

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31st 2019

Registered number: 02147173

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THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

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THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Strategic report for the year ended March 31st 2019

The directors present their Strategic report on the company for the year ended March 31st 2019.

Principal activities and business review

The principal activity of the company is to act as an investment holding company. 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. At the end of the year, the company had net assets of £109,260,901 (2018: £109,260,901).

Future developments

The directors expect the company to continue acting as an investment holding company for the foreseeable future.

Results and dividends

The company made a profit for the year of £5,278,000 (2018: £nil). The profit for the year represents income from fixed asset investments.

An interim dividend of £5,278,000 was paid in the year (2018: £nil). The directors do not propose a final dividend (2018: £nil).

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 Group, which include those of the company, are discussed in the Directors' report and Financial review on pages 19 to 28 of The Economist Group Annual report 2019. The principal risks relating to the company relate to the continuing financial support from its ultimate parent company and the underlying financial performance of its investments which could impact on future carrying values.

Key performance indicators

As the company does not trade, there are no key performance indicators. The Group's operations are managed and analysed on a business-entity 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 Overseas (Holdings) Limited. The development, performance and position of The Economist Group, which includes the company, are discussed in The Economist Group Annual report 2019 (see note 11).

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


O K M Grut
Company secretary

December 17th 2019

Registered office

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

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Directors' report for the year ended March 31st 2019

The directors present their annual report and audited financial statements of the company for the year ended March 31st 2019.

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

As an investment holding company, the company is exposed to the underlying risks affecting its investee company's which could impact both returns from and the carrying values of investments.

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 year and up to the date of signing the financial statements are set out below:

O K M Grut
S P Naughton
L Salame Boro (appointed September 2nd 2019)
C J Stibbs (resigned August 30th 2019)

Directors 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 Strategic report, Directors' report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 101 "Reduced Disclosure Framework", 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 the 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 OVERSEAS (HOLDINGS) LIMITED

Directors' report for the year ended March 31st 2019 (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.

Disclosure of information to the auditor

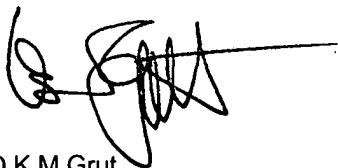
As far as each of the directors is aware, there is no relevant information that has not been disclosed to the company's auditor and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Reappointment of auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

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



O K M Grut
Company secretary

December 13th 2019

Registered office

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

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Independent auditor's report to the members of The Economist Overseas (Holdings) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The Economist Overseas (Holdings) Limited (the company):

- give a true and fair view of the state of the company's affairs as at March 31st 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Independent auditor's report to the members of The Economist Overseas (Holdings) Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Independent auditor's report to the members of The Economist Overseas (Holdings) Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



William Touche (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor
London, United Kingdom

December 13th 2019

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Statement of comprehensive income for the year ended March 31st 2019

	Note	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Operating profit		-	-
Income from other fixed asset investments	3	5,278,000	-
Profit before taxation	4	<u>5,278,000</u>	<u>-</u>
Tax on profit		-	-
Profit for the financial year		<u><u>5,278,000</u></u>	<u><u>-</u></u>

The results reported above relate solely to continuing operations.

The notes on pages 11 to 14 are an integral part of these financial statements.

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Balance sheet as at March 31st 2019

	Note	2019 £	2018 £
Investments	6	174,477,168	109,260,060
Non-current assets		174,477,168	109,260,060
Amounts due from group undertakings	7	841	841
Current assets		841	841
Total assets		174,478,009	109,260,901
Amounts owed to group undertakings	8	(65,217,108)	-
Current liabilities		(65,217,108)	-
Total liabilities		(65,217,108)	-
Net assets		109,260,901	109,260,901
Shareholders' funds			
Called up share capital	9	508	508
Share premium account		109,259,652	109,259,652
Retained earnings		741	741
Total shareholders' funds		109,260,901	109,260,901

The notes on pages 11 to 14 are an integral part of these financial statements.

The financial statements on pages 8 to 14 were approved by the board of directors on December 17th 2019, and were signed on its behalf by:



S P Naughton

Director

Company registered number: 02147173

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Statement of changes in equity for the year ended March 31st 2019

Year ended March 31 st 2019	Called up share capital £	Share premium account £	Retained earnings £	Total shareholders' funds £
Note				
At April 1 st 2018	508	109,259,652	741	109,260,901
Comprehensive income for the year				
Profit for the financial year	-	-	5,278,000	5,278,000
Total comprehensive income	-	-	5,278,000	5,278,000
Dividends	5	-	(5,278,000)	(5,278,000)
At March 31st 2019	<u>508</u>	<u>109,259,652</u>	<u>741</u>	<u>109,260,901</u>

Year ended March 31 st 2018	Called up share capital £	Share premium account £	Retained earnings £	Total shareholders' funds £
At April 1 st 2017	508	109,259,652	741	109,260,901
Comprehensive result for the year				
Result for the financial year	-	-	-	-
Total comprehensive result	-	-	-	-
At March 31st 2018	<u>508</u>	<u>109,259,652</u>	<u>741</u>	<u>109,260,901</u>

The notes on pages 11 to 14 are an integral part of these financial statements.

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended March 31st 2019

1. Accounting policies

The company is a private company limited by shares, incorporated and domiciled in England. 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.

These financial statements were approved for issue by the board of directors on December 2019.

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.

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

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 *Financial Instruments: Disclosures* and IFRS 9 *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*; and
- 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;
- 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 2019 (see note 11).

c) **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.

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended March 31st 2019 (continued)

1. Accounting policies (continued)

d) 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.

e) Investments

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

f) Called up 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

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 for impairment of trade receivables is established where there is sufficient evidence that the Company will not be able to collect all amounts due with the provision for bad and doubtful debts based on expected credit losses. The carrying value of trade receivables is considered to approximate fair value.

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

i) Trade, 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.

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended March 31st 2019 (continued)

2. Staff costs

None of the directors received any emoluments in respect of their services to the company during the year (2018: £nil). There were no employees during the year (2018: none).

3. Income from other fixed asset investments

	2019 £	2018 £
Dividend income from shares in subsidiary companies	5,278,000	-

4. Profit before taxation

The audit fee is borne by the ultimate parent company, The Economist Newspaper Limited. The audit fee for the audit of the company's financial statements was £1,105 (2018: £1,000). There were no fees incurred from the company's auditor in respect of non-audit services during the year (2018: none).

5. Dividends

	2019 £	2018 £
Interim dividend paid of £10,390 per share (2018: £nil per share)	5,278,000	-

6. Investments

	£
Cost at April 1 st 2018	109,260,060
Additions	65,217,108
Cost at March 31 st 2019	174,477,168

Investments include 100% of the ordinary share capital of The Economist Group (Holdings) BV held at a cost of £11,311,728. This company is incorporated in The Netherlands and acts as an investment holding company. The registered office of The Economist Group (Holdings) BV is The Adelphi, 1-11 John Adam Street, London, WC2N 6HT.

The company also holds an investment in 100% of the ordinary share capital of The Economist Newspaper Group Incorporated (ENGI), held at a cost of £163,165,440 (2018: £97,948,332). The company is incorporated in the United States and acts as an investment holding company. The registered office of The Economist Newspaper Group Incorporated is 750 Third Avenue, New York, NY 10017, USA.

On December 12th 2018, the ultimate parent company, The Economist Newspaper Limited (ENL), assigned an inter-company loan of £65,217,108 owed by ENGI to the company for consideration of £65,217,108 left outstanding on inter-company. On the same date, ENGI issued 100 fully-paid ordinary shares of \$1 nominal value each to the company for consideration of £65,217,108 and the company capitalised the value of the loan from ENGI.

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.

THE ECONOMIST OVERSEAS (HOLDINGS) LIMITED

Notes to the financial statements for the year ended March 31st 2019 (continued)

7. Amounts due from group undertakings

	2019 £	2018 £
Amounts due from the ultimate parent company	841	841

Amounts due from the ultimate parent company are unsecured, non-interest bearing and are repayable on demand.

8. Amounts owed to group undertakings

	2019 £	2018 £
Amounts owed to the ultimate parent company	65,217,108	-

On December 12th 2018, the ultimate parent company, The Economist Newspaper Limited (ENL), assigned an inter-company loan of £65,217,108 owed by ENGI to the company for consideration of £65,217,108, left outstanding on inter-company.

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

9. Called up share capital

	2019 £	2018 £
Allotted and fully paid: 508 (2018: 508) ordinary shares of £1 each	508	508

10. Post balance sheet events

On August 30th 2019, The Economist Group BV assigned a loan receivable of £26,134,953 due from The Economist Newspaper Limited to the company. This resulted in a new loan receivable from The Economist Newspaper Limited and new loans payable to The Economist Group BV of £11,500,000 and £14,634,953; totalling £26,134,953. On the same date, The Economist Group BV paid a dividend of £11,500,000 to The Economist Group (Holdings) BV. The Economist Group BV assigned the £11,500,000 loan due from the company to The Economist Group (Holdings) BV in settlement of the dividend.

11. Ultimate parent company and controlling party

The Economist Newspaper (Holdings) Limited, a company registered in England and Wales, holds 59.84% of the share capital of the company. The Economist Intelligence Unit Limited holds the remaining 40.16% of the share capital of the company. 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 2019 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.