

**THE ECONOMIST GROUP LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**Registered number: 02642807**

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**THE ECONOMIST GROUP LIMITED**

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## **THE ECONOMIST GROUP LIMITED**

### **Directors' Report for the year ended 31 March 2016**

The directors present their annual report and audited financial statements of the company for the year ended 31 March 2016. The report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

#### **Principal activities and business review**

The company did not actively trade in the year though it receives interest on part of its intercompany loans. At the end of the year, the company had net assets of £68,059,904 (2015: £68,056,344).

#### **Results and dividends**

The profit for the financial year amounted to £3,560 (2015: £3,560), which has been taken to reserves. No interim dividend (2015: £nil) was paid during the year. The directors do not propose that a final dividend be paid (2015: £nil).

#### **Directors**

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

C J Stibbs  
M J Worthington  
S P Naughton (appointed 21 October 2016)

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), comprising Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

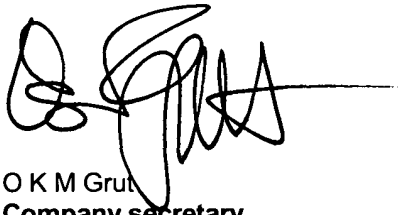
**THE ECONOMIST GROUP LIMITED**

**Directors' Report for the year ended 31 March 2016 (continued)**

**Disclosure of information to auditors**

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

By order of the Board

A handwritten signature in black ink, appearing to be 'O K M Grut', with a long horizontal line extending to the right.

O K M Grut  
**Company secretary**

14<sup>th</sup> December 2016

**Registered office**

25 St. James's Street  
London  
SW1A 1HG

## **THE ECONOMIST GROUP LIMITED**

### **Independent auditors' report to the members of The Economist Group Limited**

#### **Report on the financial statements**

##### **Our opinion**

In our opinion, The Economist Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **What we have audited**

The financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 March 2016;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

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

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

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

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

## **THE ECONOMIST GROUP LIMITED**

### **Independent auditors' report to the members of The Economist Group Limited (continued)**

#### **Responsibilities for the financial statements and the audit**

##### Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

##### What an audit of financial statements involves

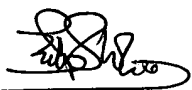
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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



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

14<sup>th</sup> December 2016

**THE ECONOMIST GROUP LIMITED**

**Statement of comprehensive income for the year ended 31 March 2016**

Company registered number: 02642807

	Note	2016 £	2015 £
Interest receivable and similar income	2	3,560	3,560
<b>Profit on ordinary activities before taxation</b>	4	<u>3,560</u>	<u>3,560</u>
Tax on profit on ordinary activities	5	-	-
<b>Profit and total comprehensive income for the year</b>		<u><u>3,560</u></u>	<u><u>3,560</u></u>

The results reported above relate solely to continuing operations.

There is no other comprehensive income except for the results reported above and therefore no separate statement of total comprehensive income has been presented.

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

# **THE ECONOMIST GROUP LIMITED**

## **Balance sheet as at 31 March 2016**

Company registered number: 02642807

	Note	2016 £	2015 £
Investments	6	1,036	1,036
<b>Non-current assets</b>		<u>1,036</u>	<u>1,036</u>
Trade and other receivables	7	68,058,868	68,055,308
<b>Current assets</b>		<u>68,058,868</u>	<u>68,055,308</u>
<b>Total assets</b>		<u>68,059,904</u>	<u>68,056,344</u>
<b>Net assets</b>		<u>68,059,904</u>	<u>68,056,344</u>
<b>Shareholder's funds</b>			
Called up share capital	8	67,479	67,479
Share premium account		67,746,908	67,746,908
Retained earnings		245,517	241,957
<b>Total shareholder's funds</b>		<u>68,059,904</u>	<u>68,056,344</u>

The financial statements on pages 6 to 12 were approved by the board of directors on *December 14<sup>th</sup>* 2016, and were signed on its behalf by:



S P Naughton  
Director

**THE ECONOMIST GROUP LIMITED**

**Statement of changes in equity for the year ended 31 March 2016**

Company registered number: 02642807

<b>Year ended 31 March 2016</b>	<b>Called up share capital £</b>	<b>Share premium account £</b>	<b>Retained earnings £</b>	<b>Total Shareholder's funds £</b>
<b>At 1 April 2015</b>	67,479	67,746,908	241,957	68,056,344
<b>Comprehensive income for the year</b>				
Profit for the financial year	-	-	3,560	3,560
<b>Total comprehensive income</b>	-	-	3,560	3,560
<b>At 31 March 2016</b>	<u>67,479</u>	<u>67,746,908</u>	<u>245,517</u>	<u>68,059,904</u>

<b>Year ended 31 March 2015</b>	<b>Called up share capital £</b>	<b>Share premium account £</b>	<b>Retained earnings £</b>	<b>Total Shareholder's funds £</b>
<b>At 1 April 2014</b>	67,479	67,746,908	238,397	68,052,784
<b>Comprehensive income for the year</b>				
Profit for the financial year	-	-	3,560	3,560
<b>Total comprehensive income</b>	-	-	3,560	3,560
<b>At 31 March 2015</b>	<u>67,479</u>	<u>67,746,908</u>	<u>241,957</u>	<u>68,056,344</u>

## **THE ECONOMIST GROUP LIMITED**

### **Notes to the financial statements for the year ended 31 March 2016**

#### **1. Accounting policies**

The company is a private limited company incorporated and domiciled in England. The address of its registered office is 25 St. James's Street, London, SW1A 1HG.

These financial statements were approved for issue by the board of directors on 14 December 2016. 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") and the Companies Act 2006.

These financial statements are the first financial statements that comply with FRS 101 and the transition date is 1 April 2014. The last financial statements under previous UK GAAP were for the year ended 31 March 2015. There have been no changes to the numbers reported in prior years as a consequence of adopting FRS 101.

There were no critical accounting assumptions or areas where management exercised its judgement 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*;  
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.

This information is included in the consolidated financial statements of The Economist Newspaper Limited as at 31 March 2016.

##### **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**

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.

## **THE ECONOMIST GROUP LIMITED**

### **Notes to the financial statements for the year ended 31 March 2016 (continued)**

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

##### **e) Share capital**

Ordinary shares are classified as equity

##### **f) 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.

##### **g) Investments**

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

##### **h) 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 period.

##### **i) Financial assets**

Basic financial assets, including trade and other receivables and cash and cash equivalents, are recognised initially at transaction price, unless the transaction constitutes a financing arrangement, e.g. significantly deferred credit terms, where the transaction is measured at the present value of future receipts discounted at the market rate of interest. Such assets are held at amortised cost using the effective interest rate method.

Financial assets are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

The impairment loss is measured as the difference between an asset's carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of comprehensive income.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of the ownership of the asset are transferred to another party, or control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

## **THE ECONOMIST GROUP LIMITED**

### **Notes to the financial statements for the year ended 31 March 2016 (continued)**

#### **2. Interest receivable and similar income**

	2016	2015
	£	£
Interest from amount owed by ultimate parent company	<u>3,560</u>	<u>3,560</u>

#### **3. Staff costs**

None of the directors received any emoluments in respect of their services to the company during the year (2015: £nil). The company had no employees during the year (2015: none).

#### **4. Profit on ordinary activities before taxation**

The audit fee is borne by the ultimate parent company, The Economist Newspaper Limited. The audit fee for the company was £1,000 (2015: £1,000). There were no fees incurred from the company's auditors in respect of non-audit services during the year (2015: £nil).

#### **5. Tax on profit on ordinary activities**

The tax assessed for the year is £nil (2015: £nil).

The UK corporation tax rate for the year is 20% (2015: 21%). The tax on the profit on ordinary activities before taxation differs from the theoretical amount that would arise using the UK tax rate for the reasons set out in the following reconciliation:

	2016	2015
	£	£
<b>Profit before tax</b>	3,560	3,560
Tax calculated at UK rate of 20% (2015: 21%)	712	748
<u>Factors affecting the tax charge:</u>		
Transfer pricing deemed interest on UK inter-company loans	612,002	295,011
Group relief recovered for no payment	(612,714)	(295,759)
<b>Total tax expense for the year</b>	<u>-</u>	<u>-</u>

Changes to the UK main corporation tax rate from 20% (effective on 21 April 2017), to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. The relevant UK deferred tax balances have been remeasured to the rate which is expected to apply to the period when the assets are realised and the liabilities are settled, based on the tax rates substantively enacted by the Balance sheet date.

#### **6. Investments**

	£
Cost:	
At 1 April 2015 and 31 March 2016	<u>1,036</u>

The company owns 1.0% of the ordinary share capital in The Economist Group do Brasil de informacao sobre negocios Ltda, a trading company incorporated in Brazil. The directors are of the opinion that the value of the investment is not impaired.

## **THE ECONOMIST GROUP LIMITED**

### **Notes to the financial statements for the year ended 31 March 2016 (continued)**

#### **7. Trade and other receivables**

	2016 £	2015 £
Amounts owed by group undertakings	<u>68,058,868</u>	<u>68,055,308</u>

This includes two inter-company loans due from the ultimate parent company The Economist Newspaper Limited. An amount of £244,483 bears interest at 1% above the UK base rate and an amount of £67,814,385 is non-interest bearing. Both loans are repayable on demand and are unsecured.

#### **8. Called up share capital**

	2016 £	2015 £
Allotted and fully paid: 67,479 (2015: 67,479) ordinary shares of £1 each	<u>67,479</u>	<u>67,479</u>

#### **9. 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 2016 annual report of The Economist Group can be obtained from 25 St. James's Street, London, SW1A 1HG or viewed at [www.economistgroup.com](http://www.economistgroup.com). The Economist Group consists of The Economist Newspaper Limited and its subsidiary undertakings.

#### **10. Transition to FRS 101**

The company transitioned from previously extant UK GAAP to FRS 101 as at 1 April 2015. The impact of the transition to FRS 101 is immaterial to the Company's financial statements.