THE ECONOMIST EDITORIAL (OVERSEAS) COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31st 2018

Registered number: 03312640

THE ECONOMIST EDITORIAL (OVERSEAS) COMPANY LIMITED

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THE ECONOMIST EDITORIAL (OVERSEAS) COMPANY LIMITED

Directors' report for year ended March 31st 2018

The directors present their annual report and audited financial statements of the company for the year ended March 31st 2018. 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 principal activity of the company is to provide support services for editorial activity in overseas offices. At the end of the year, the company had net liabilities of £236,068 (2017: £92,481).

Future developments

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

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 2018.

Results and dividends

The results for the company show a loss for the financial year of £143,587 (2017: £92,483) and there was no turnover (2017: £nil). No dividends were paid during the year (2017: £nil). The directors do not recommend the payment of a final dividend (2017: £nil).

Directors

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

S Minton Beddoes
E W R Carr

Statement of directors' responsibilities

The directors are responsible for preparing the 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.

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Directors' report for year ended March 31st 2018 (continued)

Statement of directors' responsibilities (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.

Statement of disclosure of information to the auditor

As far as each of the directors is aware, there is no relevant audit 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.

By order of the Board

O K M Grut
Company secretary

December 10th 2018

Registered office

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

THE ECONOMIST EDITORIAL (OVERSEAS) COMPANY LIMITED

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at March 31st 2018 and of its loss 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 10.

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.

Independent auditor's report to the members of The Economist Editorial (Overseas) Company 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.

Independent auditor's report to the members of The Economist Editorial (Overseas) Company 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 has 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' report or from the requirement to prepare a strategic report.

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.

Peter McDermott, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

December 10th 2018

THE ECONOMIST EDITORIAL (OVERSEAS) COMPANY LIMITED

Statement of comprehensive income for the year ended March 31st 2018

	Note	2018 £	2017 £
Administrative expenses	2	(143,553)	(92,483)
Loss before taxation		(143,553)	(92,483)
Tax on loss	5	(34)	-
Loss and total comprehensive expense		(143,587)	(92,483)

The results reported above relate solely to continuing operations.

The notes on pages 10 to 15 are an integral part of these financial statements.

THE ECONOMIST EDITORIAL (OVERSEAS) COMPANY LIMITED

Balance sheet as at March 31st 2018

	Note	2018 £	2017 £
Property, plant and equipment	6	202	6,745
Non-current assets		202	6,745
Other receivables	7	2,279	2,279
Cash and cash equivalents		5,939	5,468
Current assets		8,218	7,747
Total assets		8,420	14,492
Deferred income tax liabilities		(34)	-
Non-current liabilities		(34)	-
Trade and other liabilities	8	(244,454)	(106,973)
Current liabilities		(244,454)	(106,973)
Total liabilities		(244,488)	(106,973)
Net liabilities		(236,068)	(92,481)
Equity			
Called-up share capital	9	2	2
Accumulated losses		(236,070)	(92,483)
Total shareholder's deficit		(236,068)	(92,481)

The notes on pages 10 to 15 are an integral part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 7 to 15 were approved by the board of directors on December 10th 2018, and were signed on its behalf by:

S Minton Beddoes
Director

Company registered number: 03312640

THE ECONOMIST EDITORIAL (OVERSEAS) COMPANY LIMITED

Statement of changes in equity for the year ended March 31st 2018

Year ended March 31st 2018	Called up share capital £	Accumulated losses £	Total shareholder's deficit £
At April 1st 2017	2	(92,483)	(92,481)
Comprehensive expense for the year			
Loss for the financial year	-	(143,587)	(143,587)
Total comprehensive expense	-	(143,587)	(143,587)
At March 31st 2018	2	(236,070)	(236,068)

Year ended March 31st 2017	Called up share capital £	Accumulated losses £	Total shareholder's deficit £
At April 1st 2016	2	-	2
Comprehensive expense for the year			
Loss for the financial year	-	(92,483)	(92,483)
Total comprehensive expense	-	(92,483)	(92,483)
At March 31st 2017	2	(92,483)	(92,481)

The notes on pages 10 to 15 are an integral part of these financial statements.

Notes to the financial statements for the year ended March 31st 2018

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 Directors' report.

These financial statements were approved for issue by the board of directors on December 10th 2018.

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.

The Economist Newspaper Limited has provided a letter of support confirming that it will continue to provide financial support for not less than one year after the date of approval of the financial statements, to enable the company to continue its operating activities.

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*;
- 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.

This information is included in the consolidated financial statements of The Economist Newspaper Limited as at March 31st 2018 (see note 10).

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.

1. Accounting policies (continued)

d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use. Finance costs which are directly attributable to the cost of construction of property, plant and equipment are capitalised as part of the costs of that tangible fixed asset. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives as follows:

Plant, machinery and equipment: 3 - 10 years
Motor vehicles: 4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance-sheet date.

The carrying value of an asset is written down to its recoverable amount if the carrying value of the asset is greater than its estimated recoverable amount.

e) 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.

f) 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 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.

g) Called-up share capital

Ordinary shares are classified as equity.

h) Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the company's shareholders.

i) 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.

1. **Accounting policies (continued)**

i) Taxation (continued)

Current and deferred tax are recognised in the income statement, 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.

j) Financial assets

Basic financial assets, including 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 cashflows 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 cashflows 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.

k) Financial liabilities

Basic financial liabilities, such as trade and other liabilities, 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 liabilities are held at amortised cost using the effective interest rate method.

Debt instruments that are payable or receivable within one year, typically trade payables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial liability is measured, initially, at the present value of the future cashflow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.