

THE ECONOMIST GROUP (INVESTMENTS) LIMITED


DIRECTORS' REPORT AND FINANCIAL STATEMENTS

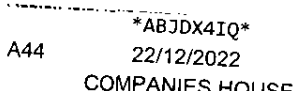
FOR THE YEAR ENDED MARCH 31st 2022

Registered number: 04319845

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THE ECONOMIST GROUP (INVESTMENTS) LIMITED

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THE ECONOMIST GROUP (INVESTMENTS) LIMITED

Directors' report for the year ended March 31st 2022

The directors present their annual report and financial statements of the company for the year ended March 31st 2022. The report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Principal activity and business review

The principal activity of the company is to lend to other companies within the Economist Group. The directors expect the company to continue in this capacity for the foreseeable future. At the end of the year, the company had net assets of £92,412,477 (2021: £92,412,477).

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 global slowdown and high inflationary environment have not as yet impacted the markets for the Group's products and its supply chain. The directors continue to monitor the impact that the global economic environment 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 cashflow forecasts and projections reviewed by the board of The Economist Newspaper Limited in March 2022, the Group will continue to have sufficient liquidity headroom in its existing facilities and measurement headroom against the RCF financial covenants and will be able to operate within the level of its bank facilities for the foreseeable future. The Group signed a new RCF in October 2022 for £80m, which replaces the previous facility and runs for 4 years with an option for an additional 1 year extension. For this reason, the going-concern basis has been adopted in preparing these financial statements.

Financial risk management

Financial risk management policies and other financial risks are discussed in The Economist Group Annual report 2022 within the Monitoring and managing our risk on pages 67-68 and in the notes to the accounts under the heading 'Financial risk management' on pages 138-142.

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.

Results and dividends

The company did not trade in either 2022 or 2021. The directors do not propose that a dividend be paid (2021: £nil).

THE ECONOMIST GROUP (INVESTMENTS) LIMITED

Directors' report for the year ended March 31st 2022 (continued)

Directors

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

O K M Grut
M Roy (appointed April 1st 2021)
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;
- 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 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 ECONOMIST GROUP (INVESTMENTS) LIMITED

Directors' report for the year ended March 31st 2022 (continued)

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



O K M Grut
Company secretary

December 16th 2022

Registered office

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

THE ECONOMIST GROUP (INVESTMENTS) LIMITED

Statement of comprehensive income for the year ended March 31st 2022

	Note	2022 £	2021 £
Result before taxation		-	-
Tax on result	5	-	-
Result and total comprehensive result for the year		<u>-</u>	<u>-</u>

The results reported above relate solely to continuing operations.

The notes on pages 9 to 12 are an integral part of these financial statements.

THE ECONOMIST GROUP (INVESTMENTS) LIMITED**Balance sheet as at March 31st 2022**

	Note	2022 £	2021 £
Amounts due from group undertakings	6	93,891,830	93,891,830
Non-current assets		93,891,830	93,891,830
Total assets		93,891,830	93,891,830
Amounts owed to ultimate parent company	7	(1,479,353)	(1,479,353)
Current liabilities		(1,479,353)	(1,479,353)
Total liabilities		(1,479,353)	(1,479,353)
Net assets		92,412,477	92,412,477
Equity			
Called up share capital	8	59	59
Share premium account	9	31,965,195	31,965,195
Other reserves	10	64,483,999	64,483,999
Retained loss		(4,036,776)	(4,036,776)
Total shareholder's funds		92,412,477	92,412,477

The notes on pages 9 to 12 are an integral part of these financial statements.

For the year ending March 31st 2022 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 (Investments) Limited (registered number 04319845) were approved by the board of directors and authorised for issue on December 16th 2021. They were signed on its behalf by:



M Roy
Director

Company registered number: 04319845

THE ECONOMIST GROUP (INVESTMENTS) LIMITED**Statement of changes in equity for the year ended March 31st 2022**

Year ended March 31st 2022	Note	Called up share capital £	Share premium account £	Other reserves £	Retained loss £	Total share- holder's funds £
At April 1st 2021		59	31,965,195	64,483,999	(4,036,776)	92,412,477
Comprehensive result for the year						
Result for the financial year		-	-	-	-	-
Total comprehensive result		-	-	-	-	-
At March 31st 2022		59	31,965,195	64,483,999	(4,036,776)	92,412,477

Other reserves represent capital contributions of £44,983,999 and £19,500,000 received from the company's former immediate parent company received in 2001 and 2003.

Year ended March 31st 2021	Note	Called up share capital £	Share premium account £	Other reserves £	Retained loss £	Total share- holder's funds £
At April 1st 2020		59	31,965,195	64,483,999	(4,036,776)	92,412,477
Comprehensive result for the year						
Result for the financial year		-	-	-	-	-
Total comprehensive result		-	-	-	-	-
At March 31st 2021		59	31,965,195	64,483,999	(4,036,776)	92,412,477

The notes on pages 9 to 12 are an integral part of these financial statements.

THE ECONOMIST GROUP (INVESTMENTS) LIMITED

Notes to the financial statements for the year ended March 31st 2022

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 Directors' report.

The accounting policies applied in the preparation of these financial statements have been consistently applied to the periods presented unless otherwise stated. There has been no significant judgments in accounting policies.

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 directors' report for further information.

There were no critical accounting assumptions or areas where management exercised its judgment in the process of applying the Company's accounting policies.

New standards adopted in the year

The following standards interpretations and amendments adopted in the year were adopted in 2022:

- Amendment to IFRS 16 Leases;
- Amendments to IFRS 9 Financial Instruments;
- IAS 39 Financial Instruments: Recognition and Measurement and
- IFRS 7 Financial Instruments: Disclosures

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
- 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 31st 2022 (see note 11).

THE ECONOMIST GROUP (INVESTMENTS) LIMITED

Notes to the financial statements for the year ended March 31st 2022 (continued)

1. Accounting policies (continued)

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) Cash and cash equivalents

The company is a wholly-owned subsidiary of The Economist Newspaper Limited and the cashflows of the company are included in the consolidated cashflow statement of The Economist Newspaper Limited. Consequently, the company is exempt under the terms of FRS 101 from publishing a cashflow statement.

e) 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.

f) Share capital

Ordinary shares are classified as equity.

g) 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 with the companies that form part of the Group. There were no other related party transactions in the period.

h) Trade and other receivables

Intercompany debtors 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.

i) Trade and other payables and provisions

Trade receivables are recognised initially at the value of the invoice sent to the customer and subsequently at the amounts considered recoverable (amortised cost). The Company provides goods and services to substantially all of its customers on credit terms. Estimates are used in determining the level of receivables that will not, in the opinion of the Directors, be collected. These estimates include such factors as historical experience, the current state of the UK and overseas economies and industry specific factors.

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.

THE ECONOMIST GROUP (INVESTMENTS) LIMITED**Notes to the financial statements for the year ended March 31st 2022 (continued)****2. Result before taxation**

In 2022 the company was exempt from audit under section 479A of the Companies Act 2006.

In 2021, the audit fee was borne by the ultimate parent company, The Economist Newspaper Limited. The audit fee for the audit of the company's financial statements was £1,200. There were no fees incurred from the company's auditors in respect of non-audit services during the year (2021: £nil).

3. Directors' emoluments

None of the directors received any emoluments in respect of their services to the company during the year (2021: £nil).

4. Staff costs

The company had no employees during the year (2021: none).

5. Tax on result

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

	2022 £	2021 £
Current tax		
UK corporation tax expense	-	-
Adjustment in respect of prior years	-	-
Total tax expense for the year	<u>-</u>	<u>-</u>

The UK corporation tax rate for the year is 19% (2021: 19%). The tax on the result before taxation differs from the theoretical amount that would arise using the UK tax rate for the reasons set out in the following reconciliation:

	2022 £	2021 £
Result before taxation	-	-
Tax calculated at UK rate of 19% (2021: 19%)	-	-
Factors affecting the tax charge:		
Transfer pricing deemed interest on UK inter-company loans	-	780,224
Group relief claimed for no payment	-	(780,224)
Total tax result for the year	<u>-</u>	<u>-</u>

THE ECONOMIST GROUP (INVESTMENTS) LIMITED**Notes to the financial statements for the year ended March 31st 2022 (continued)****6. Amounts due from group undertakings**

	2022 £	2021 £
Amounts due from group undertakings	<u>93,891,830</u>	<u>93,891,830</u>

The loan is due from The Economist Intelligence Unit Limited. The loan is repayable on demand and unsecured. The company waived its right to interest on the loan. However, deemed interest is reflected as part of the transfer pricing tax adjustment, outlined in note 5.

7. Amounts owed to ultimate parent company

	2022 £	2021 £
Amounts owed to ultimate parent company	<u>1,479,353</u>	<u>1,479,353</u>

All amounts owed to the ultimate parent company, ENL, are unsecured, non-interest bearing and repayable on demand.

8. Called up share capital

	2022 £	2021 £
Allotted and fully paid: 59 (2021: 59) ordinary shares of £1 each	<u>59</u>	<u>59</u>

9. Share premium account

	2022 £	2021 £
At April 1 st 2021 and March 31 st 2022	<u>31,965,195</u>	<u>31,965,195</u>

10. Other reserves

	2022 £	2021 £
Other reserves	<u>64,483,999</u>	<u>64,483,999</u>

11. Ultimate parent company and controlling party

The immediate parent company is The Economist Newspaper (Holdings) Limited. The ultimate parent company and 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 2022 can be obtained from The Adelphi, 1-11 John Adam Street, London, WC2N 6HT or viewed at 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.