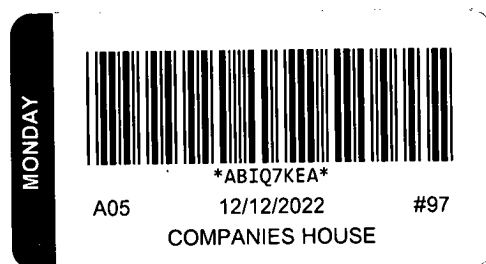


**THE ECONOMIST INTELLIGENCE UNIT LIMITED**

**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31<sup>st</sup> 2022**

Registered number: 01762617



## **THE ECONOMIST INTELLIGENCE UNIT LIMITED**

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## **THE ECONOMIST INTELLIGENCE UNIT LIMITED**

### **Strategic report for the year ended March 31<sup>st</sup> 2022**

The directors present their Strategic report on the company for the year ended March 31<sup>st</sup> 2022.

#### Principal activities and business review

The principal activity of the company is the publication and supply of business information. The Economist Intelligence Unit (EIU) revenues were 28% above last year due to a rebound in the economic environment for the events business and cyclicalities in public-policy, with both areas benefitting from the easing of covid restrictions and improved market confidence. There was growth in our subscription business which had a very strong year. At the end of the year, the company had net assets of £20,666,000 (2021: £8,278,000).

#### Future developments

The directors believe that there is more opportunity ahead and the company is making significant investments in data, technology and people in order to capture that in the coming year.

#### Results and dividends

The revenue in the financial year amounted to £56,497,000 (2021: 44,089,000). The profit for the financial year amounted to £20,959,000 (2021: £27,400,000). Due to lower dividends received from Group companies, the company received £8,083,000 of dividends during the year (2021: £19,102,000) from Group companies. Interim dividends of £8,083,000 were paid during the year (2021: £45,436,000) and the directors do not propose a final dividend (2021: £nil).

#### Key performance indicators

The Economist Intelligence Unit's operations are managed and analysed globally on a business entity as opposed to a legal entity basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the EIU. The development, performance and position of Economist Intelligence, of which EIU represents the majority of the division, is discussed on pages 34-39 of The Economist Group Annual Report 2022. The key financial and other performance indicators are revenue growth, profits and margin, renewal rates for the subscription business. Revenues were £56,497,000 (2021: £44,089,000). The operating profit margin was 29% (2021: 23%) and the renewal rate was 95% (2021: 92%). The primary reason for the strengthening revenues is due to a bounce-back after covid-19.

**THE ECONOMIST INTELLIGENCE UNIT LIMITED****Strategic report for the year ended March 31<sup>st</sup> 2022 (continued)**Principal risks and uncertainties

<b>Risk</b>	<b>Description</b>	<b>Mitigation</b>
<b>Strategic</b>		
Employing and retaining the best people	The labour market is competitive and could affect our ability to attract and retain talent.	We have introduced hybrid working, taken actions to promote colleague well-being and benchmarked our reward offer to ensure it remains competitive. We have invested in online training tools and established career development frameworks.
Commoditisation of information products	The availability of free data sources could affect demand for the Company's services and erode its revenues.	We monitor pricing and retention KPIs to track revenue performance. We continue to research and develop new products and services to enhance our offer to customers.
<b>Operational</b>		
Data privacy compliance	Changes in data-privacy legislation and an enhanced focus on data privacy by key technology suppliers create complex compliance demands for our business.	We monitor our data-privacy compliance and follow developments in legislation. Subject-matter experts brief management regularly to ensure decision-making is shaped accordingly.
Availability of business critical applications	Certain applications are based on old technology which, if compromised, would affect our ability to deliver business-critical services.	We continue to migrate products and customers to the new EIU Viewpoint platform. Remaining legacy infrastructure will be replaced or upgraded. Business continuity plans are in place.
<b>External</b>		
Economic contraction in our key markets	Lower growth rates in developed economies in which the Company operates may affect business and consumer confidence, resulting in lower demand for its services.	We monitor our sales pipeline closely and conduct scenario-planning, including mitigation plans in response to revenue risks.
Inflationary pressures	Increases to our cost base may lead to a reduction in operating margins.	We monitor our financial performance closely to identify and implement cost-saving opportunities. We review pricing regularly.
Operating restrictions in China	Local government restrictions on overseas-based media organisations could limit our ability to operate.	We foster relationships with Chinese government and senior Chinese business leaders. Activities and product launches are subject to legal review.
Cyber-crime and digital vulnerabilities	Vulnerabilities could allow cyber-criminals to jeopardise our applications, access customer information or product data.	We ensure that security and privacy are taken into account at the design stage of new IT development. We perform continuous scanning of applications to detect security vulnerabilities. Our Group information security team provide education and awareness about emerging security trends, threats and controls.

Statement by the Directors in relation to performance of their statutory duties in accordance with Section 172(1) Companies Act 2006

The directors of the Company are aware of their duty under Section 172(1) of the Companies Act 2006 ('s.172') to act in good faith in ways that they consider most likely to promote the success of the Company for the benefit of the Company's members as a whole, giving regard to amongst others, the matters set out in s.172.

The exemption has been taken by the Company from the energy and carbon reporting disclosures as these are disclosed in the parent company accounts (The Economist Newspaper Ltd) which are available on our website.

## **THE ECONOMIST INTELLIGENCE UNIT LIMITED**

### **Strategic report for the year ended March 31<sup>st</sup> 2022 (continued)**

#### Statement by the Directors in relation to performance of their statutory duties in accordance with Section 172(1) Companies Act 2006 (continued)

The Company is managed as part of the wider Economist Group and therefore the Section 172 statement as presented in the Group accounts is applicable, elements of which have been reproduced below with cross referencing to the Group Annual Report. The company shares a director, the Group CEO, with the parent company.

Many of the countries where the Group operates began to emerge from covid-19 lockdowns, although the pandemic is still with us and in some places very strict measures have been imposed, in particular in some areas of China. The lifting of restrictions has been welcome. Having started the year working, meeting and collaborating remotely, we were able to start welcoming our colleagues back to the office in most of our locations; we are continuing to adapt to a new hybrid-working model, in response to demand from our colleagues.

Russia's illegal war on Ukraine has had a catastrophic impact locally, of course, and its effects on the global economy are being felt. The emergence from lockdown and wage inflation generally have led to the so-called "great resignation" in most of our markets, leading to difficulties in recruiting talent to deliver our strategy, and in retaining our colleagues, too. And there are increasing pressures on the cost of living. The following sets out how the Board has responded against this backdrop.

#### Engaging with our shareholders

The EIU is a subsidiary of the Economist Group, and the Group is represented on the Board by the Group CEO.

#### Colleagues

Members of the Group leadership team and other colleagues in the business are regularly invited to present and discuss business matters with the Group Board, including in less formal settings. For example, we held a Board meeting in New York in March and, while there, a number of Group Board members attended an inaugural event for colleagues who participate in the Group's Key Talent Programme. Our Group chief executive, as well as other members of the leadership team, presents regular updates to colleagues covering a wide range of topics, from strategy and business performance to product development, editorial initiatives, sustainability and diversity. These sessions are frank, open discussions and include time for questions and feedback. Members of the Board also engage individually with colleagues in areas where they wish to learn more about the business or feel they can be of particular help.

The Group conducts regular surveys—using an employee feedback platform, Your Voice, as well as through more targeted "pulse" surveys—the results of which, as well as recommended actions arising, are reported to and discussed with the Board. They are an important source of feedback and insight.

During 2022, most of our colleagues were able to return to office-based work as pandemic lockdowns were lifted. Given the favourable colleague feedback about being able to choose to work remotely at least some of the time, a new hybrid-working policy was introduced, with most full-time colleagues now expected to attend an office a minimum of two days a week. Editorial colleagues at The Economist have more flexibility given the nature of their work. Our colleagues are also able to work from abroad for up to five weeks a year. Those who wish to be in the office more frequently are of course welcome to. Although a minority of colleagues expressed a desire to work remotely even more than this (in some cases permanently), we felt it was important for the Group's culture, the development of talent and the connection between colleagues to ask that some time be spent in the office. While this flexibility has been introduced primarily for the benefit of colleagues, it also has implications for our real-estate portfolio, because we will need less office space as a result. This has enabled the Board to approve the move of our corporate headquarters to the same building as the newspaper's editorial team in central London, occupying only marginally more than half the space we occupied in Canary Wharf. The move took place in the autumn of 2022 bringing the business and editorial teams together in London for the first time, at least for anyone working at the Group today. It will greatly aid the collaboration across teams that is essential for our continued success.

## **THE ECONOMIST INTELLIGENCE UNIT LIMITED**

### **Strategic report for the year ended March 31<sup>st</sup> 2022 (continued)**

#### Statement by the Directors in relation to performance of their statutory duties in accordance with Section 172(1) Companies Act 2006 (continued)

##### Colleagues (continued)

The Group Board has also had to respond to cost-of-living increases and wage inflation.

We believe that everyone deserves to be treated fairly and inclusively, and that diversity is good for the business by providing access to the best talent and diversity of ideas. The Board is therefore very supportive of the many diversity initiatives that have been put in place both within the editorial teams and across the business, and on which the Board receives regular reports on progress. We have a diversity task force, supported by consultancy the EW Group, whose mission is to build on our strengths to develop strategies and action plans to create a workplace where people feel valued, rewarded and part of an organisation where they belong. These initiatives may come at a cost in the short term, delaying recruitment to make sure diverse shortlists are provided, or even sometimes increase the cost of some employees, given that talented and diverse people are in high demand. But the Board is determined that this should not stand in the way of what is an important principle and one that will make the company stronger. We also have a number of affinity groups, each sponsored by a member of the leadership team.

Our latest gender pay gap and diversity reports were published in March 2022. We made small improvements in some areas, but not enough overall. The results, and the steps we are taking to do better, are described on pages 45-46 of the Group annual report.

##### Changes in pension plans

The deficit in the Group's UK defined-benefit pension plan, which is closed to new entrants and to accruals, remains subject to some volatility. The valuation as at January 1<sup>st</sup> 2021 determined a deficit in the plan of £50m. The Board carefully considered proposals from the trustees of the plan regarding funding. Its objective was to ensure the deficit could be funded over a reasonable time, balancing the interests of plan members (current and former colleagues), who would like to see it fully funded as soon as possible; the needs of the business; and the interests of shareholders, for whom the continued investment behind sustainable growth and appropriate returns to shareholders were also important.

Following constructive discussions with the chair of the trustees, who was invited to attend a Board meeting to present the trustees' proposals, a reasonable funding plan was agreed that the Board is satisfied is in the best interests of the Group, plan members and other stakeholders. The Board also approved introducing a corporate trustee to replace the trustees, to mitigate the personal risk that pension plan trustees are exposed to. This change is consistent with a general trend in pension plan management and is expected to be completed in 2022-23.

##### Our communities and the environment

The Board is very supportive of The Economist Educational Foundation, an independent charity that combines the journalistic expertise of The Economist newspaper with teaching know-how. The Foundation's mission is to change young people's lives by giving them the skills to think and speak for themselves about current affairs. It does this by enabling inspiring discussions about the news in classrooms and between schools in different communities, giving young people exciting experiences of engaging with the biggest issues of our time. The Group makes a financial contribution to the charity every year, and many colleagues contribute time and expertise to its projects.

The Group Board also supports The Economist Charitable Trust, whose primary purpose is to match charitable donations made by colleagues. It is a global programme overseen by a group of trustees. They are all colleagues, apart from one who is a former colleague. The trustees oversee the budget and ensure that the scheme is widely communicated to all colleagues. Any budget that is not spent by the end of the financial year is donated to charities nominated by colleagues. The trustees review all proposals and select those most in line with The Economist Group's values where the money would make the most significant impact.

## **THE ECONOMIST INTELLIGENCE UNIT LIMITED**

### **Strategic report for the year ended March 31<sup>st</sup> 2022 (continued)**

#### Our communities and the environment (continued)

The charitable trust can determine that a charitable cause may merit double-matching by colleagues. In March 2022 it decided to double-match donations from colleagues to support the UNICEF appeal for families and children affected by the war in Ukraine.

In the year to March 31<sup>st</sup> 2022, the charitable trust was given a £122,000 budget by the company, which was supplemented by £15,290 for the UNICEF double-matching campaign, which raised a total of £77,349. The Board encourages colleagues to undertake other work to support various communities.

The Board is committed to reducing carbon emissions and other environmental impacts of the Group's operations and has also resolved to report in accordance with the recommendations of the TCFD. This is discussed on pages 52-59, while our TCFD report can be found on pages 60-63 of the Group Annual Report.

#### Readers and clients

We aim to deliver the best journalism, business information, events, educational and marketing services to our readers and clients, and our long-term success depends on this (see the strategic report).

We solicit feedback from our readers and clients through many channels, and this is reported to the Board. During the year the Board has been closely involved in determining how best to allocate resources to improve our products and services, and the platforms for their delivery. We have also renewed efforts to reach a more diverse cohort of readers.

Economist Impact was created in direct response to feedback from key clients who felt we should make it easier for them to work with the various parts of the Group that provide customised research, marketing services, public-policy consulting services and events. It was a great success last year, as you can read on pages 28-33 of the Group Annual Report.

Following Russia's illegal invasion of Ukraine, we ceased trading with sanctioned individuals and entities. We no longer offer subscriptions in Russia, while we are renewing Ukrainian subscribers' subscriptions without charge for the foreseeable future; and, given the importance of access to independent news reporting and analysis, we have lifted the paywall on our website to all those visiting the site from Ukraine and Russia. This has deprived the Group of some revenue, but we felt it was imperative in the circumstances. More on this and our editorial coverage can be found on pages 16-21 of the Group Annual Report.

#### Suppliers

The Board recognises the importance of the Group's supply chain and of maintaining good relations with suppliers. Major supplier contracts are subject to Board review and approval, and the Group has a supplier payment policy to ensure our suppliers are paid on time. The leadership team, often with the assistance of functional specialists, reports to the Board on supplier relationships as part of updates on the business. Examples of key supplier matters on which the Group Board was briefed during the year include: as part of the completion of the FCX project, the transition away from the previous outsourced customer management supplier relationship, and the relationship with new digital solutions vendors; via the Board's technology investment committee, the Group's relationships with technology suppliers involved in the development of the new mobile app; our decision to cease trading with Russian entities.

**THE ECONOMIST INTELLIGENCE UNIT LIMITED**

**Strategic report for the year ended March 31<sup>st</sup> 2022 (continued)**

EIU dividend

The directors of the Company note that the key decision taken in the year by the directors of the Company which is not covered in the Section 172 Statement set out in the Group Annual Report was the level of dividend declared by the Company to its parent company. The directors considered the performance of the business, the level of investment the company wishes to make in order for the company to continue to deliver to clients and its commitment to colleagues and suppliers. The directors took the decision to pay £8.1m in dividends during the year.

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



F Sanu  
**Company Secretary**

December 7th 2022

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

## **THE ECONOMIST INTELLIGENCE UNIT LIMITED**

### **Directors' report for the year ended March 31<sup>st</sup> 2022**

The directors present their report and audited financial statements of the company for the year ended March 31<sup>st</sup> 2022.

#### Future developments, results and dividends

It has been a successful year for The Economist Intelligence Unit Limited. The results and dividends of the company have been discussed within the Strategic report on page 2. There is more opportunity ahead and the business intends to make significant investments in data, technology and people in order to capture demand in the coming year.

#### Financial risk management

The Economist Group's annual review of risk highlighted the following principal areas of financial risk relevant to the company: liquidity, interest rate, financial counterparty and foreign currency risk management.

These risks and the financial risk management policies are discussed in The Economist Group Annual report 2022 within the Monitoring and managing our risk on pages 67-68 and in the notes to the accounts under the heading 'Financial risk management' on pages 138-142.

The Company is a member of The Economist Newspaper Limited group of companies. The group operates a centralised treasury function and advances funds through intercompany loans to group companies to meet their financing needs as required.

#### Going concern

The directors have prepared these financial statements on the going concern basis, and in doing so have considered the matters set out in the paragraphs below.

The Company is a subsidiary of The Economist Newspaper Limited which operates a centralised treasury function to manage the liquidity needs of The Economist Newspaper Limited and all its subsidiaries (together "the Group"). All subsidiaries participate in the Group's treasury operations either by contributing funding to or drawing funding from fellow subsidiaries. The continued availability of the Group's borrowing facilities depends on the Group's overall performance, and therefore the context of the whole Group is relevant when considering the going concern basis of accounting.

The global slowdown and high inflationary environment have not as yet impacted the markets for the Group's products and its supply chain. The directors continue to monitor the impact that the global economic environment may have on demand for the Group's products and services as well as the financial viability of the Group's clients and key suppliers. Financial projections including profit, cash, debt and balance-sheet commitments are prepared regularly covering short, medium and longer-term periods and are stress-tested to ensure the Group has sufficient liquidity and available financing facilities in place for the foreseeable future.

These measures taken together with future actions that could be taken mean that, based on the Group's financial projections presented to the Audit Committee of The Economist Newspaper Limited in November 2022, the Group will continue to have sufficient liquidity headroom in its existing facilities and measurement headroom against the RCF financial covenants and will be able to operate within the level of its bank facilities for the foreseeable future. The Group signed a new RCF in October 2022 for £80m, which replaces the previous facility and runs for 4 years. For these reasons, the going-concern basis has been adopted in preparing these financial statements.

## **THE ECONOMIST INTELLIGENCE UNIT LIMITED**

### **Directors' report for the year ended March 31st 2022 (continued)**

#### Directors

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

R L Bew (resigned 7<sup>th</sup> April 2022)  
J A Bowler  
H Hutchinson (appointed May 12<sup>th</sup> 2022)  
A M Ross  
M Roy  
L Salame Boro

#### Director's indemnities

The Economist Group provides, to the extent permitted by law, an indemnity to all directors and officers of the company and its subsidiaries in respect of claims against them arising in respect of the conduct of the business of the Group. The Economist Group has also purchased directors' and officers' insurance cover against certain legal liabilities and costs for claims in connection with any act or omission by such directors and officers in the execution of their duties.

#### Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 101 "Reduced Disclosure Framework. 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 judgments and accounting estimates that are reasonable and prudent;
- 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; 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 INTELLIGENCE UNIT LIMITED**

**Directors' report for the year ended March 31st 2022 (continued)**

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:


- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Reappointment of auditor

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

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



**F Sanu**  
**Company Secretary**

December 7th 2022

Registered office

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

## **THE ECONOMIST INTELLIGENCE UNIT LIMITED**

### **Independent auditor's report to the members of The Economist Intelligence Unit Limited**

#### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of The Economist Intelligence Unit Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at March 31<sup>st</sup> 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

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**

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.

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

## **THE ECONOMIST INTELLIGENCE UNIT LIMITED**

### **Independent auditor's report to the members of The Economist Intelligence Unit Limited (continued)**

#### **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 course of 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 this gives rise to 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.

#### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **THE ECONOMIST INTELLIGENCE UNIT LIMITED**

### **Independent auditor's report to the members of The Economist Intelligence Unit Limited (continued)**

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements such as the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty these included the General Data Protection Regulations.

We discussed among the audit engagement team and relevant internal specialists such as tax, pensions and IT, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it are described below

We identified a risk of misstatement due to fraud in projects that are ongoing at year end due to the variable length of projects and the judgement required to determine the stage of completion. In addressing this risk, we tested the design and implementation of the key controls in the cycle; we performed detailed testing of projects that were ongoing at year end and assessed whether revenue had been recognized in the appropriate period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

## **THE ECONOMIST INTELLIGENCE UNIT LIMITED**

### **Independent auditor's report to the members of The Economist Intelligence Unit 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

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

We have nothing to report in respect of these matters.

#### **Use of our report**

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

*William Touche*

**William Touche (Senior statutory auditor)**  
**For and on behalf of Deloitte LLP**  
Statutory Auditor  
London, United Kingdom

December 7th 2022

**THE ECONOMIST INTELLIGENCE UNIT LIMITED****Income statement for the year ended March 31<sup>st</sup> 2022**

	Note	2022 £'000	2021 £'000
Revenue	2	56,497	44,089
Operating costs	3	<u>(40,349)</u>	<u>(33,821)</u>
<b>Operating profit</b>		<b>16,148</b>	<b>10,268</b>
Income from other fixed asset investments	4	8,083	19,102
Finance costs	5	<u>(61)</u>	<u>(92)</u>
<b>Profit before taxation</b>		<b>24,170</b>	<b>29,278</b>
Tax on profit	6	<u>(3,211)</u>	<u>(1,878)</u>
<b>Profit for the financial year</b>		<b><u>20,959</u></b>	<b><u>27,400</u></b>

The results reported above relate solely to continuing operations.

Operating costs have been restated in the prior year to confirm to current year presentation to include all operating costs in one line, an analysis of which can be found in note 3.

The notes on pages 19 to 36 are an integral part of these financial statements.

**THE ECONOMIST INTELLIGENCE UNIT LIMITED****Statement of comprehensive income for the year ended March 31<sup>st</sup> 2022**

	Note	2022 £'000	2021 £'000
<b>Profit for the financial year</b>		20,959	27,400
<b>Items that will not be reclassified to the income statement</b>			
Re-measurement of retirement-benefit obligations	17	(767)	(25)
Attributable tax	15	279	5
Other comprehensive expense for the year		<u>(488)</u>	<u>(20)</u>
<b>Total comprehensive income for the year</b>		<u>20,471</u>	<u>27,380</u>
<b>Attributable to</b>			
Equity holders of the company		<u>20,471</u>	<u>27,380</u>

The notes on pages 19 to 36 are an integral part of these financial statements.

**THE ECONOMIST INTELLIGENCE UNIT LIMITED****Balance sheet as at March 31<sup>st</sup> 2022**

	Note	2022 £'000	2021 £'000
Investments	11	99,224	99,224
Property, plant and equipment	12	69	161
Intangible assets	13	2,952	1,969
Amounts due from group undertakings	14	24,186	12,374
Deferred tax assets	15	842	768
<b>Non-current assets</b>		<b>127,273</b>	<b>114,496</b>
Trade and other receivables	16	1,850	1,776
Current tax assets		123	-
Cash and cash equivalents		14	-
<b>Current assets</b>		<b>1,987</b>	<b>1,776</b>
<b>Total assets</b>		<b>129,260</b>	<b>116,272</b>
Trade and other liabilities	18	(6,633)	(5,274)
Amounts due to group undertakings	19	(98,936)	(99,198)
<b>Current liabilities</b>		<b>(105,569)</b>	<b>(104,472)</b>
Retirement benefit obligations	17	(3,025)	(3,522)
<b>Non-current liabilities</b>		<b>(3,025)</b>	<b>(3,522)</b>
<b>Total liabilities</b>		<b>(108,594)</b>	<b>(107,994)</b>
<b>Net assets</b>		<b>20,666</b>	<b>8,278</b>
<b>Equity</b>			
Called up share capital	20	-	-
Retained earnings		20,666	8,278
<b>Total shareholder's funds</b>		<b>20,666</b>	<b>8,278</b>

Investments were previously referred to as "Investments in subsidiaries".

The notes on pages 19 to 36 are an integral part of these financial statements.

The financial statements of The Economist Intelligence Unit Limited (registered number 01762617) were approved by the board of directors and authorised for issue on December 7th 2022. They were signed on its behalf by:



**M Roy**  
**Director**

Company registered number: 01762617

**THE ECONOMIST INTELLIGENCE UNIT LIMITED****Statement of changes in equity for the year ended March 31<sup>st</sup> 2022**

<b>Year ended March 31<sup>st</sup> 2022</b>		<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total shareholder's funds £'000</b>
	<b>Note</b>			
<b>At April 1<sup>st</sup> 2021</b>		-	<b>8,278</b>	<b>8,278</b>
<b>Comprehensive income/(expense) for the year</b>				
Profit for the financial year			20,959	20,959
Other comprehensive expense		-	(488)	(488)
<b>Total comprehensive income</b>		-	<b>20,471</b>	<b>20,471</b>
Dividends	9	-	(8,083)	(8,083)
<b>At March 31<sup>st</sup> 2022</b>		-	<b>20,666</b>	<b>20,666</b>
<b>Year ended March 31<sup>st</sup> 2021</b>				
	<b>Note</b>			
<b>At April 1<sup>st</sup> 2020</b>		-	<b>26,334</b>	<b>26,334</b>
<b>Comprehensive income/(expense) for the year</b>				
Profit for the financial year			27,400	27,400
Other comprehensive expense		-	(20)	(20)
<b>Total comprehensive income</b>		-	<b>27,380</b>	<b>27,380</b>
Dividends	9	-	(45,436)	(45,436)
<b>At March 31<sup>st</sup> 2021</b>		-	<b>8,278</b>	<b>8,278</b>

The notes on pages 19 to 36 are an integral part of these financial statements.

## THE ECONOMIST INTELLIGENCE UNIT LIMITED

### Notes to the financial statements for the year ended March 31<sup>st</sup> 2022

#### 1. Accounting policies

The company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of its registered office is The Adelphi, 1-11 John Adam Street, London, WC2N 6HT.

The principal activity of the company is disclosed in the Strategic report.

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. Refer to the going-concern disclosure within the strategic report for further information.

#### **Critical accounting judgments and key sources of estimation uncertainty**

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting assumptions. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. There were no critical accounting judgements in the year. The areas requiring a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are discussed in the relevant accounting policies under the following headings and in the notes to the financial statements where appropriate:

- employee benefits: pensions (notes 1m and 17).

#### **New standards adopted in the year**

The following standards interpretations and amendments adopted in the year were adopted in 2022

- Amendment to IFRS 16 Leases;
- Amendments to IFRS 9 Financial Instruments;
- IAS 39 Financial Instruments: Recognition and Measurement and
- IFRS 7 Financial Instruments: Disclosures

There has been no material impact from the adoption of these standards.

#### **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 and IFRS 9 *Financial Instruments: Disclosures and Financial Instruments*;
- the requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 17 and 18A of IAS 24 *Related Party Disclosures*;
- the requirements of IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group;
- disclosures in respect of capital management;
- the requirement to disclose details of the number and weighted-average exercise prices of share options and how the fair value of goods or services received was determined as required by paragraph 45(b) and 46 to 52 of IFRS 2, "share-based payment";

## **THE ECONOMIST INTELLIGENCE UNIT LIMITED**

### **Notes to the financial statements for the year ended March 31st 2022 (continued)**

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

##### **b) FRS 101 reduced disclosure (continued)**

- the effects of new but not yet effective IFRSs; and
- disclosures in respect of revenue being the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from contracts with customers*.

This information is included in the consolidated financial statements of The Economist Newspaper Limited as at March 31<sup>st</sup> 2022 (see note 24).

##### **c) Consolidation**

As the company is a wholly-owned subsidiary of The Economist Newspaper Limited, the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare Group financial statements. These financial statements present information about the company as an individual undertaking and not about its Group.

##### **d) Foreign currency translation**

The financial statements are presented in sterling, which is the company's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign-exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

##### **e) Revenue**

The company's significant revenue streams include research (circulation and subscriptions), marketing services which includes sponsorship, and consulting revenues.

Circulation and subscriptions include sales by The Economist Intelligence Unit for access to content either through a periodic subscription or as a single edition purchase on the newsstand or through a digital download. The company's sponsorship revenues are in relation to events and meetings. Other revenues include sales of economic, industry and management consultancy services, event delegate fees, membership fees, licensing and sales of publishing rights to clients.

Revenue is recognised in order to depict the transfer of control of promised goods and services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods and services. This process begins with the identification of our contract with a customer, which is generally through a master services agreement, acceptance of terms and conditions, customer purchase order, or a combination thereof. Within each contract, judgment is applied to determine the extent to which activities within the contract represent distinct performance obligations to be delivered and the total amount of transaction price to which we expect to be entitled.

The transaction price determined is net of sales taxes, rebates and discounts, and after eliminating sales within the company. Where a contract contains multiple performance obligations such as the provision of more than one product or service, revenue is allocated on the basis of relative standalone selling prices.

Revenue is recognised on contracts with customers when or as performance obligations are satisfied which is the period or the point in time where control of goods or services transfer to the customer. Judgement is applied to determine first whether control passes over time and if not, then the point in time at which control passes. Where revenue is recognised over time judgement

## **THE ECONOMIST INTELLIGENCE UNIT LIMITED**

### **Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)**

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

##### **e) Revenue (continued)**

is used to determine the method which best depicts the transfer of control. Where an input method is used significant estimation is required to determine the progress towards delivering the performance obligation.

The company may enter into contracts with another party in addition to our customers. In making the determination as to whether revenue should be recognised on a gross or net basis, the contract with the customer is analysed to understand which party controls the relevant good or service prior to transferring to the customer. This judgement is informed by facts and circumstances of the contract in determining whether the company has promised to provide the specified good or service or whether the company is arranging for the transfer of the specified good or service, including which party is responsible for fulfilment, has discretion to set the price to the customer and is responsible for inventory risk.

##### **f) Investments**

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

##### **g) 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:

Equipment: 3 - 10 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.

##### **h) Intangible assets**

Internal and external costs incurred during the preliminary stage of developing computer software for internal use are expensed as incurred. Internal and external costs incurred to develop computer software for internal use during the application development stage are capitalised if the Group expects economic benefits from the development. Capitalisation in the application development stage begins once the Group can reliably measure the expenditure attributable to the software development and has demonstrated its intention to complete and use the software. Internally developed software is amortised on a straight-line basis over its estimated useful life of between three and ten years.

## **THE ECONOMIST INTELLIGENCE UNIT LIMITED**

### **Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)**

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

##### **i) 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.

##### **j) Called up share capital**

Ordinary shares are classified as equity.

##### **k) Dividends**

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

##### **l) 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 tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred 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.

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.

##### **m) Employee benefits**

###### ***i. Pensions***

The retirement benefit asset and obligation recognised in the balance sheet represents the net of the present value of the defined-benefit obligation and the fair value of scheme assets at the balance-sheet date. The defined-benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting estimated future cash flows using yields on high-quality corporate bonds which have terms to maturity approximating the terms of the related liability.

## THE ECONOMIST INTELLIGENCE UNIT LIMITED

### Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)

#### 1. Accounting policies (continued)

##### m) Employee benefits (continued)

###### *i. Pensions (continued)*

When the calculation results in a potential asset, the recognition of that asset is limited to the asset ceiling, that is the present value of any economic benefits available in the form of refunds from the plan or a reduction in future contributions. Management uses judgment to determine the level of refunds available from the plan in recognising an asset.

The determination of the pension cost and defined-benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions, which include the discount rate, inflation rate, salary growth and longevity.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The service cost, representing benefits accrued over the year, is included in the income statement as an operating cost. Past-service costs are recognised in full in the income statement in the period in which they occur. Net interest is calculated by applying the discount rate to the net defined-benefit obligation and is presented as finance costs or finance income. Obligations for contributions to defined-contribution pension plans are recognised as an operating expense in the income statement as incurred.

###### *ii. Other post-retirement obligations*

The liabilities and costs relating to other post-retirement obligations are assessed annually by independent qualified actuaries.

###### *iii. Share-based payments*

The Group awards certain employees entitlements to cash-settled share-based payments in accordance with its restricted share plan. The fair value of the awards granted is recognised as an employee expense after taking into account the Group's best estimate of the number of awards expected to vest. Fair value is measured at the date of grant and at each period end and is spread over the vesting period of the award.

Management regularly performs a true-up of the estimate of the number of awards that are expected to vest. This is dependent on the anticipated number of leavers.

A liability equal to the portion of the services received is recognised at the current fair value determined at each balance-sheet date.

##### n) 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.

## THE ECONOMIST INTELLIGENCE UNIT LIMITED

### Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)

#### 1. Accounting policies (continued)

##### o) Trade and other receivables

Trade receivables are stated net of provision for expected bad and doubtful debts and trade sales returns. The Group reviews its expected credit loss provisions at least twice a year following a detailed review of receivable balances and historical payment profiles. Management believes all the remaining receivable balances are fully recoverable.

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

##### p) Trade, other payables and provisions

Trade payables are recognised at the value of the invoice received from a supplier. The carrying value of trade payables is considered to approximate fair value.

Deferred income primarily relates to consideration received from customers in advance for transferring a good or service.

A provision is recognised in the balance sheet when the Company has a present or legal or constructive obligation arising from past events, it is probable that cash will be paid to settle it and the amount can be estimated reliably. Provisions are determined by discounting the expected future cash flows. The unwinding of the discount is recognised as a financing cost in the income statement. The valuation of the provision is determined based on assumptions and estimates in relation to the amount and timing of actual cash flows which are dependent on future events.

#### 2. Revenue

	2022 £'000	2021 £'000
Analysis by destination		
United Kingdom	22,449	12,427
Rest of Europe	8,499	7,355
North America	11,574	12,782
Asia	8,676	7,691
Other	5,299	3,834
	<u>56,497</u>	<u>44,089</u>

£28,052,000 of revenue originated in the United Kingdom (2021: £15,016,000) and £28,445,000 originated in North America (2021: £29,073,000).

#### Revenue from contracts with customers

The following tables analyse the company's revenue streams:

	2022 £'000	2021 £'000
Research	38,758	35,361
Marketing services	17,199	7,570
Consulting services	540	1,158
	<u>56,497</u>	<u>44,089</u>

## THE ECONOMIST INTELLIGENCE UNIT LIMITED

### Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)

#### 2. Revenue (continued)

##### **Nature of goods and services**

The following is a description of the nature of the company's performance obligations within contracts with customers broken down by revenue stream, along with significant judgments and estimates made within each of those revenue streams.

##### *Research*

Research revenue is derived from the sale of subscriptions to the company's Country Analysis business which provides economic, political and business analysis and forecasts for over 200 countries in print and on-line formats. Revenue is recognised in the income statement on a straight-line basis over the subscription period. The subscription period is generally over a 12-month period though there are some instances of multi-year deals. In determining the transaction price, variable consideration exists in the form of discounts. Discounts reduce the transaction price on a given transaction. Subscriptions may be sold separately or purchased together in bundled packages. Subscriptions included in bundled arrangements are considered distinct performance obligations. Customer payments are generally defined in the contract as occurring shortly after invoicing though credit terms vary between markets.

Revenue generated from memberships relate to fees charged to members of the Economist Corporate Network and membership fees are recognised over time in accordance with the membership period set out in the contract. Revenue generated from the sale of second rights to EIU content is generally recognised over time as contracts permit customers to access content throughout the contract period.

##### *Marketing Services*

Marketing Services includes revenue derived from thought leadership and content solution sales. Revenue is recognised for marketing services over the period the services are provided, as performance occurs. The performance obligations are distinct, being deliverables issued or events held. Transaction prices for performance obligations are fixed within contracts and recognised in line with the performance obligations. Marketing services sold as part of a bundled arrangement along with the company's other product offerings are considered to be distinct performance obligations. The transaction price is allocated between distinct performance obligations on the basis of their relative standalone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing.

Sponsorship revenues relate to the sponsorship of events. Sponsorship revenue is recognised at a point in time when the event has taken place or when the film has been broadcast. Sponsorship sold as part of a bundled arrangement along with the company's other product offerings are considered to be distinct performance obligations. The transaction price is allocated between distinct performance obligations on the basis of their relative standalone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing and are often invoiced in advance of delivery in the case of events.

Sponsorship revenues also relate to the sponsorship of the company's corporate network and Executive Briefings and are recognised at a point in time when a meeting has taken place. Customer payments are generally defined in the contract as occurring shortly after invoicing.

Revenue generated from delegates relate to fees charged for attendance at the company's events and are recognised at a point in time when the event has taken place. Customer payments are generally received prior to the event taking place. Revenue generated from licensing the company's content and sale of second rights contracts are generally recognised over time as contracts permit customers to access our content throughout the contract period.

## THE ECONOMIST INTELLIGENCE UNIT LIMITED

### Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)

#### 2. Revenue (continued)

##### *Consulting*

Consulting revenues relate to the sale of economic, industry and management consulting services for clients operating in the Public Policy markets. Revenue is recognised for consulting services over the period of the contract, as performance occurs. The performance obligations are distinct, being deliverables issued or events held. Transaction prices for performance obligations are fixed within contracts and recognised in line with the performance obligations. Consulting services sold as part of a bundled arrangement along with the company's other product offerings are considered to be distinct performance obligations. The transaction price is allocated between distinct performance obligations on the basis of their relative standalone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing with invoicing scheduled around the timing of delivery of milestones.

##### **Contract balances**

Transactions within Consulting Services revenue streams generally entail contractually agreed billing schedules sometimes based on progress towards milestones. As the performance obligations within these arrangements are delivered at a point in time, the extent of accrued income or deferred income will depend upon the difference between revenue recognised and billings to date. Refer to note 16 for opening and closing balances of accrued income. Refer to note 18 for opening and closing balances of deferred income.

**THE ECONOMIST INTELLIGENCE UNIT LIMITED****Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)****3. Expenses by function**

	2022 £'000	2021 £'000
Conference costs	2,289	1,121
Distribution	13	10
Personnel benefit costs recharged (note 7)	15,047	13,071
Personnel related expenses recharged	784	346
Contract labour	4,549	3,763
Promotional costs	745	1,042
Depreciation of property, plant and equipment (note 12)	107	279
Amortisation of software and other intangibles (note 13)	637	764
Property and facilities	1,531	1,249
Technology and communications	430	262
Professional and outsourced services	4,402	2,328
Other general and administrative costs	9,226	9,582
Foreign exchange losses/(gains)	(51)	81
Other net (gains)/losses	640	(77)
	<u>40,349</u>	<u>33,821</u>

Within personnel benefit costs are reorganisation costs of £230,355 (2021: £115,000), comprising severance costs incurred relating to the restructuring of the business.

The audit fee is borne by the ultimate parent company, The Economist Newspaper Limited.

The audit fee for the audit of the company's financial statements was £58,500 (2021: £58,500). The non-audit fees during the year were £11,000 (2021: £10,500) in relation to a turnover audit for the Financial Conduct Authority.

**4. Income from other fixed asset investments**

	2022 £'000	2021 £'000
Dividend income from shares in Group companies	<u>8,083</u>	<u>19,102</u>

**5. Finance costs**

	2022 £'000	2021 £'000
Interest on defined-benefit pension scheme and post-retirement liabilities	<u>61</u>	<u>92</u>

**THE ECONOMIST INTELLIGENCE UNIT LIMITED****Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)****6. Tax on profit**

The taxation charge is based on the profit before taxation and comprises:

	2022 £'000	2021 £'000
<b>Current tax expense</b>		
UK corporation tax expense	3,184	1,755
Adjustments in respect of prior years	63	(18)
	<u>3,247</u>	<u>1,737</u>
<b>Deferred tax expense</b>		
Current year	5	175
Effect of change in tax rates on deferred tax	(33)	-
Adjustments in respect of prior years	(8)	(34)
	<u>(36)</u>	<u>141</u>
<b>Total tax expense for the year</b>	<u><u>3,211</u></u>	<u><u>1,878</u></u>
<b>Effective tax rate</b>	13%	6%

The UK corporation tax rate for the year is 19% (2021: 19%). The tax on the profit before tax differs from the theoretical amount that would arise using the UK tax rate for the reasons set out in the following reconciliation:

	2022 £'000	2021 £'000
Profit before taxation	24,170	29,278
Tax calculated at UK rate of 19% (2021: 19%)	4,592	5,563
<b>Factors affecting the tax charge:</b>		
Disallowable expenditure	133	(4)
Non-taxable intra-group dividend	(1,536)	(3,629)
Transfer pricing deemed interest on UK inter-company loans	-	(731)
Group relief surrendered for no payment	-	731
Other	-	-
Adjustments in respect of prior years	55	(52)
Effect of change in tax rates on deferred tax	(33)	-
<b>Total tax expense for the year</b>	<u><u>3,211</u></u>	<u><u>1,878</u></u>
<b>Other comprehensive income</b>	2022 £'000	2021 £'000
Deferred tax credit	<u>279</u>	<u>5</u>

**THE ECONOMIST INTELLIGENCE UNIT LIMITED****Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)****7. Staff costs**

The company has no direct employees but the cost of personnel who work in the EIU business are recharged from The Economist Newspaper Limited to the company. The following disclosures are provided as though they were employees of the company.

Particulars of personnel costs (including directors) are shown below:

	2022 £'000	2021 £'000
Wages and salaries	12,972	11,196
Social security costs	1,111	973
Other pension costs (note 17)	964	902
	<u>15,047</u>	<u>13,071</u>

The average number of persons performing work for the company during the year and therefore recharged to the EIU, analysed by category was as follows:

	2022 No.	2021 No.
Editorial	81	68
Sales and marketing	51	45
Other	38	45
	<u>170</u>	<u>158</u>

**8. Directors' emoluments**

	2022 £'000	2021 £'000
Aggregate emoluments	<u>497</u>	<u>426</u>

Three of the directors received emoluments in respect of their services to the company during the year (2021: three).

	2022 £'000	2021 £'000
<b>Remuneration of the highest paid director:</b>		
Emoluments	<u>452</u>	<u>386</u>

The highest paid director did not exercise any share options in the year and had no shares receivable under long-term incentive schemes. The highest paid director is a member of the Company's defined benefit pension scheme and had accrued entitlements of £71,554 (2021: £69,410) under the scheme at the end of the year. There is no accrued lump sum. Their deferred pension as at March 31<sup>st</sup> 2022 was £71,554 (2021: £69,410).

Of the remaining directors of the company, those who did not receive fees for services to the company are also employees of the Group and it is not possible to determine the time spent performing duties specifically for the company. The total level of compensation received by those directors was paid by other Group companies.

**THE ECONOMIST INTELLIGENCE UNIT LIMITED****Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)****9. Dividends**

	2022 £'000	2021 £'000
Interim dividend paid of £4,042,000 per share (2021: £22,718,000 per share)	<u>8,083</u>	<u>45,436</u>

The directors do not propose a final dividend (2021: £nil).

**10. Share-based payments**

The company's total charge recognised with respect to share-based payment transactions amounted to £nil (2021: £nil).

The total carrying value of share based payment liability is £nil (2021: £nil), analysed as:

	2022 £'000	2021 £'000
Current liabilities	<u>-</u>	<u>-</u>

The restricted share scheme (RSS) is for key employees who have been awarded a right to acquire ordinary shares of The Economist Newspaper Limited at a nominal price between one and six years after the date of the award. The Group has the discretion to pay out shares or cash on exercise. The vesting of restricted shares is dependent on continuing service over a two to four year period. The fair value of the shares granted under the RSS is determined using the share price at the date of grant. Participants are entitled to dividends during the vesting period and therefore the share price is not discounted.

	2022	Weighted	2021	Weighted average
	No. of	average fair value	No. of	fair value (£)
	options	(£)	options	
Outstanding at April 1 <sup>st</sup>	-	-	2,500	28.11
Exercised during the year	-	-	(2,500)	28.11
Outstanding at March 31 <sup>st</sup>	-	-	-	-
Exercisable at March 31 <sup>st</sup>	-	-	-	-

There were no share options outstanding at March 31<sup>st</sup> 2022 (2021: no share options outstanding).

**11. Investments**

	Shares in Group undertakings £'000	Interests in associates £'000	Total £'000
<b>Cost</b>			
At 1 April 2021	40,724	58,500	99,224
Additions	-	-	-
Disposals	-	-	-
At 31 March 2022	<u>40,724</u>	<u>58,500</u>	<u>99,224</u>
<b>Net book value</b>			
At 31 March 2021 and 31 March 2022	<u>40,724</u>	<u>58,500</u>	<u>99,224</u>

**THE ECONOMIST INTELLIGENCE UNIT LIMITED****Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)****11. Investments (continued)**

The company owns 100% of the ordinary share capital in Ryder Street Properties Limited (RSP), which did not actively trade in the year. The company is incorporated and registered in England and Wales. The company owns 100% of the equity share capital of data information intelligence GmbH, a German data information service company.

The Economist Intelligence Unit Limited also owns 40.2% of the ordinary share capital in The Economist Overseas (Holdings) Limited, an investment holding company incorporated and registered in England and Wales.

The company performs an annual review of the recoverable amounts of subsidiary investments. Following this review, the directors are of the opinion that the value of the investments are not impaired.

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries, the country of incorporation and the effective percentage of equity owned included in these financial statements at March 31<sup>st</sup> 2022 are disclosed below. All equity held is in ordinary shares. Unless otherwise stated the shares are indirectly held by The Economist Newspaper Limited.

<b>Company</b>	<b>Proportion held</b>	<b>Principal activity and operation</b>	<b>Country of incorporation</b>
data information intelligence GmbH <sup>1</sup>	100.0%	Information services	Germany
Economist (Shanghai) Management Consulting Company Limited <sup>2</sup>	0.5%	Publishing, events and information services	China
Ryder Street Properties Limited	100.0%	Dormant	United Kingdom
TEG Delaware LLC <sup>3</sup>	40.2%	Dormant	US
TEG India Private Limited <sup>4</sup>	99.0%	Events and media services	India
TEG Massachusetts, Corporation <sup>3</sup>	40.2%	Dormant	US
TEG New Jersey, LLC <sup>3</sup>	40.2%	Dormant	US
The Economist Group (Asia/Pacific) Limited <sup>5</sup>	0.5%	Events and information services	Hong Kong
The Economist Group (US Holdings) Limited	40.2%	Dormant	United Kingdom
The Economist Group do Brasil Serviços de Informação sobre Negócios Ltda <sup>6</sup>	1.0%	Business information	Brazil
The Economist Group GmbH <sup>7</sup>	40.2%	Investment holding company	Austria
The Economist Group Limited	100.0%	Business information	United Kingdom
The Economist Intelligence Unit Canback, LLC <sup>3</sup>	40.2%	Consulting services	US
The Economist Intelligence Unit Canback SA Proprietary Limited <sup>8</sup>	74.0%	Consulting services	South Africa
The Economist Intelligence Unit, NA, Incorporated <sup>3</sup>	40.2%	Events and information services	US
The Economist Newspaper (Asia/Pacific) Limited <sup>5</sup>	40.2%	Dormant	Hong Kong
The Economist Newspaper Group Incorporated <sup>3</sup>	40.2%	Publisher and management services	US
The Economist Newspaper, NA, Incorporated <sup>3</sup>	40.2%	Media services	US
The Economist Overseas (Holdings) Limited	40.2%	Investment holding company	United Kingdom

Unless noted, registered office is The Adelphi, 1-11 John Adam Street, London WC2N 6HT.

- Schwagrichenstrabe 8, 04107 Leipzig, Germany
- Rm 2508B, 1909-1910 Rui Jin Building, No. 205 South Mao Ming Road, Huangpu District, Shanghai, China 200020
- 750 Third Avenue, New York, NY 10017, USA
- 17, Subhash Marg, Darya Ganj, New Delhi 110002, India
- 1301, 12 Taikoo Wan Road, Taikoo Shing, Hong Kong
- Rua Joaquim Floriano 1052. cj. 81, CEP 04534-004, São Paulo, -SP, Brazil
- Gonzagagasse 17, 1010 Wien, Austria
- Inanda Greens Building 8, 54 Wierda Road, West Wierda Valley, Sandton, Gauteng, 2196, South Africa

**THE ECONOMIST INTELLIGENCE UNIT LIMITED****Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)****12. Property, plant and equipment**

	Equipment £'000
<b>Cost</b>	
At April 1 <sup>st</sup> 2021	1,404
Additions	15
At March 31 <sup>st</sup> 2022	<u>1,419</u>
<b>Accumulated depreciation</b>	
At April 1 <sup>st</sup> 2021	1,243
Charge for the year	107
At March 31 <sup>st</sup> 2022	<u>1,350</u>
<b>Net book value</b>	
At March 31 <sup>st</sup> 2021	<u>161</u>
At March 31 <sup>st</sup> 2022	<u>69</u>

**13. Intangible assets**

	Licenses & software £'000
<b>Cost</b>	
At April 1 <sup>st</sup> 2021	3,229
Additions	1,619
At March 31 <sup>st</sup> 2022	<u>4,848</u>
<b>Accumulated amortisation</b>	
At April 1 <sup>st</sup> 2021	1,260
Charge for the year	636
At March 31 <sup>st</sup> 2022	<u>1,896</u>
<b>Net book value</b>	
At March 31 <sup>st</sup> 2021	<u>1,969</u>
At March 31 <sup>st</sup> 2022	<u>2,952</u>

**14. Amounts due from group undertakings**

	2022 £'000	2021 £'000
Amounts owed by ultimate parent company	22,768	7,964
Amounts owed by group undertakings	2,026	4,410
	<u>24,794</u>	<u>12,374</u>

The amounts due from the ultimate parent company, The Economist Newspaper Limited, and group undertakings are unsecured, non-interest bearing and payable on demand.

**THE ECONOMIST INTELLIGENCE UNIT LIMITED****Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)****15. Deferred tax assets**

	2022 £'000	2021 £'000
Deferred tax assets	<u>842</u>	<u>768</u>

Substantially all of the deferred tax assets are expected to be recovered after more than one year.

Deferred tax assets and liabilities may be offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The recognition of the deferred tax assets is supported by management's forecasts of the future profitability of the business.

The movement on the deferred tax account is as follows:

	2022 £'000	2021 £'000
At April 1 <sup>st</sup>	768	904
Charge to the Income statement	3	(141)
Credit to other comprehensive income	39	5
Effect of change in tax rates	32	-
At March 31 <sup>st</sup>	<u>842</u>	<u>768</u>

The movement in deferred tax assets during the year is as follows:

<b>Deferred tax assets</b>	Retirement benefit obligations £'000	Other £'000	Total £'000
At April 1 <sup>st</sup> 2020	831	73	904
Charge to the Income statement	(166)	25	(141)
Credit to other comprehensive income	5	-	5
At March 31 <sup>st</sup> 2021	<u>670</u>	<u>98</u>	<u>768</u>
(Charge)/credit to Income statement	(1)	4	3
Credit to other comprehensive income	39	-	39
Effect of change in tax rates	-	32	32
At March 31 <sup>st</sup> 2022	<u>708</u>	<u>134</u>	<u>842</u>

Other deferred tax assets include temporary differences on LTIP awards of £12,000 (2021: £26,000), capital allowances of £10,000 (2021: £10,000) and other provisions of £62,000 (2021: £62,000).

**THE ECONOMIST INTELLIGENCE UNIT LIMITED****Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)****16. Trade and other receivables**

	2022 £'000	2021 £'000
Trade debtors	1,078	1,061
Social security and other taxes	20	20
Other debtors	-	1
Accrued income	229	105
Prepayments	523	589
	<u>1,850</u>	<u>1,776</u>

**17. Retirement benefit obligations**

	2022 £'000	2021 £'000
Defined-benefit pension scheme obligations	2,559	2,999
Post-retirement medical benefit plan	466	523
	<u>3,025</u>	<u>3,522</u>

**Pension scheme**

The company is a member of The Economist Group Pension Scheme (UK Group Scheme) which provides defined benefits. On March 31<sup>st</sup> 2020 the scheme was closed to remaining employees.

Details about the assets and liabilities of the scheme, the major assumptions used by the actuaries to value the deficit, the funding deficit in the scheme and the risks the company is exposed to through the scheme are included in the consolidated financial statements of The Economist Newspaper Limited. The company accounts for its share of the underlying assets and liabilities of the scheme. The company's share of the total scheme deficit was assessed at 20% by an independent actuary. The calculation of the liability for the company is based on membership records of retirees, deferred and active members.

The UK Group Scheme was closed to new members on December 31<sup>st</sup> 2002 and closed to remaining employees on March 31<sup>st</sup> 2020.

The company's employees also participate in The Economist Group Pension Plan, which is a defined contribution scheme.

The most recent full actuarial valuation of the UK defined-benefit scheme was at January 1<sup>st</sup> 2021, and a deficit of £95,900,000 was identified. As at March 31<sup>st</sup> 2022 there was a deficit, on an IAS 19 basis, of £12,794,000 (2021: £14,996,000 deficit). The level of this surplus/deficit may change each year. Further information about the assets and liabilities of the UK defined-benefit scheme, the major assumptions used by the actuary and the implications of the deficit can be found on pages 130 to 135 of the financial statements of The Economist Group Annual report 2022.

The total pension costs in the year of £964,000 (2021: £902,000) reflect costs relating to both the UK defined benefit and defined contribution schemes. In 2020 a restructuring included the closure of the scheme to future accrual for active entitlement and ceasing the link to future salary increases, the rebasing of deferred revaluations and pension increases from RPI to CPI inflation and an increase to the cap on which future inflationary increases apply to 5%.

**THE ECONOMIST INTELLIGENCE UNIT LIMITED****Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)****17. Retirement benefit obligations (continued)**

	2022 £'000	2021 £'000
Defined-benefit pension scheme	70	70
Defined-contribution pension scheme	894	832

No contributions (2021: £nil) were accrued in respect of defined contribution schemes at the year end.

**Other post-retirement benefits**

The Economist Group also has a post-retirement medical benefit plan (PRMB) which is unfunded but is accounted for and valued similarly to defined-benefit pension plans. At March 31<sup>st</sup> 2022, 11 (2021: 11) retired employees were eligible to receive benefits.

The present value of the PRMB is:

	£'000
At April 1 <sup>st</sup> 2021	523
Interest charge	11
Credit to the Statement of comprehensive income (net of deferred tax)	(8)
Utilised in the year	(60)
At March 31 <sup>st</sup> 2022	<u>466</u>

These liabilities were confirmed by a qualified independent actuary. The principal assumptions used in estimating this obligation are healthcare premium cost escalation of 6.00% per year (2021: 6.00%) and a discount rate to represent the time value of money of 2.80% (2021: 2.15%). Actual premiums paid are being set against this provision, which is periodically assessed for adequacy.

**18. Trade and other liabilities**

	2022 £'000	2021 £'000
Accruals	5,696	4,128
Deferred income	753	1,006
Other liabilities	184	140
	<u>6,633</u>	<u>5,274</u>

**19. Amounts due to group undertakings**

	2022 £'000	2021 £'000
Amounts due to group undertakings	<u>98,936</u>	<u>99,198</u>

Amounts due to group undertakings includes a loan of £93,892,000 (2021: £93,892,000) from The Economist Group (Investments) Limited (EGIL). The loan is repayable on demand and is unsecured. EGIL waived its right to interest on the loan for the years ended March 31<sup>st</sup> 2021 and 2022. There are other unsecured and repayable on demand amounts owed to Group undertakings amounting to £5,044,000 (2021: £5,306,000), some of which are interest bearing.

**THE ECONOMIST INTELLIGENCE UNIT LIMITED****Notes to the financial statements for the year ended March 31<sup>st</sup> 2022 (continued)****20. Called up share capital**

	2022	2021
	£	£
Allotted, authorised and fully paid: 2 (2021: 2) ordinary shares of £1 each	2	2

**21. Related party transactions**

Two (2021: two) directors received fees for services to the company during the year: J A Bowler £14,663 (2021: £11,997) and A M Ross £30,064 (2021: £28,283). These are disclosed within note 8 Directors' emoluments.

There was an intragroup dividend of £8,083,000 received from The Economist Overseas (Holdings) Limited (2021: £19,102,000).

**22. Ultimate parent company and controlling party**

The immediate parent company is The Economist Newspaper (Holdings) 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 Economist Group Annual report 2021 can be obtained from The Adelphi, 1-11 John Adam Street, London WC2N 6HT or viewed at [www.economistgroup.com](http://www.economistgroup.com). This is the registered office of the immediate and ultimate parent companies. The Economist Group consists of The Economist Newspaper Limited and its subsidiary undertakings.