

THE ECONOMIST GROUP LIMITED

ANNUAL REPORT

YEAR ENDED 31 MARCH 2003

Registered Number: 2642807



**THE ECONOMIST GROUP LIMITED**

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## THE ECONOMIST GROUP LIMITED

### **Report of the directors for the year ended 31 March 2003**

The directors present their annual report and audited financial statements for the year ended 31 March 2003.

#### Activities and business review

The principal activity of the company is to act as an investment holding company. The company did not trade either in the current or prior year. Consequently no profit and loss account has been presented.

#### Dividends

No dividend was paid during the year (2002: £nil).

#### Directors

The directors who served during the year are set out below:

H A Alexander  
K B S Malik

#### Directors' interests

The directors do not hold any shares in the company. Details of directors' interests in the share capital of the parent company, The Economist Newspaper Limited, are disclosed in that company's accounts.

#### Auditors

The company has passed an elective resolution to dispense with the requirement to appoint auditors on an annual basis. However following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 28 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

BY ORDER OF THE BOARD



O K M GRUT  
Secretary  
7 December 2003

#### Registered Office

25 St. James's Street  
London  
SW1A 1HG

## **THE ECONOMIST GROUP LIMITED**

### **Directors' statement of responsibilities for the year ended 31 March 2003**

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure the financial statements comply with the Companies Act 1985, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD

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  
Secretary

9 December 2003

## **THE ECONOMIST GROUP LIMITED**

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

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

#### **Respective responsibilities of directors and auditors**

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

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

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

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

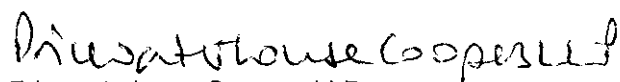
#### **Basis of audit opinion**

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

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

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2003 and have been properly prepared in accordance with the Companies Act 1985.





PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London, WC2N 6RH  
9 December 2003

# **THE ECONOMIST GROUP LIMITED**

## **Balance sheet as at 31 March 2003**

	Notes	2003 £	2002 £
<b>FIXED ASSETS</b>			
Investments	3	67,814,385	67,814,385
<b>CURRENT ASSETS</b>			
DEBTORS: amounts falling due within one year			
Amounts due from parent undertaking		99,749	99,749
Amounts due from fellow subsidiary undertaking		<u>1,335,337</u>	<u>1,335,337</u>
<b>NET CURRENT ASSETS</b>		<u>1,435,086</u>	<u>1,435,086</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES, AND NET ASSETS</b>		<u>69,249,471</u>	<u>69,249,471</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	4	67,479	67,479
Share premium account	5	67,746,908	67,746,908
Profit and loss account	6	<u>1,435,084</u>	<u>1,435,084</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>69,249,471</u>	<u>69,249,471</u>

H A Alexander  )  
 K B S Malik  ) Directors

The financial statements on pages 5 to 7 were approved by the Board of Directors on 9 December 2003.

The notes on pages 6 and 7 form part of these financial statements.

The auditors' report is on page 4.

## **THE ECONOMIST GROUP LIMITED**

### **Notes to the financial statements - 31 March 2003**

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

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, which have been applied consistently.

##### **(a) Basis of accounting**

The financial statements are prepared on a going concern basis, under the historical cost convention in accordance with the Companies' Act 1985.

##### **(b) Consolidation**

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

##### **(c) Fixed asset investments**

Fixed asset investments are stated at cost less provision for any impairment.

##### **(d) Cash flow statement**

The company is a wholly owned subsidiary of The Economist Newspaper Limited and the cash flows of the company are included in the consolidated group cash flow statement of The Economist Newspaper Limited. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 (revised) from publishing a cash flow statement.

##### **(e) Foreign exchange**

Foreign exchange transactions during the year are translated at the prevailing rate on the date of the transaction. Any monetary assets and liabilities denominated in foreign currencies are translated at the rate at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

##### **(f) Related party transactions**

As the company is a wholly owned subsidiary of The Economist Newspaper Limited, the company has taken advantage of the exemptions contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. There were no other related party transactions in the year.

#### **2. Directors' emoluments**

None of the directors received any emoluments in respect of their services to the company during the year (2002: nil).

## THE ECONOMIST GROUP LIMITED

### Notes to the financial statements - 31 March 2003

#### 3. Fixed assets: investments

Investments in Group Company	£
At 1 April 2002 and 31 March 2003, at cost	<u>67,814,385</u>

The above investment comprises 37.54% of the nominal value of the issued ordinary shares of the Economist Group (Luxembourg) S.a.r.l., an investment holding company incorporated in Luxembourg. The directors are of the opinion that the market value of the investment is more than the carrying value.

#### 4. Called up share capital

	2003 £	2002 £
Authorised: 75,000 ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>
Allotted, called up and fully paid: 67,479 ordinary shares of £1 each	<u>67,749</u>	<u>67,479</u>

#### 5. Share premium account

	£
At 1 April 2002 and 31 March 2003	<u>67,746,908</u>

#### 6. Profit and loss account

	£
At 1 April 2002 and 31 March 2003	<u>1,435,084</u>

#### 7. Parent company

The ultimate parent company and ultimate controlling party is The Economist Newspaper Limited, which is registered in England and Wales. The consolidated financial statements of The Economist Newspaper Limited can be obtained from the Registered Office at 25 St. James's Street, London, SW1A 1HG.