | 4,007             | 3,948             |
| <b>Profit before taxation</b>                            |      | <u>1,568,134</u>  | <u>1,130,458</u>  |
| Tax on profit  | 5    | (1,089,988)       | (661,977)         |
| <b>Total comprehensive income for the financial year</b> |      | <u>478,146</u>    | <u>468,481</u>    |

The results reported above relate solely to continuing operations.

The notes on pages 9 to 17 are an integral part of these financial statements.

**THE ECONOMIST GROUP LIMITED**  
**Balance sheet as at March 31<sup>st</sup> 2023**

|                             | Note | 2023<br>£           | 2022<br>£           |
|-----------------------------|------|---------------------|---------------------|
| Investments                 | 6    | 1,036               | 1,036               |
| Trade and other receivables | 8    | 100,626,462         | 90,812,210          |
| Deferred tax assets         | 7    | 111,602             | 27,533              |
| <b>Non-current assets</b>   |      | <b>100,739,100</b>  | <b>90,840,779</b>   |
| Trade and other receivables | 8    | 16,627,818          | 19,793,691          |
| Cash and cash equivalents   |      | 2,088,130           | 3,399,970           |
| <b>Current assets</b>       |      | <b>18,715,948</b>   | <b>23,193,661</b>   |
| <b>Total assets</b>         |      | <b>119,455,048</b>  | <b>114,034,440</b>  |
| Trade and other liabilities | 9    | (48,542,521)        | (43,736,952)        |
| Current tax liabilities     |      | (173,997)           | (37,104)            |
| <b>Current liabilities</b>  |      | <b>(48,716,518)</b> | <b>(43,774,056)</b> |
| <b>Total liabilities</b>    |      | <b>(48,716,518)</b> | <b>(43,774,056)</b> |
| <b>Net assets</b>           |      | <b>70,738,530</b>   | <b>70,260,384</b>   |
| <b>Equity</b>               |      |                     |                     |
| Called up share capital     | 10   | 67,479              | 67,479              |
| Share premium account       | 11   | 67,746,908          | 67,746,908          |
| Retained earnings           |      | 2,924,143           | 2,445,997           |
| <b>Total equity</b>         |      | <b>70,738,530</b>   | <b>70,260,384</b>   |

The notes on pages 9 to 17 are an integral part of these financial statements.

For the year ending March 31<sup>st</sup> 2023 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The directors have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 and acknowledge their responsibilities for complying with the requirement of the Act with respect to accounting records and the preparation of accounts.

The financial statements of The Economist Group Limited (registered number 02642807) were approved by the board of directors and authorised for issue on December 18<sup>th</sup> 2023. They were signed on its behalf by:



M Roy  
**Director**

Company registered number: 02642807



**THE ECONOMIST GROUP LIMITED****Statement of changes in equity for the year ended March 31<sup>st</sup> 2023**

| <b>Year ended March 31<sup>st</sup> 2023</b> | <b>Called<br/>up<br/>share<br/>capital<br/>£</b> | <b>Share<br/>premium<br/>account<br/>£</b> | <b>Retained<br/>earnings<br/>£</b> | <b>Total<br/>equity<br/>£</b> |
|--|--|--|------------------------------------|-------------------------------|
| <b>At April 1<sup>st</sup> 2022</b>          | 67,479   | 67,746,908                                 | 2,445,997                          | 70,260,384                    |
| <b>Comprehensive income for the year</b>     |  |  |                                    |                               |
| Profit for the financial year                | -  | -  | 478,146                            | 478,146                       |
| <b>Total comprehensive income</b>            | -  | -  | 478,146                            | 478,146                       |
| <b>At March 31<sup>st</sup> 2023</b>         | <u>67,479</u>                                    | <u>67,746,908</u>                          | <u>2,924,143</u>                   | <u>70,738,530</u>             |

| <b>Year ended March 31<sup>st</sup> 2022</b> | <b>Called<br/>up<br/>share<br/>capital<br/>£</b> | <b>Share<br/>premium<br/>account<br/>£</b> | <b>Retained<br/>earnings<br/>£</b> | <b>Total<br/>equity<br/>£</b> |
|--|--|--|------------------------------------|-------------------------------|
| <b>At April 1<sup>st</sup> 2021</b>          | 67,479   | 67,746,908                                 | 1,977,516                          | 69,791,903                    |
| <b>Comprehensive income for the year</b>     |  |  |                                    |                               |
| Profit for the financial year                | -  | -  | 468,481                            | 468,481                       |
| <b>Total comprehensive income</b>            | -  | -  | 468,481                            | 468,481                       |
| <b>At March 31<sup>st</sup> 2022</b>         | <u>67,479</u>                                    | <u>67,746,908</u>                          | <u>2,445,997</u>                   | <u>70,260,384</u>             |

The notes on pages 9 to 17 are an integral part of these financial statements.

## THE ECONOMIST GROUP LIMITED

### Notes to the financial statements for the year ended March 31<sup>st</sup> 2023

#### 1. Accounting policies

The company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of its registered office is The Adelphi, 1-11 John Adam Street, London, WC2N 6HT.

The principal activity of the company is disclosed in the Strategic report.

The accounting policies applied in the preparation of these financial statements have been consistently applied to the periods presented unless otherwise stated. The principal accounting policies applied in the preparation of these financial statements are set out below.

#### a) **Basis of preparation**

These financial statements have been prepared on the going concern basis under the historical cost convention, in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) as issued by the Financial Reporting Council and with those parts of the Companies Act 2006 applicable to companies reporting under FRS 101. All accounting policies have been applied consistently. Refer to the going-concern disclosure within the strategic report for further information.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting assumptions. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. There are no areas requiring a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

#### **New standards adopted in the year**

The following standards interpretations and amendments adopted in the year were adopted in 2023:

- Amendment to IAS 16 Property, Plant and Equipment;
- Annual Improvements to IFRS Standards 2018-2020;
- Amendments to IFRS 3 Business Combinations; and
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

There has been no impact of the adoption of these standards.

#### b) **FRS 101 reduced disclosure**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101:

- the requirements of IFRS 7 and IFRS 9 *Financial Instruments: Disclosures and Financial Instruments*;
- the requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 17 and 18A of IAS 24 *Related Party Disclosures*;
- the requirements of IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and

**THE ECONOMIST GROUP LIMITED****Notes to the financial statements for the year ended March 31<sup>st</sup> 2023 (continued)****1. Accounting policies (continued)****b) FRS 101 reduced disclosure (continued)**

- disclosures in respect of revenue being the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from contracts with customers.

This information is included in the consolidated financial statements of The Economist Newspaper Limited as at March 31<sup>st</sup> 2023 (see note 12).

**c) Foreign currency translation**

The financial statements are presented in sterling, which is the company's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign-exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

**d) Revenue**

The company's significant revenue streams include marketing services which includes sponsorship, and consulting services.

Revenue is recognised in order to depict the transfer of control of promised goods and services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods and services. This process begins with the identification of our contract with a customer, which is generally through a master services agreement, acceptance of terms and conditions, customer purchase order, or a combination thereof. Within each contract, judgment is applied to determine the extent to which activities within the contract represent distinct performance obligations to be delivered and the total amount of transaction price to which we expect to be entitled.

The transaction price determined is net of sales taxes, rebates and discounts, and after eliminating sales within the company. Where a contract contains multiple performance obligations such as the provision of more than one product or service, revenue is allocated on the basis of relative standalone selling prices.

Revenue is recognised on contracts with customers when or as performance obligations are satisfied which is the period or the point in time where control of goods or services transfer to the customer. Judgement is applied to determine first whether control passes over time and if not, then the point in time at which control passes. Where revenue is recognised over time judgement is used to determine the method which best depicts the transfer of control. Where an input method is used significant estimation is required to determine the progress towards delivering the performance obligation.

The company may enter into contracts with another party in addition to our customers. In making the determination as to whether revenue should be recognised on a gross or net basis, the contract with the customer is analysed to understand which party controls the relevant good or service prior to transferring to the customer. This judgement is informed by facts and circumstances of the contract in determining whether the company has promised to provide the specified good or service or whether the company is arranging for the transfer of the specified good or service, including which party is responsible for fulfilment, has discretion to set the price to the customer and is responsible for inventory risk. On certain contracts, where the company acts as an agent, only commissions and fees receivable for services rendered are recognised as revenue. Any third party costs incurred on behalf of the principal that are rechargeable under the contractual arrangement are not included in revenue.

Additional details on the company's revenue streams are also included in note 2.

## **THE ECONOMIST GROUP LIMITED**

### **Notes to the financial statements for the year ended March 31<sup>st</sup> 2023 (continued)**

#### **1. Accounting policies (continued)**

##### **e) Cash and cash equivalents**

Cash and cash equivalents include cash in hand.

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 101 from publishing a cash flow statement.

##### **f) Share capital**

Ordinary shares are classified as equity.

##### **g) Taxation**

Current tax is recognised on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance-sheet date.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance-sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Current and deferred tax are recognised in the Statement of comprehensive income, except when the tax relates to items charged or credited directly to equity or other comprehensive income, in which case the tax is also recognised in equity or other comprehensive income.

Current and deferred tax are recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred tax assets and liabilities require management judgment in determining the amounts to be recognised. In particular, significant judgment is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income together with any future tax-planning strategies.

##### **h) Investments**

Investments in subsidiaries are stated at cost less provision for impairment.

##### **i) 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 101 and therefore has not disclosed transactions or balances which form part of the Group. There were no other related party transactions in the year.

**THE ECONOMIST GROUP LIMITED****Notes to the financial statements for the year ended March 31<sup>st</sup> 2023 (continued)****1. Accounting policies (continued)****j) Trade and other receivables**

Intercompany receivables are stated net of provision for expected bad and doubtful debts. The Group reviews its expected credit loss provisions at least twice a year following a detailed review of receivable balances and historical payment profiles. Management believes all the remaining receivable balances are fully recoverable.

Accrued income primarily relates to the Company's right to consideration for work completed but not billed at the reporting date.

**k) Trade and other payables and provisions**

Trade payables are recognised at the value of the invoice received from a supplier. The carrying value of trade payables is considered to approximate fair value.

Deferred income primarily relates to consideration received from customers in advance for transferring a good or service.

A provision is recognised in the balance sheet when the Company has a present or legal or constructive obligation arising from past events, it is probable that cash will be paid to settle it and the amount can be estimated reliably. Provisions are determined by discounting the expected future cash flows. The unwinding of the discount is recognised as a financing cost in the income statement. The valuation of the provision is determined based on assumptions and estimates in relation to the amount and timing of actual cash flows which are dependent on future events.

**2. Revenue**

All revenue originated in the United Kingdom.

| 2023 | 2022 |
|------|------|
| £    | £    |

Analysis by destination:

|                |                   |                   |
|----------------|-------------------|-------------------|
| United Kingdom | 13,196,657        | 13,470,863        |
| North America  | 3,115,062         | 629,615           |
| Rest of Europe | 7,360,385         | 7,233,206         |
| Asia           | 1,601,917         | 794,275           |
| Other          | 6,088,678         | 643,607           |
|                | <u>31,362,699</u> | <u>22,771,566</u> |

**Revenue from contracts with customers**

The following table analyses the company's revenue streams:

|                     | 2023              | 2022              |
|---------------------|-------------------|-------------------|
|                     | £                 | £                 |
| Marketing Services  | 18,316,591        | 11,753,986        |
| Consulting Services | 13,046,108        | 11,017,580        |
|                     | <u>31,362,699</u> | <u>22,771,566</u> |

**Nature of goods and services**

The following is a description of the nature of the company's performance obligations within contracts with customers broken down by revenue stream, along with significant judgments and estimates made within each of those revenue streams.

## THE ECONOMIST GROUP LIMITED

### Notes to the financial statements for the year ended March 31<sup>st</sup> 2023 (continued)

#### 2. Revenue (continued)

##### *Marketing Services*

Marketing Services includes revenue derived from thought leadership, content solutions sales and events. Revenue is recognised for marketing services over the period the services are provided, as performance occurs. The performance obligations are distinct, being deliverables issued or events held. Transaction prices for performance obligations are fixed within contracts and recognised in line with the performance obligations. Marketing services sold as part of a bundled arrangement along with the company's other product offerings are considered to be distinct performance obligations. The transaction price is allocated between distinct performance obligations on the basis of their relative standalone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing.

Sponsorship revenues relate to the sponsorship of events. Sponsorship revenue is recognised at a point in time when the event has taken place or when the film has been broadcast. Sponsorship sold as part of a bundled arrangement along with the company's other product offerings are considered to be distinct performance obligations. The transaction price is allocated between distinct performance obligations on the basis of their relative standalone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing and are often invoiced in advance of delivery in the case of events.

Sponsorship revenues also relate to the sponsorship of the Economist corporate network and Executive Briefings and is recognised at a point in time when a meeting has taken place. Customer payments are generally defined in the contract as occurring shortly after invoicing. Revenue generated from memberships relate to fees charged to members of the Economist Corporate Network and membership fees are recognised over time in accordance with the membership period set out in the contract. Revenue generated from the sale of second rights to EIU content is generally recognised over time as contracts permit customers to access content throughout the contract period.

Revenue generated from delegates relate to fees charged for attendance at the company's events and are recognised at a point in time when the event has taken place. Customer payments are generally received prior to the event taking place. Revenue generated from licensing the company's content and sale of second rights contracts are generally recognised over time as contracts permit customers to access our content throughout the contract period.

##### *Consulting services*

Consulting revenues relate to the sale of economic, industry and management consulting services to clients. Revenue is recognised for consulting services over the period of the contract, as performance occurs. The performance obligations are distinct, being deliverables issued or events held. Transaction prices for performance obligations are fixed within contracts and recognised in line with the performance obligations. Consulting services sold as part of a bundled arrangement along with the Group's other product offerings are considered to be distinct performance obligations. The transaction price is allocated between distinct performance obligations on the basis of their relative standalone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing with invoicing scheduled around the timing of delivery of milestones.

##### **Contract balances**

Transactions within Marketing Services, Sponsorship and Consulting Services revenue streams generally entail contractually agreed billing schedules sometimes based on progress towards milestones. As the performance obligations within these arrangements are delivered at a point in time, the extent of accrued income or deferred income will depend upon the difference between revenue recognised and billings to date. Refer to note 8 for opening and closing balances of accrued income. Refer to note 9 for opening and closing balances of deferred income.

**THE ECONOMIST GROUP LIMITED****Notes to the financial statements for the year ended March 31<sup>st</sup> 2023 (continued)****3. Expenses by function**

|  | 2023<br>£         | 2022<br>£         |
|--|-------------------|-------------------|
| Other general and administrative costs | 30,234,365        | 23,410,175        |
| Bank charges                           | 9,843             | 6,982             |
| Foreign exchange gains                 | (1,037,543)       | (1,771,834)       |
| Other net losses/(gains)               | 591,907           | (267)             |
|  | <u>29,798,572</u> | <u>21,645,056</u> |

None of the directors received any emoluments in respect of their services to the company during the year (2022: £nil). The company had no employees during the year (2022: none).

The company was exempt from audit under section 479A of the Companies Act 2006 and incurred no audit fees.

**4. Interest receivable and similar income**

|   | 2023<br>£    | 2022<br>£    |
|---|--------------|--------------|
| Interest receivable on amount owed by ultimate parent company | <u>4,007</u> | <u>3,948</u> |

**5. Tax on profit**

The taxation charge is based on the profit before taxation and comprises:

|   | 2023<br>£        | 2022<br>£      |
|---|------------------|----------------|
| <b>Current tax charge</b>                     |                  |                |
| UK corporation tax charge                     | 1,173,997        | 715,784        |
| Adjustments in respect of prior years         | 60               | (61,840)       |
|   | <u>1,174,057</u> | <u>653,944</u> |
| <b>Deferred tax (credit)/charge</b>           |                  |                |
| Current year                                  | (84,069)         | 14,641         |
| Effect of change in tax rates on deferred tax | -                | (6,608)        |
|   | <u>(84,069)</u>  | <u>8,033</u>   |
| Total tax charge for the year                 | <u>1,089,998</u> | <u>661,977</u> |
| Effective tax rate                            | 70%              | 59%            |

**THE ECONOMIST GROUP LIMITED****Notes to the financial statements for the year ended March 31<sup>st</sup> 2023 (continued)****5. Tax on profit (continued)**

The UK corporation tax rate for the year is 19% (2022: 19%). The tax on the profit before tax differs from the theoretical amount that would arise using the UK tax rate for the reasons set out in the following reconciliation:

|  | 2023<br>£        | 2022<br>£      |
|--|------------------|----------------|
| <b>Profit before taxation</b>                              | 1,568,134        | 1,130,458      |
| Tax calculated at UK rate of 19% (2022: 19%)               | 297,946          | 214,787        |
| Factors affecting the tax charge                           |                  |                |
| Transfer pricing deemed interest on UK inter-company loans | 812,180          | 515,638        |
| Disallowable expenditure                                   | (21)             | -              |
| Adjustments in respect of prior years                      | 60               | (61,840)       |
| Effect of change in tax rates on deferred tax              | (20,177)         | (6,608)        |
| <b>Total tax charge for the year</b>                       | <u>1,089,988</u> | <u>661,977</u> |

**6. Investments**

|   |              |
|---|--------------|
| Cost:   | £            |
| At April 1 <sup>st</sup> 2022 and March 31 <sup>st</sup> 2023 | <u>1,036</u> |

The company owns 1% of the ordinary share capital in The Economist Group do Brasil Serviços de Informação sobre Negócios Ltda, a company providing business information, incorporated in Brazil. Its registered office is Rua Joaquim Floriano 1052. cj. 81, CEP 04534-004, São Paulo, - SP, Brazil.

The company performs an annual review of the recoverable amounts of subsidiary investments. Following this review, the directors are of the opinion that the value of the investments are not impaired.

**7. Deferred tax assets**

|                     | 2023<br>£      | 2022<br>£     |
|---------------------|----------------|---------------|
| Deferred tax assets | <u>111,602</u> | <u>27,533</u> |

Substantially all of the deferred tax assets are expected to be recovered after more than one year.

Deferred tax assets and liabilities may be offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. At March 31<sup>st</sup> 2023 the company has unrecognized deferred tax assets of £nil (2022: £nil).



**THE ECONOMIST GROUP LIMITED****Notes to the financial statements for the year ended March 31<sup>st</sup> 2023 (continued)****7. Deferred tax assets (continued)**

The recognition of the deferred tax assets is supported by management's forecasts of the future profitability of the business. The movement on the deferred tax account is as follows:

|  | 2023<br>£      | 2022<br>£     |
|--|----------------|---------------|
| At April 1 <sup>st</sup>                                   | 27,533         | 35,566        |
| Credit / (Charge) to the Statement of comprehensive income | 84,069         | (14,641)      |
| Effect of change in tax rates                              | -              | 6,608         |
| At March 31 <sup>st</sup>                                  | <u>111,602</u> | <u>27,533</u> |

Deferred tax assets include temporary differences on other provisions

Changes to the legislation to set the UK main corporation tax rate at 19% for the financial year beginning 1 April 2022 increasing to 25% for the financial year beginning 1 April 2023 were substantively enacted on 24 May 2021. The relevant UK deferred tax balances have been measured at 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.

**8. Trade and other receivables**

|  | 2023<br>£          | 2022<br>£         |
|--|--------------------|-------------------|
| Analysed as non-current:                 |                    |                   |
| Amounts due from ultimate parent company | 95,240,264         | 67,814,385        |
| Amounts due from group undertakings      | <u>5,386,198</u>   | <u>22,997,825</u> |
|  | <u>100,626,462</u> | <u>90,812,210</u> |
| Analysed as current:                     |                    |                   |
| Trade receivables                        | 12,743,665         | 14,420,904        |
| Prepayments and accrued income           | 3,856,545          | 5,335,683         |
| Withholding tax recoverable              | <u>27,608</u>      | <u>37,104</u>     |
|  | <u>16,627,818</u>  | <u>19,793,691</u> |

There are three amounts due from the ultimate parent company, The Economist Newspaper Limited: an amount of £67,547,237 (2022: £67,551,185) that is non-interest bearing, an amount of £267,148 (2022: £263,200) that bears interest at 1% above the UK base rate and an amount of £27,425,879 is unsecured and non-interest bearing and repayable on demand. The loans are repayable on demand and unsecured.

Accrued income amounted to £3,856,545 (2022: £5,335,683).

**THE ECONOMIST GROUP LIMITED****Notes to the financial statements for the year ended 31 March 2023 (continued)****9. Trade and other liabilities**

|   | 2023<br>£         | 2022<br>£         |
|---|-------------------|-------------------|
| Trade payables                          | 1,290,009         | 789,543           |
| Social security and other taxes         | 611,837           | 697,282           |
| Amounts owed to ultimate parent company | 11,742,597        | 5,114,246         |
| Amounts owed to group undertakings      | 6,472,927         | 8,928,307         |
| Deferred income                         | 28,089,800        | 28,119,803        |
| Other liabilities                       | 335,351           | 87,771            |
|   | <u>48,542,521</u> | <u>43,736,952</u> |

The amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand.

**10. Called up share capital**

|  | 2023<br>£     | 2022<br>£     |
|--|---------------|---------------|
| Allotted, authorised and fully paid:<br>67,479 (2022: 67,479) ordinary shares of £1 each | <u>67,479</u> | <u>67,479</u> |

**11. Share premium**

|               | 2023<br>£         | 2022<br>£         |
|---------------|-------------------|-------------------|
| Share premium | <u>67,746,908</u> | <u>67,746,908</u> |

**12. Ultimate parent company and controlling party**

The immediate parent company is Ryder Street Properties Limited, registered in England and Wales. The 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 Economist Group Annual report 2023 can be obtained from The Adelphi, 1-11 John Adam Street, London, WC2N 6HT or viewed at [www.economistgroup.com](http://www.economistgroup.com). This is the registered office of the immediate and ultimate parent companies. The Economist Group consists of The Economist Newspaper Limited and its subsidiary undertakings.