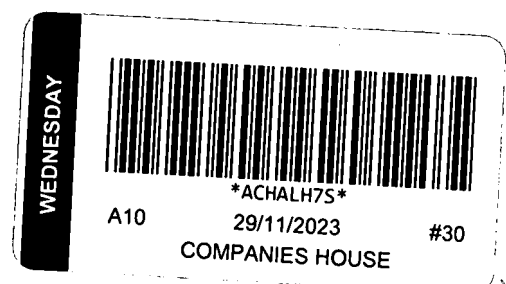


# **CAPITAL ECONOMICS (N.A.) LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**



---

**CAPITAL ECONOMICS (N.A.) LIMITED**

---

**COMPANY INFORMATION**

---

**Directors**

R Bootle  
N Shearing  
J Steele  
S Butter  
K Stillwell

**Registered number**

06190831

**Registered office**

100 Victoria Street  
London  
SW1E 5JL

**Independent auditor**

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
17th Floor,  
103 Colmore Row  
Birmingham  
B3 3AG

---

**CAPITAL ECONOMICS (N.A.) LIMITED**

---

**CONTENTS**

---

	Page
<b>Directors' report</b>	<b>1 - 3</b>
<b>Independent auditor's report</b>	<b>4 - 7</b>
<b>Statement of comprehensive income</b>	<b>8</b>
<b>Statement of financial position</b>	<b>9</b>
<b>Statement of changes in equity</b>	<b>10</b>
<b>Notes to the financial statements</b>	<b>11 - 24</b>

---

## **CAPITAL ECONOMICS (N.A.) LIMITED**

---

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

---

The directors present their report and the financial statements for the year ended 31 December 2022.

#### **Principal activity**

The company is principally engaged in the provision of written economic research and analysis which is sold in packages for annual subscriptions.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £822,354 (2021: £167,480).

The directors paid a dividend of £Nil during the year (2021: £Nil).

#### **Directors**

The directors who served during the year and up to the date of this report were:

R Bootle  
N Shearing  
J Steele  
S Butter  
K Stillwell

#### **Directors' responsibilities statement**

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 applicable UK 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 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 to 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.

---

## CAPITAL ECONOMICS (N.A.) LIMITED

---

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

---

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Future developments

Following the appointment of a new senior management team in 2021, and the digital transition of the operating model in 2022, 2023 will see a continuation and evolution of existing strategic initiatives to boost the Group's growth. In particular, the Group has initiated an extensive roadmap of technological developments in order to greatly improve the customer experience and establish the digital commercial operating model. This major investment will include improving and expanding all forms of product infrastructure and will therefore further increase the options available to customers in the way in which they absorb our products.

The Group will continue to bring new products and services to market where demand for new or more extensive research and insight arise.

Furthermore the sales, marketing and customer service functions will leverage from the technological developments to become closer to the customer, maximising both the experience and efficiency of the function.

#### Financial risk management

The company's principal financial assets are bank deposits, and trade receivables.

*Bank deposits:* The majority of company sales are prepaid annual subscriptions. As a result Capital Economics holds large cash balances which are offset by a current liability for services yet to be delivered to clients. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings from international credit-rating agencies.

*Interest rate risk:* The company is financed through fixed rate loan notes and bank borrowings via the parent company. Due to the significant level of debt owed by the group the risk of movements in interest rates is considered significant to the Group. However, any plausible scale of interest rate increase in the next few years would have little material impact on the Group's financial performance.

*Credit risk:* the level of receivables is closely monitored and clients are contacted two weeks after invoices are dispatched in order to check that they are being processed for payment. As the client base has continued to diversify, particularly in terms of geography, the average time between the issue of an invoice and receipt of payment has increased.

---

**CAPITAL ECONOMICS (N.A.) LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**Going concern**

For Going Concern, Capital Economics Group "the Group" of which the company is wholly owned by, is considered as a whole. The Group has a stable, substantial client base and has net cash resources. The Group is funded by its bank debt, loan notes and preference shares, which are not due for repayment in the next 12 months. The directors therefore do not expect the need for additional external funding. The directors have reviewed future trading and cash flow forecasts out to December 2024. Key sensitivities of client renewal rates, new client generation and uncontrolled operational costs have been considered to determine what results are likely and what is feasible.

After reviewing the Group's forecasts, projections and considering reasonable downside sensitivities, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence by meeting debts as they fall due and satisfying covenant tests for the foreseeable future. The Group and Company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 21/11/2023 and signed on its behalf.

*S Butter*

**S Butter**  
Director

---

## **CAPITAL ECONOMICS (N.A.) LIMITED**

---

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPITAL ECONOMICS (N.A.) LIMITED**

---

#### **Opinion**

We have audited the financial statement of Capital Economics (N.A.) Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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.

#### **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 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 responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis in the United Kingdom and the conflict in Ukraine. We assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

---

**CAPITAL ECONOMICS (N.A.) LIMITED**

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPITAL ECONOMICS (N.A.) LIMITED  
(CONTINUED)**

---

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

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 themselves. 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 this regard.

**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 statement are prepared is consistent with the financial statement; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

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 material misstatements in the Directors' report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.



---

## **CAPITAL ECONOMICS (N.A.) LIMITED**

---

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPITAL ECONOMICS (N.A.) LIMITED (CONTINUED)**

---

#### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The company is subject to many laws and regulations within the countries in which the company operates, where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur such as financial reporting legislation, Companies Act legislation, tax legislation, anti-bribery legislation, and employment law;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- We understood how the company is complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management from different parts of the business to understand where it is considered there was a susceptibility of fraud.

---

**CAPITAL ECONOMICS (N.A.) LIMITED**

---

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPITAL ECONOMICS (N.A.) LIMITED  
(CONTINUED)**

---

- Our audit procedures involved: journal entry testing, with a focus on manual journal entries in particular those relating to management estimates and entries determined to be large or relating to unusual transactions. In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the client operates
  - understanding of the legal and regulatory requirements specific to the entity including:
    - the provisions of the applicable legislation
    - the regulator's rules and related guidance, including guidance issued by relevant authorities that interpret those rules
    - the applicable statutory provisions.

A further description of our responsibilities for the audit of the financial statement is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**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.

*Grant Thornton UK LLP*

Matt Buckingham BSc ACA  
Senior Statutory Auditor  
for and on behalf of  
**Grant Thornton UK LLP**  
Statutory Auditor, Chartered Accountants  
Birmingham  
Date: 21/11/2023

---

**CAPITAL ECONOMICS (N.A.) LIMITED**


---

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**


---

	<b>Note</b>	<b>2022 £</b>	<b>2021 £</b>
Turnover	4	7,156,205	7,219,421
Other external charges		(5,357,345)	(5,276,162)
Staff costs		(1,354,431)	(1,346,994)
Depreciation		(11,465)	(12,987)
<b>Operating profit</b>	5	<b>432,964</b>	<b>583,278</b>
Interest receivable and similar income	8	230,030	229,324
<b>Profit before tax</b>		<b>662,994</b>	<b>812,602</b>
Tax on profit	9	159,360	(645,122)
<b>Profit for the financial year</b>		<b>822,354</b>	<b>167,480</b>
<b>Other comprehensive income/(expense) for the year</b>			
Currency translation differences		84,011	21,405
<b>Other comprehensive income/(expense) for the year</b>		<b>84,011</b>	<b>21,405</b>
<b>Total comprehensive income for the year</b>		<b>906,365</b>	<b>188,885</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 11 to 24 form part of these financial statements.

**CAPITAL ECONOMICS (N.A.) LIMITED**  
**REGISTERED NUMBER: 06190831**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	10	13,249	17,611
Investments	11	67	67
		<u>13,316</u>	<u>17,678</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	16,606,904	17,311,773
Cash at bank and in hand	13	2,284,362	3,680,537
		<u>18,891,266</u>	<u>20,992,310</u>
Creditors: amounts falling due within one year	14	(7,434,218)	(10,445,989)
<b>Net current assets</b>		<u>11,457,048</u>	<u>10,546,321</u>
<b>Total assets less current liabilities</b>		<u>11,470,364</u>	<u>10,563,999</u>
<b>Net assets</b>		<u><u>11,470,364</u></u>	<u><u>10,563,999</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	1,000	1,000
Profit and loss account	16	11,469,364	10,562,999
		<u><u>11,470,364</u></u>	<u><u>10,563,999</u></u>

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

*S Butter*

**S Butter**  
 Director 21/11/2023

The accompanying notes on pages 11 to 24 form part of these financial statements.

**CAPITAL ECONOMICS (N.A.) LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2022	1,000	10,562,999	10,563,999
<b>Comprehensive income for the year</b>			
Profit for the year	-	822,354	822,354
Currency translation differences	-	84,011	84,011
<b>Total comprehensive income for the year</b>	-	906,365	906,365
<b>At 31 December 2022</b>	<b>1,000</b>	<b>11,469,364</b>	<b>11,470,364</b>

The notes on pages 11 to 24 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2021	1,000	10,374,114	10,375,114
<b>Comprehensive income for the year</b>			
Profit for the year	-	167,480	167,480
Currency translation differences	-	21,405	21,405
<b>Total comprehensive income for the year</b>	-	188,885	188,885
<b>At 31 December 2021</b>	<b>1,000</b>	<b>10,562,999</b>	<b>10,563,999</b>

The notes on pages 11 to 24 form part of these financial statements.

---

**CAPITAL ECONOMICS (N.A.) LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**1. General information**

Capital Economics (N.A.) Limited is a limited liability company incorporated in England and Wales. Its registered head office is located at 100 Victoria Street, London, England, SW1E 5JL.

The principal activity of Capital Economics (N.A.) Limited is the provision of regular pieces of written economic research and analysis which are sold in packages for annual subscription.

**2. Accounting policies****2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of CE Topco Limited as at 31 December 2022 and these financial statements may be obtained from 100 Victoria Street, London, England, SW1E 5JL.

**2.3 Going concern**

For Going Concern, Capital Economics Group "the Group" of which the company is wholly owned by, is considered as a whole. The Group has a stable, substantial client base and has net cash resources. The Group is funded by its bank debt, loan notes and preference shares, which are not due for repayment in the next 12 months. The directors therefore do not expect the need for additional external funding. The directors have reviewed future trading and cash flow forecasts out to December 2024. Key sensitivities of client renewal rates, new client generation and uncontrolled operational costs have been considered to determine what results are likely and what is feasible.

After reviewing the Group's forecasts, projections and considering reasonable downside sensitivities, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence by meeting debts as they fall due and satisfying covenant tests for the foreseeable future. The Group and Company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

---

## **CAPITAL ECONOMICS (N.A.) LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

---

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

##### **2.4 Exemption from preparing consolidated financial statements**

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

##### **2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates; value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The majority of turnover derives from regular pieces of written economic research and analysis, which are sold in packages as subscriptions. These subscriptions are recognised on a straight-line basis over the subscription period.

Revenue arising from subscriptions is recognised daily across the subscription period.

Ad hoc projects include income generated from speaking at events, consultancy and commissioned projects which are recognised over the period of the contract as the work is performed and the service is provided to the customer.

##### **2.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

---

**CAPITAL ECONOMICS (N.A.) LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**2. Accounting policies (continued)****2.6 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

- Short-term leasehold property - 20% straight line improvements
- Fixtures, fittings and equipment - 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.7 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2021 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**2.8 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.9 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.10 Cash**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.



---

**CAPITAL ECONOMICS (N.A.) LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**2. Accounting policies (continued)****2.11 Pensions****Defined contributions pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

**2.12 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.13 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2.14 Long term incentive plans**

The Group operates cash-settled long term incentive plans at an operating business level for certain members of management. Plans link either to employee's performance over a three year period against a variety of qualitative measures, or are payable on successful 'exit' of the Group. A liability for the estimated final payout is raised at the point of issuance of the plan and subsequently charged to the income statement across the period of the plan's term.

**2.15 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

---

## CAPITAL ECONOMICS (N.A.) LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

---

## 2. Accounting policies (continued)

### 2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

### 2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

## 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

### Intercompany loans

The directors make an assessment over the recoverability of amounts owed by group undertakings based on their knowledge of those entities and make provision for any amount considered unrecoverable.

---

**CAPITAL ECONOMICS (N.A.) LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


---

**4. Turnover**

The whole of the turnover is attributable to the company's principal activity.

Analysis of turnover by country of destination:

	2022	2021
United Kingdom	898,878	1,067,991
Rest of World	6,257,327	6,151,430
	<u>7,156,205</u>	<u>7,219,421</u>

**5. Operating profit**

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	11,465	13,053
Difference of foreign exchange	24,291	133,883
Operating lease - Land & Buildings	56,833	57,981
Impairment of intercompany loans (gain)/loss	<u>(312,693)</u>	<u>(197,805)</u>

**6. Auditor's remuneration**

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>24,000</u>	<u>21,000</u>

---

**CAPITAL ECONOMICS (N.A.) LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


---

**7. Employees**

	<b>2022</b> £	2021 £
Wages and salaries	<b>1,293,100</b>	1,281,566
Social security costs	<b>34,757</b>	48,759
Costs of defined contribution scheme	<b>26,574</b>	16,669
	<u><b>1,354,431</b></u>	<u>1,346,994</u>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2022</b> No.	2021 No.
Economists	<b>5</b>	5
Sales	<b>8</b>	9
Administration	<b>1</b>	1
	<u><b>14</b></u>	<u>15</u>

Management consider there are no other key management personnel other than the directors. Directors remuneration is borne and disclosed by the company's intermediate parent company CE Bidco Limited.

**8. Interest receivable**

	<b>2022</b> £	2021 £
Interest receivable from group companies	<b>230,030</b>	229,278
Other interest receivable	<b>-</b>	46
	<u><b>230,030</b></u>	<u>229,324</u>

---

**CAPITAL ECONOMICS (N.A.) LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


---

**9. Taxation**

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	303,818
Adjustments in respect of previous periods	(336,879)	345,297
	<u>(336,879)</u>	<u>649,115</u>
<b>Foreign tax</b>		
Foreign tax in respect of prior periods	165,367	-
<b>Total current tax</b>	<u>(171,512)</u>	<u>649,115</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	9,290	6,494
Adjustment in respect of previous periods	(72)	(6,688)
Changes to tax rates	2,934	(3,799)
<b>Total deferred tax</b>	<u>12,152</u>	<u>(3,993)</u>
<b>Taxation on profit on ordinary activities</b>	<u>(159,360)</u>	<u>645,122</u>

---

**CAPITAL ECONOMICS (N.A.) LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


---

**9. Taxation (continued)**
**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<b>662,994</b>	812,601
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	<b>125,969</b>	154,394
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>(59,412)</b>	(29,873)
Adjustments to tax charge in respect of prior periods	<b>(336,951)</b>	338,609
Non-taxable income	<b>(578)</b>	(79)
Tax rate changes	<b>2,934</b>	(3,799)
Group relief	<b>(228,167)</b>	-
Transfer pricing adjustments	<b>171,478</b>	179,858
Effect of overseas tax rates	<b>165,367</b>	6,012
<b>Total tax charge for the year</b>	<b>(159,360)</b>	645,122

In the spring budget 2021, the Government announced that the corporation rate would increase to 25% with effect from 1 April 2023. The new law was subsequently enacted on 24 May 2021.

## CAPITAL ECONOMICS (N.A.) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 10. Tangible fixed assets

	Short-term leasehold property £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 1 January 2022	18,428	153,081	171,509
Additions	-	7,103	7,103
Disposals	(18,428)	-	(18,428)
At 31 December 2022	-	160,184	160,184
<b>Depreciation</b>			
At 1 January 2022	18,428	135,470	153,898
Charge for the year on owned assets	-	11,465	11,465
Disposals	(18,428)	-	(18,428)
At 31 December 2022	-	146,935	146,935
<b>Net book value</b>			
At 31 December 2022	-	13,249	13,249
At 31 December 2021	-	17,611	17,611

Debentures held by the ultimate parent undertaking include security in the form of a fixed charge over the company's present freehold and leasehold property, a first fixed charge over book and other debts and first floating charge over all assets.

#### 11. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2022	67
At 31 December 2022	67

---

**CAPITAL ECONOMICS (N.A.) LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


---

**11. Fixed asset investments (continued)**
**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Capital Economics (USA) Inc	USA	Economic consultants	Ordinary	100%

The registered office is 1209 Orange Street, Wilmington, New Castle, Delaware 1980.

The aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves £000</b>	<b>Profit/(Loss) £000</b>
Capital Economics (USA) Inc	(3,592)	181

**12. Debtors**

	<b>2022 £</b>	<b>2021 £</b>
Trade debtors	1,862,404	1,387,539
Amounts owed by group undertakings	14,706,219	15,876,695
Other debtors	31,428	26,651
Prepayments and accrued income	3,177	5,060
Deferred taxation	3,676	15,828
	<b>16,606,904</b>	<b>17,311,773</b>



## CAPITAL ECONOMICS (N.A.) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 12. Debtors (continued)

An impairment provision of £Nil (2021: £46,776 impairment provision) has been recognised against trade debtors. An impairment gain of £47,051 has been recognised to the profit and loss (2021 reversal: £34,291).

An impairment provision of £1,763,512 (2021: £1,947,935) has been recognised against the intercompany loan with Capital Economics (USA) Inc. A gain of £184,423 has been recognised to the profit and loss (2021: gain of £183,300).

An impairment provision of £277,354 (2021: £405,623) has been recognised against the intercompany loan with Capital Economics (Australia) Pty Ltd. An impairment gain of £128,270 has been recognised to the profit and loss (2021 impairment gain: £14,506).

Amounts owed by group undertakings are unsecured, repayable on demand and interest is charged at 7.8% (2021: 7.2%) on the balances. Interest in 2022 was £230,030 (2021: £224,802) on a balance at 31 December 2022 of £2,216,933 (2021: £3,468,565) owed by Capital Economics (USA) Inc.

Interest in 2022 was £Nil (2021: £4,488) on a balance at 31 December 2021 of £262,143 (2021: £64,495) owed by Capital Economics (Asia) Pte. Ltd.

#### 13. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>2,284,362</u>	<u>3,680,537</u>

#### 14. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	4,061	12,815
Amounts owed to group undertakings	2,476,221	5,608,651
Corporation tax	716,890	1,057,400
Other taxation and social security	35,758	17,938
Other creditors	-	27,187
Accruals and deferred income	4,201,288	3,721,998
	<u>7,434,218</u>	<u>10,445,989</u>

---

**CAPITAL ECONOMICS (N.A.) LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


---

**15. Deferred taxation**

	<b>2022 £</b>
At beginning of year	<b>15,828</b>
Charged to profit or loss	<b>(12,152)</b>
<b>At end of year</b>	<b>3,676</b>

The deferred tax asset is made up as follows:

	<b>2022 £</b>	<b>2021 £</b>
Fixed asset timing difference	<b>4,135</b>	4,135
Short term timing differences	<b>2,403</b>	11,693
Effect of changes in tax rates	<b>(2,862)</b>	-
	<b>3,676</b>	15,828

**16. Reserves****Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

**17. Share capital**

	<b>2022</b>	<b>2021</b>
<b>Allotted, called up and fully paid</b>		
1,000 (2021: 1,000) Ordinary shares of £1.00 each	<b>1,000</b>	1,000

---

**CAPITAL ECONOMICS (N.A.) LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


---

**18. Commitments under operating leases**

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>2022</b>	2021
	£	£
Not later than 1 year	<b>40,522</b>	57,269
	<u><b>40,522</b></u>	<u>57,269</u>

The company had no other commitments under the non-cancellable operating leases as at the reporting date.

**19. Related party transactions**

The company has taken advantage of the exemption available in FRS 102 to not disclose transactions with other wholly owned subsidiaries in the group. No other related party transactions occurred in the year.

**20. Controlling party**

The company is a wholly owned subsidiary of Capital Economics Limited, a company incorporated in the United Kingdom. The ultimate parent company is CE Topco Limited. CE Topco Limited heads the largest and smallest group into which the results of this company are consolidated. Copies of CE Topco Limited accounts can be obtained from the company's secretary.

CE Topco Limited does not have a single ultimate controlling party by virtue that no single shareholder holds more than 50% of the voting rights.