The Economist Group

2020–21

We pursue progress for individuals, organisations and the world.

Annual report

economistgroup.com

We've made some changes to the way we report

We want to continue to give our shareholders and other stakeholders a transparent and meaningful account of our progress and performance – including through the continuous improvement of our annual report. In our strategic report this year, we aim to give a clearer picture of our financial performance, our strategic direction and the way our business is structured, as well as a stronger sense of our culture and values, including our approach to sustainability. In our governance report, we include the Board's review of our application of the Wates Principles and discuss our relationships with stakeholders by reference to the directors' duty under s172 of the Companies Act. We welcome feedback from all stakeholders.

Paul Deighton Chairman

The Economist Group exists to champion progress.

We do this by helping people understand and tackle the critical challenges facing the world.

Our expertise, insights and perspective enable individuals and organisations to make sense of these challenges and chart a course through them.

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Our editorial review recalls a year like no other as *The Economist's* journalists produced rigorous coverage of the covid-19 pandemic, the US elections, climate change and more. At the same time, as our business leaders describe, we built on our ability to develop and deliver actionable insights...

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...while achieving a strong financial performance, and managing and mitigating risk. We also nurtured the long-term health of our Group by fostering a diverse and inclusive culture and weaving sustainability into the fabric of our strategy.

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...including clear statements of our financial performance.

Enabling progress through four core brands – with one standard of excellence…

The Economist Group

The Economist produces rigorous, independent journalism, **explaining today's world and seeking to discern tomorrow's.**

Read more on page 14

Economist Intelligence combines data, analysis and forecasting to **guide informed decisions by businesses and policymakers**.

Read more on page 22

The Economist | ECONOMIST INTELLIGENCE
ECONOMIST IMPACT | ECONOMIST EDUCATION

Economist Impact **empowers businesses, governments and foundations to catalyse change** through research, events, advertising and partnerships.

Read more on page 26

Economist Education offers courses written by expert practitioners, **prepares US students for graduate school and gives executives the tools to advance their careers in a globalised world.**

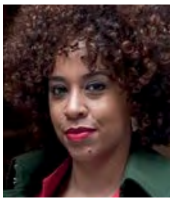
Read more on page 21

"I came for the brand but I stayed for the people."

Hubert Miernik
Associate director of creative strategy, North America

...everywhere we work

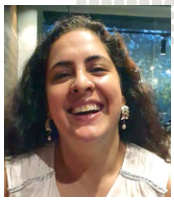
25 offices in **14** countries **1,379** colleagues



We are truly a global advertising team, and each day is charged with dynamic collaboration. Over the five years since I started, we have consistently broadened, with the evolution of the online digital advertising space.
Jennifer Ferreira
Global advertising operations manager, New York

As global communications director, I have the privilege of working closely with our editorial colleagues to place them and their work across external media. It is the smart, global and thoughtful products and people that make The Economist Group a special and fantastic place to work.
Holly Donahue
Director, communications, London

Through our programmes of events and briefings, we provide insights on anything and everything that matters to the private, public and not-for-profit sectors, and we are always armed with all the superb data and content produced by our global team.
Robert Willock
Network director, Dubai



I am proud to say that I work for a brand that truly believes in diversity and inclusion, led by two strong women, our CEO and editor-in-chief. I have worked on some great integrated programmes which have not just increased my horizon but also provided me with interesting insights, global exposure and a lot of fun-filled moments.
Aatisha Dewan
Programme manager, EMEA, Gurgaon

Financial highlights

The year ended with The Economist Group in a strong position to pursue long-term sustainable top-line growth

Read more on page 70

£41.8m

▲ adjusted operating profit* (2020: £32.9m)

£310.3m

▼ revenue (2020: £320.3m)

155.3p

▲ adjusted earnings per share* (2020: 110.0p)

83.8p

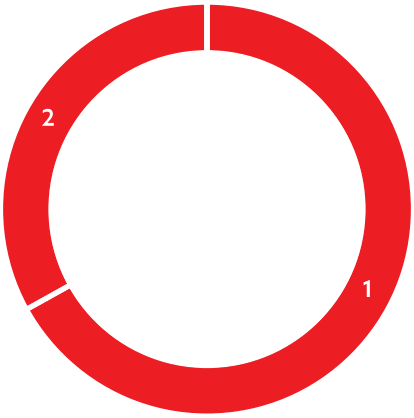
▼ basic earnings per share (2020: 106.5p)

100p

▲ dividend (2020: 40p)

£25.00

▲ indicative share value (2020: £23.00)



Group revenue breakdown	£m
1 Subscriptions	209.5
2 Advertising, research and other	100.8

*Adjusted operating profit and adjusted earnings per share are defined in note 1 to the financial statements (see page 83).

Progress comes through actions led by evidence.

In this section

Strong performance in a year of transformation.

This annual report begins with a "thank you". It has clearly been an exceptionally challenging year for everyone at The Economist Group, as it has for our audiences and all our stakeholders. Yet despite all the upheaval and the personal toll that covid-19 has taken on many of us, people across the Group have gone to extraordinary lengths to stay true to our values and to keep providing our readers and clients with actionable insights at a time when they've needed them most.

They have done so when, alongside all the demands of the pandemic, we have also transformed the structure of our business for the better. And they have delivered outstanding results. The Group's full-year adjusted operating profit of £41.8m has exceeded all expectations, £8.9m or 27% up on last year. It shows that our strategy is driving the standards of excellence in our business performance that have always characterised our editorial. Everyone involved, in every part of the business, deserves great credit.

> "These strong results show that our strategy is driving the standards of excellence in our business performance that have always characterised our editorial."

Transforming the business for long-term growth

Lara, our CEO, will describe our strategic restructuring further in her letter, but I would like to underline how important, and how successful, it has been.

Our aim was to reposition our businesses strategically and leverage investment in order to drive top-line growth in the coming years, while at the same time weaving sustainability, diversity and inclusion further into the Group, as described on pages 30-35. We now have a dynamic leadership team in place, and a new matrix organisational structure that means we can work far more collaboratively, giving us greater pace

and momentum. The partnership between Lara and Zanny, our editor-in-chief, has been extremely powerful: while their relationship always respects the absolute independence of editorial, between them they bring extraordinary energy and focus to ensuring a successful future for The Economist Group.

A year of rapid adaptation and subscriber growth

Each of our business units provides a summary of its performance on pages 18-29 of this report. It is clear that over the year as a whole, subscription-based businesses were more profitable than client-led businesses. *The Economist* saw record subscription growth, climbing 9% to 1,122,000. The EIU's contribution grew by 3% compared with last year, with a notable 92% subscriber retention rate and a 44% growth in new business.

But while it is true that the circumstances of the pandemic drove strong demand for the analysis and insights of our editorial and research, it is also the case that our Client Solutions and Economist Events businesses adapted rapidly to the unprecedented conditions. Economist Events pivoted to digital delivery for all but one of its record 171 events last year, and digital proved the most robust part of the advertising market – both trends supporting our continued investment in digital.

We know that much of the profit improvement from last year was driven by reduced costs, including lower marketing expenditure, and our decision to close two loss-making businesses, TVC and Canback, sadly leading to a significant number of redundancies. We believe that the transformation of the business, however, will unlock growth potential over the longer term.

Strengthening our balance sheet to support future growth

The top-line growth we want to achieve must rest on a sound financial position, and we have taken significant steps to that end this year. Net debt before lease liabilities at the end of the year amounted to £2.1m, compared with £86.2m last year, with the majority of this repayment resulting from the sale of our stake in FiscalNote, which delivered proceeds of $72m in December 2020.

Last year, the Board reluctantly decided that it had to suspend the dividend given the high level of debt we were carrying and our concerns about the possible impact on the business of the covid-19 pandemic. Thanks to a mixture of a vibrant news environment, the sale of our stake in FiscalNote and the excellent management of Lara and her leadership team, we were delighted that the Group performed better than we had feared when we took this decision. The Board is therefore now proposing a final dividend of 100p per share, both to recognise the fact that no dividends were paid since the interim dividend of FY20 and to reflect this improved business performance.

A commitment to transparent reporting

I'd like to end as I began, with a thank you. I'm grateful to our shareholders for supporting us through our transformation as a business, and for their insight and advice over the last year. This annual report is in part a reflection of that dialogue, as we have changed the way we report with the aim of making our strategy and structure clearer, highlighting our opportunities and challenges, and giving a transparent picture of both our performance and our governance. I look forward to hearing your feedback.

Paul Deighton Chairman

From the chief executive

Standing for progress. Embracing change. Delivering strong results.

The Economist Group stands for progress.

We provide trusted information, analysis, data and expertise that help people and organisations understand and tackle the critical challenges facing the world ahead. And in this turbulent year, providing actionable insights has never been more important.

Thanks to the extraordinary efforts of colleagues across the Group, we have been able to keep serving readers, clients and partners throughout the disruption caused by covid-19. The resilience and adaptability that colleagues have shown this year is reflected in our strong business performance.

"We have a clear opportunity: to build on the excellence of our content and the strength of our brands, ensuring that the same standards of excellence apply to everything we produce, and to how we deliver it."

Our operating profit of £41.8m, a 27% increase year on year on an adjusted basis, has been driven by significant progress in retaining and acquiring subscribers, attracting new clients and partners, increasing operational efficiency, and rapidly developing our digital offering. This was achieved despite the inevitable pandemic pressure on our revenues in our client-led, marketing-focused business lines.

And this solid profitability is underpinned by much-improved balance-sheet strength, with significantly reduced net debt. Between them, our strong performance and reduced balance-sheet constraints give us the platform to continue with our transformation of the business – an ambitious multi-year programme that will drive sustainable growth for the Group and ensure the future of *The Economist's* journalism, which spearheads our pursuit of progress.

Transforming what we offer. Transforming how we deliver. Transforming how we work

Our strategy is designed to deliver Group-wide sustainable top-line growth so that we can keep championing progress for our readers and clients and create value for all our stakeholders. We have a clear opportunity: to build on the excellence of our content and the strength of our brands, ensuring that the same standards of excellence apply to everything we produce, and to how we deliver it. That will enable us to provide new and more integrated digitally-led propositions to our customers, and to reach new audiences. In the last year we've taken significant strides towards transforming the business so that we can unlock that opportunity.

We have continued to simplify and restructure the Group. The business reviews on pages 18-29 explain how we have developed four core, customer-facing brands – *The Economist*, Economist Intelligence, Economist Impact and Economist Education, our fledgling education business which this year is included in *The Economist's* business review – which will help us better describe and differentiate our offer in the market. At the same time, we have been improving how we work – with each other, with our clients and partners – as well as how we communicate with our shareholders. We have continued to strengthen the Leadership Team, and built a matrix organisational structure to break down silos and bring together the best expertise from across the Group. New centres of excellence are driving rapid progress at pace in areas such as product management, technology development, sales and marketing, as well as in the evolution of our business culture. Our cross-functional, 30-strong Economist Sustainability Group, for example, led the development of our new carbon-reduction plans, described on pages 30-33, which weave sustainability into our growth strategy. Our Talent team is driving our progress on making the Group a more equitable, diverse and inclusive place to work – an area where we know we need to do more, as described on pages 34-35.

We have also harnessed this cross-functional approach to one of the most critical elements underpinning our vision for the future: delivering a digital customer experience across all our products that is worthy of The Economist brand. We made a significant capital investment in our new Future Customer Experience (FCX) platform, which launched on schedule in December and is already improving customer retention, increasing the efficiency of our customer acquisition, and helping us launch new digital offerings at pace. Continued investment in FCX and our digital products remains at the heart of our strategy, and a focus for the year ahead. The governance put in place over our significant capital-investment programmes last year is ensuring business requirements are met and that progress is monitored.

A stronger business, with an ambitious vision

While we end the year a stronger business than we began it, it is clear that the last 12 months have been highly unusual, and at times very difficult. Colleagues and business partners everywhere had their working and family lives disrupted. Necessary cost savings had an impact, and a significant number of people left the business during our restructuring. Before we strengthened our balance sheet, notably through the sale of our stake in FiscalNote, we were also unable to pay an interim dividend to our loyal and supportive shareholders. And there is still uncertainty about how the world will emerge from the pandemic, and how that will affect our business in the coming year.

Some of the headwinds we faced this year – especially in advertising and events – will ease. But by the same token, we cannot always rely on the repeat of this year's news agenda, which helped deliver record growth in subscriber numbers, nor this year's significant reductions in costs. That makes it all the more important that we continue to focus on top-line growth that is truly sustainable in the long term – which means continuing to invest in delivering indispensable products that delight our existing readers and clients, appealing to new ones, and maintaining our momentum in transforming the business while holding true to our purpose of enabling progress through all that we do.

Lara Boro Chief executive

From the editor-in-chief

The severe contest intensifies.

This has been a year like no other. Organisations everywhere have been challenged and transformed by the pandemic, and *The Economist* is no exception. Journalistically, the tumult has been without parallel in our lifetimes. The covid-19 crisis has not only brought suffering on a global scale, it has accelerated technological innovation, reshaped the corporate landscape, strained geopolitics and led to fundamental changes in the relationship between the state and markets. The liberal values that this newspaper has championed for 178 years have been at stake in searing ways: a long-overdue spotlight on racism after George Floyd's murder; an assault on American democracy; the systematic dismantling of democratic institutions from Hungary to Hong Kong.

"The liberal values that this newspaper has championed for 178 years have been at stake in searing ways."

Our task was to make sense of this turmoil for our readers: to analyse what was happening and assess what it meant for the future. And to do so while championing the free markets and open societies we have stood for since James Wilson founded *The Economist* to engage in the "severe contest" between "intelligence, which presses forward, and an unworthy, timid ignorance obstructing our progress".

Independence at the core

I am proud of how my colleagues rose to that challenge. Our journalism has shown the strengths that distinguish *The Economist*: rigour and expertise (how many news organisations can count two brilliant bioscientists on their science team?); the global perspective that a network of more than 50 foreign correspondents brings; data-driven and fair-minded analysis; the ability to connect dots between business, technology, economics and geopolitics;

all underpinned by the values of classical liberalism and by true independence. From a cover highlighting China's torment of the Uyghurs to analysis of the debate around transgender rights, we have tackled sensitive subjects, confident that editorial's only fealty is to the facts and our founding mission. In an era of fake news and political polarisation, that independence is a precious asset.

Continuity of values should not prevent an organisation from evolving. The year has seen tremendous change within *The Economist*. Three broad areas stand out. First, remote working has prompted a rethinking of how we produce our journalism, often for the better. Holding editorial meetings on Zoom allows our global network of correspondents to take part as equals. We are likely to retain a hybrid model of office/home work. Adversity accelerated innovation: we stopped printing *1843* magazine and moved it onto *The Economist*'s website and app. Under Rosie Blau's outstanding leadership, it has become a superb, widely read complement to the newspaper's analysis, winning five prizes for excellence last year.

Second, the diversity of our editorial staff. Global conversations about race led us to look at our own shortcomings. From eight new entry-level fellowships to an overhaul of our hiring practices and training, we have intensified our efforts to attract colleagues from the broadest range of backgrounds, and have made some welcome progress. This is not a one-year wonder. An editorial staff that is diverse in all manner of ways – gender, race, socioeconomic background, nationality, ideological disposition – will lead to richer debate and better journalism.

Digital first

Third, our digital transformation has accelerated dramatically. For some time our journalism has flourished on outside platforms: Economist Films has almost 2m subscribers on YouTube; our podcasts attract more than 3m listeners a month; our social-media channels have 56m followers. Yet our own digital products, particularly our apps and website, were laggards. That is now changing fast. The Group's commitment to faster product investment, outstanding new tech and product leadership and intensive collaboration between the editorial and business sides of the Group will ensure a rapid improvement in our digital capabilities. This is essential to our future: the majority of our new subscribers are now digital-only.

Reinventing Economist journalism for a digital-first world is our biggest challenge for the coming years. We need to be clear about what makes us stand out: insight not instant news; quality, not quantity; rigour and wit. And we will need to provide our journalism to our subscribers in a form and at a cadence that suits them. For some that will still be the weekly read; for others it may be a constellation of podcasts. The opportunities are tremendous, and we are determined to make the most of them.

Zanny Minton Beddoes
Editor-in-chief

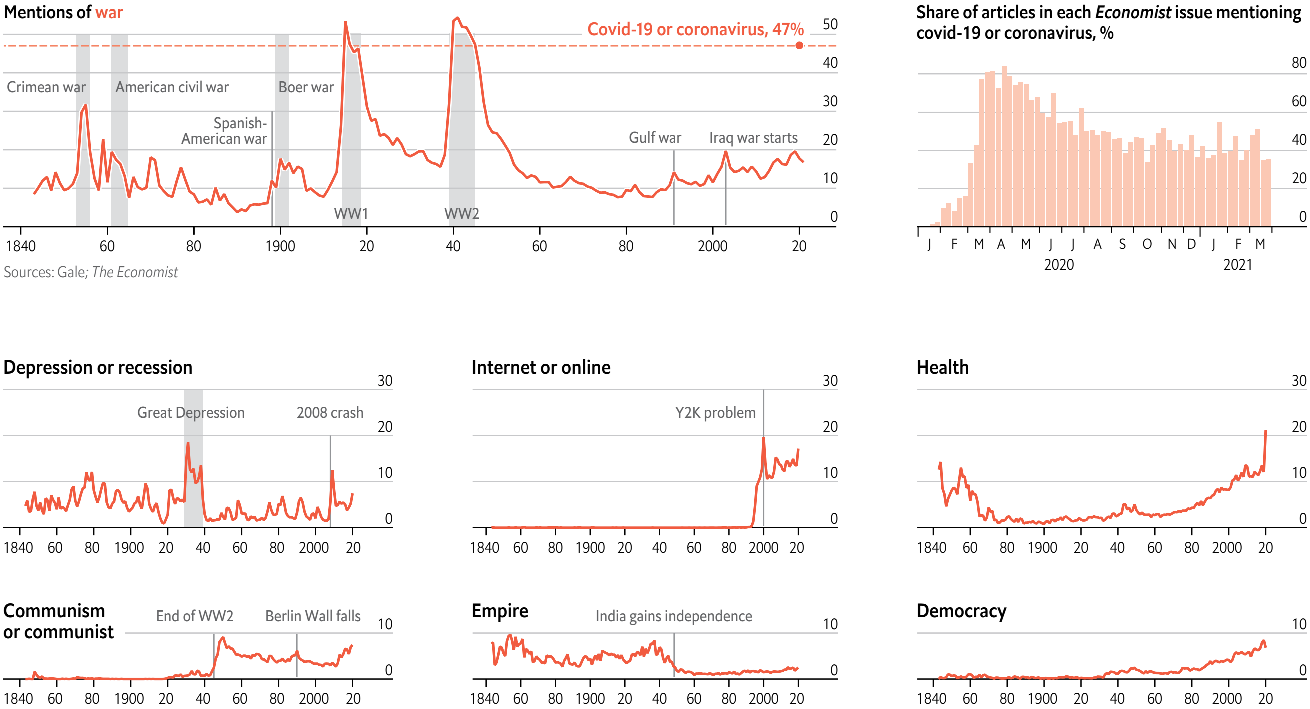
Story of our times

> "A tumultuous American election offered a chance to show what co-ordinated multi-media journalism could do."

Two huge stories stood out during the year: covid-19 and American politics. The pandemic, in particular, pervaded our pages. In the history of *The Economist*, only the two world wars rival it for dominance of our coverage, judging by the share of articles using certain keywords (see charts). Between April 2020 and March 2021 we had no fewer than 15 covers directly on the science, economics and political fallout of the pandemic.

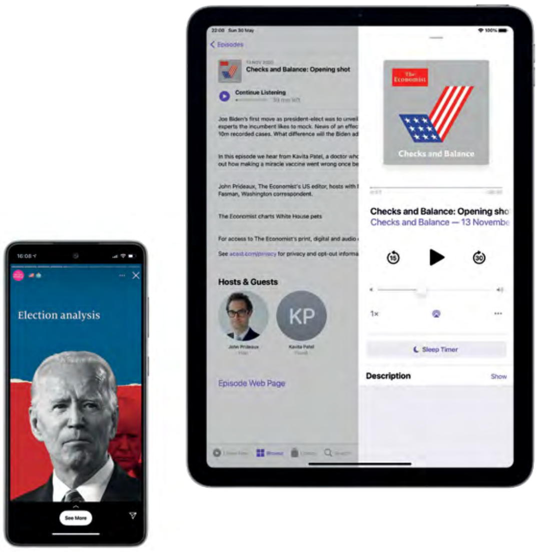
War v covid

Share of articles mentioning keyword in each year in *The Economist*, %



The covid-19 pandemic has dominated news coverage more than any other topic since the second world war.

We featured great science journalism – ahead of the curve on the potential for entirely new vaccines – and painted the big picture of the role of viruses in evolution and RNA medicine. We tackled the geopolitics of the pandemic as well as its economic impact and its implications for the role of the state. We looked at how autocrats and would-be autocrats took advantage of covid-19 to seize emergency powers and stifle dissent. We also asked why governments were messing up, and what they got right. In Britain's case this meant tracking Boris Johnson's covid roller-coaster: the prime minister first oversaw the country with the worst death-rate in the world last summer and again in January, then launched the fastest vaccine rollout in the world after Israel and the UAE.



Checked and balanced

A tumultuous American election offered a chance to show what co-ordinated multi-media journalism could do. Readers were gripped. In the week of the election itself, traffic to our website reached nearly twice the level of the previous 12-week average.

The usual weekly reporting covered the tense race, the George Floyd protests, the Capitol riot and Donald Trump's second impeachment. We launched a weekly newsletter and podcast, both called "Checks and balance"; the podcast had over 17m downloads last year. A number of films took deep dives into key issues. And under the expert guidance of Elliott Morris of the data team, we produced our first-ever statistical forecast of a presidential election – explaining the methodology through Twitter threads, Instagram posts and a 1,300-comment question-and-answer string on Reddit. It generated 20m views, more than all our other election stories combined.

China, climate change and more

Beyond covid and American politics, the world did not stop. We grappled with the deepening rivalry between America and China. This was the subject of several cover stories. The common thread was an acknowledgment that China was a threat, even as we urged both camps to limit the retreat into their bunkers.

Climate change was another big theme – partly because the pandemic showed dramatically how the world can be undone by a natural catastrophe on a planetary scale. Our coverage went beyond lamenting the fact that the disaster exists at all, instead working hard on ideas that would help mitigate it. Our future-gazing summer supplement, *The World If*, focused entirely on climate scenarios.

In any normal, non-pandemic year, other stories might have loomed larger. Brexit rumbled on, with its consequences for Britain's unity and Northern Ireland's peace. We wrote about how Black Lives Matter was seen in countries with deadlier cops than America's. We tackled social issues, such as happiness, exams and coming out as gay in different parts of the world. As tech changes more and more industries, our journalists kept pace, with covers on the Robinhood day-trading mania on Wall Street and the rise of Ant Group, China's controversial fintech giant. And we found time for lighter topics, from the craving for touch to the globalisation of hipsterdom.

Beyond Zoom

Editorial meetings may have switched to Zoom, but, despite covid travel restrictions, our journalists got into inaccessible places to inform readers about the jihad in Mozambique, the coup in Myanmar and the felonious fishing trade. They were often close to the action, sometimes uncomfortably so. Gregg Carlstrom's apartment in Beirut was badly damaged by the huge explosion at its port in August – but he still managed to file a superb report.

Online, we upped our tempo and our game in an effort to reach readers when our analysis of the news is most relevant to them. We opened up to more voices in "By invitation" columns on themes from racial justice to regulating Big Tech. And we had an extra, personal dimension, thanks to the integration of *1843* magazine into Economist.com. Our coverage of the torment of the Uyghurs in Xinjiang, the subject of a searing cover story in the paper, showed how well this can work: online we also carried a brilliant *1843* piece, nominated for an "Ellie" award by the American Society of Magazine Editors, on China's intimidation of Uyghurs in exile, the result of months of reporting on the diaspora in Britain.

Covid-19 has accelerated change in many areas. Our journalism was no exception. In a pandemic year, it was faster, fuller and as energised as ever.

"The week of the election itself, traffic to our website reached nearly twice the level of the previous 12-week average."

20m views

our first-ever statistical forecast of a presidential election

Coverage in a time of covid-19

The pandemic has had a huge impact on our correspondents. Take those in China. In March 2020 the government cancelled the border-crossing rights of all existing visas. Foreign-journalist visas regained their entry-exit rights only in May 2021, many months after business people. Leaving China remains complicated and risky, however – anyone catching covid-19 while abroad is barred indefinitely from returning, and all must undergo hotel quarantines. David Rennie, our Beijing bureau chief, has not seen his wife, who works in Washington, DC, since December 2019, and he last saw his teenage son in June 2020 when he left Beijing to go to university in England. Stephanie Studer, also in Beijing, has managed to see her fiancé for just two and a half weeks over the past year, during a heavily quarantined visit that took months to arrange.

At the height of the lockdown any reporting trip outside Beijing triggered two weeks' home quarantine. David did this three times in order to report from outside the capital. The authorities also use the threat of putting reporters into two weeks of local quarantine to force them to leave areas. That has been done to David in Hunan, Henan and Jilin provinces.

At first our Brazil correspondent, Sarah Maslin, feared being a vector for an invisible illness that could kill the sources she was trying to help by telling their stories. But it became clear as the months went on that there was little hope for flattening the curve in Brazil, that people were dying of hunger in addition to covid-19, and that as a journalist in one of the world's most chaotic epidemic hotspots, she had to get out there. After recovering from a (luckily mild) bout of covid-19, she took several trips to the Amazon to write about the aftermath of the first wave. Then she covered the trauma as Manaus was hit by a second wave in January, with a new variant that threatened even those who'd been ill the first time around.

In London, Jason Palmer presented "The Intelligence" daily podcast from his lockdown studio – a clothes cupboard. The show took listeners to hear Alexei Navalny on the plane back to Russia, explained the GameStop saga and explored the history of haggis. It had over 134m downloads in the past year.

Our core covid-19 correspondents were kept relentlessly busy. Slavea Chankova brought invaluable expertise as a former health-policy consultant. One of our data journalists, Sondre Solstad, did pioneering work on the true scale of covid-19 infections and deaths. Natasha Loder, our health-policy editor, and Alok Jha applied deep scientific knowledge and co-hosted "The Jab", a popular pop-up podcast on the pandemic. Oliver Morton skilfully wove together our longer pieces. And Ed Carr, the newspaper's deputy editor, co-ordinated the coverage masterfully.

A memorable moment came in the middle of a Monday editorial meeting in November, when news broke of the clinical-trial results for the Pfizer BioNTech vaccine. Natasha's instant reaction to everyone on the Zoom call was two words. The first is not suitable for an annual report. The second was: "amazing". The same can be said of our covid team.

Innovation and adaptation: how we're serving subscribers' hunger for rigour and depth.

***The Economist* makes sense of fast-moving global stories – and its insights and analysis have never been more urgently needed. By enhancing our customers' experiences and transforming our digital offering, we've set out to make our business delivery as excellent as our journalism – and driven record subscriber growth.**

Bob Cohn
President/managing director,
The Economist

Compelling coverage. Innovative marketing. Record subscriber growth

In times of crisis, the demand for a clear and trusted voice is never greater. As the covid-19 pandemic swept the world, our journalists rose to the challenge, helping audiences make sense of the many dimensions of a fast-moving global story. While the newsroom surrounded the topic with trademark intelligence, depth and analytical rigour, the business teams set out to ensure that this essential coverage was finding the largest-possible paid audience.

The so-called covid bump, combined with tailwinds from the US elections and the work of newly energised teams from marketing, product and data, propelled us to record subscription growth. The year closed with 1,122,000 subscribers to the core *Economist*, a gain of 90,000 over FY20. It was the largest-ever increase in a single year. Buoyed by these volumes, revenue to *The Economist* climbed 6%. The growth in subscribers, combined with lower acquisition marketing expenditure, significantly increased our contribution to Group profit.

"As the world started spending more time on Zoom, we introduced subscriber-only video events as an experiment. They proved instantly popular, drawing not just huge sign-ups from our customers but also engagement levels that surprised us. We would get thousands of questions submitted, and then Twitter would light up with subscribers commenting on what they were watching."

Joanna Marioni
Head of customer in-life marketing

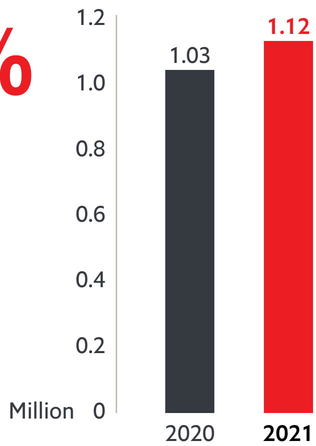
56m

social-media followers
(+5m v FY20)

At a glance
1,122,000 subscribers (+9% v FY20)
+90k record annual subscriber growth
+6% revenue
+8% average revenue per subscriber
56m social-media followers (+5m v FY20)

Subscribers

+9%



Behind the overall subscriber numbers are a cluster of stories that illustrate the scale of change under way. One area of real improvement was retention, where we significantly boosted the trial conversion and one-year retention rates. Key to this movement was a campaign to save customers who intended to cancel their subscriptions. By offering these subscribers the opportunity to speak by phone or live-chat with customer-service agents, we were able to drive up the cancel-save rate. Our retention work also benefited from a new programme of subscriber-only content, like our behind-the-scenes newsletter, "Cover Story", and a new webinar series. One event, a conversation between Bill Gates and our editor-in-chief, Zanny, drew some 24,000 subscribers over Zoom.

The marketing team landed on innovative ways to do more with less. While we reduced acquisition-marketing spend significantly year-on-year, we signed up 9% more subscribers. Driving that success was a tripling of special campaigns, from four to 12, pegged to moments like back-to-school, end-of-year holidays and International Women's Day. We also improved the way we communicate with our audiences already in the family – newsletter recipients, registered users and lapsed customers – increasing the conversion rate to subscriber and demonstrating this can be a growth opportunity for the future. Social media continues to be the strongest channel for acquisition, though when it comes to converting readers to subscribers, nothing beats the power of our own journalism, as measured by the number of readers who travel directly from an article page to the subscription-purchase page. That's why subscriptions rise when we see an increase in visitors to the site.

Transforming our digital offer. Transforming our customers' experience

Perhaps the biggest change last year came in the product space, where we built out a team to focus on user experience and new digital offerings. First up were critical improvements to Economist.com to boost user engagement. Much of this was essential catch-up work, reducing friction and positioning us for future growth. Next came key upgrades to our morning news briefing as well as to the content-management system and the flagship app, projects that continue into this year. Along the way we introduced four new newsletters and a new podcast, "The Jab". The full value of all this work was unlocked by a new ethos that puts data, testing and research at the centre of a customer-focused culture.

Nothing epitomises this culture more than the Future Customer Experience, a platform that we conceived, built and launched (phase one) last year. The scale and ambition of the work was at times daunting, involving scores of colleagues and putting our engineering, tech and business teams to the test. The task continues this year as we open the platform, phased by geography, to all new subscribers, and we migrate existing digital+print customers. At completion later this year, FCX will greatly improve the way we acquire, retain and serve our subscribers, providing uplift to nearly all aspects of the business.

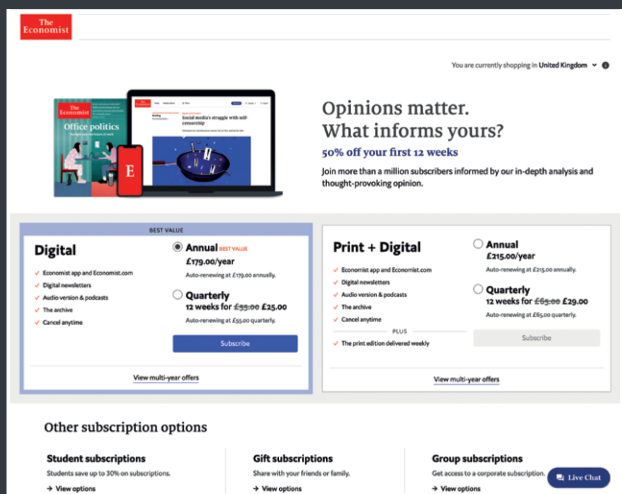
"The project began with the recognition that our customer experience did not match our exemplary brand. The Group had made attempts to fix it – but they had not gone far enough. We wanted to implement a new technology stack, change our business processes and move to a new customer-services provider. That required the efforts of a multidisciplinary team made up of internal staff and external partners, all delivered remotely during a pandemic. We now have a platform we can keep building on in the future, doing justice to the strength of our brand and giving us the ability to innovate."

Claire Overstall
SVP, customer and operations

Outside the core, we focused on a number of exciting new initiatives. We spent the second half of the year creating a new executive-education offering, a collaboration with the newsroom and an outside education-technology company – an experiment in further extending our brand beyond our journalism, described on page 21. We likewise worked to reinvent two existing business lines. We conducted research and testing aimed at revamping Global Business Review, our native-language app in China. And for our Group Subscriptions business-to-business division, we brought in new leadership, devised a fresh sales strategy and set an ambitious growth trajectory.

Adapting fast in a year of surprises – and challenges

For all the progress, the year presented real challenges. The pandemic destabilised our supply chains, as illness and lockdowns disrupted production and delivery of the newspaper,



From the inside: transforming customer experience through FCX

FCX (future customer experience) is a series of essential technology, data and product upgrades that is transforming the way we engage with our customers.

FCX is designed to significantly improve how we acquire, engage, retain and serve customers. It will also allow us to own and gain greater insight from our data, and enable digital innovation for every team in the Group.

Over the last year a cross-functional team has begun delivering FCX, which provides slicker customer journeys, higher customer satisfaction, easier self-service through an improved Manage My Account function, and enhanced live-chat support. By late spring, FCX was supporting more than 300,000 digital-only auto-renewing customers – and there is more to come. We're continuing to develop the platform and plan to roll it out to all our customers by the end of the year.

> "As the covid-19 pandemic swept the globe, there was an urgent need for the journalism we do best, making sense of the many dimensions of a fast-moving global story. While the newsroom surrounded the topic with trademark intelligence, depth and analytical rigour, the business teams set out to ensure that this essential coverage was finding the largest possible paid audience."

demanding creativity from our teams. When flights from Singapore to Australia were cancelled last spring, we found a printer in Sydney to produce some 20,000 weekly copies, a temporary move that became a permanent solution. Even in the worst weeks of the year, we maintained home delivery (sometimes delayed) to 97% of subscribers – and took the opportunity to remind our print readers of their digital access. Country lockdowns and the collapse of business travel also eroded our newsstand sales, which fell by nearly half year over year, though by the final quarter we began to see an uptick. Meanwhile, by late winter we were seeing signs that a post-covid, post-Trump world was bringing the tumultuous news cycle, which we had come to benefit from, back to a more familiar rhythm.

Making everything we do excellent

The roadmap for the year ahead reflects our ambition to drive further innovation and growth. We are preparing to launch an upgraded Espresso that will be a pillar of our new product strategy, with more digital offerings to come later this year. New tools and capabilities for the newsroom will accelerate our digital evolution, particularly in audio and data visualisation. Major improvements to our flagship app will boost subscriber engagement and, as a result, retention. And we see opportunities for growth outside our core markets. The team's goal is simple: to make every aspect of the business as excellent as the journalism.

ECONOMIST EDUCATION

The Economist has long had a presence in classrooms, with our journalism assigned as coursework and our writers regularly lecturing on a wide range of topics. Last year we saw an opportunity to extend our reach into executive education, a £2 billion global market that neatly aligns with our editorial values: rigour, clarity, fact-based analysis and explanation.

After more than a year of research and planning, our small education team, working closely with the newsroom and in partnership with an education-technology company called GetSmarter, launched an online executive-education business and created the first of what we envision to be a slate of courses aimed at busy professionals looking for personal and career development.

The first course attracted 200 students from 42 countries

The course, Navigating the New Global Order, was conceived and written by our newsroom and features contributions from more than 20 *Economist* writers and editors from around the world, along with leaders and thinkers from business, politics and academia. It spans six weeks, with modules exploring the US-China rivalry, the rise of Big Tech and the future of globalism. The first presentation, which started in the spring of 2021, beat projections by attracting 200 students from 42 countries. We have plans for three more presentations of the geopolitics course this year and the introduction of a second course, on business writing, in the autumn.

As popular as the new initiative is with customers, it's drawn perhaps even greater enthusiasm from our own teams, who relish the chance to be entrepreneurs steering the brand into new waters. For all of us, it's an exciting experiment to create premium courses for a discerning audience while building a new growth business under *The Economist* banner.

Providing trusted insight and analysis, enabling action.

ECONOMIST INTELLIGENCE

In a year when clients needed to understand the big trends and issues more than ever, we delivered independent intelligence and analysis through a range of new digital products, extending our reach through enhanced marketing and a transformed commercial structure.

Robin Bew Managing director, Economist Intelligence

Economist Intelligence brings together the Group's research, data, analysis and forecasting activities. It comprises the EIU (formerly The Economist Intelligence Unit), The Economist Corporate Network (ECN) and our Clearstate medtech data and consulting business.

Our reputation for analytical excellence is second to none. Sharing *The Economist's* strict stance on editorial independence, we produce analysis which our clients trust completely – we have no difficulty in speaking truth to power. When clients really need to understand what is going to happen, and when the stakes are high for their organisations, they turn to us.

Analytical excellence that's global, granular and specific

The EIU forecasts economic trends, political forces and industry developments in every country in the world. We run a substantial business-to-business information and data operation, whereby subscribers gain access to our specialist content on developed and emerging markets via our subscriber-only website. We work with a blue-chip list of clients ranging from governments to financial-services firms, multinational corporations and academic institutions.

We also deliver country- and region-specific insights to members of our Corporate Network business, which is an executive-membership organisation running in nine cities across Asia, the Middle East and Africa.

Finally, Clearstate, our healthcare medtech business, collects mission-critical primary data on in-vitro diagnostics (IVD) and surgicals markets, and consults with the world's biggest medtech firms on their expansion strategies.

To deliver all these services, we have a large team of expert analysts and editors. In order to understand the world, and to serve our highly global clients, we need true on-the-ground expertise. As a result, Economist Intelligence is one of the most international business units in The Economist Group, with colleagues in 13 offices and on six continents.

At a glance
£43.9m revenues
92% retention rate in subscriptions
29% growth in medtech revenues
In-depth analysis on over **200 countries**

29%

growth in medtech revenues

The EIU: serving clients' needs for insight in uncertain times

Like all businesses, our year was defined by covid-19. Fortunately our strategy of having a globally dispersed team meant that asynchronous and video working was already deeply embedded in our culture. So the transition to home working, which persisted in most offices for the entire year, was extremely smooth. That was fortuitous, because the pandemic hugely increased demand for our economic and political forecasts, and the tempo of operations had to rise markedly. We saw a surge in requests to go beyond our subscription services to provide private briefings, host brainstormings and help our clients navigate the highly uncertain environment.

This increased demand for our EIU services was supported by significant investment in our subscription sales and marketing operation. As a result, our subscription business had a very strong year, with client retention reaching 92%, while new business increased by 44%. Alongside the editorial and commercial focus, we also invested heavily in our product portfolio, designing, developing and launching a completely new web-based product offering, EIU Viewpoint (see below).

Integrating our insights: our new EIU Viewpoint digital platform

This year we set out to reinvent our main country and industry subscription products, focusing on how existing and potential clients use economic and political research and designing an integrated offering to meet their needs.

Our product specialists spent months interviewing existing customers and the clients of our competitors, and their feedback led us to bring content together from across our editorial teams – economics, politics, industry, business environment, written analysis, forecasts and data – and combine it in a single, integrated digital-product experience. Our design team scoped a new user experience which presented the most important analysis quickly for users, and allowed them to compare and contrast forecasts for different countries and

download content into their own reports. We designed an entirely new way of accessing and displaying economic data and forecasts, made space for video content and ensured our graphics were dynamically updated and interactive. Our technology team then created EIU Viewpoint – a whole new product and underlying technology stack built in just eight months.

This process was managed by a globally dispersed team, with hubs in Gurgaon, London, Birmingham and New York – and because of covid-19, no one met in person. But the results speak for themselves: EIU Viewpoint was delivered on time and on budget, and our new-business-development team started to close sales on the new platform as soon as it went live.

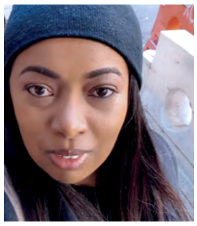
Economist Corporate Network (ECN): adapting fast to marketplace dynamics

Our Corporate Network business made a successful transition from a fully in-person model to hosting video-based meetings almost overnight, sharply increasing the tempo of client engagement. Meetings changed from monthly to weekly in many instances, and the team greatly increased the volume of extensive written briefings. Meanwhile our sales approach shifted to reflect the changes in the marketplace driven by social distancing. This pivot meant that, after a difficult few months at the start of the financial year, ECN renewal rates and new-member acquisition rebounded strongly, and by the fourth quarter had exceeded those we experienced pre-covid.

200+

countries analysed in depth

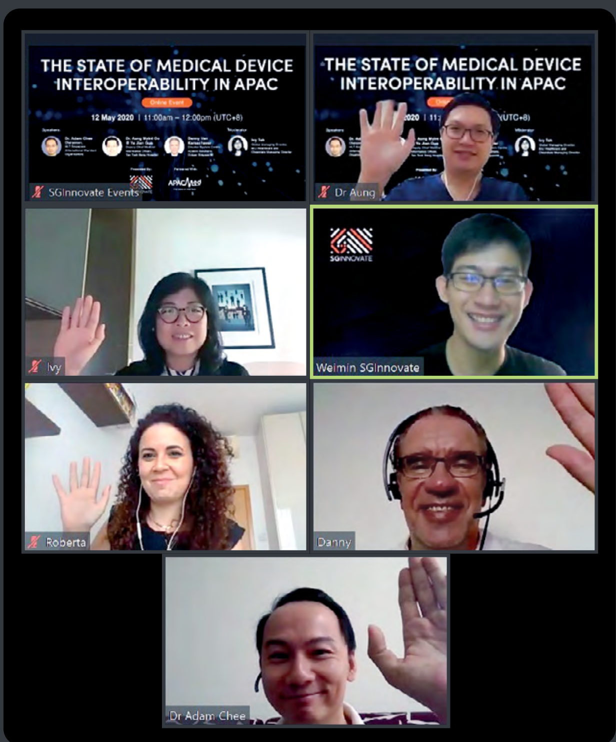
"Being part of the EIU has been a privilege. Working for a global company means I am in constant contact with professionals and great people around the world."



Saba Yemane Habte
Compliance analyst, London

Clearstate: meeting the demand for healthcare data and analysis

Our Clearstate healthcare business had an exceptionally strong year, with revenues up 29%. The team's focus on medtech meant that our data and consulting expertise was in high demand as clients needed to understand the impact of covid testing on the industry. That market-driven boost to the business was complemented by two changes we made inside the healthcare operation. First, a refined strategy which prioritised our proprietary data over consulting in the sales process, resulting in shorter sales cycles and greater win rates. And second, investments we made in our data, including upgrading our proprietary data on market size and share in diagnostics equipment, new data on hospital and laboratory testing capabilities, and an entirely new data set on surgical equipment. These services tapped into growing demand from our clients for a more granular understanding of competitive dynamics in their markets.



Supporting our healthcare clients through covid-19 forecasting

Our Clearstate healthcare team moved quickly in the early months of the pandemic to include cutting-edge covid analysis in our proprietary medtech data products.

We immediately revised our market-size forecasts for the many different test-product segments our clients work in, and increased the frequency of our updates. We also added covid-19 tests to our flagship IVD Gateway diagnostics data product, as our clients started to produce testing solutions for the virus.

Our healthcare data team developed a demand-forecast model that combined EIU's macroeconomic insights with clinical factors affecting the two largest medtech sectors: surgical devices and in-vitro diagnostics (IVD). To calibrate the model, the team conducted a large number of phone interviews with surgeons, lab directors and medical-devices suppliers in Asia and Europe each quarter.

Our team's quick action allowed us to increase client engagement – and with detailed in-market insights, our clients were able to use our data for their national and regional strategic planning. Our rapid response to changing customer needs helped drive 29% revenue growth in our healthcare business.

131
country credit ratings regulated by the UK's FCA

Strengthening our business to grasp new opportunities

The EIU enters the new fiscal year in a strong commercial and editorial position. We are making further investments in our sales and marketing operation, with the intention of accelerating new business and growing our subscriber pool. We expect our new EIU Viewpoint platform to increase the number of EIU clients and allow for faster sales cycles, and we are investing further to cement our competitive position: adding new features to support more complex use cases by our clients, migrating more EIU services onto the Viewpoint platform to allow for more efficient cross- and up-selling, and making enhancements to our content-management system to allow our editorial teams to take full advantage of the platform's inherent flexibility.

In our Corporate Network business, we will explore opportunities to drive synergies with our wider B2B Economist Group offerings, as well as our *Economist* newspaper subscriber base.

Finally, we plan to make further investments in new healthcare datasets, and in the data-management tools needed to customise these for clients.

> "Interacting with our amazing international teams is a truly unique experience. We have offices literally across the world, and every analyst comes with a fresh perspective on global issues. This constant intellectual stimulation helps us deliver the most insightful and impactful analysis to C-suite executives, policymakers, and financial institutions."

Agathe Demarais
Global forecasting director and trustee,
The Economist Charitable Trust

We draw on our depth of policy research and our global influential audience reach to support our clients by delivering agenda-setting research and insights, campaigns, content and events.

ECONOMIST IMPACT

Client Solutions

Our partners are looking for insights they can put into action – both to drive their organisation's performance, and to inform and scale their impact on the issues that matter most. We've restructured our business so we can work more closely with them, by combining the value of our research, analysis, innovation and story-telling expertise to help them tackle the biggest economic, social and environmental challenges.

Claudia Malley
President/managing director,
Client Solutions

What we offer

- Policy research, insights and analysis
- Indices and benchmarking
- Economic-impact analysis
- Geospatial and data analytics
- Data visualisation
- Custom storytelling
- Creative strategy and design

Giving our partners the tools they need to drive change

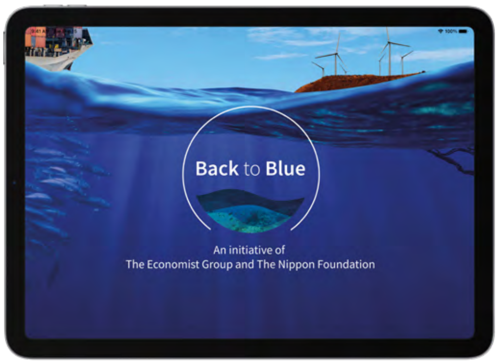
It has been a dynamic year for Client Solutions, which I joined in October 2020 – and, for our partners, it has highlighted the importance of our trusted, credible voice as they navigate the changing times. Our clients are looking for new ways to anticipate and respond to the systemic changes in the world – and we are helping them through our connection to influential audiences, our evidence-based research and our innovative custom solutions.

Unlocking value through long-term partnerships and custom solutions

The way we've restructured enables us to focus on what is most important to our clients and create partnerships that are impactful and will drive the most value and progress. Our policy-research services bring together our expertise in health, public policy and thought-leadership content, and we deliver those insights through closer, longer-term partnerships with clients in critical areas such as sustainability, healthcare and globalisation. This segment now represents 34% of revenue for Client Solutions, and is an essential component for integrated deals and presents a clear opportunity for future growth.

“The Back to Blue initiative illustrates perfectly why we have real resonance in the market. As a flagship programme, it marries our unique capabilities and powerful brand with the ambitions of our most valued clients to have an impact and catalyse progress on the pressing issues of the day.”

Charlie Goddard
Back to Blue project lead



Focused on the big issues: Back to Blue

Our Client Solutions partnerships are designed to reach global audiences and drive real change. This year, The Economist Group and The Nippon Foundation, a non-profit organisation, launched Back to Blue, a multi-year initiative designed to enable progress towards zero pollution in the ocean and raise the importance of healthy seas for human well-being and prosperity.

Back to Blue combines evidence-based research and a benchmarking study to explore new approaches to restoring ocean health. Our initial focus is on plastic pollution, chemical pollution and biodiversity, and we'll help make an impact by convening leading ocean institutions, policy bodies, businesses and nongovernmental organisations to shape the architecture of a new response to pollution. And as well as enabling collaboration based on evidence and insight, we'll put our storytelling expertise to work: reaching influential audiences and amplifying the issues to help mobilise change.

Encouraging signs in digital despite a challenging advertising marketplace

Covid-19 had an impact on advertising across all platforms. Advertising revenues fell compared with the prior year, in particular print advertising, although they recovered partially in the second half. Digital advertising continues to grow in importance – digital advertising now represents 29% of Client Solutions' total revenue, up from 24% last year.

Overall we delivered a creditable performance given the adverse conditions faced across the sector – underlining the importance of working collaboratively with clients to find meaningful ways to reach highly influential audiences.

At a glance
49% of total revenue, integrated partnerships
+53% average deal size, top 50 accounts
+14% revenue growth from our largest global accounts
+10% revenue, market-leading indices

“I learn something new every day and enjoy the sense of satisfaction that comes with observing tangible developmental impacts enabled by our projects. Particularly exciting is our ability to develop innovative and creative solutions, tailored to the needs of our diverse client base including international organisations, governments, corporations, NGOs, foundations, industry associations and others.”

Vaibhav Sahgal
Senior manager, Americas

Economist Events

ECONOMIST IMPACT

Our new structure and our focus on providing world-class content through digital channels enabled us to adapt in the face of huge disruption to the face-to-face events sector caused by covid-19.

Ian Hemming
Managing director, Economist Events

Adapting fast in a year of change

Everything changed for the events sector in the last financial year – everything, that is, except the demand for high-quality content, connections and insights that drive action.

So while travel bans and social distancing meant that face-to-face events were almost completely put on hold, our business responded through a fundamental pivot to delivering events content digitally. The result was that we held 171 events, 141% more than in the prior year, and welcomed a record 70,000 attendees and 366 sponsors.

Reaching new audiences, through new channels

Convening the best speakers and curating outstanding content remain at the heart of successful events, whether virtual or in-person. At the same time, our pivot to virtual events meant we had to move fast to develop webinars, digital roundtables and virtual conferences. And going digital has opened up new opportunities – broadening the availability of high-profile speakers and widening the potential audiences we can reach for our sponsors.

"Going digital has opened up new opportunities – broadening the availability of high-profile speakers, and widening the potential audiences we can reach."

At a glance

171 events (+141%)	
366 sponsorships (+21%)	
70,000 attendees (+700%)	

"In 2020, homes morphed into co-working spaces; dining tables and kitchen counters doubled as desks. And we launched what was almost certainly the most topical event of the year. Innovation@Work Virtual Week offered a unique platform for companies to share their experiences and vision of the future of work. The agenda was rich in case studies, with more than 100 speakers and panellists, and attendees enjoyed a variety of novel formats, including a first for Economist Events, a virtual afterparty featuring DJ Jazzy Jeff! We have now launched I@W US and I@W APAC for the coming year to continue the conversation.

Helen Ponsford Programme editor, Economist Events

What we offer

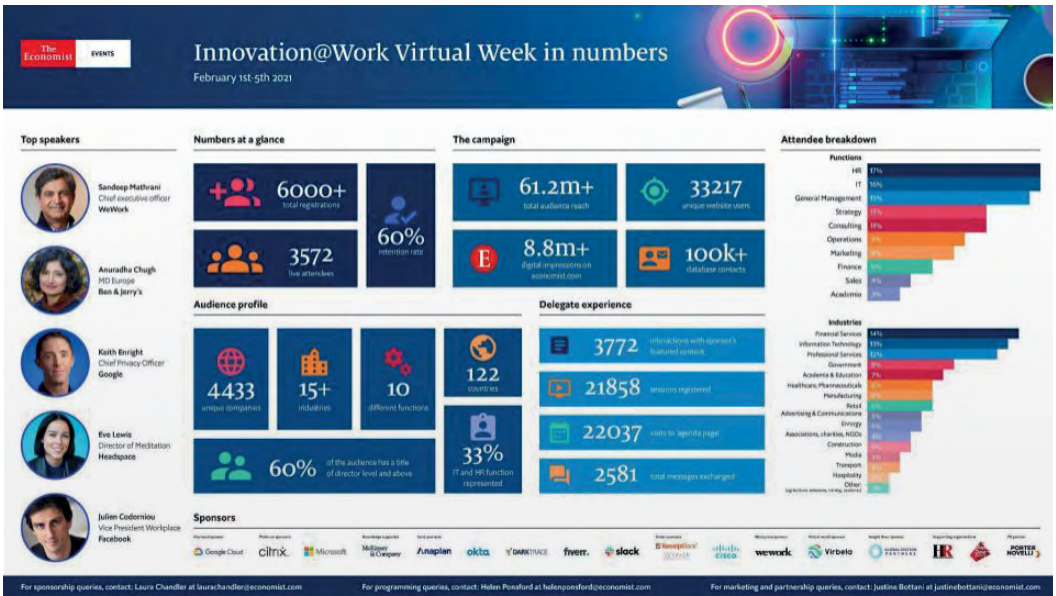
- Scheduled events – designed and researched by us, with Economist editorial approval, and drawing on our expertise to convene delegates and sponsors
- Custom events – created by us with original, engaging content to attract specific target audiences to meet individual client needs

Sharpening our focus on the issues that matter most to clients

We've restructured our offering to focus on the areas of greatest demand: Economist scheduled events – with a specialist team dedicated to our flagship EuroFinance events – and custom events. And we've strengthened our leadership in key areas where we can draw on the expertise and reputation of The Economist Group as a whole: sustainability; trade, technology and industry; healthcare; financial services; and global treasury. So while we look forward to the return of face-to-face events, we're well placed to lead the way in the hybrid approach that will define the events industry for the future.

"The Economist custom events migrated to the digital medium without losing the effect of powerful narratives. Our ability to hyper-target audiences per the client's brief proved to be exactly what the market needed in 2020."

Sanjhi Khanna
VP, head of commercial,
The Economist Events



From the inside: Innovation@Work

The covid-19 pandemic has brought the future of work into sharper focus than ever before. In February 2021 we convened our first Innovation@Work Virtual Week, a digital event that gathered insight from the world's most respected corporations on how they are thriving despite disruption. We hosted data-driven case studies on leadership, collaboration and productivity, and outstanding speakers shared practical knowledge from transformative work experiments across industries.

Sustainability at The Economist Group

Pressing for progress on sustainability.

Warming Stripes for GLOBE from 1850-2019. Ed Hawkins, University of Reading

We're weaving sustainability into the fabric of our growth strategy and operations. Alongside *The Economist's* editorial coverage of the climate issue and the impact we have through initiatives we deliver with our clients and partners, we're committed to cutting our carbon emissions by at least 25% by 2025.

The Economist Sustainability Group

Oscar Grut
Chief legal and corporate development officer, Group company secretary and head of ESG

Where we're headed: our sustainability ambitions

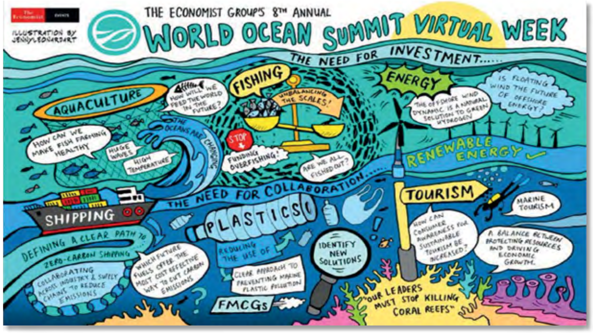
- **Embed** sustainability into the Group's operations, office environment and business plan for growth
- **Aim** to reduce emissions by at least 25% by 2025
- **Maximise** usage of renewable energy so that 100% of our directly-operated offices are powered by renewables within the next two years
- **Roll out** an on-site sustainability model for the live-events business late 2021/22
- **Commit** to sustainable material sourcing across the Group

25%
reduction in emissions
by 2025

"25 by 25" – our plan for Group-wide climate action

When it comes to climate action, there's no doubt that our biggest impact as a business can be made through the strength of our independent editorial coverage and our team of subject-matter experts. Furthermore, our business intelligence, evidence-based research, events and marketing solutions help businesses, NGOs and policymakers take important steps to address climate issues.

As the need to tackle climate change grows ever more pressing, we're committed to addressing our own impacts and taking urgent climate action in line with United Nations Sustainable Development Goal 13.



“As part of the strategy team I contribute insights from my experience running sustainability-focused policy and thought-leadership programmes at the EIU and the World Ocean Initiative.”

Martin Koehring Regional lead (EMEA) for sustainability, climate change and natural resources, and head, World Ocean Initiative

Over the past year, with the help of more than 30 sustainability champions across the Group, we developed a strategy that weaves sustainability into everything we do, while setting out our plan for swiftly reducing our emissions. The result is our ambition to reduce greenhouse gas (GHG) emissions by at least 25% by 2025, using FY20 as our base year. We have set short-term, ambitious reduction targets that will be progressively adjusted to maintain pace on the trajectory to achieve net-zero emissions by 2030. Our science-based target is currently being reviewed by the Science Based Targets initiative.

That means building on some of the strategic choices that have been accelerated this year: a stronger focus on our digital product formats, for example, and significant reductions in travel. Our plan is to reduce our commercial business travel by approximately 40% from pre-covid-19 levels, eliminate bulk circulation, ensure our print copies reach readers in a more environmentally efficient way and encourage more digital consumption of our products.

Alongside these changes we are investing in renewable-energy certificates to reduce carbon emissions for all our offices and for the print production of *The Economist*. Leveraging innovative sustainability technologies, including an automated carbon-management system and direct air carbon capture, is also part of our strategy.

The Economist Sustainability Group is now the formalised network for our sustainability champions, who are helping to build more environmentally conscious mindsets and behaviours with a focus on office energy and waste, commuting and business travel. New ideas can come from anywhere in the business and can be raised on our in-house Sustainability Slack channel.

Accountability for delivering our strategy rests at the very top – sustainability has been embedded in the Leadership Team’s key performance indicators.

“I’ve enjoyed the challenge of building The Economist Group’s first sustainability strategy, establishing a robust emissions-reduction plan and weaving it into the fabric of the organisation.”

Marina Haydn EVP sustainability

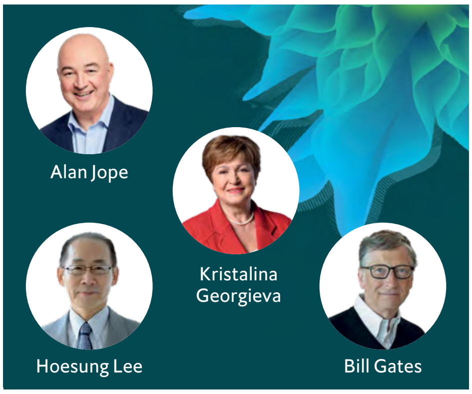
Client Solutions: providing insights and driving impact through partnerships.

Principles of emissions reduction

The Economist Group’s approach to emissions management is rigorous and transparent. It prioritises reduction over offsets, and investment in renewable energy. The rigour comes from taking into account all “Scope 3” emissions – all products we produce and sell, as well as all goods and services we buy. We explain our emissions performance in greater detail as reporting in this area matures.

Our target is more ambitious than the reductions required under the Paris agreement, which aim to limit global warming to 1.5 degrees above pre-industrial levels. It is currently being reviewed by the Science Based Targets initiative, a coalition for corporate climate action.

Although we know our actions alone will not save the planet, we are taking voluntary action to reduce our emissions. We would welcome improved regulation for companies in this area.



Economist Events: enabling debate, convening expertise and mobilising climate action

"As part of The Economist Sustainability Group, I've been leading efforts to measure the Group's carbon-emissions impact. In the third year of measuring our footprint the key objective is to improve data maturity and automate collection processes – allowing us to focus on strategic initiatives and address emissions hotspots."

Emily Jackson VP, head of Germany and Austria, SVP sustainability

Checking our sources

Alongside our 25 by 25 goal, we've committed to sustainable material sourcing across The Economist Group.

Every copy of *The Economist* is printed on PEFC-certified paper from sustainably managed forests. Our paper provider, UPM Communication papers, is committed to responsible sourcing and manages its forests in a climate-positive way by planting more trees than it uses. But we know we need to do more, and we've set out an action plan that includes further life-cycle assessment of our print edition and its packaging, an assessment of plastics use across our supply chain and potential alternatives, an evaluation of how we buy office materials across the Group, and new sustainability guidelines and standards for our supplier contracts.

Keeping track of our progress

We have now conducted our third annual GHG emissions inventory in accordance with the international reporting standards of the Greenhouse Gas Protocol initiative. Our 2020-21 inventory was completed in May this year by Planetly. This year's results are marked by three major changes. First, the impact of covid-19 on our emissions, leading to a 31% drop. Second, improvements in data quality and modifications to our assessment and methodology have led to a decrease of 6%. And third, some accelerated strategic decisions have already led to an 11% reduction in emissions. For these three reasons, The Economist Group's emissions for 2020-21 have been calculated to be 17,803 tonnes, which is a 49% reduction on the previous reporting period. The table, notes and waterfall chart below seek to articulate these significant variances in a transparent manner.

The data include the disclosures required under UK Streamlined Energy Carbon Reporting (SECR) regulations.

Embracing innovation: direct air capture, advanced data

Innovation and technology are key elements of our editorial coverage of climate issues – and as a Group, as well as reducing our emissions, we're exploring cutting-edge possibilities.

We are the first media company worldwide to purchase carbon dioxide removal from Climeworks, a Swiss company that directly captures carbon dioxide from the air to store it underground in geological storage formations, harnessing solely renewable energy for its processes. This is very new technology, but based on today's projections, this means that 174.28 tonnes of carbon associated with our operations will be stored underground in Iceland by 2025. This is a small proportion of our total emissions, if you include our supply chain (Scope 3); but it is equivalent to 16% of our direct and indirect emissions (Scope 1 and 2). We aren't counting that towards our emissions-reduction targets, which don't include any offsets – but are excited to be involved in one of the technologies that has the potential to help tackle the challenge of carbon removal more widely.

At the same time, we want to monitor and manage the development of our emissions over time, and we are now working together with Planetly, a German startup, to automate our carbon-data management with its Climate Impact Manager software.

The Economist Group's global greenhouse gas emissions (GHG)

	2018/19 Tonnes CO_2e	2019/20 Tonnes CO_2e	**2020/21 Tonnes CO_2e**	Year on year variance
Direct Scope 1 emissions				
Fuels	74	80	**174**	118%
Indirect Scope 2 emissions				
Purchased electricity	1,449	1,443	**942**	-35%
Other indirect Scope 3 emissions				
Paper, production and distribution of The Economist Group print publications and marketing materials	25,719	23,817	**13,585**	-43%
Economist Events (attendee travel, accommodation, catering)	5,603	4,231	**5**	-100%
Colleague commutes	(Not measured)	(Not included)	**160**	
Employee colleague travel (excluding commutes)	5,293	5,158	**342**	-93%
The Economist Group's digital products (Economist apps, audio, films)	477	466	**778**	67%
Customer-service centres and energy-related activities	(Included in Scope 1&2)	(Included in Scope 1&2)	**375**	n/a
Total tonnes CO_2e	38,615	35,195	**16,362**	-54%
Additional Scope 3 detail now being captured: additional office emissions, home-office, postage, external service providers, consumables, equipment and the Economist Store	n/a	n/a	**1,442**	
Total tonnes CO_2e		35,195	**17,803**	-49%
GHG intensity/tonnes CO_2e per £m turnover	115.82	107.37	**56.54**	
GHG intensity/tonnes CO_2e per £m profit	1,241.64	1,120.86	**1,122.35**	

Notes on data:

Scope 1 emissions are marginal, as The Economist Group does not directly operate vehicle fleets. Fuels listed are directly related to heating of office premises. Scope 2 emissions comprise all electricity consumed at Group offices worldwide, and emissions associated with the production and distribution of grid energy. Scope 3 encompasses all emissions generated by our suppliers worldwide related to delivering our business activity, including fuels and electricity.

As we are improving data quality, there have been some notable changes. 2019 has had a correction on Scope 2 emissions related to electricity in our Cabot Square office. Scope 1 and 2 emissions from our third-party service providers are now included in Scope 3 to align with GHG reporting methodology. Scope 1 emissions have increased due to improved reporting accuracy on heating and air conditioning. Activity which had previously been considered negligible in Scope 3 has now been included. On logistics, we are now using the Global Logistics Emissions Council (GLEC) datasets instead of the Defra methodology from the UK, as the GLEC datasets are more appropriate to a global business. Both are GHG Protocol-compliant approaches. To improve transparency of our production emissions we have built a new reporting methodology based on the GHG Protocol.

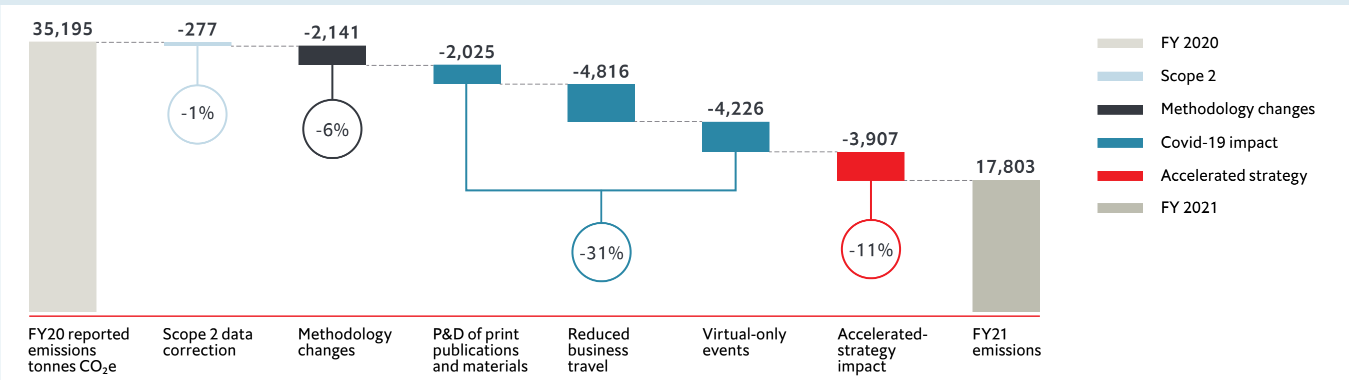
UK Streamlined Energy Carbon Reporting (SECR)

UK law requires us to report certain greenhouse gas emissions from UK operations (see table below):

Compliance information summary	**2020/21**
Purchased grid electricity MWh	**477.65**
Natural gas MWh	**440.98**
Transport fuels	**n/a**
Scope 1 emissions (from natural gas)	**91.92**
Scope 2 emissions (from purchased electricity)	**104.60**

Intensity ratios	**2020/21**
Tonnes CO_2e per £million turnover	
Scope 1	**0.45**
Scope 2	**0.51**
Tonnes CO_2e per £million profit	
Scope 1	**3.74**
Scope 2	**4.26**

The largest part of this year's reductions were due to covid-19



Our talent

1,379 colleagues worldwide support our purpose of pursuing progress, including 277 colleagues in editorial.

Our success is driven by the talent and expertise of our colleagues around the world.

Gnosoulla Tsioupra-Lewis
Chief talent officer

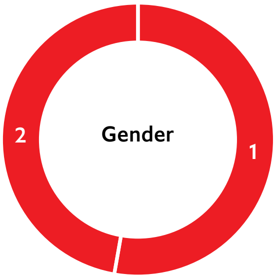
“My current role, focusing on delivering new subscriber acquisitions for *The Economist*, has seen me develop personally and professionally. And the learning hasn't stopped – there are fresh business needs which expose me to new situations and challenges which are exciting and act as a constant lesson.”

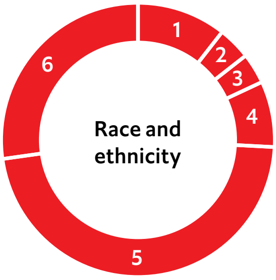
Dhiren Patel
Senior marketing manager, audience development

Our priorities: clear career pathways in a diverse and inclusive business.

In a year when colleagues have faced disruption and change as a result of covid-19, we've worked extensively on keeping people connected and engaged, and putting in place measures to support their well-being, both mental and physical, while working remotely.

At the same time, we've kept up momentum on our longer-term, strategic goals. One of those has been to ensure that colleagues have a clear career architecture – so we are developing career pathways for roles across the Group. And we've made building a more diverse and inclusive organisation a business priority, with a commitment to both progress and transparency, publishing our global data on ethnic and gender diversity on our website in March 2021. The data show that we have more work to do; that work is being led at every level of the business. For the next financial year, each Leadership Team member, as well as their direct reports, will have diversity targets as part of their bonus objectives.

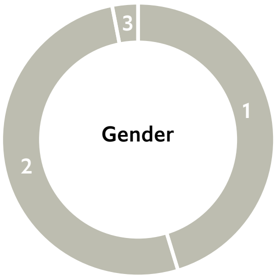


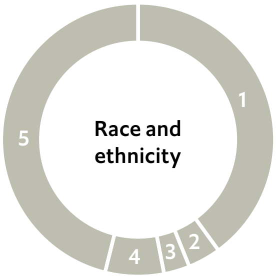


The Economist

Gender, race and ethnicity of editorial colleagues. *January 2021, % of total.*

Gender	%
1 Male	53.0
2 Female	47.0
Race and ethnicity	
1 Asian	10.6
2 Black	2.9
3 Multiple ethnicity/race	3.6
4 Other	8.0
5 White, British	47.8
6 White, other	27.1



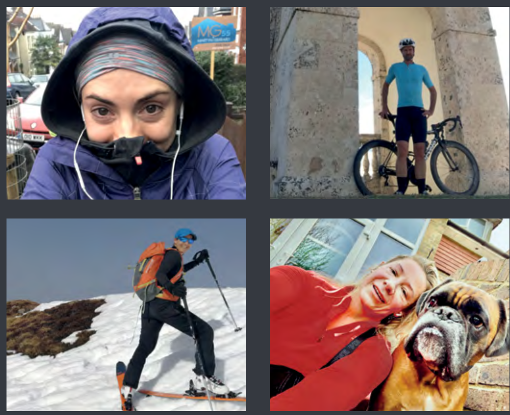


The Economist Group

Gender, race and ethnicity of non-editorial colleagues. *January 2021, % of total.*

Gender	%
1 Male	53.0
2 Female	46.9
3 Non-binary	0.1
Race and ethnicity	
1 Asian	40.1
2 Black	3.8
3 Multiple ethnicity/race	2.1
4 Other	6.9
5 White	47.0

This year we introduced a recruiting requirement that all candidate shortlists must be gender-balanced and include one or more candidates from an under-represented group within the business. We have piloted blind recruitment, where identity information is excluded from the screening process. All business leaders get quarterly reports on the ethnic and gender diversity of their teams, including mix and compensation. And we have rolled out more diversity-related training, supported by a diversity and inclusion hub on our intranet. Our aim is to create a business where success is fuelled by diversity – and which aligns with our commitment to enabling progress.



New Year Challenge: going the extra miles to support education

Colleagues across the business swam, biked, ran, skied, rowed and lifted a total of 11,128km this year in aid of our New Year Challenge to support The Economist Educational Foundation.

Over eight weeks of fundraising, colleagues raised £28,530. With a £25,000 donation from the Group and a generous $30,000 donation from a family foundation, that meant the New Year Challenge contributed £75,000 to the amazing work of the Foundation, which is described on pages 36-37.

Employee engagement

Your Voice is our employee engagement survey, which we conducted for the second time in October 2020.

89% of employees responded, and Your Voice found an overall engagement score of 7.4 out of 10.

Colleagues identified a number of Group strengths, including autonomy, the quality of peer relationships, and support for colleagues' well-being during covid-19.

They also highlighted areas that should be given greater priority, including career development and equality (with a focus on diversity and inclusion). These are all priorities for our talent team.

Our guiding principles

The Group operates in a clear and ethical context, and the Board reviews and approves a set of guiding principles every year; see page 53.

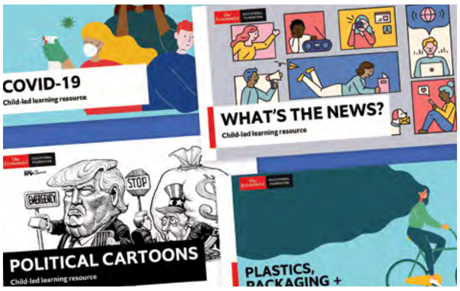
Gender pay gap

Globally, we've consistently improved our pay gap over the past three years. In the UK our median gender pay gap narrowed by 10 percentage points to 19.3% year on year. However, there is more to do – men still dominate the top quartile for pay, despite the Group employing similar numbers of women and men. We publish our gender pay gap report on our Group website.

More flexible working

From colleagues' feedback we know many people want to work more flexibly. We've announced a new workweek for when work-from-home rules are relaxed, of three days in the office and two days remote working for the majority of our colleagues.

The Economist Educational Foundation



The Economist Educational Foundation is an independent charity established in 2012 by employees of The Economist Group. Our mission is to change young people's lives by giving them the skills to think and speak for themselves about current affairs.

The Economist
EDUCATIONAL FOUNDATION

The dangers of misinformation are growing – but so is our ability to equip young people with the skills they need in a challenging world

Misinformation is on the rise – in February 2020 the World Health Organisation declared an "infodemic" – but a third of UK teachers think the critical literacy skills taught in schools are not transferable to the real world. The need for our work has never been greater, so we are passionately committed to scaling up.

Join in

If you would like to enable more young people to join inspiring, high-quality discussions about current affairs, please contact the charity's founding **chief executive, Emily Evans:** emilyevans@economist.com

Adapting what we do – and widening our impact

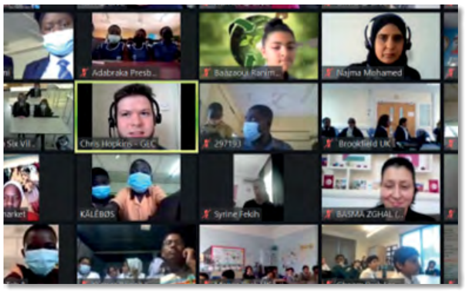
In the last year, by adapting what we do in the face of covid-19 we were able to help young people to continue learning while schools were closed and also significantly broaden our reach and impact.

We quickly adapted our teaching resources for home learning and virtual teaching, and made them freely available to any school or parent. We opened up our online student discussion platform for young people to use from home – which in turn allowed us to offer access to young people anywhere in the world. We reached more than 500 young people in 13 countries.

A global vision to reach thousands more young people

Now we aim to build on this momentum and accelerate growth. Our intensive signature programme in the UK is currently established in 113 partner schools. We plan to "unbundle" the programme into flexible components, allowing schools and parents anywhere in the world to adopt it. Our three-year goal is to reach thousands of schools worldwide, and we have plans to make bold strides towards our vision for all young people to have opportunities to join high-quality discussions about current affairs.

“We have significantly scaled up our work over the past year and we plan to continue doing so in 2021-22 with essential support from our partners. With more backing, we can work with more young people globally, reaching those who need us the most.”



Supporting students digitally as they learned from home during covid-19

When UK schools closed in March 2020 and millions of children were learning from home, we took the immediate step of producing weekly news resources for home learning.

We amassed 15,000 subscribers in just six months and within a year we had seen over 150,000 downloads.

Who we are, and what we do

We enable young people to join inspiring, high-quality discussions about the big issues of our time. We give teachers resources and training to facilitate topical discussions in their classrooms, and young people use our innovative online platform to join discussions with peers in different communities, with input from leading topic experts.

Developing critical thinking, communication and current-affairs knowledge

By joining these discussions, young people build current-affairs knowledge and skills that can make a real difference to their lives. Compared with their peers over one year, participating students make significant accelerated progress in speaking, listening, creativity and problem-solving. These skills are essential for questioning misinformation and opinion bubbles, and for making sense of today’s world. They’re proven to improve young people’s life outcomes by supporting them to succeed in school, at work and as citizens. They are also essential for cohesive communities and the health of our democracy.

All young people need to have these discussions, but we prioritise working with those from low-income backgrounds who face significant disadvantages in school, at work and as citizens. By empowering them with knowledge and skills that are so important for thriving in the modern world, we can help to change their outcomes.

To find out more about what we do, download our Impact Report from https://economistfoundation.org/impact/

What teachers and students tell us

“Events of 2020 have emphasised the importance of developing a strong set of news literacy skills to be able to follow and make sense of a fast-moving story where a huge amount of alarming and often contradictory information is emerging.”
Teacher, Portobello High School, Edinburgh, Scotland

“From the comments I was seeing from my students, their reasoning has really increased, they are more open-minded and have gained confidence in discussions.”
Teacher, Doonholm Primary School, Kenya

“I have improved in speaking up because I used to fear that maybe my points are wrong or maybe they don’t make any sense, but seeing every student in this group contributing made me gain confidence and communicate my point of view in sessions.”
Student, Beit Hanoun Girl’s School, Palestine

Impactful. Scalable.

In August 2020 our programme was recognised by HundrED.org, a global education charity, as one of the most impactful and scalable education innovations globally.

Chief financial officer's introduction to the financial review

A year that began in uncertainty, and ended in strong profitability.

This was a year in which the Group delivered improved profit margin and a stronger balance sheet, and invested in the business in order to drive long-term growth.

Marcus Roy
Group chief financial officer

Financial performance at a glance	% change on prior year
£310.3m revenue	-3%
£41.8m adjusted operating profit	+27%
155.3p adjusted earnings per share	+41%
100p dividend	
£2.1m net debt before lease liabilities	

Operating profit was £41.8m, which on an adjusted basis was significantly ahead of the prior year. The improved adjusted operating-profit margin was achieved primarily through a focus on operating-cost reduction in response to covid-19, with particular efficiencies in acquisition marketing and travel expenditure. Margin also benefited from our progress in improving the engagement and retention of readers of *The Economist*, which increased our higher-margin subscription revenues in that business. These factors more than offset the decline in revenues from Events and advertising sales in Client Solutions.

We strengthened the balance sheet during the year, with net debt before lease liabilities of £2.1m, down from £86.2m at the prior year-end. This marked reduction in leverage was delivered through the higher operating profit, a reduction in working capital and, notably, the sale of the Group's investment in FiscalNote in December 2020 for $72m.

We continued to invest in the digital transformation of the business in order to drive long-term growth. Capital expenditure of £13.2m included foundational investment of £7.4m in the FCX customer-management platform for *The Economist*, and in the EIU's new Viewpoint website.

Reflecting the Group's financial performance during the year, the Board is proposing the resumption of dividend payments with a final dividend of 100p per share. This represents dividend cover of 1.6 times, and a yield of 4.0% on the year-end share price of £25.00.

The Group enters the new financial year in a stronger financial position to pursue our strategy for sustainable, long-term growth.

Marcus Roy
Chief financial officer
June 14th 2021

Financial review

"We continued to invest in the digital transformation of the business in order to drive long-term growth."

STRATEGIC REPORT

Revenue

Revenue of £310.3m was down 3% on the prior year. Subscription revenues for *The Economist* increased by 6%, driven by a 9% increase in subscriber volumes; however, this only partially offset the decline in client-led revenue in Client Solutions and Events, which were adversely impacted by lockdowns and uncertainty during the covid pandemic.

Operating profit

Adjusted operating profit was £41.8m, compared with £32.9m in the prior year, due to lower operating expenditure.

Marketing expenditure was reduced and refocused into the most effective customer-acquisition channels. Production and distribution costs for *The Economist* declined as newsstand sales were affected by the closure of sales outlets, while travel costs reduced significantly. Grants of £0.9m were received as part of various government initiatives to provide financial support for employee costs as a result of the covid-19 pandemic, comprising £0.1m in the UK and £0.8m in Asia. Subsequent to the financial year end, the Board decided to repay the £0.1m received under the Coronavirus Job Retention Scheme in the UK. Depreciation and amortisation charges increased following our higher investment in systems and technology in recent years.

Our prior year's results included a £36m exceptional gain relating to the closure of our UK defined-benefit pension plan to future accrual in March 2020 and the decision to rebase future benefit revaluation from an RPI to a CPI measure. There were also exceptional goodwill impairment charges of £4m relating to the historical acquisition of Signal Noise, and software development expenditure impairment charges of £12m. As a result, statutory operating profit last year was £53.0m, compared with £41.8m this year.

Sale of FiscalNote

In December 2020 we sold our investments in FiscalNote for $72m. The transaction allowed the Group to reduce debt levels during the pandemic at a time when it had negotiated covenant relaxations with its banking partners; it strengthened the liquidity position of the Group and generated cash to fund longer-term strategic priorities. The Economist Group received $23m for its minority equity stake and $49m from its investment in paid-in-kind (PIK) loan notes. A pre-tax loss on disposal of businesses of £23.6m has been recorded in the income statement in relation to the sale of the PIK loan note, while the loss on disposal of the minority equity stake of £13.5m has been recognised in other comprehensive income (see note 19 to the financial statements, on page 100).

Finance income and expense

Profit before tax decreased from £53.4m to £19.8m as a result of the prior-period net exceptional gains described above and the current-year loss on sale of FiscalNote investments. Finance income increased by £0.3m and represents the PIK loan note compound interest accruing at 12.6% until the sale of the note in December 2020. Finance charges decreased by £0.9m, principally due to lower external borrowings.

Taxation

The taxation charge for the year is £2.3m (2020: £11.2m) and includes a £5.1m exceptional credit relating to the loss on sale of the FiscalNote PIK loan notes. Last year's tax charge included an exceptional non-cash deferred tax charge of £6.8m relating to the gain arising on closure of the UK defined-benefit pension scheme. The effective rate of taxation for the year is 12% (2020: 21%), while the underlying tax charge is at an effective rate of 19% (2020: 23%).

Profit after tax and earnings per share

Profit after tax fell by £24.8m to £17.4m. Basic earnings per share were 83.8p, 21% lower than last year mainly due to the net exceptional gain reported last year.

Adjusted earnings per share were higher at 155.3p (2020: 110.0p), mainly due to the higher adjusted operating profit this year.

Discontinued businesses

The Group closed TVC and EIU Canback during the year, and they have been classified as discontinued operations. These businesses generated losses of £0.8m including closure costs in the year (2020: £21.1m including goodwill impairment charges). Comparative information has been restated.

Balance sheet

The sale of FiscalNote, combined with a strong operating cashflow conversion, allowed us to reduce bank borrowings. Net debt at the year end including leases was £29.8m, down from £118.9m last year.

The shareholders' deficit on the Group's balance sheet decreased by £7.1m in the year to £90.8m. The reduction in net liabilities is due to retained profits generated in the year, partially offset by losses reported within other comprehensive income from the FiscalNote equity disposal and the impact of foreign exchange.

Working capital declined because of higher deferred income from the larger customer base for *The Economist*, subscriptions for which are paid in advance.

Pensions

The Economist Group operates a number of defined-contribution pension schemes for its colleagues.

The UK defined-benefit pension plan was closed to active participants in March 2020. The Group remains sponsor of the plan, which has commitments to provide pensions for deferred participants and pensioners. The plan's deficit, valued for accounting purposes using IAS 19 principles, decreased by £4.2m to £15.0m. Scheme asset values increased by £53.4m, while scheme liabilities were £33.0m higher. The increase in liabilities was driven by market movements giving rise to a lower discount rate, higher expectation of future CPI inflation and stronger longevity assumptions guided by adoption of the most recent mortality tables. While these changes would in theory generate a surplus of £29.6m, the plan remains in deficit because IAS 19 only permits recognition of a surplus when the sponsor is entitled to a refund from the scheme. As this is not the case, a liability of £15.0m has been recognised, which represents the net present value of commitments made by the company to fund the actuarial deficit.

The triennial actuarial value of the fund at the last formal valuation date of January 1st 2019 determined a deficit on a funding basis at £50.5m. This latest actuarial valuation represented a change in strategy for both the company and the trustees of the plan, with the objective of targeting a self-sufficiency basis. The next actuarial valuation is due by January 1st 2022.

Dividend

Reflecting the Group's financial performance during the year, the Board is proposing the resumption of dividend payments with a final dividend of 100p per share. This represents dividend cover of 1.6 times, and a yield of 4.0% on the year-end share price of £25.00.

Dividends for 2020 were 40p per share.

Treasury and foreign exchange

Our treasury policy and approach is to identify, monitor and manage financial risks, including foreign-exchange and interest-rate exposures, as well as maintaining tight control over loan and cash balances. Treasury policies are agreed by the Board and implemented on a day-to-day basis by the treasury department.

Net debt at the year end amounted to £29.8m (2020: £118.9m). Excluding lease liabilities, the Group had net debt of £2.1m at the year end (2020: £86.2m). Cash and deposits at March 31st 2021 totalled £32.3m (2020: £24.0m). The Group's policy is to deposit cash not required as working capital, as soon as practicable, in AAA-rated and AA-rated money market funds.

At March 31st the Group had bank borrowings of £34.4m (2020: £110.2m), net of issue costs. Since November 2018 the Group has had a syndicated £150m multi-currency revolving credit facility (RCF) which provides maximum flexibility in terms of future draw-downs and repayments with no amortisation. The facility agreement also provides for an additional uncommitted £100m facility to be used by way of an accordion or incremental facility.

The committed RCF is unsecured and expires in November 2023. The RCF incurs interest at LIBOR plus 1.35-2.25% depending on the Group's ratio of net debt to EBITDA at its reporting dates. It incurs non-utilisation fees of 0.35% on the undrawn portion. The Group has hedged its RCF interest exposure by capping £75m of its floating rate debt at 2% until expiry of the facility.

The main currency exposure of business transactions relates to US dollar receipts from sales in the United States. The foreign-exchange risk on this and other smaller currency exposures is managed through the use of forward foreign exchange. This year, the US dollar averaged $1.31 against sterling (2020: $1.27) and closed at $1.38 (2020: $1.23). The weaker dollar has decreased the translation of revenues and operating profits over the prior year by £6.3m and £3.1m respectively. Realised and unrealised losses from currency derivatives and translation of the balance sheet were £0.1m (2020: £3.2m). The split of net cash balances between dollars, sterling and other currencies is kept under constant review. The Group does not establish or maintain instruments that hedge the translation of overseas profits or assets and liabilities into sterling.

Cashflow

There was a cash inflow of £84.3m before debt financing during the year, compared with a £7.8m inflow in 2020. Cashflow included £50.8m of receipts from the sale of FiscalNote investments. Operating cashflow of £68.5m is £13.3m higher than reported last year, benefiting from a stronger underlying operating performance and higher subscription receipts for *The Economist*. The agreement of relaxed covenants with our banking partners to ensure liquidity throughout the pandemic was conditional on suspension of dividend payments throughout 2021. There were dividend payments of £22.9m in 2020. The Group repaid £76.0m of debt.

Going concern

The covid-19 pandemic and global lockdowns have not affected the markets for the Group's products and its supply chain as severely as we initially anticipated. We continue to monitor the impact of the pandemic on demand for our products and services as well as the financial viability of our 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. Based on its review of these projections, available facilities and covenants in place, the Board has concluded that it is appropriate to prepare the financial statements on a going-concern basis.

Section 172(1) statement

Our approach to enable management and the Board to understand and consider stakeholder views as part of their oversight and decision-making is explained in our section 172 statement, set out in full on pages 56-57 and incorporated by reference into this strategic report.

Monitoring and managing our risk.

The Economist Group's audit and risk committee and Leadership Team ensure that inherent and emerging risks are identified and managed appropriately and in a timely manner.

Our Leadership Team is responsible for the day-to-day management of risk, overseen by the CEO. Certain categories of risk are overseen by specialists where appropriate: for example, the chief information officer oversees data and information security, the chief legal and corporate development officer oversees legal risk, and the chief financial officer oversees financial risk. All three of these present regular reports to the audit and risk committee. Our risk governance process is also discussed on pages 58-59.

Each business unit maintains a risk register which forms part of the overall Group risk register. The register includes strategic, operational and financial risks as well as actions taken to mitigate these risks. It is updated formally twice a year and is reviewed by the audit and risk committee. Key risks are also reported to and discussed by the Board.

The internal audit plan is driven by the Group's organisational objectives and priorities, and the risks that may prevent the Group from meeting those objectives. In developing the plan, the internal auditor considers the audit universe; areas of the business subject to regulation; the risks and control environment associated with each area included in the audit universe and the most significant risks faced by the organisation. The internal auditor also provides a specialist risk-management team which advises the Group on its risk-management processes and procedures.

Our key risks and how we mitigate them

Risk	Description	Mitigation
Strategic		
Employing and retaining the best people	Brexit could deter EU nationals from joining or staying with the Group, and post-covid employment-market changes could affect the Group's ability to attract and retain the best talent.	We have developed processes to ensure we attract and recruit top talent from a broad and diverse talent pool, including EU nationals and beyond. We have enhanced our focus on career progression and development to retain talent, and we identify turnover risks through our Your Voice survey to improve retention.
Reputational damage	This could be caused by issues with journalistic accuracy and integrity, social-media output, data breaches, corporate governance or legal non-compliance.	The following are in place: libel and social-media policy guidelines and training; fact-checking and translation reviews; a data-privacy team; and strong corporate-governance procedures.
Future customer experience (FCX)	The initiative to bring in-house customer subscription authentication, fulfilment and financial management may not deliver the functionality required to drive the technical and commercial underpinnings of *The Economist* or the desired future customer experience.	There is a multi-tiered governance model in place with Board and Leadership Team oversight. The investment committee approves all significant investment stages. We closely track benefits, outputs and delivery.
Operational		
Defined-benefit pension plan	Plan assets and liabilities remain highly sensitive to market conditions, which could expose the Group to unexpected demands for funding.	The scheme is closed to future accrual and the company is working with the pension trustees to target scheme self-sufficiency and transition to risk-reducing, liability-matching assets.
Availability of business-critical applications	Certain applications are based on old technology which, if compromised, would affect our ability to deliver business-critical services.	The editorial-content management system was upgraded in 2021, with other key client-facing websites and application upgrades in progress. Robust business-continuity plans (BCP) are in place.
Safety of colleagues	As well as the threat of covid-19 to colleagues, *The Economist* is a high-profile publication and our colleagues travel to high-risk zones. There are high-profile attendees at our events.	Local government and health restrictions are followed, including those on travel. Training is provided to journalists travelling to high-risk locations.
Data-privacy compliance	Changes in data-privacy legislation and in the approach to data privacy taken by our key technology suppliers, create complex compliance demands on our business and may affect certain revenue streams.	We have a defined multi-tier information risk governance framework covering privacy, security and availability risks which supports decision-making across critical business functions.
External		
Covid-19 disruption	Covid-19 disrupts demand for the Group's products and services and impacts supply and distribution chains.	We closely monitor customer demand and the supply chain. Business-continuity plans are in place and tested. We conduct financial-scenario modelling and cost-mitigation activity.
Operating restrictions in China	Local government restrictions on overseas-based media organisations limit growth opportunity and 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 and to access customer information collected and stored in our applications.	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. We provide education and awareness of emerging security trends, threats and controls.

By order of the Board

Oscar Grut
Chief legal and corporate development officer
Group company secretary

June 14th 2021

Our role is to illuminate and agitate; to offer bold, original perspectives.

In this section

Introduction from the chairman

High standards of corporate governance and good, transparent relationships with our stakeholders are essential prerequisites for delivering our purpose of pursuing progress.

We have enhanced the way we report this year with the aim of improving our communications with shareholders and other stakeholders. This governance report aims to bring together how we comply with the most relevant codes of corporate governance practice, the Wates Corporate Governance Principles for Large Private Companies, with a description of our guiding principles and our unique governance model.

Paul Deighton Chairman

Governance structure

The Economist Group is unusual in its governance structure in having a group of Trustees who are separate from, and independent of, the Board of directors, and of the shareholders. The reason for this is simple: The Economist Group's success is based on the reputation of *The Economist* – the honesty, integrity and independence of its journalism – and it must therefore remain free from the commercial pressures of the rest of the Group. The Trustees' principal role is to safeguard those qualities, including by ensuring the continued independence and ownership of the company and the editorial independence of our journalism, while the Board's role is the more traditional one of overseeing the Group's long-term success. The table below sets out how this works in practice, with the respective roles and responsibilities of the Trustees, the Board and the Leadership Team.

Trustees	Board	Leadership Team
Role To ensure the continued independence and ownership of the company and the editorial independence of *The Economist*.	**Role** To promote the long-term success of *The Economist* and the company as a whole. The Board determines the long-term strategy of the Group, with the added responsibility of preserving its unique independent editorial voice.	**Role** The Leadership Team is the senior executive team responsible for carrying out the strategy determined by the Board, which delegates authority for day-to-day management to these executives. The team meets every two weeks and is led by the chief executive.
Specific rights – Approve the appointments of the editor-in-chief of *The Economist* and the chairman of the Board. – Approve transfers of "A" special and "B" special shares. – Approve changes to fundamental provisions of the company's articles of association. **Restrictions** Apart from these rights, the Trustees have no others. They do not have the right to vote, receive dividends or have any other economic interest in the company. **How Trustees are appointed** There are four Trustees. When there is a vacancy, the remaining Trustees appoint their new colleague.	**How the Board is appointed** The Board may have up to 13 directors, seven of whom may be appointed by the holders of the "A" special shares (who are all individuals) and six by the holder of the "B" special shares (Exor). There are currently nine directors (see pages 48-49). Non-executive Board appointments are reviewed every three years (six years in the case of the chairman).	**How the Leadership Team is appointed** The chief executive is appointed by the Board. The editor-in-chief is proposed by the Board and appointed by the Trustees. The other members of the Leadership Team are appointed by the chief executive, in consultation with the Board and, where appropriate, its committees.

Trustees

1

Baroness Bottomley of Nettlestone PC, DL

Appointed: October 2005

Chairs Odgers Berndtson Board Practice, the UK's leading executive search business. Member of the House of Commons (1984-2005). Environment minister in Margaret Thatcher's government. Served in John Major's Cabinet (1992-97) as secretary of state for health, (1992-95) then secretary of state for national heritage (1995-97). Appointed to the House of Lords in 2005. Non-executive director, AkzoNobel 2000-12; Bupa 2006-12; Smith & Nephew 2012-21. Board member, International Chamber of Commerce (UK) (2006-21). Member, International Advisory Council, Chugai Pharmaceutical Co Ltd. since 2012. LSE emeritus governor and member, Court of Governors (1985-2016). Chancellor of the University of Hull since 2006.

2

Dame Alison Carnwath

Appointed: January 2019

A senior adviser at Evercore. Chairman of the audit committee of BASF, chairman of the audit committee of Zurich Insurance Group, an independent director of both PACCAR and CICAP (Coller Capital), and chairman of the Livingbridge strategic advisory board. In the not-for-profit sector, she is a member of the Advisory Council of the St George's Society of New York. She engages in a number of mentoring assignments both in the UK and overseas. Dame Alison has been involved with Livingbridge Private Equity (formerly Isis Private Equity) for 17 years, where she was previously chairman of the investment committee and of the management board. Formerly a senior adviser at Lexicon, a managing director of Donaldson Lufkin and Jenrette, a partner in the Phoenix Partnership (a corporate advisory and private-equity business).

3

Tim Clark

Appointed: December 2009

A former senior partner of Slaughter and May and a founder of BCKR, a company which assists lawyers in the development of their careers through taking on board and other roles. Also chair of the board of HighTide Theatre and a senior adviser to G3 and Hudson Sandler. A member of the Council of RADA, the board of senior advisers of Chatham House and a member of the advisory board of the Centre for European Reform. Formerly chair of the boards of WaterAid and the Royal Air Squadron and a member of the boards of the National Theatre and Big Yellow Group. He was also senior independent director of Big Yellow Group, a member of the development committee of the National Gallery, the audit committee of Wellcome Trust, the international advisory board of Uria Menendez and the International Chamber of Commerce UK Governing Body.

4

Lord O'Donnell CB, KCB, GCB, FBA

Appointed: October 2012

Press secretary to Prime Minister John Major (1990-94). UK executive director on the boards of the IMF and the World Bank (1997-98). At the Treasury, appointed managing director of macroeconomic policy and international finance in 1999, serving as permanent secretary from 2002 to 2005. Appointed to the House of Lords in 2012, having served as cabinet secretary and head of the civil service from 2005 to 2011. Made a fellow of the British Academy in 2014. Chair of Frontier Economics, a strategic adviser to TD Bank Group, a non-executive director at Brookfield Asset Management, and a visiting professor at the London School of Economics and University College London. President of the Institute of Fiscal Studies and chair of trustees of Pro Bono Economics.

Board

The Board currently comprises seven non-executive directors and two executive directors. Lord Deighton, Eli Goldstein, Philip Mallinckrodt, Zanny Minton Beddoes and Mustafa Suleyman were appointed by the "A" special shareholders. The "B" special shareholder, Exor, appointed Lara Boro, Vindi Banga, Lady Heywood and Diego Piacentini. By virtue of its holdings of "B" special and ordinary shares, Exor owns 43.4% of the issued share capital in the company.

The non-executive directors have a breadth of successful commercial and professional experience, and they exercise independent judgment. Lady Heywood is managing director of Exor Group. Eli Goldstein was nominated by the Rothschilds who, through their own and related parties' holdings of "A" special and ordinary shares, control 26.7% of the issued share capital in the company. Details of directors' interests and, in relation to the executive directors only, their interests in the employee share ownership trust, are given in the directors' report on remuneration on pages 60-61.

The appointment of the chairman of the Board is subject to Trustee approval (more on which on page 46).

1

Lord Deighton
Non-executive chairman

Appointed: February 2018, and as non-executive chairman in July 2018

Commitments: Chairman, Hakluyt; chairman, Heathrow; director, Square Inc; board member, sponsor body for the restoration and renewal of the Palace of Westminster; chairman of the Governing Body, King's College School Wimbledon

Previous roles: Leadership of organisations and projects in private and public sectors; partner, Goldman Sachs; CEO of LOCOG; commercial secretary to the Treasury.

Committees:
- Remuneration (chair)
- Nomination (chair)

2

Lara Boro
Group chief executive

Appointed: September 2019

Commitments: Non-executive director at RWS Holdings

Previous roles: Ms Boro joined The Economist Group from Informa, where she served as chief executive of Informa Intelligence. She has a wealth of experience in B2C and B2B information markets, and has held senior positions at Ascential (formerly EMAP), CPA Global and the *Financial Times*.

3

Zanny Minton Beddoes
Editor-in-chief

Appointed: February 2015

Commitments: Chair of the Marjorie Deane Financial Journalism Foundation; member of Die Zeit publisher's advisory board; trustee, The Bilderberg Association UK

Previous roles: Business-affairs editor, economics editor, US economics correspondent, emerging-markets correspondent at *The Economist*. Economist at the IMF; adviser to the Ministry of Foreign Economic Relations, Poland.

Departures during the year:

John Elkann
Retired from the Board in September 2020.

4

Vindi Banga

Appointed: September 2020

Commitments: Partner at Clayton, Dubilier & Rice; senior independent director at GlaxoSmithKline; chairman at Marie Curie; board member at The International Chamber of Commerce (UK)

Previous roles: Spent 30 years working with Unilever plc to become president of Global Foods, Home and Personal Care, and a member of the Unilever executive board. He has been president of Unilever Asia as well as chairman and managing director of Hindustan Unilever Limited, Unilever's listed company in India. Sat on the prime minister of India's Council of Trade & Industry from 2004 to 2014, and served on the board of governors of the Indian Institute of Management, Ahmedabad. He has been a non-executive director of the Confederation of British Industry, the Thomson Reuters Corp, chairman of the Supervisory Board of Mauser Group, chairman of Kalle, and senior independent director of Marks & Spencer Group.

5

Eli Goldstein

Appointed: October 2017

Commitments: Founder and managing partner of The Radcliff Companies. Director of Chrome Hearts Holdings, Jet Linx Global and CrossCountry Mortgage

Previous roles: Chief investment officer and partner of E.L. Rothschild LLC. Investment banker at Bear, Stearns & Co.

Committees:
- Audit
- Nomination

6

Lady Suzanne Heywood

Appointed: October 2015

Commitments: Managing director, Exor Investments, chair of CNHI, director of Chanel, head of finance and audit/operations committee, Royal Opera House, trustee of the Royal Academy of Arts Trust, chair of the Heywood Foundation, director of Quartz Associates and chair of Shang Xia

Previous roles: Private secretary to the Financial Secretary to the Treasury, and a senior partner at McKinsey.

Committees:
- Audit
- Remuneration
- Nomination
- Technology investment committee

7

Philip Mallinckrodt

Appointed: July 2017

Commitments: Trustee of various charities

Previous roles: Investment banking at Credit Suisse First Boston (1985-94), Schroders (1994-2000) and Citigroup (2000-02). Asset and wealth management at Schroders (2002-20).

Committees:
- Audit (chair)
- Remuneration

8

Diego Piacentini

Appointed: November 2019

Commitments: Chairman of the board of Apolitical.co; board member of Bocconi University; board member of Maasai Association; board member of Endeavor Italy; Mentor of Endeavor Global; adviser at KKR, Convoy, and several startups

Previous roles: Italian government's Commissioner for Digital Transformation; senior vice-president, International Consumer Business, Amazon; vice-president and general manager, EMEA, Apple.

Committees:
- Technology investment committee

9

Mustafa Suleyman

Appointed: June 2019

Commitments: None

Previous roles: Co-founder of DeepMind, one of the world's foremost technology companies, which was acquired by Google in 2014.

Committees:
- Technology investment committee

Leadership Team

4


In addition to **Lara Boro** and **Zanny Minton Beddoes**, the following make up the Leadership Team:

2


6


1


3


5


7


1

Deep Bagchee
Chief product officer

Joined the Group in 2020. Previously senior vice-president of product and technology at CNBC, and before that vice-president of product at CNBC Digital. He was also managing digital editor and head of digital for CNBC International.

2

Robin Bew
Managing director, EIU

Joined the Group in 1995 as an editor before becoming chief economist in 1997, editorial director in 2006 and managing director in 2013. Previously an economist at the Treasury, the UK's finance ministry. Executive sponsor of TEG in Colour, an affinity group with a mission to encourage ethnically diverse identities to come together to achieve more inclusive and sustainable business objectives for the Group.

4

Bob Cohn
President/managing director, *The Economist*

Joined the Group in January 2020. Previously president of *The Atlantic* and, before that, editor of TheAtlantic.com. He was also executive editor of *Wired* and the *Industry Standard*, and a Washington correspondent for *Newsweek*, where he covered the White House and the Supreme Court.

6

Oscar Grut
Chief legal and corporate development officer, Group company secretary, head of ESG

Joined the Group in 1998 from Linklaters. Founded *The Economist*'s digital-editions business, launching its first mobile apps, and served as managing director for its digital operations. Also responsible for ESG and the company's Sustainability Group, whose mission is to drive sustainable practices and reduce emissions across the organisation. Executive sponsor of Women of TEG, an affinity network whose aim is to support, promote, empower and recognise the women of the Group.

Departures during the year:

Catherine Hearn
Retired in September 2020. Formerly Group HR director.

Shane Naughton
Resigned in March 2021. Formerly Group chief financial officer.

Andrew Palmer
Rotated off the Leadership Team in December 2020 and continues as executive editor – digital, *The Economist*. Succeeded on the Leadership Team by Daniel Franklin.

3

Gareth Bridge
Transformation director

Joined the Group in October 2019 to establish a new Project Management Office. Previously held senior roles at RBS, TUI, Reed Elsevier, UBM and Informa.

5

Daniel Franklin
Executive & diplomatic editor, *The Economist*

Joined *The Economist* in 1983. He has been Britain editor, Washington bureau chief, editorial director of the EIU, editor-in-chief of Economist.com, business-affairs editor and diplomatic editor. A speciality has been looking at the world ahead: for 17 years he edited *The World In* annual. He also chairs The Economist Educational Foundation and The Economist Group UK Pension Plan.

7

Ian Hemming
Managing director, Economist Events

Joined the Group in July 2019. Has 28 years' experience in the commercial events and B2B media industry, serving as CEO of the TMT division of Informa for 16 years and latterly as a media adviser to private-equity groups and events companies. Also non-executive director of OCS Group.

8

Claudia Malley
President/managing director, Client Solutions

Joined the Group in October 2020. Previously led the global corporate partnership business at National Geographic, and served as worldwide publisher at *Runner's World*. She began her career in public television, working on corporate partnerships. Claudia is the executive sponsor of Minds of all Kinds, the Group's affinity network whose mission is to bring awareness to mental health and well-being.

9

Kim Miller
Chief marketing officer

Joined the Group in June 2020. Previously chief marketing officer at Flatiron School and, prior to that, held senior roles at Consumer Reports, J. Crew Group and Time Inc. Executive sponsor of the Group's WILDE network, which promotes workplace inclusion for LGBTQ+ diversity.

11

Tim Pinnegar
Publisher and managing director, Asia Pacific

Joined the Group in 2001, having worked for advertising agency Leo Burnett in senior positions in London, Singapore and Malaysia.

13

Karine Serfaty
Chief data officer

Joined the Group in September 2020. Previously chief data officer for ITV, and before that held senior roles in strategy and data at the *New York Times* and OC&C Strategy Consultants.

10

Richard Peers
Chief information officer

Joined the Group in November 2019 from Legal & General, where he served as Group IT strategy director. Has held a number of leadership roles, including chief technology officer at Informa.

12

Marcus Roy
Group chief financial officer

Joined the Group in February 2021. Brings 20 years' experience in subscription-based and consumer businesses. Previously group financial controller at Associated British Foods. Held senior finance roles in the UK and US with Dixons Carphone, and qualified as a chartered accountant with Deloitte.

14

Gnosoulla Tsioupra-Lewis
Chief talent officer

Joined the Group in September 2020, having previously worked as chief people officer at Telegraph Media Group and at UBM, where she held leadership positions in human resources and employment law, both in the UK and internationally. Prior to that she was a lawyer at Baker & McKenzie.

The Group operates in a clear and ethical context, and the Board reviews and approves a set of guiding principles every year.

High standards of corporate governance are essential for a business like ours, with its unique journalistic heritage combined with its commercial functions. But they must be appropriate for our size, our profile and the specific nature of our business. For many years, we have published our guiding principles and explained how we comply with relevant codes of practice.

The most relevant to us today are the Wates Corporate Governance Principles for Large Private Companies, published by the Financial Reporting Council (FRC). And we hereby confirm that we have applied these principles throughout the financial year ended March 31st 2021.

In this section we describe how we apply the Wates Principles and incorporate the requirements of reporting against Section 172(1) of the Companies Act. The two overlap somewhat and so, having set out the Wates Principles, we go on to illustrate their application by describing how they apply in the context of our own guiding principles, along with some examples of what we have done during the year, and our plans for the year ahead. We also encourage you to read the strategic report, which shows many of these principles in action.

The Economist Group's guiding principles

***The Economist* has been published since 1843 to take part "in a severe contest between intelligence, which presses forward, and an unworthy, timid ignorance obstructing our progress".**

The Group operates in a clear and ethical context, and the Board reviews and approves a set of guiding principles every year, which are as follows:

- We aim to offer insight, analysis and services that are valued by our customers.
- Underpinning our ability to fulfil this objective is our commitment to independence, integrity and delivering high quality in everything we do. These values govern our relationships with readers, customers and clients, shareholders, colleagues, suppliers and the community at large.
- We believe in conducting business with common decency. We are opposed to bribery and do not engage in corrupt practices. We abide by strict guidelines governing the acceptance of gifts and the disclosure of potential conflicts of interest.
- We are opposed to modern slavery and human trafficking, both in our business and in our supply chain. See our Modern Slavery Act statement on our Group website for more information.
- As an international company we conduct business in many different markets around the world. In the countries in which we operate we abide by local laws and regulations.
- We make an active contribution to local charities by charitable giving. We encourage our people to participate in charitable and community activities, and we permit them to take time off for this purpose. We match employee donations of time and money to charities.
- We respect environmental standards and comply with relevant local laws. We take environmental issues seriously. (*The Economist* and *The World In* series account for the majority of our annual spend on paper and printing. All suppliers of paper and print services used in producing these publications adhere to one or more of the following internationally recognised environmental standards: ISO 14001, FSC and PEFC.)
- We value our colleagues and treat each other fairly. The Group is committed to equality of opportunity in all employment practices and policies. We do not discriminate against employees or job applicants on the grounds of age, sex, sexual orientation, marital status, race, colour, religion, national origin or disability. We support colleagues who through disability or illness are unable to perform their duties, by adapting the work environment and hours of work to suit them as far as practicable. We provide employee assistance programmes and access to mental-health facilities.
- The Group is committed to increasing employee diversity. We particularly focus on ensuring that we recruit from the widest possible pool of talent. Data on the composition of our Group by gender, race and ethnicity can be found on page 35. We are also keen that people feel comfortable and valued at work, regardless of their background. We recognise that it is essential to keep colleagues informed of the progress of the Group. We provide colleagues with information on the Group's activities and its financial performance through regular meetings and communication through our intranet. We have a strong consultative culture, and we follow legal and regulatory requirements to consult with colleagues on major issues affecting the company.
- The Group is committed to achieving gender parity. Our gender pay gap report (published on March 8th 2021) shows that we are making progress; however, we still need to increase the number of women at senior management levels through career progression and recruitment.

The Wates Principles

The Economist Group is not bound by any corporate governance code, although we have always sought to manage our corporate affairs as closely as possible in line with prevailing standards of governance. The audit and risk committee of the Board reviews how the Group has applied corporate governance under the Wates Principles.

Principle One:

Purpose and leadership

The Economist Group's Board develops and promotes the purpose of the company and ensures that our values, strategy and culture align with that purpose. Our mission is to champion progress by delivering the best journalism, business information, events and marketing services to our readers and clients.

This year was particularly challenging given the global covid-19 pandemic, which required the Board and the business as a whole to make significant adjustments in many areas. Aside from adapting to working, meeting and collaborating remotely, given the immediate impact of the pandemic on the business, we had to reconsider our planned investments to ensure that we would come out of lockdown in a strong position to deliver our growth plans. This required some difficult decisions from the Board and the Leadership Team, particularly around the planned developments in Events and Client Solutions, which had to be delayed.

The impact of the pandemic on the business is discussed in more detail in the strategic report on pages 8-35 .

Principle Two:

Board composition

Please see the governance structure of the Board and the details of directors set out on pages 46-49. Note also that the company's constitution safeguards the company's corporate and editorial independence through four Trustees, whose rights and responsibilities are described on page 46. The idiosyncratic nature of the company's constitution, including the governance of appointments to the Board, has been in existence in some form since the early 20th century, and its purpose was – and continues to be – to ensure that The Economist Group (and *The Economist* newspaper) remain independent from the control of another corporate entity or any single shareholder.

See below for details of the nominations committee (page 59).

Principle Three:

Director responsibility

The Board, chaired by Lord Deighton, meets for regular business five times a year. The Board also convenes at other times on an ad hoc basis or in committee when necessary. The Board receives from the Leadership Team and other colleagues regular reports and presentations on business, strategy, operational and financial performance, product development and new services, technology, engagement with stakeholders, business risks and opportunities, people and diversity, and sustainability.

In the 12 months to March 31st 2021, the Board held its five regular meetings and one additional meeting. Like all businesses, managing the covid-19 crisis was high on the Board's agenda. Other than covid-19, our key priorities were:

- A wholesale review of our strategy, in which we were helped by external consultants, OC&C Strategy Consultants
- Close scrutiny of our investments in digital products and *The Economist*'s new fulfilment and customer-services platform, dubbed FCX (see page 20)
- The sale of our interest in FiscalNote, a company that bought our Washington, DC-based CQ-Roll Call business in 2018 and which, as part of the purchase price, had issued equity and a loan note to the Group
- A consultation with key shareholders and the Trustees, assisted by Moelis & Co (an investment bank), which covered a wide range of matters including our corporate and capital structure, governance, capital requirements of the company, FiscalNote and other Group assets, and dividend policy (see page 56)
- Our sustainability strategy, including setting ambitious goals to reduce our greenhouse gas emissions (see pages 30-33)
- Following a colleague engagement survey, a focus on career path, equality and workload (see pages 34-35)
- Diversity and inclusion across the Group (see pages 34-35)
- Dividends, which were not paid this year but are set to resume, subject to shareholder approval at the 2021 AGM.

Board's responsibilities

- Overall direction and strategy of the Group
- Securing the best performance from the Group's assets
- Determining matters specifically reserved for the Board in a formal schedule (which only the Board may change) including significant acquisitions and major capital expenditure
- Reviewing management's activities – for example, its implementation of the Board-approved strategy for the business, specific actions taken under a formal schedule of delegated authorities, progress on diversity and inclusion, and ESG goals.

Note: the company's articles of association require the approval of the Trustees for some actions.

Key features of the Board

- Induction process for new directors
- Board-approved delineation of the roles of the chairman and the Group chief executive
- Terms of reference for each of the Board's committees (more on the Board's committees on pages 58-59).

Principle Four:

Opportunity and risk

In promoting the long-term success of the Group, the Board looks for opportunities for growth while mitigating risk, and the chief executive and other members of the Leadership Team regularly highlight short-, medium- and long-term strategic and operational opportunities in their reports. We look particularly at long-term opportunities during the annual strategy-review process. As part of looking at opportunities, the Leadership Team, along with the audit and risk committee, also identify and manage risk, and report key risks to the Board for discussion.

The Leadership Team is responsible for the day-to-day management of risk, overseen by the Group chief executive. Certain risks are overseen by technical specialists – for example, the chief information officer oversees data and information security, the chief legal and corporate development officer oversees legal risk, and the chief financial officer oversees financial risk, with all three presenting regular reports to the audit and risk committee.

Our risk register lists strategic, operational and external risks and how we mitigate them. We update it formally twice a year and it is reviewed by the audit and risk committee. (See pages 43-44 for our table of key risks and how we mitigate them.)

Principle Five:

Remuneration

Our policy on remuneration is to pay fairly to attract, retain and motivate high-quality leaders to run the company successfully. In this the remuneration committee is mindful of the views of shareholders and other stakeholders. We link a significant proportion of remuneration to corporate and individual performance in a way that is designed to promote the long-term success of the company.

During the year the remuneration committee conducted an in-depth review of pay, including salaries and bonus plans, across the Group. We aim to build a compelling compensation offering to attract and retain high-calibre talent, and to reward excellence, and, in doing so, earn the loyalty of our staff and their unwavering commitment to our long-term strategic goals. Our remuneration policy is to provide competitive – but not excessive – salaries with, where appropriate, variable pay that rewards excellence. The work resulting from the review is ongoing, and we expect it to conclude in the coming year.

For more details, including on the role and responsibilities of the remuneration committee and our remuneration policies, see the directors' report on remuneration on page 60.

Principle Six:

Stakeholders

Good relationships with our stakeholders – from our readers and clients to our colleagues and suppliers – are essential for delivering excellence in everything that we do. The covid-19 pandemic, and its far-reaching effects on people's lives, made our relationships with stakeholders all the more important this year. We are proud of how resilient the company has been and, as light appears at the end of this long tunnel, of the strong position in which we now find ourselves thanks to difficult decisions we made during the year. But we are conscious that this has only been made possible thanks to the support of our stakeholders. Our colleagues worked tirelessly in the most trying circumstances; our shareholders had to forgo dividends for a year while dealing with the difficulties many of them have faced in their own lives; and our suppliers faced many of the same challenges that we have, but supported us nonetheless. And, of course, we are very grateful to our readers and clients, whose hunger for our content and services have made it possible for us to continue to provide the world-class products and services that our colleagues work so hard on.

An issue that affects all our stakeholders as well as future generations is the climate emergency, and we are absolutely committed to reducing the impact of our own operations on the environment. The Board has approved a commitment by the Leadership Team to reducing the Group's carbon emissions by 25% by 2025, as well as supporting other initiatives such as sourcing paper sustainably. This is discussed in depth on pages 30-33.

We have in place numerous policies to protect our various stakeholders, including data privacy and information security, editorial codes, a modern slavery statement, an anti-bribery policy, and a gifts and entertainment policy.

We discuss our relationships with stakeholders in more detail below, by reference to the directors' duty under s172 of the Companies Act, which follows.

Stakeholder engagement: section 172(1) statement

Under s172 of the Companies Act 2006, as directors we must act in a way which we believe, in good faith, would be most likely to promote the success of the company for the benefit of our members as a whole. In doing so, our duty is to have regard (among other matters) to:

- the likely consequences of any decision in the long term
- the interests of our employees
- the need to foster relationships with suppliers, customers and others
- the impact of our operations on the community and the environment (see below and pages 30-33)
- the importance of maintaining our reputation for high standards of business conduct (see our guiding principles on page 53)
- the need to act fairly as between members of the company.

As a Board, we consider these factors as a matter of course in how we make decisions, and we make sure new directors are properly briefed on this when they join the Board.

In practice, this means inviting members of the executive team and other colleagues to present and discuss business matters with us, as well as meeting in less formal settings. And our Group chief executive, as well as other members of the Leadership Team, present regular business updates to colleagues, which include Q&A sessions.

Three of the most important decisions taken by the Board were closely related: we decided to sell the Group's interest in FiscalNote, because this was not a strategic interest for the Group and there was an opportunity to realise a substantial sum from the disposal; we reduced the company's overall debt, through tight cost controls, a good overall financial performance, and of course from the proceeds of the sale of FiscalNote; and, having decided not to pay a final dividend in respect of FY20 nor an interim dividend in FY21, the Board resolved to recommend the resumption of dividends for the full year, thanks to its much-improved balance sheet and the Group's unexpectedly strong performance in FY21. In reaching these decisions, the Board balanced in particular the short- and long-term needs of the business and the interests of our shareholders.

Engaging with our shareholders

Our founding shareholders were originally a small number of families. Over the years, the number has grown significantly, and we now have nearly 1,000 shareholders. These range from the founding family holdings, which have been dispersed within those families to varying degrees through generations, and to existing and former colleagues, as well as others with no particular connection with the company. In addition, Exor owns a 43% stake in the company, including both ordinary shares and all the "B" special shares.

Some of our "A" special, "B" special and ordinary shareholders are represented on the Board. Currently they include the Rothschilds, through their nominee, Eli Goldstein, and Exor, through Lady Heywood; otherwise the chairman, other directors and members of the Leadership Team regularly meet with individual shareholders. Our AGM is an important opportunity to talk to our shareholders, and from the 2021 AGM onwards, we will hold quarterly presentations to shareholders.

Unfortunately, due to the pandemic, we had to hold last year's AGM by video conference, although we did include a Q&A session. We look forward to seeing our shareholders at this year's AGM.

Summary of the year

As noted above, during the year, with the help of investment bank Moelis & Co., we consulted widely with key shareholders and the Trustees on a range of issues including their views on our corporate and capital structure, strategy, governance and independence, capital requirements of the company, FiscalNote and other Group assets, and dividend policy. These informed Board policy – for the short, medium and long term – on the matters covered. We subsequently approved the sale of our interest in FiscalNote, significantly improving the balance sheet.

Our discussions with shareholders highlighted that some were suffering financially as a result of the pandemic, which made our decision not to pay a dividend particularly difficult. And, of course, the lack of liquidity in the company's shares, given that they are not publicly traded, made it difficult for those shareholders to realise their investments. Fortunately, however, two potential investors came forward, and in the interest of treating all members fairly, we wrote to all shareholders to let them know, such that they could sell their shares if they wished. A number responded, and the two new investors bought all the shares offered (a total of 28,575 Ordinary shares).

Colleagues

Members of the Leadership Team and other colleagues in the business are regularly invited to present and discuss business matters with the Board. Due to the pandemic, we had very few opportunities to meet in a less formal setting, with video calls taking over, but we hope to be able to meet colleagues in person again soon. This is particularly relevant because of the pressures our ambitious growth agenda placed on colleagues, which would have been significant at the best of times.

We therefore scaled down our expectations of the growth agenda for this year in some areas (eg, large-scale events), to ensure we did not ask too much of our colleagues and compromise their well-being. And we were pleased to see that, despite the pandemic, people continued to score the Group highly for autonomy, peer relationships and support in the most recent colleague survey (all-colleague surveys are undertaken annually, with targeted surveys done more frequently). In the weaker areas – particularly career paths and equality – the Board encouraged the Leadership Team to make improvements (see pages 34-35).

Diversity and inclusion

We believe that everyone deserves to be treated fairly and inclusively, not just because it makes it easier to recruit and retain the best talent, but simply because it's the right thing to do. The Board is therefore very supportive of the diversity initiatives the Leadership Team has put in place both within the newspaper's editorial team and across the Group. This includes a new diversity task-force, supported by a consultancy, the EW Group, whose mission is to build on strengths to develop strategies and action plans to create a workplace where people feel valued, rewarded and part of an organisation where they belong.

Our latest gender pay gap report was published in March 2021. We made significant improvements (our UK median gender pay gap fell by one third, to 19.3%) but there is considerable work to do to close the gap in pay, which is due to more men than women in higher-paid roles and fewer men than women in lower-paid roles.

Changes in pension plans

The deficit in the Group's defined-benefit pension plan remains subject to potential volatility, and the Board, through management, has engaged in constructive discussions with the plan's trustees regarding investment strategy and the long-term strategy of de-risking the investment portfolio to bring the plan to self-sufficiency.

Our communities

The Board supports 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. See pages 36-37.

At the beginning of 2021, 70 colleagues took up our New Year Challenge, raising £28,530 in support of the Foundation, with 485 colleagues, friends and family donating to support our challenge participants. The Group matched £25,000.

The Economist Charitable Trust continued to match colleagues' donations to charitable causes throughout the year, including offering to double any staff donations given to the relief efforts following the Beirut explosion, or towards WHO efforts against covid-19. In total, it donated £48,000 through this matching scheme.

One focus for the Trust this year was to increase participation by colleagues in the US. This year 36 US colleagues took part in the scheme, up from 19 the previous year.

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. We solicit feedback from our readers and clients through a multitude of channels, and this is reported to the Board. During the year, the Board has been closely involved in the determination of the best allocation of resources to improve our products and services, and the platforms for their delivery.

While the pandemic has limited the Board's ability to interact with customers this year, it reviewed and discussed our key client accounts and discussed how we ensure more regular engagement between members of the Board and key partner businesses. Further, the creation of Economist Impact (discussed in the strategic report) is in direct response to feedback from key clients who felt we should make it easier for them to work with various parts of the Group providing customised research and marketing services.

The Board and committees

The Board is supported by three permanent committees: audit and risk, remuneration and nomination. We set up other committees on an ad hoc basis when needed. For example, we currently have a technology investment committee to oversee our investment in digital products and technology, given the critical nature of this area to our future. These committees are made up of non-executive directors, and they report back to the Board after each meeting.

Audit and risk committee

The audit and risk committee is made up of three non-executive directors. Chaired by Philip Mallinckrodt, the other members are Lady Heywood and Eli Goldstein. The committee's role, on behalf of the Board, is to ensure that the internal team produces reliable financial information, such that our published financial statements give a true and fair view of the business. The committee is also responsible for reviewing risk, the suitability and effectiveness of the Group's internal financial controls, the work and findings of both our internal and our external auditors, key accounting policies and judgments, and corporate governance. During the year the audit and risk committee outsourced the internal audit function to PwC in order to access broader subject-matter expertise and enable efficient resource allocation.

Risk management

The Group has carried out a thorough risk assessment which is summarised on page 43.

The internal financial-control system has been designed and developed over a number of years to provide the audit and risk committee with reasonable assurance of the accuracy and reliability of the financial records, and its effectiveness has been reviewed by the committee. The control system includes the following important features:

- The Board reviews the Group's strategy, long-term plan and goals, annually. The strategies of specific businesses are reviewed as required.
- An annual budget is approved by the Board. Monthly results are reported against the annual budget and quarterly forecasts. Page 6 includes some of the key performance indicators which are used to measure business performance. The company reports to shareholders twice a year.
- Treasury procedures cover banking arrangements, hedging instruments, investments of cash balances and borrowing procedures. These procedures include colleague responsibilities, segregation of duties and levels of delegated authority for treasury matters.
- The company has outsourced its internal audit provision to PwC. PwC carries out an independent risk-based programme of internal audit work in all parts of the Group.
- The company has a risk-management function which reviews the register of key business risks and mitigation actions and reports to the Board.
- The company has a cyber-security function which manages the Group's risk of cyber-attack. Controls to prevent and detect attacks are supplemented with assurance, mitigation and education activities. We achieve cyber-resilience by ensuring we have appropriate, tested plans and recovery resources in place, coupled with effective, well-rehearsed crisis management.
- The company has clearly defined guidelines for the review and approval of capital-expenditure projects, which include project appraisals and review by a dedicated Board committee.

Nomination committee

The nomination committee is responsible for Board succession planning (although not for that of Trustees). Its aim is to make sure that the Board has a diverse range of directors who between them have a breadth of experience in useful and relevant areas. The committee meets as and when required, but at least annually.

The nomination committee's terms of reference state that the committee should be chaired by the chairman of the Board, and that it should include a director representing the holder of the "B" special shares (currently Lady Heywood), and a director nominated by any shareholder group that owns more than 15% of both the "A" special shares and the ordinary shares (currently Eli Goldstein). These terms of reference also provide that any shareholder group that owns more than 15% of both the "A" special shares and the ordinary shares may propose nominees for up to two non-executive directors (whose election remains subject to the approval of the holders of a majority of the "A" special shares).

During the year, the committee proposed renewing the Board memberships of Eli Goldstein and Philip Mallinckrodt, and these were approved by the "A" special shareholders. It also supported the appointment of Vindi Banga, who was proposed and appointed by the "B" special shareholder, Exor, after John Elkann stepped down.

Remuneration committee

The remuneration committee is made up of three non-executive directors. It is chaired by Lord Deighton, and the other members are Lady Heywood and Philip Mallinckrodt. The committee's role is described in the directors' report on remuneration on page 60.

Directors' report on remuneration

The remuneration committee is responsible for the remuneration policy for senior executives of the Group, as well as the policy and structure of pay and Group bonus schemes for colleagues generally.

The committee

The remuneration committee of the Board is made up of three non-executive directors: Lord Deighton (chairman), Lady Heywood and Philip Mallinckrodt. The quorum necessary for the transaction of business is two members. The committee is responsible for the remuneration policy for senior executives of the Group and the policy and structure of pay and Group bonus schemes for colleagues generally. In determining remuneration, the committee follows a policy designed to attract, retain and motivate high-calibre executives, aligned with the interests of shareholders.

In reaching decisions about salaries and bonuses, the committee considers information about remuneration in other companies in similar sectors of comparable scale and complexity, and takes advice from remuneration consultants, particularly in terms of best market practice and benchmarking.

Table 1 Directors' interests as at March 31st 2021

	31 March 2021			31 March 2020		
Beneficial holdings	**Ordinary**	**"A" Special**	**"B" Special**	Ordinary	"A" Special	"B" Special
Lord Deighton	**–**	**3,300**	**–**	–	3,300	–
Lara Boro	**–**	**–**	**–**	–	–	–
Zanny Minton Beddoes	**18,340**	**–**	**–**	13,040	–	–
Vindi Banga (appointed September 2020)	**–**	**–**	**–**	–	–	–
John Elkann (retired September 2020)	**7,490,000**	**–**	**1,260,000**	7,490,000	–	1,260,000
Eli Goldstein	**–**	**–**	**–**	–	–	–
Lady Heywood	**–**	**–**	**–**	–	–	–
Philip Mallinckrodt	**5,600**	**1,781**	**–**	5,600	1,781	–
Diego Piacentini	**14,288**	**–**	**–**	–	–	–
Mustafa Suleyman	**–**	**–**	**–**	–	–	–
Holdings as Trustee						–
Zanny Minton Beddoes[1]	**97,500**	**–**	**–**	97,500	–	–

The beneficial interests above include directors' personal holdings, holdings of their spouses and children and holdings through companies and trusts in which they have an interest.

1 Held as a joint trustee of the Marjorie Deane Journalism Foundation.

Lara Boro and Zanny Minton Beddoes have the right to acquire 44,661 ordinary shares (2020: 39,321) and 30,000 ordinary shares (2020: 30,000) respectively, under the restricted share scheme described on the next page. Lara Boro exercised 4,660 options and Zanny Minton Beddoes exercised 10,000 options in the year.

The executive directors of the company, together with all employees of the Group, are beneficiaries of the company's employee share ownership trust. As such, Lara Boro and Zanny Minton Beddoes are treated as interested in the 352,948 ordinary shares (2020: 292,070) held by the trustee of that trust.

The Group operated a number of annual bonus and long-term bonus plans during the year, providing performance-based bonuses for executive directors and colleagues.

(a) Annual bonus plans

Executive directors and colleagues participated in annual bonus plans in which rewards were linked to Group revenue and profit performance.

(b) Executive long-term plans

Executives participate in a three-year cash-bonus scheme. The amount paid to each participant is determined by the growth rate in the Group's earnings per share, revenue and adjusted operating profit and by the number of units awarded to the participant at the start of the three-year period. There is a minimum hurdle to achieve before any payments are made.

(c) The Economist editorial long-term plan

Some senior journalists who do not participate in the executive long-term plan participate in this three-year cash-bonus scheme designed to help retain key editorial staff. The amount paid to each participant is determined by the growth rate in the Group's earnings per share, revenue and adjusted operating profit and by the number of units awarded to the participant at the start of the three-year period. There is a minimum hurdle to achieve before any payments are made.

(d) Restricted share scheme

The Group also has in place a restricted share scheme under which a small number of key colleagues have been awarded a right to acquire ordinary shares at a nominal price, usually between one and four years after the date of the award. The Group has the discretion to pay out shares or cash on exercise.

Directors' remuneration

Directors' remuneration and benefits are shown in Table 2. Non-executive directors do not participate in any bonus scheme, any long-term incentive scheme or any of the company's pension plans. This table shows salaries/fees, annual bonuses and benefits earned in and charged to the income statement in the year unless otherwise noted. The table includes future and uncashed entitlements under annual incentive schemes.

In May 2020, in view of the covid-19 pandemic and the impact it was felt this might have on the business, the non-executive directors took the decision to waive their fees for six months and, for the same period, the Group chief executive took a 20% salary reduction and the rest of the Leadership Team took 10% cuts. In total, this resulted in savings of £364,000.

Table 2 Remuneration for the year ended March 31st 2021

	Salary/Fees 2021 £000	Annual bonus 2021 £000	Long term plan 2021 £000	Benefits 2021 £000	2021 £000	Total 2020 £000
Lord Deighton	75	–	–	–	75	150
Lara Boro	529	382	–	17	928	340
Eli Goldstein	20	–	–	–	20	39
Lady Heywood[1]	20	–	–	–	20	39
Philip Mallinckrodt	23	–	–	–	23	46
Zanny Minton Beddoes	443	243	–	18	704	483
Mustafa Suleyman	20	–	–	–	20	31
Diego Piacentini	20	–	–	–	20	14
Vinda Banga	16	–	–	–	16	–
Chris Stibbs	–	–	–	–	–	420
Total	1,166	625	–	35	1,826	1,562

1 Paid to Exor N.V.

Table 3 Directors' accrued pensions

The pensions which would be paid annually on retirement at age 65 based on service with the company to March 31st 2021 are shown in Table 3. The table does not include any additional voluntary contributions or any resulting benefits.

	Age at March 31st 2021	Accrued pension at March 31st 2021	Accrued pension at March 31st 2020	Change
Zanny Minton Beddoes	53	£130,748	£130,027	£721

Directors' report

The directors present their report to shareholders, together with the audited consolidated financial statements, for the year ended March 31st 2021.

Developments and principal activities

The principal activities of the Group consist of publishing, the supply of business information and consulting services, conferences, marketing services and data design. Further details about the activities, developments and likely future developments of the Group are on pages 8-29.

Results and dividends

The profit after tax from continuing operations for the financial year to March 31st 2021 was £17.4m (2020: £42.2m). A final dividend of 100.0p per share (2020: nil) is proposed for the year to March 31st 2021. As there was no interim dividend paid this year, this makes a total proposed dividend for the year of 100.0p per share (2020: 40.0p).

Colleagues

We recognise the importance of engaging our colleagues and encouraging them to contribute their diverse perspectives to the business to help achieve our Group's strategy and long-term ambition. We strive to have meaningful two-way dialogue with our colleagues through a range of formal and informal channels. For example, our all-colleague events, "TEG Conversation," "Insight Hours" and "Coffee Withs", as well as newsletters and colleague surveys inform, inspire and engage. We consistently ask our colleagues to share their feedback with managers, and have regular conversations, making a point of seeking questions or comments in every communication channel. We have affinity networks and task-forces to generate meaningful discussions about our internal culture and to strengthen our diversity.

Our policies and procedures have been developed to continue the open-dialogue spirit and to align to our purpose. We have employee-assistance programmes and anonymous hotlines for any colleague who wishes to speak to a confidential third party. We take the pulse of the organisation annually through our employee engagement survey, in which we ask questions about purpose, working relationships, culture and working environment. Each year we select important drivers for organisational improvement based on colleague feedback and work collectively for improvement.

Transactions with related parties

Details of transactions with related parties, which are to be reported under IAS 24, are set out in note 35 to the financial statements on page 121.

Directors

Profiles of the directors appear on pages 48-49. All executive directors have contracts of employment.

Directors' indemnities

The company 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 company 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.

Corporate information

The share capital of the company is divided into ordinary shares, "A" special shares, "B" special shares and trust shares. There are 104 "A" special shareholders, and the "B" special shares are all held by Exor.

The trust shares are held by Trustees (who are described on page 47), whose consent is needed for certain corporate activities. The rights attaching to the trust shares provide for the continued independence of the ownership of the company and the editorial independence of *The Economist*. Apart from these rights, they do not include the right to vote, receive dividends or have any other economic interest in the company. The appointments of the editor-in-chief of *The Economist* and of the chairman of the company are subject to the approval of the Trustees, as are transfers of "A" special and "B" special shares.

The ordinary shareholders are not entitled to participate in the appointment of directors, but in most other respects they have the same rights as the holders of "A" and "B" special shares. The transfer of ordinary shares must be approved by the Board of directors.

No one shareholder or group of shareholders acting in concert is entitled (in relation to any resolution, whether proposed at a general meeting of the company and voted on by way of a poll or put to shareholders as a written resolution) to exercise votes representing more than 20% of the total voting rights exercisable by shareholders (other than the Trustees); or to hold shares carrying more than 50% in value of the dividend rights of the company.

Shares held in treasury

5,040,000 ordinary shares were repurchased during the year ended March 31st 2016 and are held in treasury. The voting and dividend rights associated with those shares remain suspended.

Corporate governance

Please refer to the report on corporate governance on pages 52-61.

Annual general meeting (AGM)

The notice convening the AGM, to be held at the Institute of Directors at 12.15pm on Tuesday July 13th 2021, can be found on page 138.

Independent auditor

A resolution to reappoint Deloitte LLP as auditor to the company, and a further resolution to authorise the directors to fix their remuneration, will be proposed at the annual general meeting.

Auditor independence

In line with prevailing good practice, the audit and risk committee has a policy defining those non-audit services that the independent auditor may or may not provide to the Group. The policy requires that the provision of these services be approved in advance by the audit and risk committee or, up to pre-approved limits, the chief financial officer. A statement of the fees for audit and non-audit services is set out in note 4 on page 87.

Events after the balance-sheet date

There were no material events after the balance-sheet date.

Disclosure of information to the auditor

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

Statement of directors' responsibilities in respect of the financial statements

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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company 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 the parent company 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 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.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- make an assessment of the company's ability to continue as a going concern.

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 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.

By order of the Board

Oscar Grut
Chief legal and corporate development officer
Group company secretary

June 14th 2021

We keep ourselves accountable, and ensure we're transparent across our work.

In this section

Independent auditor's report to the members of The Economist Newspaper Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The Economist Newspaper Limited (the parent company) and its subsidiaries (the Group):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements 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 consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cashflow statement;
- the related notes 1 to 37; and
- the parent company notes 1 to 23.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 Group and the parent 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 (FRC) 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 Group's and parent company's ability to continue as a going concern for a period of at least 12 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.

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 Group's and the parent 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 Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of The Economist Newspaper Limited

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

We obtained an understanding of the legal and regulatory frameworks that the Group 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, pensions legislation and tax legislation); and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty (such as the General Data Protection Regulations).

We discussed among the audit engagement team and relevant internal specialists such as tax, pensions and IT, whether opportunities and incentives 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 misstatements arising from fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address them are described below:

- We identified a risk of misstatement that would arise due to fraud in the advertising revenue stream due to the complexity of pricing arrangements and due to the occasional use of barter arrangements in the sector. In addressing this risk, we performed testing on the key controls in the advertising revenue cycle; we performed detailed testing of advertising campaigns that were ongoing at year end and assessed whether revenue had been recognised in the appropriate period; and we made enquiries about the incidence of barter transactions to ensure they were appropriately recognised.
- 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 profiled the full population of accounting journals made in the year using our analytics tool, searching for common characteristics of fraud, and we obtained evidence that supported the journal entries; we assessed whether the judgments made in making accounting estimates are indicative of a potential bias; and we 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 the 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.

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 Group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

June 15th 2021

Consolidated income statement

Year ended March 31st

Continuing operations	Notes	**2021 £000**	2020 Restated* £000
Revenue	2,3	**310,301**	320,294
Cost of sales		**(89,536)**	(95,779)
Gross profit		**220,765**	224,515
Distribution costs		**(38,453)**	(40,503)
Marketing, development and other administrative costs		**(140,537)**	(151,114)
Adjusted operating profit		**41,775**	32,898
Closure of DB pension scheme	5	**–**	36,227
Impairments	5	**–**	(16,094)
Operating profit	2	**41,775**	53,031
Finance income	7	**6,271**	5,965
Loss on sale of FiscalNote loan notes	19	**(23,611)**	–
Finance costs	8	**(4,672)**	(5,577)
Profit before tax	2	**19,763**	53,419
Tax	9	**(2,338)**	(11,195)
Profit for the year from continuing operations		**17,425**	42,224
Loss for the year from discontinued operations	10	**(812)**	(21,052)
Profit for the year		**16,613**	21,172
Attributable to:			
Equity holders of the company		**16,613**	21,172
Earnings per share			
Basic (pence)	11	**83.8**	106.5
Diluted (pence)	11	**83.2**	105.6
Dividends per share on a cash basis (pence)	12	**–**	115.0
Dividends per share including proposed dividends (pence)	12	**100.0**	40.0

*Adjusted operating profit for 2020 has been restated to our new definition as described in note 1.

Consolidated statement of comprehensive income

Year ended March 31st

	Note	2021 £000	2020 £000
Profit for the year		**16,613**	21,172
Items that may be reclassified subsequently to the income statement:			
Change in fair value of cashflow hedges	28	**2,761**	(737)
Attributable tax including prior year deferred tax	9	**(525)**	215
Change in value of interest rate hedges*		**372**	(397)
Attributable tax including prior year deferred tax	9	**(1)**	(6)
Translation reserves recycled to income statement	10	**(868)**	–
Net exchange differences on translation of net investments in overseas subsidiary undertakings		**(6,309)**	2,781
Items that will not be reclassified to the income statement:			
Re-measurement of retirement benefit obligations	26	**(108)**	(41,184)
Attributable tax	9	**26**	8,181
Loss on sale of FiscalNote equity	19	**(13,540)**	–
Attributable tax	9	**3,468**	–
Fair value of equity investments	17	**1,807**	(11,715)
Recycle of cumulative revaluations on equity investments	17	**6,549**	–
Attributable tax	9	**(1,736)**	2,444
Other comprehensive expense for the year		**(8,104)**	(40,418)
Impact of change in accounting policies		**–**	3
Total comprehensive income/(expense) for the year		**8,509**	(19,243)
Attributable to:			
Equity holders of the company		**8,509**	(19,243)

*A credit of £368,000 has been taken through the Change in value of interest rate hedges line in the current financial year reflecting a change in accounting treatment relating to the interest rate cap held.

Consolidated balance sheet

As at March 31st

	Note	2021 £000	2020 £000
Property, plant and equipment	14	**7,016**	8,163
Right-of-use assets	15	**22,844**	26,635
Intangible assets	16	**38,600**	32,803
Fixed asset investments	17	**–**	24,456
Financial assets – loan notes	18	**–**	56,688
Deferred tax assets	20	**5,996**	9,716
Derivative financial instruments	28	**33**	29
Non-current assets		**74,489**	158,490
Inventories	21	**463**	612
Trade and other receivables	22	**55,675**	57,789
Current tax assets		**8,181**	5,672
Derivative financial instruments	28	**1,671**	–
Cash and cash equivalents	23	**32,335**	24,020
Current assets		**98,325**	88,093
Total assets		**172,814**	246,583
Trade and other liabilities	24	**(8,522)**	(10,459)
Borrowings	25	**(34,401)**	(110,176)
Lease liabilities	34	**(21,583)**	(24,503)
Deferred tax liabilities	20	**(2,275)**	(8,120)
Retirement benefit obligations	26	**(16,613)**	(20,776)
Other liabilities		**(208)**	(208)
Non-current liabilities		**(83,602)**	(174,242)
Trade and other liabilities	24	**(170,106)**	(153,809)
Lease liabilities	34	**(6,171)**	(8,229)
Derivative financial instruments	28	**(42)**	(1,132)
Current tax liabilities		**(3,371)**	(6,535)
Provisions	27	**–**	(223)
Current liabilities		**(179,690)**	(169,928)
Total liabilities		**(263,292)**	(344,170)
Net liabilities		**(90,478)**	(97,587)
Equity			
Share capital	31	**1,260**	1,260
ESOP shares	32	**(6,472)**	(5,072)
Treasury shares	33	**(188,823)**	(188,823)
Translation reserve		**(15,081)**	(10,665)
Retained earnings		**118,638**	105,713
Total equity		**(90,478)**	(97,587)

The consolidated financial statements were approved by the Board of directors and authorised for issue on June 14th 2021.
They were signed on its behalf by:

Paul Deighton
Director

Lara Boro
Director

Consolidated statement of changes in equity

Year ended March 31st

		Equity attributable to equity holders of the company					
Year ended March 31st 2021	Note	**Share capital £000**	**ESOP shares £000**	**Treasury shares £000**	**Translation reserve £000**	**Retained earnings £000**	**Total equity £000**
At April 1st 2020		**1,260**	**(5,072)**	**(188,823)**	**(10,665)**	**105,713**	**(97,587)**
Profit for the year		–	–	–	–	**16,613**	**16,613**
Other comprehensive expense		–	–	–	**(4,416)**	**(3,688)**	**(8,104)**
Total comprehensive income		–	–	–	**(4,416)**	**12,925**	**8,509**
Net purchase of own shares	32	–	**(1,400)**	–	–	–	**(1,400)**
At March 31st 2021		**1,260**	**(6,472)**	**(188,823)**	**(15,081)**	**118,638**	**(90,478)**

		Equity attributable to equity holders of the company					
Year ended March 31st 2020	Note	Share capital £000	ESOP shares £000	Treasury shares £000	Translation reserve £000	Retained earnings £000	Total equity £000
At April 1st 2019		1,260	(4,716)	(188,823)	(12,709)	149,861	(55,127)
Impact of change in accounting policy		–	–	–	–	3	3
Profit for the year		–	–	–	–	21,172	21,172
Other comprehensive expense		–	–	–	2,044	(42,462)	(40,418)
Total comprehensive expense		–	–	–	2,044	(21,287)	(19,243)
Net purchase of own shares	32	–	(356)	–	–	–	(356)
Dividends	12	–	–	–	–	(22,861)	(22,861)
At March 31st 2020		1,260	(5,072)	(188,823)	(10,665)	105,713	(97,587)

The translation reserve includes exchange differences arising from the translation of the net investment in foreign operations and of other currency instruments designated as hedges of these investments.

Consolidated cashflow statement

Year ended March 31st

	2021 £000	2020 £000
Cashflows from operating activities		
Operating profit – continuing businesses	**41,775**	53,031
Operating loss – discontinued businesses	**(2,042)**	(21,592)
Depreciation, amortisation and impairment charges	**15,045**	48,127
Loss on disposal of fixed assets	**221**	–
Decrease in inventories	**136**	361
Decrease in trade and other receivables	**178**	3,740
Increase in trade and other liabilities	**18,016**	9,923
Decrease in retirement benefit obligations	**(4,736)**	(38,396)
Decrease in provisions	**(80)**	–
Cash generated from operations	**68,513**	55,194
Taxes paid	**(7,920)**	(4,179)
Net cash generated from operating activities	**60,593**	51,015
Investing activities		
Interest received	**19**	64
Purchase of software and other intangible assets	**(10,834)**	(6,913)
Purchase of property, plant and equipment	**(1,034)**	(1,066)
Proceeds from sale of investments	**50,751**	–
Payment of acquisition deferred consideration	**(143)**	–
Net cash generated from/(used in) investing activities	**38,759**	(7,915)
Financing activities		
Dividends paid	**–**	(22,861)
Interest paid	**(3,952)**	(4,815)
Payment of lease liabilities	**(7,575)**	(7,322)
Purchase of own shares	**(1,615)**	(853)
Proceeds from borrowings	**20,000**	28,000
Repayment of borrowings	**(96,000)**	(29,440)
Net cash used in financing activities	**(89,142)**	(37,291)
Effects of exchange rate changes on cash and cash equivalents	**(1,895)**	551
Net increase in cash and cash equivalents	**8,315**	6,360
Cash and cash equivalents at the beginning of the year	**24,020**	17,660
Cash and cash equivalents at the end of the year	**32,335**	24,020

Consolidated cashflow statement

Net debt	2021 £000	2020 £000
Net debt at beginning of the year	**(118,888)**	(93,731)
Net increase in cash and cash equivalents	**8,315**	6,360
Proceeds from borrowings	**(20,000)**	(28,000)
Payment of lease liabilities	**7,575**	7,322
Inception of new lease liabilities, net of disposals	**(2,747)**	–
Adjustment on initial application of IFRS 16	**–**	(39,621)
Repayment of borrowings	**96,000**	29,440
Other non-cash changes	**(225)**	(225)
Effects of exchange rate changes on lease liabilities	**150**	(433)
Net debt at the end of the year	**(29,820)**	(118,888)
Net debt comprises:		
Cash and cash equivalents	**32,335**	24,020
Total cash and cash equivalents	**32,335**	24,020
Lease liabilities	**(27,754)**	(32,732)
Borrowings	**(34,401)**	(110,176)
Total net debt	**(29,820)**	(118,888)

FINANCIAL STATEMENTS

Notes to the consolidated financial statements

The Economist Newspaper Limited (the company) and its subsidiaries (together the Group) are international businesses covering publishing, the supply of business information and consulting services, conferences, marketing services and data design.

The company is limited by shares and is a private limited company incorporated and domiciled in England.
The address of its registered office is The Adelphi, 1-11 John Adam Street, London, WC2N 6HT.

These consolidated financial statements were approved for issue by the Board of directors on June 14th 2021.

NOTE 1 Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

a. Basis of preparation

These consolidated financial statements have been prepared on the going-concern basis and in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRSIC) interpretations as adopted by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. In respect of the accounting standards applicable to the Group, there is no difference between EU-adopted and IASB-adopted IFRS.

These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) to fair value through profit or loss.

The covid-19 pandemic and global lockdown have not impacted the markets for the Group's products and its supply chain as severely as initially anticipated. The directors continue to monitor the impact of the pandemic on demand for our products and services as well as the financial viability of our 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. Notwithstanding the Group's net liability position, based on these projections for the foreseeable future, available committed facilities and the associated financial covenants, the Board has reviewed the going-concern status of the company and has concluded that the preparation of the financial statements under the going-concern basis is appropriate.

1. New standards, interpretations and amendments adopted in the year

The following standards, interpretations and amendments were adopted in the year:

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3 Business Combinations;
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures.

The adoption of these standards has not had a material impact on the financial statements of the Group.

2. Standards, interpretations and amendments to published standards that are not yet effective.

The following published standards and amendments to existing standards, which have not yet all been endorsed by the EU, are expected to be effective as follows:

From the year beginning April 1st 2021:

- Amendment to IFRS 16 Leases;
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments;
- Amendments to IFRS 3 Business Combinations;
- Amendments to IAS 37 Provisions Contingent Liabilities and Contingent Assets; and
- IFRS 17 Insurance Contracts.

From the year beginning April 1st 2022:

- Amendments to IFRS 17 Insurance Contracts;
- Amendments to IAS 1 Presentation of Financial Statements; and
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The directors do not expect that the adoption of the standards and interpretations listed above will have a material impact on the financial statements of the Group in future periods, although the full assessment is not complete.

3. Critical accounting assumptions and judgments.

The preparation of financial statements in conformity with IFRS requires the Group to make judgments, estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. No judgments made in the process of applying the Group's accounting policies, other than those involving estimates, have had a significant effect on the amounts recognised within the financial statements. The areas requiring a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are discussed in the relevant accounting policies under the following headings and in the notes to the accounts where appropriate:

- Intangible assets: Goodwill (notes 1e and 16);
- Intangible assets: Internally developed software (notes 1e and 16);
- Taxation (note 1l, 9 and 20); and
- Employee benefits: Pensions (notes 1m and 26).

b. Consolidation

1. Business combinations

The acquisition method of accounting is used to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred in the administrative-expenses line of the income statement.

Identifiable assets and identifiable liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The determination of fair values often requires significant judgments and the use of estimates, and for material acquisitions, the fair value of the acquired intangible assets is determined by an independent valuer. The excess of the fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

See note 1e for the accounting policy on goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

On an acquisition-by-acquisition basis the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Management exercises judgment in determining the classification of its investments in its businesses.

2. Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

c. Foreign currency translation

1. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in sterling, which is the company's functional and presentation currency.

2. Transactions and balances

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 income statement, except when deferred in equity as qualifying net investment hedges.

3. Group companies

The results and financial position of all Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) Assets and liabilities are translated at the closing rate at the date of the balance sheet.

ii) Income and expenses are translated at average exchange rates.

iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. The Group treats specific inter-company loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

The principal overseas currency for the Group is the US dollar. The average rate for the year against sterling was $1.31 (2020: $1.27) and the year-end rate was $1.38 (2020: $1.24).

d. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment. 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. Land is not depreciated. 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:

i) Leasehold buildings: over the period of the lease.

ii) Plant and machinery, and 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.

Notes to the consolidated financial statements

e. Intangible assets

1. Goodwill

For the acquisition of subsidiaries made on or after April 1st 2014, goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. For the acquisition of subsidiaries made prior to April 1st 1998, purchased goodwill arising on consolidation was written off to reserves in the year in which it arose. For the acquisition of subsidiaries made on or after April 1st 1998 and prior to the date of transition to IFRS on March 31st 2014, goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss is recognised to the extent that the carrying value of goodwill exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. These calculations require the use of estimates and significant management judgment.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units (CGUs) to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cashflows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the balance-sheet date was £19,703,000 (2020: £19,801,000). There have been no impairments to the value of goodwill. See note 16 for details of key assumptions, the tests for impairment and the sensitivity of the estimates used by the Group.

Goodwill is allocated to aggregated CGUs for the purpose of impairment testing. The allocation is made to those aggregated CGUs that are expected to benefit from the business combination in which the goodwill arose.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold except for disposals of entities acquired before April 1st 2008, where goodwill was originally charged to reserves and is not recycled on disposal.

IFRS 3 Business Combinations has not been applied retrospectively to business combinations before the date of transition to IFRS.

2. Acquired software

Software separately acquired for internal use is capitalised at cost. Software acquired in material business combinations is capitalised at its fair value as determined by an independent valuer. Acquired software is amortised on a straight-line basis over its estimated useful life of between three and ten years. The amortisation period, method and residual value are reviewed annually.

3. Internally developed software

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. Internally developed software is reviewed annually for impairment where it has an indefinite life or where it is not currently available for use.

4. Acquired intangible assets

Acquired intangible assets include customer lists, contracts and relationships, trademarks and brands, publishing rights, content, technology and software rights. These assets are capitalised on acquisition at cost and included in intangible assets. Intangible assets acquired in material business combinations are capitalised at their fair value as determined by an independent valuer. Intangible assets are amortised over their estimated useful lives of between 2 and 20 years, using an amortisation method that reflects the pattern of their consumption.

f. Other financial assets

Other financial assets, designated as available for sale investments, are non-derivative financial assets measured at estimated fair value. Changes in the fair value are recorded in equity in the fair value reserve. On the subsequent disposal of the asset, the net fair value gains or losses are transferred directly from the fair value reserve to retained earnings.

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans receivable are carried at amortised cost using the effective interest method.

g. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Provisions are made for slow-moving and obsolete stock.

h. Cash and cash equivalents

Cash and cash equivalents in the cashflow statement include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included in borrowings in current liabilities in the balance sheet.

Short-term deposits and marketable securities with maturities of greater than three months do not qualify as cash and cash equivalents. Movements on these financial instruments are classified as cashflows from financing activities in the cashflow statement where these amounts are used to offset the borrowings of the Group, or as cashflows from investing activities where these amounts are held to generate an investment return.

i. Share capital

Ordinary, "A" and "B" special shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity share capital, either under the employee share ownership plan or as treasury shares, the consideration paid, including any directly attributable incremental costs, net of taxes, is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable transaction costs and the related income-tax effects, is included in equity attributable to the company's equity holders.

j. Borrowings

Borrowings are recognised initially at fair value, which is proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the income statement over the period of the borrowings using the effective-interest method. Where a debt instrument is in a fair value hedging relationship, an adjustment is made to its carrying value in the income statement to reflect the hedged risk. Interest on borrowings is expensed in the income statement as incurred.

k. Derivative financial instruments

Derivatives are recognised at fair value and are remeasured at each balance-sheet date. The fair value of derivatives is determined by using market data and the use of established estimation techniques such as discounted cashflow and option valuation models. The Group designates certain of the derivative instruments within its portfolio to be hedges of the fair value of its cashflows (cashflow hedges) or hedges of net investments in foreign operations (net investment hedges).

Changes in the fair value of derivatives that are designated and qualify as cashflow hedges are recorded in other comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as net investment hedges is recognised in other comprehensive income. Gains and losses accumulated in equity are included in the income statement when the corresponding foreign operation is disposed of. Gains or losses relating to the ineffective portion are recognised immediately in finance income or finance costs in the income statement.

Certain derivatives do not qualify or are not designated as hedging instruments. Such derivatives are classified at fair value and any movement in the fair value is recognised immediately in administrative costs in the income statement.

In September 2019, the IASB issued Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the ongoing interest rate benchmark reforms.

The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures. The application of the amendments impacts the Group's accounting in the following ways:

- The Group has floating rate debt, linked to GBP LIBOR, which it fair value hedges using an interest rate cap. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cashflows due to the interest rate benchmark reforms.
- The Group will not discontinue hedge accounting should the retrospective assessment of hedge effectiveness fall outside the 80-125% range and the hedging relationship is subject to interest rate benchmark reforms. For those hedging relationships that are not subject to the interest rate benchmark reforms the Group continues to cease hedge accounting if retrospective effectiveness is outside the 80-125% range.
- The Group will retain the cumulative gain or loss in the cashflow hedge reserve for designated cashflow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cashflows of the hedged items. Should the Group consider the hedged future cashflows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to the income statement.

Notes to the consolidated financial statements

l. Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance-sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

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 used.

Deferred tax is recognised on the unremitted earnings of subsidiaries except where the parent is able to control the timing of the remittance of the earnings and it is probable that remittance will not take place in the foreseeable future.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the estimates in relation to the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

m. Employee benefits

1. Pensions

Obligations for contributions to defined-contribution pension plans are recognised as an operating expense in the income statement as incurred.

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 cashflows using yields on high-quality corporate bonds which have terms to maturity approximating the terms of the related liability.

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.

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.

Determining the value of pension liabilities at the balance-sheet date requires a number of key variables, including inflation, longevity and the discount rate to be estimated by the Group. These estimates have a material impact on the valuation of the pension liability. See note 26 for details of the pension liability valuation and the sensitivity of the assumptions used by the Group.

2. Other post-retirement obligations

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

3. Share-based payments

The Group awards certain employees entitlements to 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. Provisions

Provisions are recognised if the Group has a present legal or constructive obligation as a result of past events, if it is more likely than not that an outflow of resources will be required to settle the obligation, and if the amount can be reliably estimated. Provisions are discounted to present value where the effect is material.

The Group recognises a provision for contingent consideration at fair value. Where this is contingent on future performance or a future event, judgment is exercised in establishing the fair value.

o. Revenue recognition

The Group's significant revenue streams include circulation and subscriptions, advertising, marketing, and consulting services which includes sponsorship, as well as other revenues.

Circulation and subscriptions include sales by The Economist and 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. Advertising includes print, online and digital advertising in one of the Group's print titles, websites, apps or digital partnerships. Marketing Services includes revenue derived from thought leadership, content solutions sales and design consultancy. The Group's sponsorship revenues are in relation to events, meetings and films. 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 Group. 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 transfers to the customer. Judgment 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, judgment 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.

Revenue from the sale of publications on the newsstand is recognised net of a provision for anticipated returns. This provision is based primarily on historical return rates. If these estimates do not reflect actual returns in future periods, then revenues could be understated or overstated for a particular period.

Notes to the consolidated financial statements

The Group 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 judgment is informed by facts and circumstances of the contract in determining whether the Group has promised to provide the specified good or service or whether the Group 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. On certain contracts, where the Group acts as an agent, only commissions and fees receivable for services rendered are recognised as revenue. Any third-party costs incurred on behalf of the principal that are rechargeable under the contractual arrangement are not included in revenue.

Income from recharges of freight and other activities which are incidental to the normal revenue-generating activities are included in other income.

Revenue relating to barter transactions is recorded at fair value and recognised in accordance with the Group's revenue recognition policies. Expenses from barter transactions are recorded at fair value and recognised as incurred. Barter transactions typically involve the trading of advertisements in exchange for services and or event space.

p. Dividends

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

q. Trade receivables

Trade receivables are stated at fair value after provision for bad and doubtful debts. The provision for bad and doubtful debts is based on expected credit losses.

r. Assets held for sale and discontinued operations

Non-current assets and businesses which are to be sold ("disposal groups") classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets (and disposal groups) are classified as held for sale if their carrying amount is expected to be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when such a sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets are classified as held for sale from the date these conditions are met, and such assets are no longer depreciated.

Discontinued operations are classified as held for sale and are either a separate business segment or a geographical area of operations that is part of a single coordinated plan to sell. Once an operation has been identified as discontinued, or is reclassified as discontinued, the comparative information in the income statement is restated.

s. Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

A right of use asset and corresponding lease liability are recognised at commencement of the lease.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the Group's incremental borrowing rate specific to the term, country, currency and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; penalties for early termination if the lease term reflects the Group exercising a break option; and payments in an optional renewal period if the Group is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is re-measured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Group's assessment of whether it is reasonably certain to exercise an extension or break option.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

Leases of low-value assets and short-term leases of 12 months or less are expensed to the Group income statement, as are variable payments dependent on performance or usage, "out of contract" payments and non-lease service components.

t. Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in the income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the income statement in the period in which they become receivable.

u. Alternative performance measures

This Annual Report contains both statutory measures and alternative performance measures which, in management's view, reflect the underlying performance of the business and provide a more meaningful comparison of how the Group's business is managed and measured on a day-to-day basis.

The Group's alternative performance measures and key performance indicators are aligned to the Group's strategy and together are used to measure the performance of the business.

Alternative performance measures are non-GAAP (Generally Accepted Accounting Practice) measures and provide supplementary information to assist with the understanding of the Group's financial results and with the evaluation of operating performance for all the periods presented. Alternative performance measures, however, are not a measure of financial performance under International Financial Reporting Standards (IFRS) as adopted by the European Union and should not be considered as a substitute for measures determined in accordance with IFRS. As the Group's alternative performance measures are not defined terms under IFRS they may therefore not be comparable with similarly titled measures reported by other companies.

The alternative performance measures used by the Group are adjusted operating profit, adjusted profit after tax and adjusted earnings per share. These measures are reconciled to the most directly comparable statutory measures on the face of the income statement and in note 11 respectively.

Operating profit in the prior year was also stated before restructuring costs of £3,522,000 and amortisation of acquired intangible assets of £658,000. Given the size of the amounts involved, the group decided to amend its definition of adjusted operating profit to include these items. Adjusted operating profit has also been restated to remove losses from discontinued businesses of £2,779,000 resulting in a reduction in adjusted operating profit from £34,299,000 to £32,898,000 in the prior year.

Adjusted operating profit is stated before exceptional items which in the prior year related to the Group defined-benefit pension scheme closure and impairments.

Adjusted profit after tax and adjusted earnings per share are stated before exceptional items and profit/loss on disposal of businesses together with the related interest and tax effects.

Notes to the consolidated financial statements

NOTE 2 Segment information

Segment information is presented in respect of the Group's business divisions and reflects the Group's management and internal reporting structure. During the year the Group was reorganised into three business divisions: *The Economist*, Economist Impact and Economist Intelligence. A breakdown of the Group's revenue and operating profit by business division is set out below, together with an analysis of the trading performance of the Group by geographical area. Prior year comparatives have been restated due to the reorganisation and also to reflect discontinued operations following business closures.

	Revenue		Operating profit	
Analysis by business	**2021 £000**	2020 Restated £000	**2021 £000**	2020 Restated £000
The Economist	**189,872**	179,840	**63,822**	41,062
Economist Intelligence	**43,948**	44,039	**11,355**	10,980
Economist Impact	**76,481**	96,415	**12,399**	20,865
Technology and central costs	**–**	–	**(45,801)**	(40,009)
Revenue/adjusted operating profit	**310,301**	320,294	**41,775**	32,898
Closure of DB pension scheme (note 5)	**–**	–	**–**	36,227
Impairments (note 5)	**–**	–	**–**	(16,094)
	310,301	320,294	**41,775**	53,031

Revenue reported above is generated from external customers, and inter-segment revenue has been eliminated.

	Revenue		Profit before tax		Net (liabilities)/assets	
Analysis by origin of legal entity	**2021 £000**	2020 Restated £000	**2021 £000**	2020 Restated £000	**2021 £000**	2020 £000
United Kingdom	**205,996**	216,320	**27,141**	39,398	**(45,481)**	(109,736)
Europe	**519**	884	**66**	824	**2,175**	2,410
North America	**93,482**	91,270	**(10,354)**	7,394	**(67,281)**	(10,256)
Asia	**10,291**	11,615	**3,120**	5,881	**20,796**	20,384
Other	**13**	205	**(210)**	(78)	**(687)**	(389)
	310,301	320,294	**19,763**	53,419	**(90,478)**	(97,587)

Profit before tax by origin of legal entity in North America includes £23,611,000 of losses relating to the disposal of FiscalNote, Inc. loan notes and transaction costs in 2021.

Revenue by customer location	**2021 £000**	2020 Restated £000
United Kingdom	**59,468**	60,606
Europe	**58,184**	59,238
North America	**121,629**	125,869
Asia	**50,674**	54,136
Other	**20,346**	20,445
	310,301	320,294

NOTE 3 Revenue from contracts with customers

The following is a description of the nature of the Group'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.

The Economist

Circulation and subscriptions

Circulation revenue relating to a newspaper or other print publications is recognised at a point in time on the date of publication. The Group acts as agent in the sale of publications and recognises revenues net of commissions paid to distributors. Goods are sold separately. In determining the transaction price, variable consideration exists in the form of anticipated returns. A provision for anticipated returns is made based primarily on historical return rates. If these estimates do not reflect actual returns in future periods, then revenues could be understated or overstated for a particular period. Circulation revenue relating to the download of digital products hosted by a third party is recognised when control transfers as the customer is granted access to the digital product. Payment for these goods generally occurs shortly after the point of sale.

Subscription revenue is derived from the sale of print and digital editions of publications and revenue is recognised in the income statement on a straight-line basis over the subscription period. The subscription period is based on the number of weeks purchased. Print and digital subscriptions may be sold separately or purchased together in bundled packages. Subscriptions included in bundled arrangements are considered distinct performance obligations. The performance obligation which is based on the number of weeks is the same for both a print and digital subscription. Payment for subscriptions generally occurs at the start of the subscription period.

Revenue generated from licensing the Group's content and sale of second rights contracts are generally recognised over time, as contracts permit customers to access content throughout the contract period.

Economist Impact

Marketing and consulting services

Consulting revenues are derived from the sale of non-client branded research and analysis services to clients aiming to understand issues affecting public policy, their business, products or industry. Consulting revenues are recognised 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 Group'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.

Marketing Services includes revenue derived from client-branded thought leadership, design consultancy and films. 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 Group'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.

Advertising

Advertising revenue is generated from customers through the sale of printed pages and digital display adverts in the Group's publications. Advertising is also generated from the sale of online advertising campaigns on the Group's websites or on third-party networks and platforms. Advertising sold into a specific edition is recognised at a point in time when the performance obligation is fulfilled, which is the date of publication. Advertising sold as part of a prolonged campaign is recognised over time, reflecting the pattern in which the performance obligation is fulfilled. Advertising may be sold separately or purchased together in bundled packages. Advertising sold as part of a bundled arrangement along with the Group's other product offerings is considered to be a distinct performance obligation. 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.

Events

Revenues relate to event sponsorship and delegate attendance fees. Sponsorship revenue is recognised at a point in time when the event has taken place. Sponsorships sold as part of a bundled arrangement along with the Group'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. Revenues generated from delegates relate to fees charged for attendance at the Group'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.

Notes to the consolidated financial statements

NOTE 3 Revenue from contracts with customers *continued*

Economist Intelligence

Subscription

Revenue is derived from the sale of subscriptions by the EIU's Country Analysis business, which provides economic, political and business analysis and forecasts for over 200 countries in print and online formats. Revenue is recognised in the income statement on a straight-line basis over the subscription period. The subscription period is generally 12 months, 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 may vary between markets.

Sponsorship revenues relate to the sponsorship of the EIU'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. Revenues generated from memberships relate to fees charged to members of the EIU 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.

Consulting and data

Consulting revenues relate to the sale of specialised market intelligence and business consulting services and provision of industry and country data insight in healthcare 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 Group'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 circulation and subscriptions revenue streams generally entail customer billings at or near the contract's inception, and accordingly deferred income balances are primarily related to subscription performance obligations to be delivered over time.

Transactions within marketing services and 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 22 for opening and closing balances of accrued income. Refer to note 24 for opening and closing balances of deferred income.

NOTE 4 Operating expenses

By function	Note	2021 £000	2020 Restated £000
Other product costs		**14,739**	21,847
Distribution and fulfilment		**37,838**	39,832
Employee benefit costs	6	**113,931**	107,310
Closure of DB pension scheme	26	**–**	(36,227)
Contract labour		**20,740**	17,304
Employee-related expense		**4,121**	9,111
Promotional costs		**37,506**	48,875
Depreciation of property, plant and equipment	14	**2,121**	2,068
Depreciation of right-of-use assets	15	**6,848**	7,897
Amortisation of acquired intangible assets	16	**334**	444
Amortisation of software and other intangibles	16	**5,582**	1,756
Impairment of software and other intangible assets	16	**–**	16,094
Property and facilities		**9,221**	7,972
Technology and communications		**3,431**	5,652
Professional and outsourced services		**8,504**	9,826
Other general and administrative costs		**3,024**	1,642
Operating lease charges/(credits)		**22**	(219)
Foreign exchange losses		**111**	3,238
Loss allowance on trade receivables and other losses		**453**	2,841
Total costs		**268,526**	267,263

During the year the Group obtained the following services from the Group's auditor	2021 £000	2020 £000
The audit of parent company and consolidated financial statements	**278**	271
The audit of the company's subsidiaries	**321**	332
Total audit fees	**599**	603
Other assurance services	**11**	10
Tax compliance services	**15**	–
Tax advisory services	**345**	238
Other services	**82**	23
Total non-audit services	**453**	271
Total Group auditor's remuneration	**1,052**	874

Non-audit services are approved under the Group's policy set out on page 63.

Notes to the consolidated financial statements

NOTE 5 Exceptional items

The following exceptional items have been (credited)/charged to operating profit	2021 £000	2020 Restated £000
Closure of DB pension scheme (note 26)	–	(36,227)
Impairment of software development costs (note 16)	–	12,178
Impairment of goodwill (note 16)	–	3,916
	–	(20,133)

NOTE 6 Employee information

The year-end and monthly average number of employees, including executive directors, was as follows:

	2021		2020	
Analysis by business	**Monthly average**	**Year-end**	Monthly average Restated	Year-end Restated
The Economist	**308**	**318**	282	294
Economist Impact	**320**	**330**	363	374
Economist Intelligence	**317**	**327**	308	308
Technology and central	**380**	**404**	323	337
	1,325	**1,379**	1,276	1,313

The details of directors' emoluments are shown on table 2, page 61, within the directors' report on remuneration.

Employee benefit costs including directors' emoluments	2021 £000	2020 Restated £000
Wages and salaries	**96,729**	89,236
Social security costs	**9,611**	8,671
Share-based payment costs	**1,157**	1,466
Retirement benefits – defined-benefit plans	**350**	2,651
Retirement benefits – defined-contribution plans	**6,084**	5,286
	113,931	107,310

Wages and salaries include £2,445,000 (2020: £3,033,000) of restructuring-related costs.

In the current financial year, government grants of £876,000 (2020: £nil) were received as part of various government initiatives to provide financial support for employee costs as a result of the global covid-19 pandemic. The government grants received have been netted against wages and salaries. These grants were received in Hong Kong (£412,000), Singapore (£355,000) and the United Kingdom (£109,000). There are no future related costs in respect of these grants, which were received solely as compensation for costs incurred in the year. Subsequent to the financial year end, the Board decided to repay the £109,000 received under the Coronavirus Job Retention Scheme in the UK.

NOTE 7 Finance income

	2021 £000	2020 £000
Interest receivable on bank deposits	**19**	64
Interest receivable on 12.6% promissory notes	**6,252**	5,901
Finance income	**6,271**	5,965

Finance income includes compounded interest accrued on the 12.6% paid-in-kind (PIK) promissory notes receivable from FiscalNote, Inc. The PIK notes were received as part consideration for the sale of CQ-Roll Call, Inc. to FiscalNote, Inc. on August 20th 2018 and were repayable by February 2024. They were sold on 29th December 2020. Refer to note 19 for further details.

NOTE 8 Finance costs

	2021 £000	2020 £000
Interest payable on bank loans and overdrafts	**2,521**	3,434
Amortisation of debt issue costs	**225**	225
Interest on lease liabilities	**832**	999
Net finance costs in respect of retirement benefits	**438**	392
Other finance charges	**656**	527
Finance costs	**4,672**	5,577

NOTE 9 Tax

Current tax expense	2021 £000	2020 £000
UK corporation tax expense	**2,226**	1,397
Foreign tax expense	**4,267**	3,323
Adjustment in respect of prior years	**160**	1,022
	6,653	5,742
Deferred tax expense		
Current year	**(4,333)**	6,079
Effect of change in tax rates	**–**	118
Adjustments in respect of prior years	**18**	(744)
	(4,315)	5,453
Total tax expense in income statement	**2,338**	11,195
Effective tax rate	**12%**	21%

Notes to the consolidated financial statements

NOTE 9 Tax continued

The UK main corporation tax rate for the year is 19% (2020: 19%). The tax on the Group's 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:

	2021 £000	2020 £000
Profit before tax	**19,763**	53,419
Tax calculated at UK tax rate of 19% (2020: 19%)	**3,755**	10,150
Factors affecting the tax charge:		
Disallowed expenditure	**265**	15
Non-taxable foreign exchange gain	**(350)**	167
Different tax rates of subsidiaries operating in overseas jurisdictions	**(659)**	589
US state taxes	**(133)**	129
Impairment of goodwill and fixed asset investments	**19**	728
Utilisation of previously unrecognised tax losses and credits	**–**	4
Gain on sale of business	**739**	–
Adjustment to tax basis of FiscalNote PIK interest	**(273)**	–
Movement on uncertain tax provisions	**(1,203)**	(1,014)
Other	**–**	31
Adjustments in respect of prior years	**178**	278
Effect of change in tax rates on deferred tax	**–**	118
Total tax expense for the year	**2,338**	11,195
UK	**4,143**	8,598
Overseas	**(1,805)**	2,597
Total tax expense	**2,338**	11,195

A tax credit of £362,000 (2020: £540,000) has been excluded from profit after tax relating to discontinued operations.

In addition to the amount charged to the income statement, the following amounts relating to tax have been directly recognised in other comprehensive income:

	2021 £000	2020 £000
Current tax	**3,306**	–
Deferred tax (note 20)	**(2,074)**	10,834
	1,232	10,834

NOTE 10 Discontinued operations

Discontinued operations relate to EIU Canback and The Television Consultancy (TVC), which were both closed in the year. An analysis of the results of discontinued operations is as follows:

	2021 £000	2020 £000
Revenue	**1,320**	5,775
Operating loss before exceptional items	**(2,042)**	(2,779)
Impairment of goodwill	**–**	(18,813)
Operating loss	**(2,042)**	(21,592)
Recycle of cumulative translation reserves	**868**	–
Loss before tax	**(1,174)**	(21,592)
Tax	**362**	540
Loss for the year from discontinued operations	**(812)**	(21,052)

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NOTE 11 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the company and held as treasury shares.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to take account of all dilutive potential ordinary shares and adjusting profit attributable, if applicable, to account for any tax consequences that might arise from conversion of those shares.

	2021 £000	2020 Restated £000
Profit for the year	**16,613**	21,172
Adjustment in respect of non-recurring items		
– Loss for the year from discontinued operations	**1,174**	21,592
– Attributable taxation	**(362)**	(540)
– Loss on sale of FiscalNote PIK notes	**23,611**	–
– Attributable taxation	**(5,136)**	–
– Closure of DB pension scheme	**–**	(36,227)
– Attributable taxation	**–**	6,733
– Impairment of software development cost	**–**	12,178
– Impairment of goodwill	**–**	3,916
– Attributable taxation	**–**	(2,314)
– PIK note interest	**(6,252)**	(5,901)
– Attributable taxation	**1,137**	1,248
Adjusted profit for the year	**30,785**	21,857

	000s	000s
Weighted average number of shares	**19,826**	19,874
Effect of dilutive share options (restricted share scheme units)	**147**	181
Weighted average number of shares for diluted earnings	**19,973**	20,055

Earnings per share	2021 Pence	2020 Pence
Basic	**83.8**	106.5
Diluted	**83.2**	105.6
Adjusted earnings per share		
Basic	**155.3**	110.0
Diluted	**154.1**	109.0

NOTE 12 Dividends

Cash dividends paid	2021 £000	2020 £000
No final dividend for previous year (2020: 75.0p per share)	–	14,912
No interim dividend paid (2020: 40.0p per share)	–	7,949
	–	22,861

All shareholders other than holders of trust and treasury shares (see notes 31 and 33) receive the above dividend per share. Dividends amounting to £nil (2020: £323,000) in respect of the company's shares held by the ESOP (note 32) have been deducted in arriving at the aggregate of dividends paid.

Dividends proposed in respect of the year	2021 £000	2020 £000
No interim dividend paid (2020: 40.0p per share)	–	7,949
Final dividend proposed of 100.0p per share (2020: none)	**19,807**	–
	19,807	7,949

The directors are proposing a final dividend in respect of the financial year ended March 31st 2021 of 100p per share. Dividends amounting to £353,000 in respect of the company's shares held by the ESOP have been deducted in arriving at the total dividend proposed of £19,807,000. The proposed final dividend is subject to approval by shareholders and has not been recognised as a liability in these financial statements.

Notes to the consolidated financial statements

NOTE 13 Share-based payments

The Group's total charge recognised with respect to share-based payment transactions amounted to £1,157,000 (2020: £1,466,000). This includes £nil (2020: £nil) relating to discontinued businesses.

The total liability for share-based payment transactions is £2,845,000 (2020: £3,394,000), analysed as:

	2021 £000	2020 £000
Current liabilities	**1,871**	2,852
Non-current liabilities	**974**	542
	2,845	3,394

The Group operates a restricted share scheme (RSS). This scheme is for key employees who have been awarded a right to acquire ordinary shares 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 one- 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.

	2021		2020	
Restricted share scheme	**No. of options**	**Weighted average share price (£)**	No. of options	Weighted average share price (£)
Outstanding at April 1st	**180,977**	**25.31**	194,250	28.55
Granted during the year	**40,500**	**25.00**	87,077	23.60
Forfeited during the year	**(18,005)**	**(26.77)**	(29,600)	(24.96)
Exercised during the year	**(56,410)**	**(26.57)**	(70,750)	(29.89)
Outstanding at March 31st	**147,062**	**26.26**	180,977	25.31
Exercisable at March 31st	**45,400**	**27.99**	57,250	26.97

The weighted average remaining contractual life for outstanding options at March 31st 2021 was 13 months (2020: 15 months).

NOTE 14 Property, plant and equipment

Cost	Leasehold improvements £000	Plant and machinery £000	Equipment £000	Total £000
At April 1st 2019	10,642	929	29,164	40,735
Additions	129	–	874	1,003
Disposals	(77)	–	(162)	(239)
Exchange differences	141	–	340	481
At March 31st 2020	10,835	929	30,216	41,980
Additions	4	–	1,110	1,114
Disposals	(25)	(929)	(161)	(1,115)
Exchange differences	(261)	–	(663)	(924)
At March 31st 2021	**10,553**	**–**	**30,502**	**41,055**

Accumulated depreciation	Leasehold improvements £000	Plant and machinery £000	Equipment £000	Total £000
At April 1st 2019	4,298	929	26,232	31,459
Charge for the year	852	–	1,304	2,156
Disposals	(77)	–	(162)	(239)
Exchange differences	112	–	329	441
At March 31st 2020	5,185	929	27,703	33,817
Charge for the year	806	–	1,336	2,142
Disposals	–	(929)	(131)	(1,060)
Exchange differences	(231)	–	(629)	(860)
At March 31st 2021	**5,760**	**–**	**28,279**	**34,039**
Carrying amounts				
At April 1st 2019	6,344	–	2,932	9,276
At March 31st 2020	5,650	–	2,513	8,163
At March 31st 2021	**4,793**	**–**	**2,223**	**7,016**

Depreciation expense of £135,000 (2020: £131,000) has been included in the income statement in cost of sales and £1,986,000 (2020: £1,937,000) in administrative costs. There was £21,000 of discontinued, businesses depreciation charge (2020: £88,000).

Notes to the consolidated financial statements

NOTE 15 Right-of-use assets

Cost	Leasehold buildings £000
At April 1st 2019	–
Right-of-use assets recognised	34,946
Exchange differences	550
At March 31st 2020	35,496
Additions	3,928
Disposals	(4,057)
Exchange differences	(1,090)
At March 31st 2021	**34,277**

Accumulated depreciation	Leasehold buildings £000
At April 1st 2019	–
Charge for the year	8,723
Exchange differences	138
At March 31st 2020	8,861
Charge for the year	6,953
Disposals	(3,584)
Exchange differences	(797)
At March 31st 2021	**11,433**

Carrying amounts	
At April 1st 2019	–
At March 31st 2020	26,635
At March 31st 2021	**22,844**

Depreciation expense of £197,000 (2020: £200,000) has been included in the income statement in cost of sales and £6,651,000 (2020: £7,697,000) in administrative costs. There was £105,000 of discontinued-businesses depreciation charge (2020: £826,000).

The Group leases several buildings. The average lease term is 17 months (2020: 26 months).

The maturity analysis of lease liabilities is presented in note 34.

The Group's consolidated income statement includes the following amounts relating to leases:

Year ended 31 March	2021 £000	2020 £000
Depreciation expense on right-of-use assets	**6,848**	7,897
Interest expense on lease liabilities	**832**	999

The total cash outflow for leases in the year ended 31 March 2021 was £8,407,000 (2020: £8,321,000).

NOTE 16 Intangible assets

Cost	Goodwill £000	Acquired technology & databases £000	Acquired customer relationships £000	Licenses and software £000	Intangible assets in development £000	Total £000
At April 1st 2019	49,794	1,474	1,804	15,674	14,740	83,486
Additions	–	–	–	840	5,245	6,085
Exchange differences	490	–	36	23	13	562
At March 31st 2020	50,284	1,474	1,840	16,537	19,998	90,133
Additions	–	–	–	3,233	8,872	12,105
Disposals	(19,060)	–	(572)	(570)	–	(20,202)
Transfers	–	–	–	22,355	(22,355)	–
Exchange differences	(1,279)	–	(68)	(107)	–	(1,454)
At March 31st 2021	**29,945**	**1,474**	**1,200**	**41,448**	**6,515**	**80,582**

Accumulated amortisation	Goodwill £000	Acquired technology & databases £000	Acquired customer relationships £000	Licenses and software £000	Intangible assets in development £000	Total £000
At April 1st 2019	7,530	375	1,093	10,458	263	19,719
Charge for the year	–	227	431	1,683	–	2,341
Impairment	22,729	–	–	–	12,178	34,907
Exchange differences	224	–	36	103	–	363
At March 31st 2020	30,483	602	1,560	12,244	12,441	57,330
Charge for the year	–	158	231	5,561	–	5,950
Disposals	(19,060)	–	(553)	(423)	–	(20,036)
Transfers	–	–	–	12,178	(12,178)	–
Exchange differences	(1,181)	–	(63)	(18)	–	(1,262)
At March 31st 2021	**10,242**	**760**	**1,175**	**29,542**	**263**	**41,982**

Carrying amounts						
At April 1st 2019	42,264	1,099	711	5,216	14,477	63,767
At March 31st 2020	19,801	872	280	4,293	7,557	32,803
At March 31st 2021	**19,703**	**714**	**25**	**11,906**	**6,252**	**38,600**

Amortisation charges of £nil (2020: £73,000) have been included in the income statement in cost of sales and £5,916,000 (2020: £2,127,000) in administrative costs. The amortisation charge for discontinued businesses amounted to £34,000 (2020: £141,000). Prior year goodwill impairment charges included £18,813,000 relating to discontinued businesses.

The goodwill relating to TVC and EIU Canback has been disposed of in the year after the business operations were closed. The goodwill relating to these historical acquisitions was fully impaired at the time of disposal so had no impact on the income statement.

Intangible assets in development and licenses and software are largely internally generated assets which include integration of purchased licences and software.

Notes to the consolidated financial statements

NOTE 16 Intangible assets continued

Goodwill

The goodwill carrying value of £19,703,000 relates to acquisitions completed after January 1st 1998. Prior to January 1st 1998 all goodwill was written off to reserves on the date of acquisition. For acquisitions completed between January 1st 1998 and March 31st 2014, no value was ascribed to intangibles other than goodwill and goodwill on each acquisition was amortised over a period of up to 20 years. On adoption of IFRS on April 1st 2014, the Group chose not to restate the goodwill balance and at that date the balance was frozen (amortisation ceased) and the useful life of goodwill became indefinite. If goodwill had been restated then a significant value would have been ascribed to other intangible assets, which would be subject to amortisation, and the carrying value of goodwill would be significantly lower. For acquisitions completed after April 1st 2014, value has been ascribed to other intangible assets which are amortised.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGU) that are expected to benefit from that acquisition. During the year, goodwill was tested for impairment in accordance with IAS 36 Impairment of Assets. The methodology applied to the value in use calculations included:

- cashflow projections based on financial plans approved by management covering a five-year period;
- cashflows for the final year of the plan increased in line with growth expectations of the applicable businesses;
- pre-tax discount rates of 10.5%, 2 percentage points higher than the company's derived weighted average cost of capital (WACC) of 8.5%;
- long-term nominal growth of between 0% and 2.5%, depending on the maturity of the business.

Following the impairment review, there are no impairment losses (2020: £22,729,000) recognised as exceptional items in the income statement in respect of goodwill (see note 5). The impairment losses in 2020 related to EIU Canback (£8,739,000) within the Economist Intelligence segment, and The Television Consultancy (£10,073,000) and Signal Noise (£3,917,000), both within the Economist Impact segment. These assets were fully impaired. These exceptional goodwill impairment charges arose as strategic emphasis on these businesses changed in response to falling market demand, key-client and management issues and the economic impact of the covid-19 pandemic.

Further disclosures in accordance with IAS 36 are provided where the Group holds an individual goodwill item relating to a CGU that is significant, which the Group considers to be 15% of the total net book value, in comparison with the Group's total carrying value of goodwill. The following CGUs fall within this definition of significant: EuroFinance Conferences and Healthcare.

EuroFinance Conferences has a long-term growth rate of nil, a carrying value of £7,526,000 and a recoverable amount of £24,439,000, which equates to a surplus of £16,913,000. A discount rate of 29% would need to be applied for the recoverable amount to fall below the carrying value. Healthcare has a long-term growth rate of 2.5%, a carrying value of £12,177,000 and a recoverable amount of £29,482,000, which equates to a surplus of £17,305,000. A discount rate of 19.5% would need to be applied for the recoverable amount to fall below the carrying value.

The cumulative goodwill written off to reserves by the Group is £17,943,000 (2020: £17,943,000).

Other intangible assets

Other intangibles include licenses, software developed internally, acquired customer relationships and acquired software and databases.

Acquired intangible assets are valued separately for each acquisition, and the primary method of valuation is the discounted cashflow method, and they are amortised over their expected useful lives at the rates set out in the accounting policies in note 1 of these financial statements.

NOTE 17 Investments

	2021 £000	2020 £000
At April 1st	**24,456**	34,336
Revaluation in current year	**1,807**	(11,715)
Recycle of cumulative prior year revaluations	**6,549**	–
Currency revaluations	**(2,320)**	1,835
Disposals	**(30,492)**	–
At March 31st	**–**	24,456

Investments included a preference shareholding equivalent to an overall 18.2% interest in FiscalNote, Inc., acquired as part of the sale of CQ-Roll Call, Inc. on August 20th 2018. The investment was carried at fair value and the Group had elected to reflect changes in the value of the investment in other comprehensive income. The investment was sold on 29th December 2020. Refer to note 19 for further details.

Investments now solely includes a 5% equity interest in Parable Ventures Limited, a startup virtual reality business. Its registered address is 64 New Cavendish Street, London, W1G 8TB, United Kingdom. The cost of investment of £100,000 has been fair valued at £nil in 2021.

NOTE 18 Loan notes

	2021 £000	2020 £000
At April 1st	**56,688**	48,518
Accrued interest	**6,252**	5,901
Currency revaluations	**(5,636)**	2,269
Disposal	**(57,304)**	–
At March 31st	**–**	56,688

On August 20th 2018 the Group received loan notes with a fair value of $58,557,176 as part of the consideration for the sale of CQ-Roll Call, Inc. to FiscalNote, Inc. The note was accumulating compound payment-in-kind (PIK) interest at 12.6% to February 2024, with the option of repayment prior to that date. The loan notes were carried at amortised cost plus accrued interest. They were sold on 29th December 2020. Refer to note 19 for further details.

Notes to the consolidated financial statements

NOTE 19 Disposal of investments in FiscalNote, Inc.

On 29th December 2020, the Group sold the interests it acquired in FiscalNote, Inc. as part of the 2018 sale of CQ-Roll Call, Inc. for £52,974,000 (US$72,000,000). The sale of CQ-Roll Call, Inc. in 2018 included £63,698,000 (US$80,000,000) cash proceeds, loan notes and a minority 18.2% equity interest in FiscalNote, Inc. Total cash proceeds generated from the sale of these assets amounted to £116,672,000 (US$152,000,000).

The loan notes were carried at cost plus accrued interest with the equity carried at fair value, with the Group electing to reflect subsequent changes in value in other comprehensive income.

In the unprecedented and uncertain times caused by the global pandemic and lockdown, the Group decided to sell its investments enabling it to use the proceeds to reduce debt levels in the short-term and improve liquidity in order to fund longer-term strategic priorities. Supported by an external independent valuation, the Group assessed that the fair value of the loan notes were in excess of amortised cost and so no impairment was reflected prior to disposal.

The assets held by the Group at the date of disposal were as follows:

	2021 £000
Equity	(30,492)
Loan notes	(57,304)
Total assets disposed of	(87,796)
Satisfied by:	
Cash for equity	16,952
Cash for loan notes	36,022
Total consideration	52,974
Transaction costs	(2,329)
Loss on disposal	(37,151)
Recognised in:	
Income statement – loss on loan notes and transaction costs	(23,611)
Statement of comprehensive income – loss on equity	(13,540)
Loss on disposal	(37,151)
Attributable tax recognised in:	
Income statement – current and deferred tax credit on loss on loan notes and transaction costs	5,136
Statement of comprehensive income – deferred tax charge on release of equity revaluation	(1,736)
Statement of comprehensive income – current tax credit on loss on equity	3,306
Statement of comprehensive income – deferred tax credit on loss on equity	162
Tax credit on loss on disposal	6,868

NOTE 20 Deferred tax

	2021 £000	2020 £000
Deferred tax assets	**5,996**	9,716
Deferred tax liabilities	**(2,275)**	(8,120)
	3,721	1,596

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. At March 31st 2021, the Group had unrecognised deferred tax assets of £66,000 (2020: £59,000) in respect of trading losses.

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

The movement on the deferred tax account is as follows:

	2021 £000	2020 £000
At April 1st	**1,596**	(3,750)
Exchange differences	**271**	(315)
Credit/(charge) to income statement	**3,928**	(5,055)
(Charge)/credit to other comprehensive income	**(2,074)**	10,834
Effect of change in tax rates	**–**	(118)
At March 31st	**3,721**	1,596

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

Deferred tax assets	Trading losses £000	Retirement benefit obligations £000	Other £000	Total £000
At April 1st 2019	99	3,029	398	3,526
Exchange differences	–	–	363	363
(Charge)/credit to income statement	(9)	(7,224)	1,372	(5,861)
Credit to other comprehensive income	–	8,181	2,653	10,834
Other transfers	–	–	978	978
Effect of change in tax rates	–	–	(124)	(124)
At March 31st 2020	90	3,986	5,640	9,716
Exchange differences	(6)	–	(495)	(501)
Charge to income statement	(71)	(817)	(842)	(1,730)
(Charge)/credit to other comprehensive income	162	26	(2,262)	(2,074)
Other transfers	–	–	585	585
At March 31st 2021	**175**	**3,195**	**2,626**	**5,996**

Notes to the consolidated financial statements

NOTE 20 Deferred tax continued

Other deferred tax assets include temporary differences on share-based payments, derivatives, IFRS 16 lease liability and other provisions. At March 31st 2021 the Group has recognised deferred tax assets of £nil (2020: £1,917,000) in respect of fair value equity investments. At March 31st 2021 the Group had recognised deferred tax assets of £129,000 (2020:£nil) in respect of capital losses and £46,000 (2020: £90,000) in respect of trading losses.

Deferred tax liabilities	Goodwill and gain on investments £000	Other £000	Total £000
At April 1st 2019	(7,260)	(16)	(7,276)
Exchange differences	(626)	(52)	(678)
Credit/(charge) to income statement	1,163	(357)	806
Other transfers	446	(1,424)	(978)
Effect of change in tax rates	–	6	6
At March 31st 2020	(6,277)	(1,843)	(8,120)
Exchange differences	673	99	772
Credit to income statement	5,648	10	5,658
Other transfers	(44)	(541)	(585)
At March 31st 2021	**–**	**(2,275)**	**(2,275)**

Other deferred tax liabilities include temporary differences in respect of deferred income in the US, accelerated capital allowances, intangible assets and IFRS 16 Right of Use Lease Asset.

Finance (No.2) Bill 2019-21, which was published on March 11th 2021, introduces legislation to set the UK main corporation tax rate at 19% for the financial year beginning April 1st 2022 increasing to 25% for the financial year beginning April 1st 2023. The Finance (No.2) Bill 2019-21 has not been substantively enacted at the balance-sheet date. The relevant UK deferred tax balances have been measured at the rate which is expected to apply to the period when the assets are realised and the liabilities are settled, based on the tax rates substantively enacted by the balance-sheet date.

The effect of the change in the UK main corporation tax rate from 19% to 25% from April 1st 2023 will be to increase the deferred tax asset by £444,000.

No deferred tax liability is recognised on temporary differences of £7,381,000 (2020: £5,982,000) relating to the unremitted earnings of certain overseas subsidiaries, as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The temporary differences at March 31st 2021 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may result in a tax liability as a result of taxes levied by the overseas tax jurisdictions in which these subsidiaries operate.

NOTE 21 Inventories

	2021 £000	2020 £000
Raw materials	**270**	405
Work-in-progress	**159**	164
Finished goods	**34**	43
	463	612

No inventories are pledged as security. The cost of inventory recognised as an expense in the year is £5,907,000 (2020: £8,508,000).

NOTE 22 Trade and other receivables

Current	2021 £000	2020 £000
Trade receivables	**27,954**	30,592
Other receivables	**6,345**	4,050
Prepayments	**12,799**	14,556
Accrued income	**8,577**	8,591
	55,675	57,789

Trade receivables are stated net of provision for expected bad and doubtful debts and trade sales returns. Trade sales return provisions were £1,178,000 at March 31st 2021 (2020: £1,675,000). Accrued income represents contract assets, which are unbilled amounts generally from marketing services and consulting revenue streams where revenue to be recognised over time has been recognised in excess of customer billings to date. The carrying value of the Group's trade and other receivables approximates its fair value.

The movements in the provision for expected credit losses are as follows:

	2021 £000	2020 £000
At April 1st	**3,138**	1,468
Income statement movements	**(268)**	2,771
Utilised	**(813)**	(1,049)
Exchange differences	**(8)**	(52)
At March 31st	**2,049**	3,138

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. In light of the ongoing covid-19 pandemic and the uncertain impact on the Group's client's ability to settle their debts, the provision for expected credit losses has remained at an increased level for debts that were significantly overdue beyond agreed payment terms.

The ageing of the Group's trade receivables is as follows:

	2021 £000	2020 £000
Within the due date	**18,109**	20,421
Past due less than a month	**6,869**	5,823
Past due more than a month but less than two months	**2,767**	3,570
Past due more than two months but less than three months	**209**	778
Past due more than three months	**–**	–
Total trade receivables	**27,954**	30,592

The concentration of credit risk is limited due to the customer base being large and unrelated.

Notes to the consolidated financial statements

NOTE 23 Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	**14,739**	10,757
Short-term bank deposits	**17,596**	13,263
	32,335	24,020

Short-term bank deposits are invested with banks and earn interest at the prevailing short-term deposit rates.

At the end of the year, the currency split of cash and cash equivalents was US dollar 65% (2020: 44%), sterling 19% (2020: 37%), euro 9% (2020: 9%) and other 7% (2020: 10%).

Cash and cash equivalents have fair values that approximate to their carrying value due to their short-term nature.

NOTE 24 Trade and other liabilities

Current	2021 £000	2020 £000
Trade payables	**15,580**	14,913
Social security and other taxes	**4,505**	3,480
Accruals	**24,015**	19,112
Liability for share-based payments	**1,871**	2,852
Deferred income	**112,719**	109,368
Other liabilities	**11,416**	4,084
	170,106	153,809
Non-current		
Liability for share-based payments	**974**	542
Deferred income	**7,548**	9,917
	8,522	10,459
Total	**178,628**	164,268

The carrying value of the Group's trade and other liabilities approximates fair value.

The deferred income balance comprises the unexpired portion of subscriptions for *The Economist* and the Economist Intelligence products and services, and revenue billed in advance for future events, research and consultancy projects not yet delivered.

NOTE 25 Financial liabilities – borrowings

The Group's borrowings, which are all non-current and all denominated in sterling, are as follows:

Non-current	**2021 £000**	2020 £000
Bank loans – maturing between two and five years	**34,401**	110,176

More detail on the Group's accounting for financial instruments is included in the Group's accounting policies. The Group's approach to managing risks in relation to financial instruments is described in note 30.

The market values stated below are based on clean market prices at the year-end. The effective interest rates relate to the underlying debt instruments.

		2021		2020	
	Effective interest rate %	**Carrying value £000**	**Market value £000**	Carrying value £000	Market value £000
Bank loans	2.86	**34,401**	**35,000**	110,176	111,000

The Group has the following undrawn capacity on its committed borrowing facilities as at March 31st:

	2021 £000	2020 £000
Floating rate – expiring beyond one year	**115,000**	39,000

Notes to the consolidated financial statements

NOTE 26 Retirement benefit and other post-retirement obligations

A reconciliation of the net retirement benefit obligation reported in the balance sheet is shown in the following table:

	2021 £000	2020 £000
UK Group scheme	**14,996**	19,188
Post-retirement medical benefits	**1,617**	1,588
	16,613	20,776

The Group operates pension schemes for most of its employees throughout the world, which are funded by the Group. The main scheme for UK staff who joined before 2003 (the UK Group scheme) provided funded defined benefits. It was closed to new members on December 31st 2002 and closed to remaining employees on March 31st 2020. The scheme had a defined-contribution underpin and provided for those employees who joined before 2003, for the better of defined-benefit and defined-contribution benefits. Defined-contribution schemes are operated for UK and non-UK staff. In compliance with legislation the Group operates a defined-contribution plan, The Economist Group Pension Plan, into which relevant employees are automatically enrolled. The assets of each scheme are held in separate trustee-administered funds with independent qualified actuaries or other professionals acting as advisers. Actuarial valuations are undertaken at regular intervals. The 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.

The most recent full actuarial valuation of the UK Group scheme was at January 1st 2019. This showed the market value of assets of the UK Group scheme to be £338,042,000. The actuarial valuation of pension liabilities was £388,542,000 leaving a deficit of £50,500,000. The actuarial method used for the valuation was the projected unit method. The foregoing liabilities represent the Scheme Specific Funding (SSF) Technical Provisions as agreed by the Group and the trustees. The SSF level was 87%. The January 2019 valuation was used as a basis for determining the ongoing company funding rate, effective January 1st 2019.

The Group agreed that the funding shortfall will be eliminated by April 30th 2025. Following the completion of the actuarial valuation, the Group has agreed to contribute £3,000,000 per annum until April 2025 and £1,666,667 per annum for the next two years. In the year ended March 31st 2021, the Group contributed £4,962,000 (2020: £2,500,000) towards the funding shortfall. Following the closure of the scheme to future accrual of benefits for active participants, there are no further regular contributions due to the scheme.

The main overseas schemes and one UK scheme are based on defined contributions; amounts totalling £342,000 were accrued (2020: £443,000 accrued) in respect of these schemes at the year-end.

The majority of the benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where the company meets the benefit payment obligation as it falls due. Plan assets held in the UK Group scheme are governed by local regulations and practice in the UK, as is the nature of the relationship between the Group and the trustees and their composition. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the company and the board of trustees. The board of trustees must be composed of representatives of the company and plan participants in accordance with the plan's resolutions.

UK Group scheme

The valuation of the UK Group scheme has been updated by independent actuaries to March 31st 2021. The major assumptions used to determine this valuation are as follows:

	2021 %	2020 %
RPI inflation	**n/a**	2.75
CPI inflation	**2.20**	1.90
Increase in pensionable salaries	**n/a**	n/a
Increase in pensions in payment	**2.20**	2.75
Increase in deferred pensions	**2.20**	1.90
Discount rate for scheme liabilities	**2.15**	2.40

The discount rate is derived from the corporate bond yield curve applied to the expected future cashflows from the scheme. On March 26th 2020 the Group and trustees of the UK Group Scheme agreed to base all future increases in pensions in payment from RPI to CPI inflation. The CPI inflation assumption takes into account the UK Government's long-term CPI inflation target (expected from 2030 onwards), and expectations of CPI inflation before then.

NOTE 26 Retirement benefit and other post-retirement obligations continued

As the UK Group Scheme is closed to future accrual of active entitlement, there is no future increase in pensionable salaries.

The mortality assumptions used in the valuation of the scheme are summarised in the table below, and have been selected to reflect the characteristics and the experience of the membership of the plan. This has been done by using SAPS3 light tables with longevity projection based on CMI 2019 and the year in which the member was born, with a 1% per-year underpin to future improvements (2020: SAPS2 light tables, CMI 2019, year of birth, 1% underpin).

	2021 years	2020 years
Longevity at age 65 for current retirees		
– Men	**88.0**	87.6
– Women	**89.5**	88.6
Longevity at age 65 for future retirees, current age 45		
– Men	**89.0**	88.5
– Women	**90.7**	89.9

The assets of the UK Group scheme and the deficit are as follows:

	2021 £000	2020 £000
Equities	**193,708**	133,236
Government and corporate bonds	**53,515**	147,756
Property	**16,224**	34,534
Multi-asset credit fund	**48,160**	5,761
LDI	**61,773**	–
Other	**10,481**	9,221
Fair value of scheme assets	**383,861**	330,508
Present value of scheme liabilities	**(354,293)**	(321,329)
Scheme surplus	**29,568**	9,179
Asset ceiling adjustment (IAS 19)	**(44,564)**	(28,367)
Net defined benefit obligation	**(14,996)**	(19,188)

The table below further disaggregates the UK Group scheme assets into additional categories and those assets which have a quoted market price in an active market and those that do not:

	2021		2020	
	Quoted market price £000	**No quoted market price £000**	Quoted market price £000	No quoted market price £000
UK equities	**60,085**	**–**	54,568	–
Non-UK equities	**133,166**	**–**	78,042	–
Private equity	**–**	**457**	–	626
UK corporate bonds	**36,415**	**–**	25,472	–
Index-linked securities	**17,100**	**–**	122,284	–
Multi-asset credit fund	**48,160**	**–**	5,761	–
Property	**–**	**16,224**	–	34,534
LDI	**61,773**	**–**	–	–
Other	**10,212**	**269**	8,918	303
	366,911	**16,950**	295,045	35,463

Notes to the consolidated financial statements

NOTE 26 Retirement benefit and other post-retirement obligations continued

The liquidity profile of the UK Group scheme assets is as follows:

	2021 £000	2020 £000
Liquid – call less than 1 month	**315,450**	291,388
Less liquid – call 1-3 months	**48,536**	16,086
Illiquid – call greater than 3 months	**16,812**	16,574

Invested assets include money-purchase AVCs and transferred-in benefits that are notionally held within assets but which are not included in balance-sheet assets or liabilities.

The assets do not include any of the Group's own financial instruments nor any property occupied by, or other assets used by, the Group. The actual return on scheme assets was a gain of £60,222,000 (2020: £15,691,000 loss).

Fair value of scheme assets	2021 £000	2020 £000
At April 1st	**330,508**	356,051
Interest income	**7,854**	8,953
Return on scheme assets excluding interest income	**52,368**	(24,644)
Employee contributions	**–**	344
Employer contributions	**4,962**	4,468
Administration expenses	**(350)**	(350)
Payments from the scheme	**(11,481)**	(14,314)
At March 31st	**383,861**	330,508

Present value of scheme liabilities	2021 £000	2020 £000
At April 1st	**321,329**	371,892
Current service cost	**–**	2,301
Past service credit	**–**	(36,457)
Interest expense	**7,575**	9,302
Gains from experience	**(4,893)**	(2,662)
Losses/(gains) from changes in financial assumptions	**41,763**	(9,077)
Employee contributions	**–**	344
Payments from the scheme – benefit payments	**(11,481)**	(14,314)
At March 31st	**354,293**	321,329

The weighted average duration of the defined-benefit obligation is 19 years (2020: 19 years).

NOTE 26 Retirement benefit and other post-retirement obligations continued

Sensitivity analysis of scheme liabilities

The sensitivity of the present value of the scheme's liabilities to changes in the principal assumptions used is set out below:

	Change in assumption by %	Impact on scheme liabilities %
Inflation	**0.5**	**8.5**
Pensions in payment	**0.5**	**6.0**
Revaluation rate of deferred pensions	**0.5**	**2.5**
Discount rate	**0.5**	**9.0**

If the average expected age of death of pensioners lengthened by one year, the liabilities of the scheme would increase by 4% (2020: 4%).

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Post-retirement medical benefit scheme (PRMB)

The Group provides post-retirement medical benefits to certain former employees. At March 31st 2021, 34 retired and former employees (2020: 36) were eligible to receive benefits. The liability was remeasured at the year-end by a qualified independent actuary as follows:

Assumptions	2021 %	2020 %
Healthcare premium inflation	**6.00**	6.00
Discount rate for scheme liabilities	**2.15**	2.40

Present value of scheme liabilities	2021 £000	2020 £000
At April 1st	**1,588**	1,743
Employer contributions	**(99)**	(125)
Interest expense	**36**	43
Losses/(gains) from experience	**27**	(83)
Losses from changes in financial assumptions	**34**	1
Losses from changes in demographic assumptions	**31**	9
At March 31st	**1,617**	1,588

Notes to the consolidated financial statements

NOTE 26 Retirement benefit and other post-retirement obligations *continued*

Income statement

The amounts recognised in the income statement are as follows:

				2021
	UK Group Scheme £000	PRMB £000	Defined contribution £000	Total £000
Current service cost	–	–	6,084	6,084
Administration expenses	350	–	–	350
Total operating expense	350	–	6,084	6,434
Interest on scheme assets	(7,854)	–	–	(7,854)
Interest on scheme liabilities	7,575	36	–	7,611
Interest adjustment due to asset ceiling	681	–	–	681
Net finance expense	402	36	–	438
Net income statement charge	752	36	6,084	6,872

				2020
	UK Group Scheme £000	PRMB £000	Defined contribution £000	Total £000
Current service cost	2,301	–	5,286	7,587
Past service credit	(36,227)	–	–	(36,227)
Administration expenses	350	–	–	350
Total operating (income)/expense	(33,576)	–	5,286	(28,290)
Interest on scheme assets	(8,953)	–	–	(8,953)
Interest on scheme liabilities	9,302	43	–	9,345
Net finance expense	349	43	–	392
Net income statement (credit)/charge	(33,227)	43	5,286	(27,898)

The exceptional past service credit recognised in 2020 of £36,227,000 relates to the restructuring of the defined-benefit pension scheme in March 2020. The 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%.

NOTE 26 Retirement benefit and other post-retirement obligations continued

Other comprehensive income

The following (losses)/gains have been recognised in other comprehensive income:

	2021 £000	2020 £000
UK Group scheme	**(16)**	(41,272)
Post-retirement medical benefits	**(92)**	73
Unfunded retirement benefits	**–**	15
Total losses recognised in year	**(108)**	(41,184)

Through the UK Group scheme the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The scheme holds growth assets, whose returns may not be well correlated with the movement of the liabilities. As such, the deficit in the scheme may increase as a result of asset volatility. To mitigate this risk, the trustees continually monitor the scheme's investment strategy and have a dynamic de-risking plan in force. This policy reduces the level of growth assets held as scheme funding improves (subject to a minimum switch every six months). The current target allocation is 40% risk-reducing assets and 60% growth assets. Since the finalisation of the last actuarial valuation, the trustees will be reviewing investment strategy to target self-sufficiency over time and further increase levels of risk-reducing assets.

Inflation risk

The majority of benefits are linked to CPI inflation, and so increases in inflation will lead to higher liabilities (although in most cases there are caps in place which protect against extreme inflation).

Longevity risk

Increases in life expectancy will increase the period over which benefits are expected to be payable, which increases the value placed on the scheme's liabilities.

Changes in bond yields

A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the scheme's bond asset holdings.

Salary risk

Following closure of the scheme to future accrual for active participation, there is no longer any salary risk.

Notes to the consolidated financial statements

NOTE 27 Provisions

	Contingent consideration £000
At April 1st 2020	223
Utilised in the year	(143)
Release in the year	(80)
At March 31st 2021	**–**

Contingent consideration relating to the acquisition of data information intelligence GmbH in 2019 and was paid during the year.

NOTE 28 Derivative financial instruments

			2021
Current contracts in a fair value hedge relationship	**Gross notional amounts £000**	**Assets £000**	**Liabilities £000**
Forward foreign US dollar exchange contracts	**35,064**	**1,671**	**(42)**
Non-current contracts in a fair value hedge relationship			
Interest rate cap	**792**	**33**	**–**
Total contracts in a fair value hedge relationship	**35,856**	**1,704**	**(42)**

			2020
Current contracts in a fair value hedge relationship	Gross notional amounts £000	Assets £000	Liabilities £000
Forward foreign US dollar exchange contracts	34,529	52	(1,184)
Non-current contracts in a fair value hedge relationship			
Interest rate cap	792	29	–
Total contracts in a fair value hedge relationship	35,321	81	(1,184)

The carrying value of the above derivative financial instruments equals their fair value. Fair values are determined by using market data and established estimation techniques such as discounted cashflow and option valuation models.

The Group's portfolio of exchange contract derivatives includes foreign-exchange forwards and is diversified by maturity and counterparty. The Group has designated these forwards as hedges which reduces the risk of volatility in the income statement from movements in the US dollar. Counterparty exposure from all derivatives is managed, together with that from deposits and bank-account balances, within credit limits that reflect published credit ratings to ensure that there is no significant risk to any one counterparty.

At March 31st 2021, interest rate hedges were in place to cap the Group's cashflow exposure on variable interest rates on the first £75m of borrowings drawn down under revolving credit facilities at 2% until 2023.

No significant derivative transaction had a market value (positive or negative) at the balance-sheet date that exceeded 3% of the Group's consolidated total equity.

The Group has reviewed all of its material contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements, and has concluded that there are no material embedded derivatives.

NOTE 29 Classification of financial instruments

The accounting classification of each class of the Group's financial assets and financial liabilities, together with their carrying values and market values, is as follows:

							2021
	Fair value			Amortised cost			
	FVTPL £000	Fair value hedging instrument £000	FVOCI £000	Financial assets £000	Other financial liabilities £000	Total carrying value £000	Total market value £000
Cash and cash equivalents	–	–	–	**32,335**	–	**32,335**	**32,335**
Trade receivables	–	–	–	**27,954**	–	**27,954**	**27,954**
Derivative financial instruments	–	**1,704**	–	–	–	**1,704**	**1,704**
Total financial assets	–	**1,704**	–	**60,289**	–	**61,993**	**61,993**
Trade payables	–	–	–	–	**(15,580)**	**(15,580)**	**(15,580)**
Bank loans	–	–	–	–	**(34,401)**	**(34,401)**	**(35,000)**
Lease liabilities	–	–	–	–	**(27,754)**	**(27,754)**	**(27,754)**
Derivative financial instruments	–	**(42)**	–	–	–	**(42)**	**(42)**
Total financial liabilities	–	**(42)**	–	–	**(77,735)**	**(77,777)**	**(78,376)**

							2020
	Fair value			Amortised cost			
	FVTPL £000	Fair value hedging instrument £000	FVOCI £000	Financial assets £000	Other financial liabilities £000	Total carrying value £000	Total market value £000
Investments in unlisted securities	–	–	24,456	–	–	24,456	24,456
Cash and cash equivalents	–	–	–	24,020	–	24,020	24,020
Loan notes	–	–	–	56,688	–	56,688	63,730
Trade receivables	–	–	–	30,592	–	30,592	30,592
Derivative financial instruments	–	29	–	–	–	29	29
Total financial assets	–	29	24,456	111,300	–	135,785	142,827
Trade payables	–	–	–	–	(14,913)	(14,913)	(14,913)
Contingent consideration	–	–	–	–	(223)	(223)	(223)
Bank loans	–	–	–	–	(110,176)	(110,176)	(111,000)
Lease liabilities	–	–	–	–	(32,732)	(32,732)	(32,732)
Derivative financial instruments	–	(1,132)	–	–	–	(1,132)	(1,132)
Total financial liabilities	–	(1,132)	–	–	(158,044)	(159,176)	(160,000)

Transactions in derivative financial instruments are only undertaken to manage risks arising from underlying business activity, in accordance with the Group's treasury policy as described in note 30.

The Group designates certain qualifying financial instruments as hedges of the fair value of its US dollar cashflows and interest rate caps (cashflow hedges). Changes in the fair value of these derivative financial instruments (to the extent they are effective) are recorded in other comprehensive income, together with any change in the fair value of the hedged asset attributable to the hedged risk.

None of the Group's financial assets or liabilities is designated at fair value through the income statement upon initial recognition.

More detail on the Group's accounting for financial instruments is included in the Group's accounting policies. The Group's approach to managing risks in relation to financial instruments is described in note 30.

Notes to the consolidated financial statements

NOTE 30 Financial risk management

The Group's approach to the management of financial risks together with sensitivity analysis of its financial instruments is set out below:

Treasury policy

The Group's treasury policies are directed to giving greater certainty of future revenues and costs and ensuring that the Group has adequate liquidity for working capital and debt capacity for funding acquisitions.

The Group holds financial instruments to finance its operations and to manage the interest rate and currency risks arising from its operations and its sources of finance. The Group finances its operations by a mixture of cashflows from operations, leases on its properties and longer-term facilities from banks. The Group borrows principally in sterling at floating rates of interest, using derivative financial instruments (derivatives), where appropriate, to generate the desired currency profile and interest rate basis. The derivatives used for this purpose are principally rate swaps, rate caps and collars, forward and option foreign-exchange contracts. The main risks arising from the Group's financial instruments are interest rate risk, liquidity and refinancing risk, counterparty risk and foreign currency risk. These risks are managed by the treasury committee under policies approved by the Board, which are summarised in this note. All the treasury policies remained unchanged throughout the year.

The audit committee receives regular reports on the Group's treasury activities, policies and procedures. The treasury department is not a profit centre and its activities are subject to regular review by the treasury committee.

Interest rate risk management

The Group's bank borrowings are in sterling, with the interest rate on these borrowings tied to LIBOR. The Group's exposure to interest rate fluctuations on its borrowings is managed by borrowing on a floating-rate basis and by hedging interest rate exposures where appropriate.

At March 31st 2021, there were hedges of interest rate exposures in place (see note 28). The fair value of the interest rate hedges at March 31st 2021 was £33,000 (2020: £29,000).

Liquidity and refinancing risk management

The maturities of contracted cashflows associated with the Group's financial liabilities are shown in the table below. This table has been drawn up based on the undiscounted contractual cashflows of the financial liabilities including both interest and principal cashflows. Any cashflows based on a floating rate are calculated using interest rates as set at the date of the last rate reset. The contractual maturity is based on the earliest date on which the Group may be required to settle. All derivative amounts are shown gross, although the Group net settles these amounts wherever possible.

Any amounts drawn under revolving credit facilities are assumed to mature at the maturity date of the relevant facility, with interest calculated as payable in each calendar year up to and including the date of maturity of the facility.

NOTE 30 Financial risk management continued

Maturity Analysis:	GBP £000	USD £000	Other £000	2021 Total £000
Not later than one year	**21,400**	**(36,928)**	**(4,850)**	**(20,378)**
Later than one year and not later than five years	**(42,762)**	**(1,213)**	**(1,371)**	**(45,346)**
Later than five years	**(11,651)**	**–**	**–**	**(11,651)**
	(33,013)	**(38,141)**	**(6,221)**	**(77,375)**
Analysed as:				
Derivative financial instruments – inflows	**35,064**	**–**	**–**	**35,064**
Derivative financial instruments – outflows	**–**	**(33,435)**	**–**	**(33,435)**
Trade payables	**(10,471)**	**(2,062)**	**(3,047)**	**(15,580)**
Lease liabilities	**(21,936)**	**(2,644)**	**(3,174)**	**(27,754)**
Bank loans	**(35,670)**	**–**	**–**	**(35,670)**
	(33,013)	**(38,141)**	**(6,221)**	**(77,375)**

Maturity Analysis:	GBP £000	USD £000	Other £000	2020 Total £000
Not later than one year	20,433	(40,474)	(5,132)	(25,173)
Later than one year and not later than five years	(121,508)	(864)	(1,451)	(123,823)
Later than five years	(13,389)	–	–	(13,389)
	(114,464)	(41,338)	(6,583)	(162,385)
Analysed as:				
Derivative financial instruments – inflows	34,529	–	–	34,529
Derivative financial instruments – outflows	–	(35,661)	–	(35,661)
Contingent consideration	–	–	(223)	(223)
Trade payables	(10,202)	(2,275)	(2,436)	(14,913)
Lease liabilities	(25,406)	(3,402)	(3,924)	(32,732)
Bank loans	(113,385)	–	–	(113,385)
	(114,464)	(41,338)	(6,583)	(162,385)

The following table details the Group's remaining contractual maturity for its non-derivative financial assets. This table has been drawn up based on the undiscounted contractual maturities of the financial assets, including interest that will be earned on those assets, except where the Group anticipates that the cashflow will occur in a different period.

Notes to the consolidated financial statements

NOTE 30 Financial risk management *continued*

				2021
Maturity Analysis:	**GBP £000**	**USD £000**	**Other £000**	**Total £000**
Not later than one year	**12,310**	**38,495**	**9,484**	**60,289**
	12,310	**38,495**	**9,484**	**60,289**
Analysed as:				
Cash and cash equivalents	**6,011**	**21,018**	**5,306**	**32,335**
Trade receivables	**6,299**	**17,477**	**4,178**	**27,954**
	12,310	**38,495**	**9,484**	**60,289**

				2020
Maturity Analysis:	GBP £000	USD £000	Other £000	Total £000
Not later than one year	17,320	27,650	9,641	54,611
Later than one year and not later than five years	100	101,538	–	101,638
	17,420	129,188	9,641	156,249
Analysed as:				
Other financial assets	100	24,356	–	24,456
Cash and cash equivalents	9,038	10,567	4,415	24,020
Loan notes	–	77,181	–	77,181
Trade receivables	8,282	17,084	5,226	30,592
	17,420	129,188	9,641	156,249

The Group's debt facilities require it to meet certain covenants based on interest cover, net debt and profits adjusted for certain non-cash items and the impact of foreign exchange. Breaching the covenants would result in the Group being in default of the facilities, potentially resulting in the facilities being withdrawn. Management regularly monitors the covenants and prepares detailed cashflow forecasts to ensure that sufficient headroom is available and that the covenants are not close or potentially close to breach. At March 31st 2021, the Group's net debt to EBITDA measured before the impact of IFRS 16 and before exceptional items was 0.04 times (2020: 2.2 times).

The Group also maintains undrawn committed borrowing facilities. At March 31st 2021, the committed undrawn facilities amounted to £115,000,000 (2020: £39,000,000) and their weighted average maturity was 33 months (2020: 45 months).

Financial counterparty risk management

Counterparty credit limits, which take published credit ratings and other factors into account, are set to cover the Group's total aggregate exposure to a single financial institution. The limits applicable to published credit-ratings bands are approved by the treasury committee within guidelines approved by the Board. Exposures and limits applicable to each financial institution are reviewed regularly.

The Group also has counterparty risk with respect to trade and other receivables. The concentration of this risk is limited due to the Group's large and broad customer base. Trade receivable exposures are managed locally in the business units where they arise. Allowance is made for expected credit losses based on management's assessment of the risk of non-payment, taking into account the ageing profile and circumstance.

NOTE 30 Financial risk management continued

Foreign currency risk management

The Group's principal foreign-exchange exposure is to the US dollar. The Group's continuing businesses generated approximately 61% of its revenues in US dollars, including approximately 36% of the revenues of its UK-based businesses, and approximately 39% of its operating profits are US dollar-denominated. The Group is therefore exposed to foreign-exchange risk on the US dollar incomes in its UK businesses, the translation of results of foreign subsidiaries and of loans to and from foreign operations within the Group where the denomination of the loan is not in the functional currency of the lender/borrower.

The carrying amounts of the Group's US dollar-denominated monetary assets and liabilities at March 31st are as follows:

	Assets		Liabilities	
	2021 £000	2020 £000	**2021 £000**	2020 £000
US dollar	**38,909**	84,385	**(4,945)**	(6,043)

A series of US dollar contracts is put in place each month to sell forward surplus US dollars so as to hedge up to 80% of the company's UK-based US dollar cashflows for the coming 12 months. The value of these forward contracts is based on management's estimate of its future US dollar cashflows over a 12-month period. If management materially underestimates the company's future US dollar cashflows, this would lead to too few forward contracts being in place and the company being more exposed to swings in US dollar to sterling exchange rates. An overestimate of the company's US dollar-denominated cashflows would lead to associated costs in unwinding ineffective and excess forward contracts. Forward exchange contracts are gross settled at maturity. Subsidiaries normally do not hedge transactions in foreign currencies into the functional currency of their own operations. Each subsidiary is encouraged to invoice sales in its local functional currency where possible.

Cashflow hedges – maturing in less than one year	**2021**	2020
Average exchange rate	**$1.32**	$1.29
Foreign currency ($000)	**46,113**	44,434
Contract value (£000)	**35,064**	34,529
Fair value (£000)	**1,629**	(1,132)

As at March 31st 2021, the aggregate amount of unrealised gains under forward foreign-exchange contracts deferred in the fair value reserve relating to future income transactions is £1,629,000 (2020: unrealised losses of £1,132,000). It is anticipated that the transactions will take place over the next 12 months, at which stage the amount deferred in equity will be released to the income statement. Prior-year losses of £1,132,000 were recycled from other comprehensive income into the income statement during the year (2020: £395,000 losses).

As at March 31st 2021, the fair value of interest-rate caps is £33,000 (2020: £29,000). The interest rate cap is in place until 2023.

There were no ineffective cashflow hedges in place at the year-end.

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

Level 1 – the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

Level 2 – foreign-currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate caps are measured using dealer quotes. The fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cashflow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31st 2021 and the prior years, all the resulting fair value estimates have been included in level 2, apart from investments in unlisted securities and contingent consideration which are classified as level 3. Movements in level 3 fair value measurements are shown in notes 17 and 27.

Notes to the consolidated financial statements

NOTE 30 Financial risk management continued

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes cash deposits (note 23), bank borrowings (note 25) including lease liabilities (note 34) and equity attributable to equity holders comprising share capital, reserves and retained earnings as disclosed in the statement of changes in equity.

Other financial instruments not recorded at fair value

The directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values. Such financial assets and liabilities include cash and cash equivalents, trade receivables, trade payables and bank loans.

Financial instruments – sensitivity analysis

As at March 31st 2021, the sensitivity of the carrying value of the Group's financial instruments to fluctuations in interest rates and exchange rates is as follows:

		Impact of 1%		Impact of 10%	
	Carrying value £000	increase in interest rates £000	decrease in interest rates £000	stronger US dollar £000	weaker US dollar £000
Cash and cash equivalents	32,335	–	–	2,335	(1,911)
Other net financial assets	12,374	–	–	1,713	(1,401)
Derivative financial instruments	1,662	–	–	(3,344)	3,344
Lease liabilities	(27,754)	–	–	(294)	240
Bank loans	(34,401)	–	–	–	–
	(15,784)	–	–	410	272

The table shows the sensitivities of fair values of each class of financial instruments to an isolated change in either interest or foreign-exchange rates. Other net financial assets comprise trade receivables less trade payables.

The sensitivities of derivative instruments are calculated using established estimation techniques such as discounted cashflows. A large proportion of the movements shown above would affect equity rather than the income statement, due to the location and functional currency of the entities in which they arise and the availability of net investment hedge treatments.

NOTE 31 Share capital

	No. of shares	Share capital £000
At March 31st 2021 and 2020	**25,200,000**	**1,260**

	At March 31st 2021 and 2020	
Issued, fully paid shares	Number	£000
"A" special shares of 5p each	**1,260,000**	**63**
"B" special shares of 5p each	**1,260,000**	**63**
Ordinary shares of 5p each	**22,680,000**	**1,134**
Trust shares of 5p each	**100**	**–**
	25,200,100	**1,260**

The authorised share capital amounts to 40,000,100 and is unchanged in the year. The nominal value of authorised share capital is £2,000,005.

A summary of the rights of each class of shares is included in the directors' report on pages 62-63. The trust shares participate in a distribution of capital only to a limited extent and accordingly are not treated as equity share capital.

The company holds 5,040,000 of its own ordinary shares in treasury; these shares carry no rights.

NOTE 32 Employee Share Ownership Plan (ESOP)

	No. of shares	£000
At April 1st 2019	277,398	4,716
Purchase of ESOP shares	40,408	1,009
Sale of ESOP shares	(25,736)	(653)
At March 31st 2020	292,070	5,072
Purchase of ESOP shares	77,162	1,775
Sale of ESOP shares	(16,284)	(375)
At March 31st 2021	**352,948**	**6,472**

The nominal value of the ESOP shares, which have a par value of 5p each, amounted to £17,647 (2020: £14,604). The ESOP provides a limited market for ordinary shares of The Economist Newspaper Limited to be bought and sold. Employees of the Group can apply to buy shares from the ESOP twice a year at the latest indicative share valuation, and all other shareholders can offer to sell their shares to the ESOP. A subsidiary company, The Economist Group Trustee Company Limited, acts as trustee of the ESOP and handles all share transactions. The ESOP has not waived its entitlement to dividends on these shares. At March 31st 2021, 147,062 (2020: 180,977) of the shares are under option to employees and have been conditionally granted to them.

Notes to the consolidated financial statements

NOTE 33 Treasury shares

	No. of shares	£000
At March 31st 2021 and 2020	**5,040,000**	**188,823**

The treasury shares have a par value of 5p per share and their nominal value amounts to £252,000 (2020: £252,000). These shares do not attach any voting rights or rights to dividends. The shares represent 20% of called-up share capital (2020: 20%).

NOTE 34 Lease liabilities

Maturity analysis:	**2021 £000**	2020 £000
Not later than one year	**6,171**	8,229
Later than one year and not later than five years	**9,926**	11,114
Later than five years	**11,657**	13,389
	27,754	32,732
Analysed as:		
Non-current	**21,583**	24,503
Current	**6,171**	8,229
	27,754	32,732

The net decrease in lease liabilities during the year ended 31 March 2021 was £4,978,000 (2020: £6,889,000) which includes foreign-exchange gains on lease liabilities of £150,000 (2020: losses of £433,000).

The Group does not face a significant liquidity risk with regard to its lease liabilities.

NOTE 35 Related party transactions

The Group has taken advantage of the exemption allowed under IAS 24 Related Party Disclosures not to disclose transactions and balances between Group companies that have been eliminated on consolidation.

John Elkann was a director of the company during the year. His family has a controlling interest in Giovanni Agnelli BV which is the ultimate holding company for EXOR N.V.; EXOR N.V. owns 43.4% of the issued share capital of the company and is entitled to appoint 6 out of a total 13 places for directors on the company's Board. There were no material related party transactions with EXOR N.V. and its subsidiaries during the year.

The key management personnel are deemed to be members of the company's Board and the Group Leadership team (see pages 48-51). Key management compensation paid or payable, including the value of awards made under the restricted share scheme, is set out below:

	2021 £000	2020 £000
Salaries and short-term employment benefits	**6,297**	4,017
Retirement benefits	**70**	146
Long-term incentives	**1,558**	1,312
	7,925	5,475
Of which:		
Executive directors	**2,754**	1,767
Non-executive directors	**193**	319
Other members of the Leadership team	**4,978**	3,389
	7,925	5,475

The directors who served during the year received dividends of £nil (2020: £32,000) in respect of shares held in the company. Compensation has increased because annual bonus targets were met this year.

NOTE 36 Events after the balance-sheet date

There were no material events after the balance-sheet date.

NOTE 37 Financial commitments

There are contingent Group liabilities that arise in the normal course of business in respect of legal claims, indemnities, warranties and guarantees in relation to former subsidiaries. None of these claims is expected to result in a material gain or loss to the Group.

Company balance sheet

As at March 31st

	Note	2021 £000	2020 £000
Investments in subsidiaries	5	**552,077**	552,077
Intangible assets	6	**15,300**	9,976
Property, plant and equipment	7	**6,338**	7,133
Right-of-use assets	8	**17,290**	19,854
Amounts due from subsidiaries		**39,922**	44,679
Deferred tax assets	9	**2,794**	3,951
Derivative financial instruments	17	**33**	29
Non-current assets		**633,754**	637,699
Amounts due from subsidiaries		**96,472**	100,773
Inventories	10	**305**	448
Trade and other receivables	11	**18,532**	17,756
Derivative financial instruments	17	**1,671**	–
Current tax assets		**3,667**	2,087
Cash and cash equivalents	12	**11,980**	12,508
Current assets		**132,627**	133,572
Total assets		**766,381**	771,271
Trade and other liabilities	13	**(3,245)**	(5,237)
Deferred tax liabilities	9	**(1,069)**	(744)
Retirement benefit obligations	14	**(13,090)**	(16,409)
Lease liabilities	15	**(18,988)**	(21,957)
Borrowings	16	**(34,401)**	(110,176)
Other liabilities		**(208)**	(209)
Non-current liabilities		**(71,001)**	(154,732)
Amounts due to subsidiaries		**(195,160)**	(221,762)
Trade and other liabilities	13	**(76,266)**	(63,829)
Lease liabilities	15	**(2,579)**	(3,091)
Derivative financial instruments	17	**(42)**	(1,132)
Current liabilities		**(274,047)**	(289,814)
Total liabilities		**(345,048)**	(444,546)
Net assets		**421,333**	326,725
Share capital	18	**1,260**	1,260
ESOP shares	19	**(6,472)**	(5,072)
Treasury shares	20	**(188,823)**	(188,823)
Translation reserve		**(2,313)**	(5,074)
Retained earnings		**617,681**	524,434
Total equity		**421,333**	326,725

The profit for the year is £93,685,000 (2020: £23,989,000).

These financial statements were approved by the Board of directors and authorised for issue on June 14th 2021.
They were signed on its behalf by:

Paul Deighton
Director

Lara Boro
Director

The Economist Newspaper Limited registered number 00236383

Company statement of changes in equity

Year ended March 31st 2021

Year ended March 31st 2021	Note	**Equity attributable to equity holders of the company**					
		Share capital £000	**ESOP shares £000**	**Treasury shares £000**	**Translation reserve £000**	**Retained earnings £000**	**Total equity £000**
At April 1st 2020		**1,260**	**(5,072)**	**(188,823)**	**(5,074)**	**524,434**	**326,725**
Profit for the year		**–**	**–**	**–**	**–**	**93,685**	**93,685**
Other comprehensive income		**–**	**–**	**–**	**2,761**	**(438)**	**2,323**
Total comprehensive income		**–**	**–**	**–**	**2,761**	**93,247**	**96,008**
Net purchase of own shares	19	**–**	**(1,400)**	**–**	**–**	**–**	**(1,400)**
At March 31st 2021		**1,260**	**(6,472)**	**(188,823)**	**(2,313)**	**617,681**	**421,333**

Year ended March 31st 2020	Note	Equity attributable to equity holders of the company					
		Share capital £000	ESOP shares £000	Treasury shares £000	Translation reserve £000	Retained earnings £000	Total equity £000
At April 1st 2019		1,260	(4,716)	(188,823)	(4,325)	549,878	353,274
Impact of change in accounting policy		–	–	–	–	3	3
Profit for the year		–	–	–	–	23,989	23,989
Other comprehensive expense		–	–	–	(749)	(26,575)	(27,324)
Total comprehensive expense		–	–	–	(749)	(2,583)	(3,332)
Net purchase of own shares	19	–	(356)	–	–	–	(356)
Dividends		–	–	–	–	(22,861)	(22,861)
At March 31st 2020		1,260	(5,072)	(188,823)	(5,074)	524,434	326,725

Notes to the company financial statements

NOTE 1 Accounting policies

The financial statements of The Economist Newspaper Limited (the company) are prepared 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.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cashflow statement, standards not yet effective and related party transactions.

As permitted by Section 408 of the Companies Act 2006, the company has elected not to present its own income statement for the financial year.

The financial statements are prepared on a going-concern basis under the historical-cost convention.

The accounting policies applied in the preparation of these company financial statements have been consistently applied to the periods presented unless otherwise stated and are the same as those set out in note 1 to the consolidated financial statements, with the addition of the following:

Investments

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

NOTE 2 Auditors' remuneration

During the year the company obtained the following services from the company's auditor:	2021 £000	2020 £000
The audit of the company's financial statements	**278**	271
Tax advisory services	**345**	238
Tax compliance services	**15**	–
Total non-audit services	**360**	238
Total company auditor's remuneration	**638**	509

NOTE 3 Employee information

The year-end and monthly average number of employees, including executive directors, was as follows:

	2021		2020	
	Monthly average	Year-end	Monthly average	Year-end
Total employees	**573**	**605**	536	550

The details of directors' emoluments are shown on table 2, page 61, within the directors' report on remuneration.

Employee benefit costs including directors' emoluments	2021 £000	2020 £000
Wages and salaries	**50,605**	42,623
Social security costs	**6,133**	5,279
Share-based payment costs	**1,284**	1,550
Retirement benefits – defined-benefit plans	**280**	2,125
Retirement benefits – defined-contribution plans	**4,047**	3,090
	62,349	54,667

Wages and salaries include £2,031,000 (2020: £621,000) of restructuring-related costs.

NOTE 4 Share-based payments

The company's total charge recognised with respect to share-based payment transactions comprised:

	2021 £000	2020 £000
Restricted share scheme (cash or share settled)	**1,082**	1,102

Total carrying value of share-based payment transactions	2021 £000	2020 £000
Restricted share scheme (cash or share settled)	**2,507**	2,741

Analysed as:	2021 £000	2020 £000
Current liabilities	**1,560**	2,217
Non-current liabilities	**947**	524
	2,507	2,741

Details of share-based payment incentive schemes operated by the company and inputs to the valuation models are shown in note 13 of the consolidated financial statements.

	2021		2020	
Restricted share scheme	No. of options	Weighted average share price (£)	No. of options	Weighted average share price (£)
Outstanding at April 1st	**156,477**	**24.97**	157,500	28.35
Granted during the year	**35,500**	**25.00**	81,577	23.58
Forfeited during the year	**(16,505)**	**(26.74)**	(26,600)	(25.08)
Exercised during the year	**(44,160)**	**(26.20)**	(56,000)	(29.58)
Outstanding at March 31st	**131,312**	**26.06**	156,477	24.97
Exercisable at March 31st	**34,650**	**27.58**	40,000	26.55

The weighted average remaining contractual life for outstanding options at March 31st 2021 was 13 months (2020: 16 months).

NOTE 5 Investments in subsidiaries

	2021 £000	2020 £000
At April 1st and March 31st	**552,077**	552,077

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Notes to the company financial statements

NOTE 6 Intangible assets

Cost	Licenses and software £000	Intangible assets in development £000	Total £000
At April 1st 2019	13,661	14,663	28,324
Additions	746	4,059	4,805
At March 31st 2020	14,407	18,722	33,129
Additions	1,657	8,872	10,529
Transfer	22,355	(22,355)	–
At March 31st 2021	**38,419**	**5,239**	**43,658**

Amortisation	Licenses and software £000	Intangible assets in development £000	Total £000
At April 1st 2019	9,358	263	9,621
Charge for the year	1,354	–	1,354
Impairment	–	12,178	12,178
At March 31st 2020	10,712	12,441	23,153
Charge for the year	5,205	–	5,205
Transfer	12,178	(12,178)	–
At March 31st 2021	**28,095**	**263**	**28,358**
Carrying amounts			
At April 1st 2019	4,303	14,400	18,703
At March 31st 2020	3,695	6,281	9,976
At March 31st 2021	**10,324**	**4,976**	**15,300**

NOTE 7 Property, plant and equipment

Cost	**Leasehold buildings: short £000**	**Plant and machinery £000**	**Equipment £000**	**Total £000**
At April 1st 2019	7,420	927	20,941	29,288
Additions	99	–	393	492
At March 31st 2020	7,519	927	21,334	29,780
Additions	–	–	497	497
Disposals	–	(927)	–	(927)
At March 31st 2021	**7,519**	**–**	**21,831**	**29,350**

Depreciation	**Leasehold buildings: short £000**	**Plant and machinery £000**	**Equipment £000**	**Total £000**
At April 1st 2019	1,703	927	18,593	21,223
Charge for the year	538	–	886	1,424
At March 31st 2020	2,241	927	19,479	22,647
Charge for the year	541	–	751	1,292
Disposals	–	(927)	–	(927)
At March 31st 2021	**2,782**	**–**	**20,230**	**23,012**
Carrying amounts				
At April 1st 2019	5,717	–	2,348	8,065
At March 31st 2020	5,278	–	1,855	7,133
At March 31st 2021	**4,737**	**–**	**1,601**	**6,338**

Notes to the company financial statements

NOTE 8 Right-of-use assets

Cost	Leasehold buildings £000
At April 1st 2019	–
Right-of-use assets recognised	22,571
At March 31st 2020	22,571
Additions	129
Disposals	(45)
At March 31st 2021	**22,655**

Accumulated depreciation	Leasehold buildings £000
At April 1st 2019	–
Charge for the year	2,717
At March 31st 2020	2,717
Charge for the year	2,693
Disposals	(45)
At March 31st 2021	**5,365**
Carrying amounts	
At April 1st 2019	–
At March 31st 2020	19,854
At March 31st 2021	**17,290**

The company leases several assets including buildings and IT equipment. The average lease term is 33 months.

The maturity analysis of lease liabilities is presented in note 15.

NOTE 9 Deferred tax

	2021 £000	2020 £000
Deferred tax assets	**2,794**	3,951
Deferred tax liabilities	**(1,069)**	(744)
	1,725	3,207

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 relevant businesses.

The movement on the deferred tax account is as follows:

	2021 £000	2020 £000
At April 1st	**3,207**	1,476
Charge to the income statement	**(977)**	(4,887)
(Charge)/credit to other comprehensive income	**(505)**	6,751
Effect of change in tax rates	**–**	(133)
At March 31st	**1,725**	3,207

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

Deferred tax assets	**Retirement benefit obligations £000**	**Other £000**	**Total £000**
At April 1st 2019	2,397	(921)	1,476
(Charge)/credit to income statement	(5,778)	116	(5,662)
Credit to other comprehensive income	6,542	209	6,751
Other transfers	–	1,332	1,332
Effect of change in tax rates	(3)	57	54
At March 31st 2020	3,158	793	3,951
Charge to income statement	(651)	(1)	(652)
(Charge)/credit to other comprehensive income	20	(525)	(505)
At March 31st 2021	**2,527**	**267**	**2,794**

Notes to the company financial statements

NOTE 9 Deferred tax continued

Other deferred tax assets include temporary differences on share-based payments, derivatives and other provisions.

Deferred tax liabilities	Capital allowances and intangibles £000	Total £000
At April 1st 2019	–	–
Credit to income statement	775	775
Other transfers	(1,332)	(1,332)
Effect of change in tax rates	(187)	(187)
At March 31st 2020	(744)	(744)
Charge to income statement	(325)	(325)
At March 31st 2021	**(1,069)**	**(1,069)**

Finance (No.2) Bill 2019-21, which was published on March 11th 2021, introduces legislation to set the UK main corporation tax rate at 19% for the financial year beginning April 1st 2022, increasing to 25% for the financial year beginning April 1st 2023. The Finance (No.2) Bill 2019-21 has not been substantively enacted at the balance-sheet date. The relevant UK deferred tax balances have been measured at the rate which is expected to apply to the period when the assets are realised and the liabilities are settled, based on the tax rates substantively enacted by the balance-sheet date.

The effect of the change in the UK main corporation tax rate from 19% to 25% from April 1st 2023 will be to increase the deferred tax asset by £323,000.

NOTE 10 Inventories

	2021 £000	2020 £000
Raw materials	**305**	405
Finished goods	**–**	43
	305	448

No inventories are pledged as security.

NOTE 11 Trade and other receivables

Current	2021 £000	2020 £000
Trade receivables	**7,084**	8,585
Other receivables	**4,492**	1,446
Prepayments	**5,709**	6,343
Accrued income	**1,247**	1,382
	18,532	17,756

Trade receivables are stated at fair value, net of provisions for expected credit losses and anticipated future sales returns. The movements on the provision for bad and doubtful debts are as follows:

	2021 £000	2020 £000
At April 1st	**1,855**	1,013
Income statement movements	**(351)**	1,250
Released	**(827)**	(408)
At March 31st	**677**	1,855

The ageing of the company's trade receivables which are not impaired is as follows:

	2021 £000	2020 £000
Within the due date	**5,562**	5,962
Past due less than a month	**1,522**	1,659
Past due more than a month but less than two months	**–**	964
Total trade receivables	**7,084**	8,585

NOTE 12 Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	**919**	3,084
Short-term bank deposits	**11,061**	9,424
	11,980	12,508

Short-term bank deposits are invested with banks and earn interest at the prevailing short-term deposit rates.

Notes to the company financial statements

NOTE 13 Trade and other liabilities

Current	2021 £000	2020 £000
Trade payables	**11,228**	10,177
Social security and other taxes	**3,060**	2,137
Accruals	**18,157**	11,787
Liability for share-based payments	**1,560**	2,217
Deferred income	**39,916**	35,137
Other liabilities	**2,345**	2,374
	76,266	63,829
Non-current		
Liability for share-based payments	**947**	524
Deferred income	**2,298**	4,713
	3,245	5,237
Total	**79,511**	69,066

The carrying value of the Group's trade and other liabilities approximates fair value.

The deferred income balance comprises the unexpired portion of subscriptions for *The Economist* and revenue billed in advance for advertising not yet delivered.

NOTE 14 Retirement-benefit and other post-retirement obligations

A reconciliation of the net retirement-benefit obligation reported in the balance sheet is shown in the following table:

	2021 £000	2020 £000
UK Group scheme	**11,996**	15,351
Post-retirement medical benefits	**1,094**	1,058
	13,090	16,409

The company is a member of The Economist Group Pension Scheme (UK Group Scheme), which provided funded defined benefits. Details about the assets and liabilities of the scheme, the major assumptions used by the actuaries to value the deficit, the funding of the deficit in the scheme and the risks the company is exposed to through the scheme are included in note 26 to the consolidated financial statements. 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 80% by an independent actuary. The calculation of the liability for the company is based on membership records of retirees, deferred and active members.

The company also operates a defined-contribution scheme.

The company provides post-retirement medical benefits to certain former employees. At March 31st 2021, 23 retired and former employees (2020: 24) were eligible to receive benefits. The movement in the liability was as follows:

Present value of scheme liabilities	2021 £000	2020 £000
At April 1st	**1,058**	1,190
Employer contributions	**(84)**	(84)
Interest expense	**25**	29
Net losses/(gains) from experience and change in financial assumptions	**95**	(77)
At March 31st	**1,094**	1,058

Further information on the assumptions used to calculate the liability are shown in note 26 to the consolidated financial statements.

NOTE 15 Lease liabilities

Maturity Analysis:	2021 £000	2020 £000
Not later than one year	**2,579**	3,091
Later than one year and not later than five years	**7,337**	8,568
Later than five years	**11,651**	13,389
	21,567	25,048
Analysed as:		
Non-current	**18,988**	21,957
Current	**2,579**	3,091
	21,567	25,048

Notes to the company financial statements

NOTE 16 Borrowings

Details of the Group's borrowings, which are also those of the company, can be found in note 25 to the consolidated financial statements.

NOTE 17 Derivative financial instruments

Details of the Group's derivative financial instruments, which are also those of the company, can be found in note 28 to the consolidated financial statements.

NOTE 18 Share capital

Details of the company's share capital can be found in note 31 to the consolidated financial statements.

NOTE 19 Employee Share Ownership Plan (ESOP)

Details of the ESOP are presented in note 32 to the consolidated financial statements.

NOTE 20 Treasury shares

Note 33 to the consolidated financial statements provides information on the company's treasury shares.

NOTE 21 Related party transactions

Subsidiaries

The company transacts and has outstanding balances with its subsidiaries. Amounts due from subsidiaries and amounts due to subsidiaries are disclosed on the face of the company balance sheet.

Shareholders

John Elkann was a director of the company until his retirement from the Board in July 2020. His family has a controlling interest in Giovanni Agnelli BV which is the ultimate holding company for EXOR N.V.; EXOR N.V. owns 43.4% of the issued share capital of the company and is entitled to appoint six out of a total thirteen places for directors on the company's Board. There were no material related party transactions with EXOR N.V. and its subsidiaries during the year.

NOTE 22 Events after the balance-sheet date

There were no material events after the balance-sheet date.

NOTE 23 Group companies

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries, the country of incorporation and the effective percentage of ordinary shares owned included in these financial statements at March 31st 2021 is disclosed below. The shares in these companies are included in the consolidation in the Group's financial statements using the equity method of accounting. Principal Group companies are identified in bold.

Company	Proportion held	Principal activity and operation	Country of incorporation
Bazian Limited	100%	Healthcare consulting	United Kingdom
Clearstate (Pte.) Limited[1]	**100%**	**Healthcare consulting**	**Singapore**
data information intelligence GmbH[2]	100%	Information services	Germany
Economist (Shanghai) Management Consulting Company Limited[3 †]	100%	Advertising, events and management consulting	China
Economist Digital Services Limited	100%	Digital service provider	United Kingdom
EuroFinance Conferences Limited	**100%**	**Events and training**	**United Kingdom**
Ryder Street Properties (Management) Limited	100%	Dormant	United Kingdom
Ryder Street Properties Limited	100%	Dormant	United Kingdom
Signal & Noise Limited	100%	Data design agency	United Kingdom
TEG Delaware LLC[4]	100%	Dormant	US
TEG India Private Limited[5]	100%	Events and media services	India
TEG Massachusetts, Corporation[4]	100%	Dormant	US
TEG New Jersey, LLC[4]	100%	Dormant	US
The Digital News Agency Limited	100%	Dormant	United Kingdom
The Economist Books Limited	100%	Dormant	United Kingdom
The Economist Editorial (Overseas) Company Limited	100%	Representative agent	United Kingdom
The Economist Group (Asia/Pacific) Limited[6]	**100%**	**Events and information services**	**Hong Kong**
The Economist Group (Brazil Holdings) Limited	100%	Dormant	United Kingdom
The Economist Group (Investments) Limited	100%	Investment holding company	United Kingdom
The Economist Group (Switzerland) SA[7]	100%	Media services	Switzerland
The Economist Group (US Holdings) Limited	100%	Dormant	United Kingdom
The Economist Group do Brasil Serviços de Informação sobre Negócios Ltda[8 †]	100%	Business information	Brazil
The Economist Group France SARL[9]	100%	Media services	France
The Economist Group GmbH[10]	100%	Investment holding company	Austria
The Economist Group Limited	**100%**	**Business information**	**United Kingdom**
The Economist Group Operations Limited	100%	Dormant	United Kingdom
The Economist Group (Services) Limited	100%	Dormant	United Kingdom
The Economist Group Singapore Pte Limited[1]	100%	Investment holding company	Singapore
The Economist Group Trustee Company Limited	100%	Trustee services	United Kingdom
The Economist Intelligence Unit Canback, LLC[4]	100%	Consulting services	US
The Economist Intelligence Unit Canback SA Proprietary Limited[11 †]	100%	Consulting services	South Africa
The Economist Intelligence Unit Limited	**100%**	**Information services and events**	**United Kingdom**
The Economist Intelligence Unit, NA, Incorporated[4]	**100%**	**Events and information services**	**US**
The Economist Newspaper (Asia/Pacific) Limited[6]	100%	Dormant	Hong Kong

Notes to the company financial statements

Company	Proportion held	Principal activity and operation	Country of incorporation
The Economist Newspaper Group Incorporated[4]	100%	Publisher and management services	US
The Economist Newspaper (Holdings) Limited*	100%	Investment holding company	United Kingdom
The Economist Newspaper, NA, Incorporated[4]	**100%**	**Media services**	**US**
The Economist Overseas (Holdings) Limited	100%	Investment holding company	United Kingdom
The Economist Publications Limited	100%	Dormant	United Kingdom
The Television Consultancy Limited	**100%**	**Marketing services**	**United Kingdom**
TVC Group Limited	100%	Investment holding company	United Kingdom
TVC Public Relations Limited	100%	Dormant	United Kingdom

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

All companies are indirectly owned by The Economist Newspaper Limited except for those indicated*, which are directly owned. All equity holdings are of ordinary shares.

† Year-end December 31st

1 8 Cross Street, #23-01 Manulife Tower, Singapore 048424

2 Schwagrichenstrasse 8, 04107 Leipzig, Germany

3 Rm 2508B, 1909-1910 Rui Jin Building, No. 205 South Mao Ming Road, Huangpu District, Shanghai, China 200020

4 750 Third Avenue, New York, NY 10017, USA

5 17, Subhash Marg, Darya Ganj, New Delhi 110002, India

6 1301, 12 Taikoo Wan Road, Taikoo Shing, Hong Kong

7 Rue de la Rotisserie 11-1204, Geneva, Switzerland

8 Rua Joaquim Floriano 1052. cj. 81, CEP 04534-004, São Paulo, -SP, Brazil

9 11 Avenue Delcassé, 75008 Paris, France

10 Gonzagagasse 17, 1010 Wien, Austria

11 Inanda Greens Building 8, 54 Wierda Road, West Wierda Valley, Sandton, Gauteng, 2196, South Africa

For the year ended March 31st 2021, the following subsidiary undertakings of the Group were exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006:

Company	Principal activity and operation	Company registration number
Ryder Street Properties (Management) Limited	Dormant	01985839
The Digital News Agency Limited	Dormant	06451318
The Economist Books Limited	Dormant	01775942
The Economist Group (Brazil Holdings) Limited	Dormant	09164810
The Economist Group Operations Limited	Dormant	10650970
The Economist Group Trustee Company Limited	Dormant	01775932
The Economist Publications Limited	Dormant	01775671
The Economist Group (US Holdings) Limited	Dormant	06771057
TVC Public Relations Limited	Dormant	05587380

Five-Year Summary (unaudited)

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
As reported in the year					
Revenue	**310**	326	333	367	353
Operating profit	**42**	31	31	47	54
Profit after tax	**17**	21	68	35	41
Basic earnings per share	**83.8p**	106.5p	343.0p	176.8p	207.3p
Continuing businesses*					
Revenue	**310**	320	324	319	293
Operating profit	**42**	53	32	39	36
Profit after tax	**17**	42	26	29	32
Continuing businesses – adjusted**					
Revenue	**310**	320	324	319	293
Adjusted operating profit	**42**	33	32	39	36
Adjusted operating profit to revenue	**13.5%**	10.3%	9.9%	12.1%	12.4%
Adjusted profit after tax	**31**	22	23	29	32
Adjusted earnings per share	**155.3p**	110.0p	115.5p	145.7p	162.5p
Balance Sheet					
Non-current assets	**74**	158	160	167	174
Net debt	**(30)**	(119)	(94)	(116)	(105)
Deferred income	**(120)**	(119)	(105)	(119)	(125)
Other assets and liabilities (net)	**(15)**	(18)	(16)	(23)	(42)
Net liabilities	**(90)**	(98)	(55)	(91)	(98)
Dividends and shares					
Interim and final dividend proposed per share	**100.0p**	40.0p	120.0p	165.1p	183.4p
Total dividend per share paid in the year	**0.0p**	115.0p	149.0p	181.1p	193.2p
Indicative share value	**£25.00**	£23.00	£25.50	£28.50	£31.00
Dividend yield	**4.0%**	1.7%	4.7%	5.8%	5.9%

*Income statement restated to exclude TVC and Canback closed in 2021 and CQ-Roll Call results, sold in 2019.

**Alternative performance measures. Refer to note 1 of the consolidated financial statements for further information.

Notice of annual general meeting

Notice is hereby given that the annual general meeting of The Economist Newspaper Limited will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED on Tuesday July 13th, 2021 at 12.15pm with facilities to observe electronically, for the purposes set out below.

All resolutions will be proposed as ordinary resolutions.

1. To receive the accounts and the reports of the directors and the auditor for the year ended March 31st 2021.
2. To declare a final dividend of 100.0 pence per share in respect of the year ended March 31st 2021 to all "A" Special, "B" Special and Ordinary shareholders on the company's register of members at the close of business on June 14th 2021.
3. To reappoint Deloitte LLP as the company's auditor to hold office until the conclusion of the next general meeting at which accounts are laid before the company.
4. To authorise the directors to fix the remuneration of the auditors.

By order of the Board

Oscar Grut
Chief legal and corporate development officer
Group company secretary

Registered in England and Wales No. 00236383

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

June 14th 2021

The Company has been closely monitoring the evolving covid-19 situation as the restrictions in the United Kingdom are gradually eased under the UK Government's four-step roadmap out of lockdown. Although shareholders are legally entitled to attend this year's AGM in person, given the ongoing uncertainty in connection with the covid-19 pandemic, some shareholders may prefer not to, and indeed the Board strongly recommends that shareholders do not, attend the AGM in person. Arrangements have therefore been made for shareholders to observe the meeting electronically. Persons observing the AGM electronically will not be able to vote at the meeting, and the Board recommends that shareholders vote on all resolutions by completing their Form of Proxy to appoint the chairman of their AGM as their proxy in accordance with the instructions on it and submit it as soon as possible. Further details are provided in the letter from the company and the Form of Proxy enclosed.

NOTES:

1. A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him/her.
2. A Form of Proxy is enclosed and the notes to the form set out the details of how to appoint a proxy. In light of covid-19 restrictions, and the possibility of stricter restrictions being introduced than are currently anticipated, we would encourage shareholders to appoint the chairman of the AGM as their proxy or representative as any other persons so appointed will not be permitted to attend the AGM in person should indoor gatherings of people be restricted. Appointing the chairman of the meeting as proxy will ensure that your vote will be counted even if attendance at the meeting is restricted or you or your proxy are otherwise unable to attend.
3. To be valid, shareholders must complete the Proxy Form and submit it in accordance with the instructions printed on the form so as to be received by the company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 48 hours before the meeting or, if the meeting is adjourned, no later than 48 hours before the adjourned meeting. Proxy appointments and voting instructions can now be submitted:
   - electronically, through www.investorcentre.co.uk/eproxy; or
   - in hard copy, by posting the duly completed and signed form proxy to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

Whether or not you intend to attend the AGM, please submit your form of proxy electronically or in hard copy as soon as possible.

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