The Economist Group

Annual report 2019

In pursuit of progress since

1843

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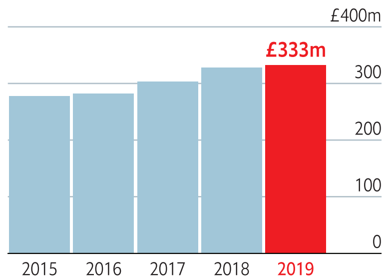
Five-year summary

		As restated			
	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Income statement—continuing business*					
Revenue	333	329	303	282	278
Operating profit	31	38	43	47	47
Profit after taxation	25	28	39	37	38
Profit on sale of CQ-Roll Call, Inc	43	-	-	-	-
Profit on sale of Economist Complex	-	-	-	110	-
Balance sheet					
Non-current assets	160	167	174	146	156
Net borrowings	(94)	(116)	(105)	(97)	(17)
Deferred income	(105)	(119)	(125)	(105)	(110)
Other assets and liabilities (net)	(16)	(23)	(42)	(21)	(53)
Net liabilities	(55)	(91)	(98)	(77)	(24)
Ratios					
Operating profit to revenue	9.3%	11.4%	14.1%	16.6%	16.8%
Basic earnings per share	343.0p	176.8p	207.3p	634.3p	181.2p
Basic earnings per share (continuing businesses)	124.5p	140.5p	191.1p	157.0p	151.5p
Normalised earnings per share (excluding non-operating exceptional items)	126.2p	176.8p	192.5p	198.3p	181.2p
Dividends and share price					
Total dividend per share paid in the year	149.0p	181.1p	193.2p	152.8p	163.5p
Final and interim dividend proposed per share	120.0p	165.1p	183.4p	183.4p	144.9p
Special dividend per share	-	-	-	-	23.8p
Total dividend proposed per share	120.0p	165.1p	183.4p	183.4p	168.7p
Times covered (excluding non-operating exceptional items)	1.1	1.1	1.1	1.1	1.1
Indicative share value	£25.50	£28.50	£31.00	£33.00	£29.00
Dividend yield	4.7%	5.8%	5.9%	5.6%	5.8%

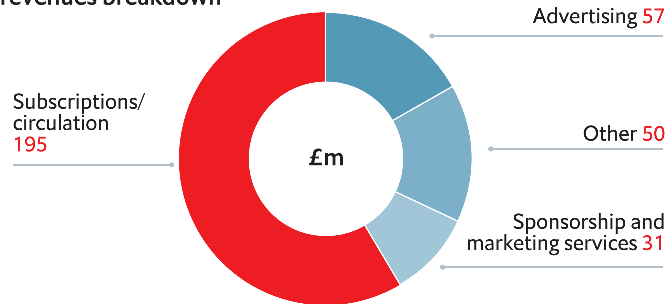
*Income statement restated to exclude CQ-Roll Call and Ryder Street Properties results.

Group overview

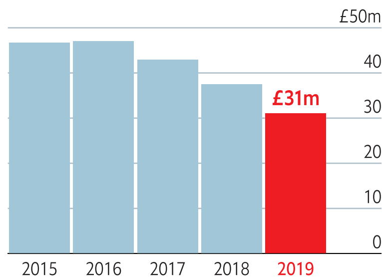
Group revenues
Continuing businesses



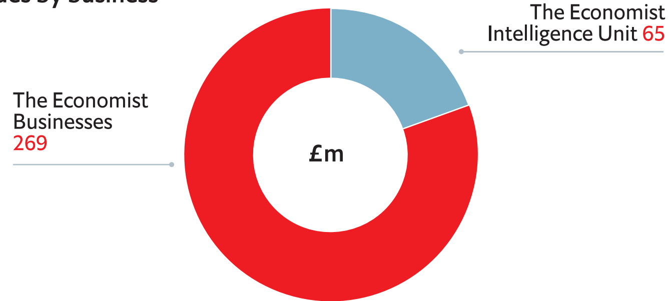
Group revenues breakdown
2019



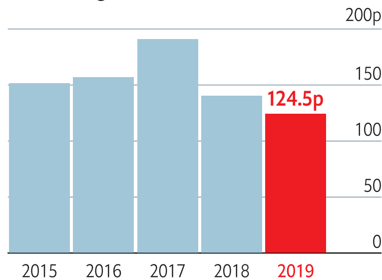
Group operating profit
Continuing businesses



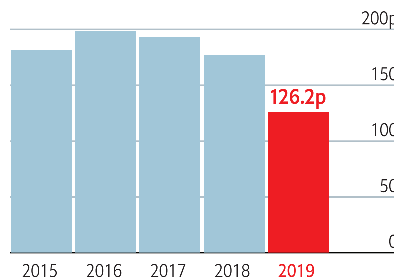
Revenues by business
2019



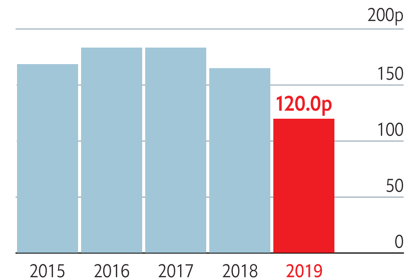
Basic earnings per share
Continuing businesses



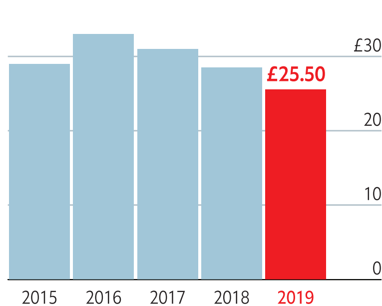
Normalised earnings per share



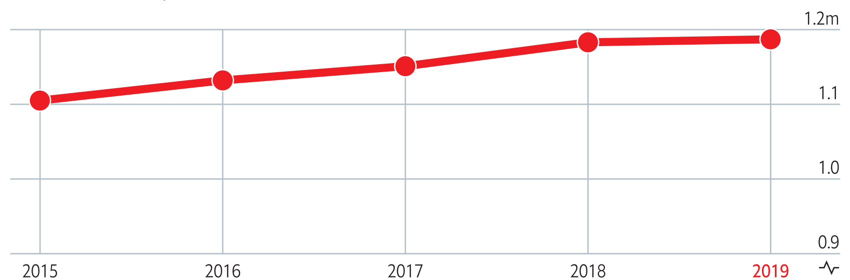
Proposed dividend per share



Indicative share value



Global paid circulation*
The Economist, April to March



A description of the Group's principal risks, uncertainties and guiding principles can be found under the headings of Internal control and The Economist Group's guiding principles in the Directors' report on pages 20 to 22.

*Including newsstand.

From the chairman

WE ACHIEVED revenues of £333.4m last year, compared with £329.0m in the previous year (excluding CQ-Roll Call, which, as previously announced, we sold in August 2018). Profits declined from £28m to £24.8m, however, as we once again increased marketing expenditure behind *The Economist*, made substantial investments behind our technology and restructured some of our businesses. In the context of a continuing difficult environment for business–and media businesses in particular–this was no surprise.

At *The Economist*, for the third year running, we made another marked increase in marketing investment, spending £56.4m, 14% more than the previous year. Subscriber numbers finished 13,000 higher, at 1,123,000. This is less than we had hoped, although revenue per copy increased to £2.48, compared with £2.39 last year. We continued to invest in our editorial products, including launching a new Economist app on Apple devices and a 20-minute daily global podcast, "The Intelligence", which analyses global news and already has an average of 1.5m unique listeners per month.

We continued to invest in technology: our ambition is to introduce state-of-the-art marketing and customer-service capabilities, which remains a work in progress, and to deliver digital products that match our editorial excellence. We opened a new office in Birmingham, designed to be one of our centres for innovation in software and engineering to support this effort as our in-house expertise grows. This office will play host to apprenticeships, graduate programmes, training and workshops.

Advertising revenues for *The Economist* were only 3% lower than last year, despite the impact from the market moving to the dominant digital platforms, Google and Facebook, reflecting the importance of respected media brands. Our reliance on such revenues has diminished considerably—they now constitute only 17% of Group revenues. We ran 71 events last year: our two stand-out events were the fifth annual World Ocean Summit, which raised 71% more sponsorship revenues this year, and EuroFinance's flagship international event for corporate treasurers.

The Economist Intelligence Unit's revenues and profits were 8% and 3% higher respectively than the previous year, primarily driven by revenue growth in its public-policy and consumer-information consulting verticals and its corporate network division. Renewal rates in the EIU's subscription business were impressive, hovering around the 90% mark. We acquired data information intelligence (dii), a small healthcare database company based in Germany, in October 2018, to complement our capabilities in the healthcare information sector.

Net debt at the year-end stood at £93.7m, comprising cash of £17.7m and debt of £111.4m. As previously explained, bearing in mind the performance of the company, the trading environment, the continued investment in the business and the sale of CQ-Roll Call, the Board feels it is appropriate to adjust the ongoing dividend. It is therefore recommending a final dividend of 75.0p which, added to the interim dividend, makes a total dividend in respect of the financial year of 120.0p.

Finally, some changes to the Board. Brent Hoberman retired from the Board in December, with our thanks for his contribution as a non-executive director. And, as you know, Chris Stibbs will step down in August after 14 important years with the Group. We look forward to welcoming a new chief executive, Lara Boro. Lara joins us from Informa, where she is currently CEO for Informa Intelligence, and brings a wealth of experience to the Group.

PAUL DEIGHTON

From the chief executive

IT HAS BEEN a busy year. We reorganised the core business, sold CQ-Roll Call, invested heavily behind the circulation of *The Economist* and worked hard to create future opportunities for growth.

The financial results reflect a mixed year. There was some growth in revenue, and profits from continuing operations, although robust, declined in line with expectations. The main reason for this decline was the increased spend behind the circulation of *The Economist*, which continued to reinforce the brand globally but this year did not deliver the expected growth in subscribers.

Subscriptions to *The Economist* were 1% higher than last year, which was disappointing given the increased marketing spend. The revenue per copy, however, increased 4%. We believe the combination of our discipline in maintaining premium pricing and increasing evidence of news and subscription fatigue among consumers, especially in our core markets of the UK and US, was primarily responsible for slowdown in subscriber growth. We are confident that our established readers remain engaged and that our value proposition is very strong. One particularly bright spot was the growth in subscriptions to our dual-language (English and Chinese) digital publication, Global Business Review.

Revenue from media activities was resilient. Advertising at *The Economist* declined by only 3% in markets that continue to be disrupted by the dominant digital platforms, but interestingly our print advertising held up better than expected as our market share grew in all major markets. Our two flagship events remained strong: EuroFinance's international event, held in Geneva this year, and the World Ocean Summit in Abu Dhabi performed well financially and were once again excellent showcases for the Group.

The Economist Intelligence Unit (EIU) had a good year, with revenue growing by 8%. In line with recent trends the Country Analysis subscription business was flat with healthy renewal rates of 90%. Whilst the business is mature, demand for its core products remains robust.

The EIU research-consulting business grew by 21%, and contributed 37% of the EIU's total revenue. The public policy team had probably its most successful year ever, with its revenues growing by 29%. Canback, our smaller Boston-based consumer demand management consultancy, also grew by an impressive 40%. The healthcare business stalled last year, although good progress was made in developing a data-led market intelligence product that will launch this year, designed to open up an adjacent but new market with significant potential.

The EIU continues to explore opportunities to adopt new technologies to collect and curate granular data sources and create new products and services for its clients in all parts of its business. A good example of this is the newly launched Oil Adequacy Index, which harnesses real-time intelligence on crude-oil output from OPEC, Russia and the US, and sets this against market-leading forecasts for global oil consumption, providing an early indicator of the adequacy of global oil supplies.

In August, we completed the disposal of CQ-Roll Call in Washington to FiscalNote. This deal combined market-leading editorial insight into the workings of Congress, and leading-edge technology. This reduced the net debt of the Group, and we also hold an investment in FiscalNote consisting of an 18% equity stake and loan notes which together are valued on our balance sheet at £83m.

Lastly, I would like to say thank you to the amazing people at The Economist Group. It has been a pleasure to work with some of the brightest and most committed people you will come across—our staff, Board and shareholders. It has been a wonderful 14 years on the Board, and I will miss it terribly.

CHRIS STIBBS

From the editor

THE ECONOMIST celebrated its 175th anniversary this year. James Wilson would be astonished at the advances humanity has made since September 1843, when he launched this newspaper to take part in "a severe contest between intelligence, which presses forward, and an unworthy, timid ignorance obstructing our progress". As the leader in our anniversary issue noted, global life expectancy has risen from below 30 years to over 70 and global literacy rates are up more than fivefold, to over 80%. Wilson might also be proud of the progress his newspaper has made, with a weekly paid circulation (including newsstand) of almost 1.2m in 2018, up from 2,000 in 1843.

Yet even as we marked an important milestone, the liberal credo that Wilson founded *The Economist* to champion is on the defensive. From Italy to Brazil, 2018 saw more victories for populist, nationalist leaders. Globalisation is under threat as the Sino-American relationship morphs into an ever more dangerous geostrategic rivalry. Amid disenchantment with a "liberal elite", the appeal of the political fringes is rising. That dispiriting backdrop is why we decided to mark our 175th anniversary by launching the Open Future initiative, a global conversation to make the case for free markets and open societies. From online debates to essay contests for young people, we conducted this conversation across all our digital platforms. It culminated with the Open Future festival, a full-day event held simultaneously on three continents, and an anniversary issue of *The Economist* that included our manifesto for renewing liberalism by rekindling its spirit of radical reform. The initiative garnered considerable attention: Open Future content was viewed half a billion times on social media, attracting new readers and subscribers.

We also marked our birthday by introducing some changes to *The Economist* itself. The design of the print issue was updated, with a new typeface and the introduction of Graphic Detail, a full page to show off the wizardry of our data team. We started two new columns: Chaguan (Teahouse), on China, and Bartleby, a wry take on the world of work in the Business section. Both were instant hits. Our lifestyle and culture magazine, *1843*, also had a makeover, with a beautiful new design to complement its journalistic ambition to bring *Economist* wit, intelligence and irreverence to telling "stories of an extraordinary world".

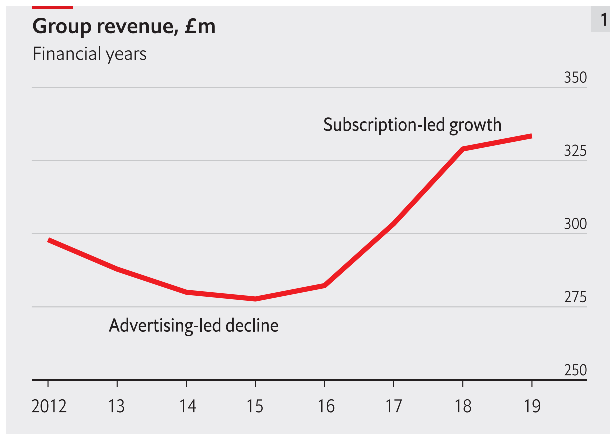
The pace of change was fastest in our digital products. In January we launched "The Intelligence", a daily current-affairs podcast to introduce listeners, particularly in America, to our distinctive style of global analysis. "*The Economist* asks", our interview show, goes from strength to strength, with high-profile interviewees including John McCain (in one of the last interviews before his death), James Comey, Christine Lagarde and Jacinda Ardern. All this has boosted our monthly podcast audience to 2m listeners, and more than 13m downloads. Economist Films had its most successful year yet. A film on how to prepare for the next global recession, for instance, is one of a dozen this year that were watched more than a million times. Social media remain a powerful means to disseminate our digital content, but the way audiences consume social media has changed, and we have adapted. Facebook and Twitter are still the biggest platforms for us, but we now have more than 3m followers on Instagram and are the fifth-most-followed company on LinkedIn.

Our journalism, once again, won plenty of prizes. Graeme James won a British Society of Magazine Editors cover-of-the-year award for his "Trump after Charlottesville" cover. Callum Williams won the Wincott Foundation's young-financial-journalist-of-the-year award. *The Economist* was named European magazine of the year by the European Publishing Congress. The data team won a silver Malofiej international infographic award. The films team won a Webby award for "How MDMA is being used to treat PTSD" and the podcast team won three Lovie awards.

ZANNY MINTON BEDDOES

Business report

THE PAST year saw the continuation of now-familiar trends in the global media industry—in particular, the decline of traditional advertising revenues has hit most publishers hard. The Economist Group has continued to navigate this turbulent environment by focusing on a strategy of increasing content revenues both from *The Economist* newspaper and the Economist Intelligence Unit (EIU), and reducing its reliance on less-sustainable advertising revenues. This shift in our revenue mix has driven revenue growth in recent years, as illustrated in chart 1.

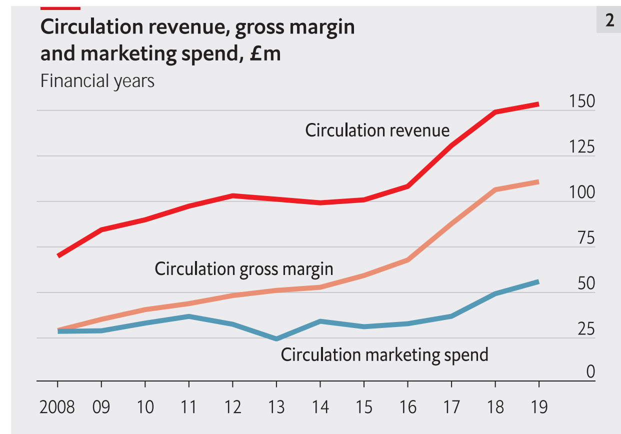


Our strategy has led us to increase marketing expenditure significantly over the last few years, in order to attract new subscribers from the audience of potential readers who we term "the globally curious" and to develop a suite of attractive information products for our business customers. This has led to strong revenue growth, reaching a record £333m on a like-for-like basis last year, after stripping out the CQ-Roll Call business. However, there were signs last year that investing to drive high growth in premium-priced subscriptions may prove less effective than in preceding years.

As previously announced, last year we created a leaner Group, focused on its core capabilities, by selling the CQ-Roll Call business to FiscalNote, about which more later.

The Economist businesses

Three years ago we embarked on an ambitious plan to invest in marketing *The Economist* to attract even more new subscribers, while maintaining premium pricing. We spent almost £7m more in marketing last year than the previous year, taking our circulation-marketing expenditure to a new record level. This ongoing investment has helped drive growth in revenue and higher margins in the circulation business, as illustrated in chart 2. We expect circulation profit to remain the principal driver of growth of The Economist business. It is an essential part of maintaining the financial strength of the business through the unprecedented disruption of the media industry.



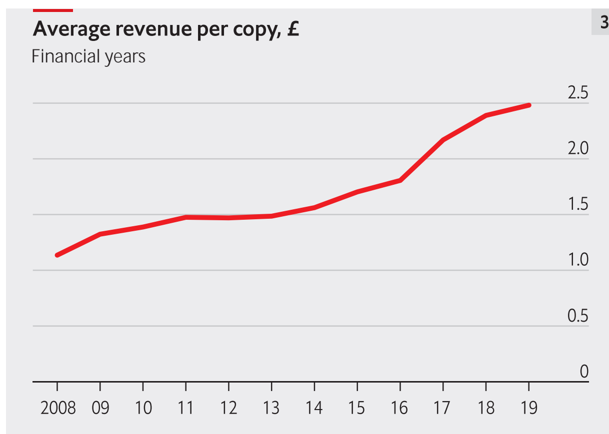
We achieved 3% growth in our circulation revenues last year. However, the growth trend flattened out somewhat compared with recent years. While we still believe it is right to maintain our long-term strategic shift to a circulation-revenue-led growth profile, our ambition to deliver scalable subscription-volume growth through a significant increase in marketing investment did not materialise fully as expected in 2019. There is growing evidence that news fatigue and increasing competition for subscription dollars are starting to have an impact on volume growth.

As a result, in the short term we intend to focus on delivering sustainable circulation profit growth, by rolling out a price increase this year while at the same time maintaining (not, unlike the last two years, increasing) marketing investment levels to attract new subscribers, building data-science capabilities to measure engagement and drive subscriptions, and improving customer retention and website conversion by further developing our digital products and operations. While the short-term focus this year will be on retention and pricing, we will continue to review the opportunities to commit more investment behind volume growth.

This year was the first year of trading for the newly

created publisher team, which saw the integration of our circulation and marketing-services teams to leverage our digital technology and data capabilities. In our circulation business, the high interest in quality news that led to strong consumer demand for subscriptions to *The Economist* started to wane early last year. Levels of competitor marketing activity increased, with a multitude of brands and publishers pursuing a paid subscription strategy.

Despite these challenges, as already explained, we were able to grow circulation revenues by 3%. This growth reflects an increase in the average revenue per copy, continuing a 10-year trend (see chart 3). It also means that the circulation business was able to absorb £7m more marketing investment than was made in the previous year, while profits from circulation only declined by £1.5m or 3%.



Our marketing sophistication enabled us to achieve a 2% increase in new subscribers year-on-year through paid marketing channels, backed by the additional investment. Three initiatives in particular stand out.

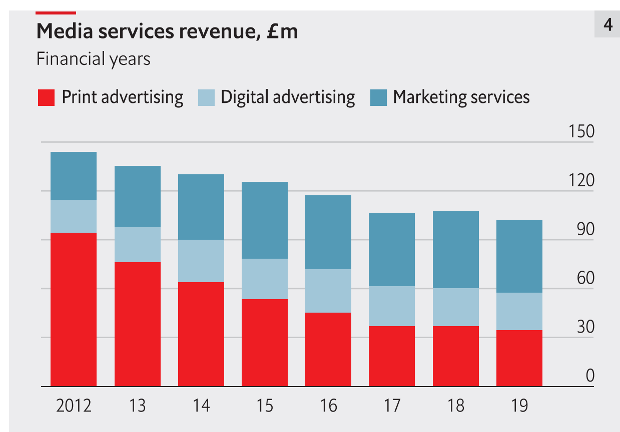
Our live-content marketing (known as "experiential" marketing) delivered 36% of growth year-on-year by scaling performance concepts and engaging with potential readers in the real world with content activations on the streets of London, New York, Sydney and more—bringing on a total of 55,000 new subscribers across the year. Second, we were able to accelerate and scale our paid social-marketing activity successfully—more than doubling volume year-on-year, despite changes by certain third-party platforms to algorithms and content-marketing rules across the year. And third, we took maximum advantage of our audience's increasing interest in podcasts, which we used to generate new subscriptions.

As we cast the net ever wider to acquire new subscribers, our biggest challenge has been to retain these new subscribers. Reassuringly, however, our existing subscribers have remained as loyal as ever.

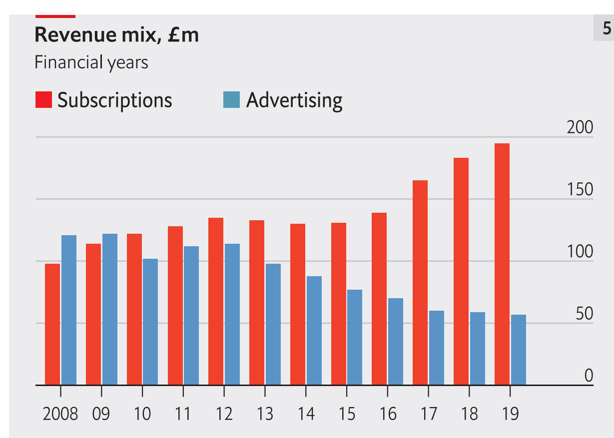
We have been focusing heavily on digital product development as a primary tool for improving subscriber retention, with the release of our new subscriber-first app this year. The app was built with reader involvement, and our primary objective was to encourage more regular usage throughout the week by providing, among other features, daily content updates.

In March 2019, following rigorous consumer research on pricing, we introduced a significant subscription price increase that will be a core driver of reader revenue in the years to follow. This was the first general increase in three years.

In *The Economist*'s client solutions business, where our mission is to increase revenues from clients' marketing budgets, we have largely stabilised years of revenue and profit decline driven by the reduction in demand for print advertising (see chart 4). We have shifted from a commoditised reach and price offering towards a new commercial offering that better defines our value to brands in the market. We already offer clients a trusted environment and a highly engaged global audience, but our new clearer market proposition will help us stay competitive, especially in a crowded US market. In addition, we continue to move to higher-value work which helps protect us from margin erosion. Interestingly, while the market for print advertising continued to decline rapidly during the year, we restricted our own decrease for *The Economist* to 3% overall, thanks to gaining market share in all our key markets.



As a result of the changes we have made to our business model to adapt to the changing landscape for media companies, we have reduced our reliance on advertising revenues: these made up only 17% of Group revenues last year, compared to 38% in 2012 (see chart 5). However, the market for higher-value-added work continues to become more competitive, growing beyond other publishers to include consulting firms, research houses and clients bringing work in-house. In the US, for example, content solutions numbers were lower than expected as this is the most competitive and mature market. Our key-account strategy has resulted in important renewals, including, for example, the Barilla Foundation Food Sustainability programme and the Facebook 3i programme.



One of the more innovative client programmes of the year was one we created for Siemens. Leveraging data visualisation and support from two of our businesses, Signal Noise and TVC, The Economist Group delivered “Reimagine The Game”, a unique interactive platform that allowed football fans to view FC Bayern games by listening to thousands of data points captured within key moments during the match. We analysed the fan noise in combination with match data to identify interesting narratives and surface new perspectives on fan energy and its interplay with on-pitch performance. The programme won several awards including a World Media Group award and the Kantar Information is Beautiful Award, and it was a finalist for a Shorty award.

Economist Events focused on developing its portfolios of custom events and marquee events. This year saw the sixth World Ocean Summit, which was held in Abu Dhabi. This event broke records for attendance and sponsorship with more than 900 participants and 19 sponsors. We also welcomed 75 speakers to the stage over the two-and-a-half-day summit. Economist Events collaborated closely with TVC to create and distribute content from the event and maximise global coverage, yielding 34.5m impressions across social media, 5m more than the previous World Ocean Summit. We had 95 press representatives in attendance from international, regional and local outlets, and garnered nine broadcast, 216 online and 12 print coverage pieces.

Last year also saw the launch of two new events: the Asia Trade Summit and Antimicrobial Resistance, both of which were very well received and had strong revenues in their inaugural year.

The Open Future Festival and Open Future initiative marked our 175th anniversary. This involved a comprehensive programme that was led by the editorial team and supported by the commercial team. We succeeded in our aim of introducing our brand, values and mission to the next generation of *Economist* readers, introducing an estimated 2m new people to the brand, with a younger and more female audience than before. The Open Future Festival events themselves had 1,200 attendees in Hong Kong, London and New York and garnered sponsorship revenue from the likes of Gucci and Samsung.

Our data visualisation business, Signal Noise, has brought in new accounts, and the division is branching out into new sectors. Working with Ford Smart Mobility and Siemens has opened up the opportunity to work in industrial IoT, smart cities and mobility, data-rich sectors that have a need for data-design specialists.

EuroFinance had a strong year despite a challenging marketplace. The flagship annual international conference in Geneva broke revenue records both for sponsorship and delegates. Commercial Payments International (CPI) Middle East was launched and the team delivered its award-winning Deutsche Bank-supported Treasury Leaders Summits in London, Hong Kong and New York.

Our media agency, TVC, had a year of considerable change, with profits flat compared with the previous year. We restructured the team to improve efficiency and revenue opportunity and created a TVC International team dedicated to servicing The Economist Group. Last year also saw TVC pick up several awards, including a PRSA Bronze Anvil and The Drum Business Agency Award.

We aspire to deliver digital products that match the quality

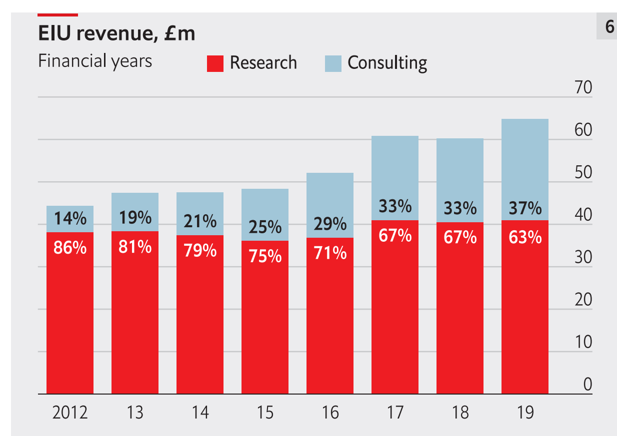
of our journalism. That involves aligning the entire Group around delivering world-class digital products and platforms that better serve our journalism as well as our customers. We are constantly improving, refining and simplifying our product portfolio.

In the technology team, we are focusing both on our most important customer-facing products, such as our apps, our website and our subscription management system, and our internal products like our editorial workflow system and content platform. In addition to our focus on product, we continuously strive to attract and retain the best talent and to build a culture in which product and engineering teams work collaboratively with the rest of the business. To do this we have organised teams into multi-disciplinary "squads", an approach currently regarded as best practice.

The Economist Intelligence Unit

The EIU continues to be one of the world's pre-eminent economic and political research houses, analysing and forecasting geopolitical events in 204 countries across the world. Clients across government, the financial sector and academia subscribe to its analysis in order to gain deeper insight into the global environment, enabling them to improve decision-making and gain commercial or political advantage. This core capability of the EIU has been developed over 70 years and is delivered via a number of online publishing solutions and tools.

Over recent years we have extended the brand through the development of new products and services which tap into adjacent markets or separate budgets where growth opportunities are stronger. Specifically, we have extended our country-analysis publishing business into lucrative face-to-face engagements, we are developing new economic and political services which integrate in our clients' workflows, and we are expanding beyond macroeconomics and politics into industry-specific insight. Our focus on building research-consulting businesses in the public-policy sector, in healthcare and in consumer demand predictive analytics has performed especially well, with these three sectors now accounting for 37% of EIU revenues, up from just 14% in 2012 (see chart 6).



The EIU had a good year in 2019, with revenues growing by 8% and profits by 3%. We saw good growth in our research-consulting businesses, as demand for public-policy consulting and advice soared. Our more traditional country research businesses also grew, supported by strong interest among clients for face-to-face briefings and engagement. The global geopolitical backdrop was very supportive for the EIU. We tend to prosper when the economies of the developed world are strong but there is great uncertainty about the prospects for the emerging markets and the broader geopolitical order. Those conditions were fully met this year—our core US and European markets continued to grow, while uncertainty over Brexit, US-China relations, the state of the Chinese economy and a number of emerging-market economic and political wobbles meant that demand for insight was high. Our subscription business ran with a renewal rate of 90%, with especially good growth in Europe and Asia. And our investment in building a second editorial hub in India continued to bear fruit, with a bright and dynamic team contributing greatly to the quality of our insight.

Our networking business, which delivers country and regional insights to executives in Asia, the Middle East and Africa, performed very well, with revenues up 14%. We have overhauled the service offering and this is paying off in both greatly enhanced renewal rates and increasing numbers of new members. We see considerable potential to build on this and are experimenting with similar services in our home market of the UK, and we expect to expand into other markets in the year ahead.

Our public-policy consulting business had an exceptional year, with revenues up 29% and profits up 38%. We saw particular success with charitable foundations and multilateral organisations, working on topics as diverse as pandemic preparedness and the economic impact of artificial intelligence. Our work with governments also remained vibrant, both when we engaged with official aid agencies to support international development programmes, and when we supported domestic policy making capabilities in developing markets.

Our consumer-consulting business also saw strong revenue growth, up 37%. We saw particularly strong demand in the food and beverages market, for insights ranging from advising on pricing decisions to blue-sky thinking on the impact of ageing on consumer tastes and propensity to buy. Our healthcare consulting business had a more challenging year, with revenues broadly flat. We remain confident of the opportunities in the sector in the long run, but the needs of our clients are changing and we are investing heavily behind more granular data in order to establish a more distinctive market positioning. We are particularly excited by the opportunities in IVD, surgicals and around emergent health technologies.

Overall, it has been a successful year for the EIU, with outstanding performances in some business units. But we see more opportunity ahead and are making significant investments in data, technology and people in order to capture that in the coming year.

Focus on core assets

Last year we completed the sale of the CQ-Roll Call business for a total value of US$180m made up of cash, debt and equity. Following the sale the Group is, with an 18% stake, the largest shareholder in FiscalNote, which means that we will be able to participate in any equity upside of the combined business, while at the same time enabling the Group to divest itself of a mature, non-core business, thereby freeing up capital and resources to focus on our core business.

By way of background, in 2009 The Economist Group acquired Congressional Quarterly and formed CQ-Roll Call. CQ-Roll Call is a highly respected and trusted brand in the Washington, DC market, providing news, analysis and grassroots advocacy resources for government and political professionals. It is the premier source of timely, objective news and analysis on government and electoral politics. CQ-Roll Call journalists have won more Dirksen Awards for "Distinguished Reporting of Congress" than any other organisation.

It was a good, profitable business but it had struggled to grow significantly in a mature market that has seen increased competition. We concluded that the best way to move the CQ-Roll Call business back to significant growth was to combine it with a company that offered complementary services and skills and identified a Washington, DC based business, FiscalNote, as a suitable new owner. FiscalNote is a technology innovator that provides advanced, data-driven issues-management solutions.

With the acquisition of CQ-Roll Call, FiscalNote is now able to offer real-time policy data from Congress, all 50 US states, and nearly 30 countries around the world; news from the award-winning journalists at CQ-Roll Call; unmatched issue expertise and analysis; simple, powerful advocacy software for mobilising public support; and advanced data analytics to help clients quickly make sense of legislative and regulatory information. In addition to bringing the combined company's enhanced offerings to market, FiscalNote is committed to upholding CQ-Roll Call's editorial independence as well as being ideally placed to identify and exploit opportunities to adapt and grow in new and exciting markets.

Strategic report (on pages 3-12) by order of the Board

Oscar Grut
Secretary
June 18th 2019

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Directors

Paul Deighton
Appointed as a non-executive director in February 2018 and as chairman in July 2018. Non-executive chairman of Heathrow Airport and Holdingham Group Limited. Also serves on the board of Square, Inc. Previously a partner at Goldman Sachs, and CEO of the London Organising Committee for the Olympic and Paralympic Games. He also served the UK Government as a treasury minister in the House of Lords.

Chris Stibbs
Appointed as Group chief executive in July 2013, having joined the company as Group finance director in July 2005. Previously managing director of the Economist Intelligence Unit, corporate development director of Incisive Media, finance director of the TBP Group and managing director of the FT Law and Tax Division. Will retire from the Board in August 2019.

Zanny Minton Beddoes
Appointed as editor-in-chief and a director in February 2015, having previously been the business affairs editor. She joined the company in 1994 after spending two years as an economist at the IMF.

John Elkann
Appointed as a non-executive director in July 2009. Chairman and CEO of EXOR, chairman of Fiat Chrysler Automobiles, Ferrari and Giovanni Agnelli B.V. Vice-chairman of GEDI Gruppo Editoriale, board member of PartnerRe and a trustee of MoMA.

Eli Goldstein
Appointed as a non-executive director in October 2017. Founder and manager of The Radcliff Companies. Director of Bronfman E.L. Rothschild.

Lady Heywood
Appointed as a non-executive director in November 2015. Managing director of EXOR Group, chair of Royal Opera House Enterprises and CNH Industrial, deputy chair, Royal Opera House, trustee of the Royal Academy of Arts Trust and a director of Chanel.

Alex Karp
Appointed as a non-executive director in February 2016. Co-founder and CEO of Palantir. Board member of BASF and Axel Springer and member of the steering committee of Bilderburg.

Philip Mallinckrodt
Appointed as a non-executive director in July 2017. Non-executive director of Schroders. A member of the International Advisory Council of the Brookings Institution.

Sir David Bell
Retired from the Board in September 2018 having served since August 2005.

Brent Hoberman
Retired from the Board in December 2018 having served since January 2016.

Trustees

Baroness Virginia Bottomley PC, DL
Trustee since October 2005. Heads the board practice of Odgers Berndtson. Member of the UK House of Commons (1984-2005) and House of Lords from 2005. Member of the cabinet (1992-97), serving as secretary of state for health and then for national heritage. Chancellor of the University of Hull, member of the UK Council of the International Chamber of Commerce and of the International Advisory Panel of Chugai Pharmaceutical. Non-executive director of Smith & Nephew.

Dame Alison Carnwath
Trustee since January 2019. A senior adviser at Evercore. Chairman of the audit committee of BASF, member of the audit and chairman's committees of BP, 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. She is also a member of the UK Panel on Takeovers and Mergers. In the not-for-profit sector, she is a member of the Advisory Council of the St George's Society of New York. Formerly a senior adviser at Lexicon, a managing director of Donaldson Lufkin and Jenrette, a partner in the Phoenix Partnership and a director of J. Henry Schroder Wagg & Co. Past directorships include being non-executive chairman of Land Securities and a director of Man Group, Gallaher, Friends Provident, Barclays and National Power, and chairman of Vitec Group.

Tim Clark
Trustee since December 2009. Chair of WaterAid UK and group senior adviser to G3. Chairman of HighTide Festival Theatre, senior adviser to Chatham House and a member of the International Chamber of Commerce UK Governing Body, the Development Committee of the National Gallery, the International Advisory Board of Uria Menendez and the Advisory Board of the Centre for European Reform. Former senior partner of Slaughter and May.

Lord O'Donnell CB, KCB, GCB, FBA
Trustee since 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 UK 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. Chairman of Frontier Economics and the public interest board of PwC, 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 committees

Audit committee
Philip Mallinckrodt, chairman
Lady Heywood
Eli Goldstein
(since September 2018)
Rupert Pennant-Rea
(formerly chairman, retired July 2018)

Remuneration committee
Lord Deighton, chairman
(since July 2018)
Lady Heywood
(since July 2018)
Philip Mallinckrodt
(since September 2018)
Rupert Pennant-Rea
(formerly chairman, retired July 2018)
Sir David Bell
(retired September 2018)
John Elkann
(stepped down July 2018)

Nominations committee
Lord Deighton, chairman
(since July 2018)
Eli Goldstein
Lady Heywood
(since July 2018)
Rupert Pennant-Rea
(formerly chairman, retired July 2018)
John Elkann
(stepped down July 2018)

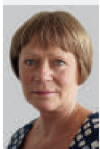
Executive team

Chris Stibbs
Zanny Minton Beddoes

Robin Bew
Managing director, the Economist Intelligence Unit. Joined in 1995 as an editor before becoming chief economist in 1997 and editorial director in 2006. Previously an economist at HM Treasury, the UK's finance ministry.

Michael Brunt
Publisher and chief operating officer, *The Economist*. Joined the Group in 2006. He has held various roles in marketing and circulation, including most recently that of chief marketing officer and managing director, *The Economist* circulation.

Oscar Grut
Chief legal and corporate development officer, and company secretary. Previously founded *The Economist*'s digital editions business and served as managing director for its digital operations. Joined the Group in 1998 from Linklaters.



Catherine Hearn
Group HR director. Joined the Group in June 2016 having worked previously at Dentsu Aegis Network, Diageo, Polestar and ICL, where she held a number of executive positions in human resources both in the UK and internationally.

Shane Naughton
Group chief financial officer. Joined the Group in 2014. A non-executive director of RTÉ, the Irish public-service broadcaster. Former global chief financial officer at EMI Music, having previously worked for UBM, Sky, Dell and Coca-Cola.

Stéphane Pere
Executive vice-president, business development. Formerly chief data officer. Before that, he launched Ideas People Media and worked as head of digital advertising sales for the Americas. Joined the Group in 2007, having previously worked for Yahoo! and Canal+.

Tim Pinnegar
Publisher and managing director, Asia Pacific. Joined the Group in 2001 having worked for Leo Burnett in both the UK and Asia.

Andrew Williams
Chief digital officer. Before joining the Group in July 2018, he was senior technology director at Elsevier and previously chief architect and head of engineering for Standard and Poor's.

Tom Standage
Deputy editor, digital strategy, *The Economist*. Stepped down from the executive team in January 2019.

Jora Gill
Left the Group in September 2018. Formerly chief digital officer.

Paul McHale
Left the Group in January 2019. Formerly president, CQ-Roll Call.

Directors' report

The directors present their report to shareholders, together with the audited consolidated financial statements, for the year ended March 31st 2019.

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 information about the activities, developments and likely future developments of the Group are provided on pages 5-12.

Results and dividends

The profit after tax for the financial year to March 31st 2019 was £24.8m (2018: £28.0m). A final dividend of 75.0p per share (2018: 104.0p) is proposed for the year to March 31st 2019. Together with the interim dividend already paid, this makes a total proposed dividend for the year of 120.0p (2018: 165.1p). The final dividend will be paid on July 23rd 2019 to shareholders on the register at the close of business on June 18th 2019.

Transactions with related parties

Details of transactions with related parties, which are to be reported under IAS 24, are set out in the notes to the financial statements on page 85.

Directors

Profiles of the directors appear on page 16. 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 103 "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 17), 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 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 rank *pari passu* with the other shareholders. 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 are suspended.

Corporate governance

As a private company, the company is not bound by any corporate governance code, but it has always sought to run its corporate affairs as closely as possible to best practice. Until last year, Board policy was to seek to comply with a number of the main principles of the UK Corporate Governance Code (the UK Code), which is primarily aimed at UK listed public companies. A new code for large private companies, the Wates Corporate Governance Principles (the Wates Principles), was recently introduced. The Board feels it is more suited to the Group than the UK Code. Overall, the Board is satisfied that the Group is broadly aligned with the Wates Principles.

Board

The general management of the business of the company is under the control of the board of directors. There are 13 seats allowable on the Board, seven of which may be appointed by holders of the "A" special shares and six by the holders of the "B" special shares.

The Board currently comprises six non-executive directors and two executive directors. Lord Deighton, Eli Goldstein, Philip Mallinckrodt and Zanny Minton Beddoes were appointed by the "A" special shareholders. The "B" special shareholders appointed John Elkann, Lady Heywood, Alex Karp and Chris Stibbs. Rupert Pennant-Rea retired from the Board on July 17th 2018 and Lord

Deighton replaced him as chairman. Sir David Bell and Brent Hoberman retired from the Board on September 25th and December 31st 2018 respectively. Baroness Jowell died on May 12th 2018.

The non-executive directors have a breadth of successful commercial and professional experience and they exercise independent judgment. John Elkann is the chairman and CEO of EXOR; Lady Heywood is managing director of EXOR Group. 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 page 23.

The Board is chaired by Lord Deighton and has met for regular business five times in the 12 months to March 31st 2019. The Board also convenes at other times on an ad hoc basis or in committee when events warrant. It is responsible for the overall direction and strategy of the Group and for securing the optimum performance from the Group's assets. It also exercises control by determining matters specifically reserved for it in a formal schedule which only the Board may change: these matters include significant acquisitions and major capital expenditure. The Board carries out regular reviews of matters undertaken by management under delegated authority. The company's articles of association require the approval of the trustees for some actions.

The company takes engagement with key stakeholders seriously. For example: members of the executive team and other staff are regularly invited to present and discuss business matters with the Board; in addition to those represented on the Board, the chairman and other directors frequently meet with individual shareholders; and the chief executive presents regular business updates to staff, which include question-and-answer sessions.

Board committees

The audit committee is made up of three non-executive directors. It is chaired by Philip Mallinckrodt. The other members are Lady Heywood and Eli Goldstein. The committee assists the Board to ensure that the published financial statements give a true and fair view of the business and also to ensure that reliable internal financial information is produced. 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 internal and external auditors, and key accounting policies and judgments.

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 nominations committee's terms of reference provide for the committee to be chaired by the chairman of the Board, and in addition to comprise 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 the 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). There is currently one such nominee on the Board, Eli Goldstein. The committee meets as and when required, but in any event at least annually.

Internal control

The Board is responsible for the company's systems of internal control and considers that the company has put in place processes which follow closely the main recommendations of the Financial Reporting Council (FRC) Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, which focus on managing the Group's key business risks.

The Group's annual review of risk highlighted the following principal areas: changes to its markets (including the pace of change in digital markets, the commoditisation of, and pricing pressures on, information products, trading conditions in our key North American market, and rules being changed by digital platforms); the quality of the Group's digital products keeping up with customers' expectations; its systems and infrastructure; volatility of the surplus/deficit on the UK defined-benefit pension scheme; building and staff safety; business continuity (including the breakdown of operational systems from external attack, the failure of key suppliers or a global disaster); the challenges in retaining subscribers; employing and retaining talent; the impact on the business of cybercrime attacks; regulatory risk, such as changes to privacy laws; the challenge of doing business in China; the complexity of managing the Group's significant investment in FiscalNote; and the financial operations of the company, specifically liquidity and tax.

The Group has carried out a thorough risk assessment and confirmed that it has adequate anti-bribery procedures in place covering staff, suppliers and agents.

The internal financial control system has been designed and developed over a number of years to provide the Board with reasonable assurance that it can rely upon the accuracy and reliability of the financial records, and its effectiveness has been reviewed by the Board. The control system includes the following important features:

- The Board reviews the Group's strategy

and long-term plan annually. The strategies of specific businesses are reviewed from time to time. Long-term goals are approved by the Board.

• A budgeting system which includes an annual budget and forward projections is approved by the Board. Monthly actual results are reported against the annual budget and monthly forecasts. The charts on page 4 include some of the key performance indicators which are used to measure business performance. The company reports to shareholders at least twice a year.

• Financial policies and procedures exist and senior managers and finance staff are responsible for ensuring that all relevant staff are familiar with their application.

• Written treasury procedures cover banking arrangements, hedging instruments, investments of cash balances and borrowing procedures. These procedures include staff responsibilities, segregation of duties and levels of delegated authority for treasury matters.

• The company has an audit and risk management function which has a dual role: it advises on and reviews the regular updating of business and bribery risk registers at both Group and business levels, and carries out an independent risk-based programme of internal audit work in all parts of the Group. The audit manager reports to the Group chief financial officer but also has direct access to the chairman of the audit committee. The manager attends all audit committee meetings and makes formal reports to the committee. The register of key business risks and mitigation actions is reviewed by the Board.

• The company has a cyber-security function which minimises 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 and development expenditure projects, which include annual budgets, project appraisals and designated levels of authority.

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 has therefore approved the following guiding principles:

• 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, staff, 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 website, www.economistgroup.com, 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 its sister publications, *1843* 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 staff who through disability or illness are unable to perform their duties, by adapting the work environment and hours of work to suit the employee as far as practicable.

• The Group is committed to increasing staff diversity. We particularly focus on ensuring that we recruit from the widest possible pool of talent. We are also keen that people feel comfortable and valued at work, regardless of their background. We recognise that it is

essential to keep employees informed of the progress of the Group. We regularly provide employees with information on the Group's activities and its financial performance through staff meetings and communication through our intranet. We have a strong consultative culture and we follow legal and regulatory requirements to consult with staff on major issues affecting the company.

The Group is committed to achieving gender parity. Our gender pay gap report (published on March 22nd 2019) shows that we employ similar numbers of men and women; however, we need to provide more opportunities for women to progress to more senior management levels.

Annual general meeting

The notice convening the annual general meeting, to be held at 12.15pm on Tuesday July 16th 2019 at The Institute of Directors, can be found on page 102.

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 best practice, the audit committee operates a policy that defines those non-audit services that the independent auditor may or may not provide to the Group. The policy requires the provision of these services to be approved in advance by the audit committee. A statement of the fees for audit and non-audit services is provided in note 4 on page 51.

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 taken to make them aware of any relevant audit information and to establish that the company's auditor has been made aware of that information.

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 regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- state whether applicable IFRS as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;

- make judgments and accounting estimates that are reasonable and prudent; and

- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the Group and parent 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 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
Secretary
June 18th 2019

Directors' report on remuneration

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 Group bonus schemes. In determining remuneration, the committee follows a policy designed to attract, retain and motivate high-calibre executives, aligned with the interests of shareholders.

Directors' interests as at March 31st

Table 1	2019			2018		
Beneficial holdings	"A" Special	"B" Special	Ordinary	"A" Special	"B" Special	Ordinary
Lord Deighton (appointed February 2018)	3,300	-	-	-	-	-
Chris Stibbs	3,355	-	7,950	3,355	-	32,839
John Elkann	-	1,260,000	7,490,000	-	1,260,000	7,490,000
Eli Goldstein	-	-	-	-	-	-
Lady Heywood	-	-	-	-	-	-
Alex Karp	-	-	-	-	-	-
Philip Mallinckrodt	1,781	-	5,600	1,781	-	5,600
Zanny Minton Beddoes	-	-	6,415	-	-	6,415
Baroness Jowell (died May 2018)	-	-	-	-	-	-
Rupert Pennant-Rea (retired July 2018)	75,000	-	8,750	75,000	-	8,750
Sir David Bell (retired September 2018)	-	-	-	-	-	-
Brent Hoberman (retired December 2018)	-	-	3,000	-	-	3,000
Holding as a trustee						
Rupert Pennant-Rea[1]	-	-	97,500	-	-	97,500
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 Financial Journalism Foundation.

Chris Stibbs and Zanny Minton Beddoes have the right to acquire 30,000 (2018: 25,000) and 32,500 (2018: 27,500) ordinary shares respectively under the restricted share scheme described on the next page. Both directors exercised 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, Chris Stibbs and Zanny Minton Beddoes are treated as interested in the 277,398 ordinary shares (2018: 219,997) 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 employees.

(a) Annual bonus plans

Executive directors and employees participated in annual bonus plans in which rewards were linked to Group performance and to the performance of key areas of the business which they could influence.

(b) Executive long-term plans

Executives participate in a three-year cash bonus scheme. The bonus pool is a percentage of Group cumulative operating profit after three years. The amount paid to each participant is determined by the growth rate in the Group's earnings per share 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 in earnings-per-share growth 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 size of the bonus pool is a percentage of Group cumulative operating profit at the end of three years. The amount paid to each participant is determined by the number of units awarded to the participant at the start of the three-year period. Payout is also contingent on the Group achieving an earnings hurdle.

(d) The Group long-term plan

Some senior staff who do not participate in the executive long-term plan participated in this three-year cash bonus scheme designed to help retain key staff. The size of the bonus pool was a percentage of Group cumulative operating profit at the end of three years. The amount paid to each participant was determined by the number of units awarded to the participant at the start of the three-year period. Payout was also contingent on the Group achieving an earnings hurdle. This plan has been discontinued and the last awards expired in March 2019.

(e) Restricted share scheme

The Group also has in place a restricted share scheme under which a small number of key employees 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.

Table 2
Remuneration for the year ended March 31st

	Salary/fees 2019 £000	Annual bonus 2019 £000	Long-term plan 2019 £000	Benefits 2019 £000	Total 2019 £000	Total 2018 £000
Lord Deighton (appointed February 2018)	118	-	-	-	118	4
Chris Stibbs	634	200	-	18	852	590
John Elkann[1]	-	-	-	-	-	-
Eli Goldstein	39	-	-	-	39	17
Lady Heywood[2]	39	-	-	-	39	39
Alex Karp[1]	-	-	-	-	-	-
Philip Mallinckrodt	46	-	-	-	46	32
Zanny Minton Beddoes	438	-	-	17	455	525
Baroness Jowell (died May 2018)	5	-	-	-	5	39
Rupert Pennant-Rea (retired July 2018)	39	-	-	-	39	132
Sir David Bell (retired September 2018)	20	-	-	-	20	39
Brent Hoberman (retired December 2018)	30	-	-	-	30	39
Sir Simon Robertson	-	-	-	-	-	14
Lady Lynn Forester de Rothschild	-	-	-	-	-	22
Total	1,408	200	-	35	1,643	1,492

[1] Fees waived
[2] Paid to EXOR N.V.

The company announced during the year that Mr Stibbs, the chief executive, will be leaving the company. He will be paid £1.1m as compensation for loss of office.

Directors' accrued pensions

The pensions which would be paid annually on retirement at age 65 based on service with the company to March 31st 2019 are shown in Table 3. The table does not include any additional voluntary contributions or any resulting benefits.

Table 3

	Age at March 31st 2019	Accrued pension at March 31st 2019	Accrued pension at March 31st 2018	Change
Zanny Minton Beddoes	51	£127,886	£124,864	£3,022
Chris Stibbs	The company contributed £nil to the defined-contribution scheme (2018: nil)			

Financial review

2019 has been a year of ongoing transformation for the Group. Reported revenues have grown by £4.5m while the increase in marketing investment in circulation, along with higher restructuring and other exceptional costs, have caused operating profit to drop by £6.5m. In recent years, the Group has invested heavily behind *The Economist* and this investment has driven subscription volume, revenue and profit growth. Circulation revenue and gross margin have continued to grow and were respectively 3% and 5% higher this year, although volume growth has softened to 1%. The EIU's consulting businesses have grown strongly, by 34% in profit terms. As part of sharpening the strategic focus on the Group's core business, the CQ-Roll Call business was sold in August 2018 and its results, together with the profit on sale, are classified as discontinued.

Operating result

Operating profit for the Group fell by 17% over last year to £31.1m on revenues of £333.4m. This included £5.0m of net exceptional costs and amortisation, £3.1m higher than last year, as detailed in note 5. Removing one-off exceptional items, operating profit of £36.1m is down £3.3m or 8% on prior year. This was in part due to one less week in the period, but also because our ambition to deliver scalable volume growth, through a significant increase in marketing investment, did not materialise as expected.

Revenues for the Group increased by 1% in the year on the back of moderate growth in the circulation of *The Economist*, an improved performance from EuroFinance and a strong year for the EIU consulting businesses. Underlying revenues were 2% higher on a like-for-like basis, allowing for the extra week of trading for *The Economist* last year and currency fluctuations. Circulation revenues from *The Economist* improved by £7m or 4% underlying, driven largely by higher revenue per copy, while subscription numbers grew 1%. There was growth in EuroFinance sponsorship (19%) and EIU consulting revenue (21%). After a year of stabilisation in 2018, the structural advertising market decline reasserted itself and advertising for *The Economist* fell by £1.8m (3%).

Operating margins continue to be impacted by investments in circulation marketing, digital and editorial capabilities. Circulation marketing spend increased by £6.8m or 14%. The investment has proven to be less successful this year as fewer triallists transitioned to be full paid subscribers, while a change to the subscriber renewal process, and a de-prioritisation of publisher content on social media and the resultant decline in web traffic all held back volume growth to modest levels.

Restructuring and other exceptional items consist of severance costs, the write-off of redundant software, and a net release of the Signal Noise deferred consideration provision following determination of the final payment. Underlying total costs, including the investments, increased by only 1%.

Profit before tax

Profit before tax fell by 11% to £30.3m. Net finance charges decreased by £2.6m because the Group has accrued £3.5m of interest income on the 12.6% paid-in-kind (PIK) promissory notes received on the sale of its CQ-Roll Call business to FiscalNote. Underlying finance charges increased because fees previously deferred on the Group's former debt facilities were expensed following the external debt re-financing exercise completed in November 2018.

Taxation

The effective rate of taxation for the year was 18% (2018: 18%). The effective rate reflects the current UK corporation tax rate of 19%.

Profit after tax and earnings per share

Profit after tax fell by 11% to £24.8m. Basic earnings per share from continuing businesses were also 11% lower.

Sale of CQ-Roll Call

The Group sold CQ-Roll Call in August 2018 for $180m, resulting in a profit of £43.2m. The sales proceeds comprised a combination of cash ($80m), PIK loan notes ($58.6m) and an 18.2% equity stake ($41.4m) in the buyer, FiscalNote making the Group its largest shareholder. As the Group does not have significant influence over FiscalNote, the equity interest has been classified as an investment rather than as an associate. The CQ-Roll Call business is now classified as discontinued. The result from discontinued businesses amounts to £43.5m and includes profits of the business for the period to August 2018, the after-tax profit on sale and interest and make-whole charges on the Pricoa Private Placement notes. The Pricoa notes were originally taken out to fund the acquisition of CQ in 2009 and bore interest at 9.53% and 9.32% immediately prior to their repayment in December 2018.

Balance sheet

The shareholders' deficit on the Group's balance sheet decreased by £35.7m in the year to £55.1m. This was due to a decrease in the deficit in the UK defined-benefit pension scheme and

profit on sale of CQ-Roll Call. The proceeds from the sale of CQ-Roll Call were used to repay debt.

Balance sheet liabilities include £104.9m of income received in advance from customers, a significant strength for the Group. Borrowings decreased by £15.7m following a refinancing in November 2018. The existing revolving credit facility, term loans and Pricoa loan notes were fully repaid and replaced with a five-year £150m revolving credit facility syndicated across five banks.

Pensions

The Group operates a number of pension schemes. These include the UK defined-benefit plan, which is the only scheme of its type in the Group.

For the year ended March 31st 2019, the UK defined-benefit plan's deficit valued for accounting purposes using IAS 19 principles decreased by £7.9m to £15.8m. The value of scheme assets increased by £16.2m while scheme liabilities were also higher by £8.4m. The increase in liabilities was driven by higher future RPI inflation expectations and a lower discount rate. The triennial actuarial value of the fund at the last formal valuation date of January 1st 2016 determined a deficit on a funding basis at £20.2m. The Group agreed to close the deficit over a period ending in May 2020. A valuation as at January 1st 2019 is currently being undertaken.

Dividend

The Board continues its policy of returning cash surplus to business needs to shareholders. The directors reviewed dividend policy in November 2018 to take into account the Group's trading environment, required investment in the business, the lower annual operating profit following the sale of CQ-Roll Call, and the Group's net debt position. This has led to a reduction in the dividend.

The per share value of the interim dividend (45.0p per share), paid in December 2018, when added to last year's final dividend (104.0p per share), paid in July 2018, brought the total paid in the year to 149.0p, 32.1p less than in the previous year. This represented a yield of 5.8% based on the year-end share price of £25.50. Dividend cover increased as total dividends covered normalised earnings per share by 1.2 times (2018: 1.0 times).

Treasury and foreign exchange

The Group's treasury policy and approach is to identify and to constantly monitor and manage financial risks, including foreign-exchange and interest-rate exposures, as well as maintaining tight control over loan and cash balances. This includes policies to manage insolvency risk associated with counterparties that hold our deposits. Treasury policies are agreed by the Board and implemented on a day-to-day basis by the central UK treasury department. A treasury committee, which includes the Group chief executive and chief financial officer, provides guidance and acts as a monitor of treasury activities. The treasury department acts as a cost centre and not as a profit centre.

The Group had net debt of £93.7m at the year-end (2018: £116.1m). Cash and deposits at March 31st 2019 totalled £17.7m (2018: £12.2m). 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. These funds were earning 0.68% for sterling deposits and 2.20% for US deposits at the year-end. Counterparty limits approved by the treasury committee and notified to the Board are used to manage the risk of loss on deposits. The Group has not experienced any losses to date on its deposited cash.

At March 31st, the Group had borrowings of £111.4m (2018: £127.1m), net of issue costs. The Group completed a refinancing of its former bank facilities and its US Private Placement notes with a £150m multi-currency Revolving Credit Facility (RCF) in November 2018. An RCF represented the most attractive option for refinancing given its combination of minimised cost and maximum flexibility in terms of future draw-downs and repayments, and no amortisation. The refinancing also presented an opportunity to broaden the Group's relationship syndicate from two banks, Barclays and Natwest, to five with the addition of Bank of Ireland, HSBC and Lloyds. The facility agreement also provided 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 by the treasury department through the use of forward foreign-exchange. Foreign-exchange risk is actively managed only on currencies where the net exposure exceeds £3m, currency equivalent, per year. For the year the US dollar averaged \$1.31 against sterling (2018: \$1.33) and closed at \$1.30 (2018: \$1.41). The stronger dollar has increased the translation of revenues and operating profits over

the prior year by £3.0m and £1.3m respectively. Realised and unrealised losses from currency derivatives and translation of the balance sheet were £3.2m (2018: £0.8m gain). 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

For the financial year there was a cash inflow of £25.7m before debt financing, compared with an outflow of £17.5m in 2018. Operating cashflow, which included a full year of CQ-Roll Call last year, and special pension payments this year, reduced by 21% to £39.0m but would otherwise have increased by £1.0m or 2%.The Group's underlying operating cash conversion was 125%. The sale of CQ-Roll Call generated £48m of after-tax net sales receipts. Aside from this, cash outflows from investing activities were at a similar level to last year, with acquisition payments relating to data information intelligence GmbH and Signal Noise offsetting lower capital expenditure payments. Interest payments were higher as a result of make-whole costs for early repayment of the Pricoa Private Placement loans, new facility arrangement fees and the interest rate cap.

Changes in accounting standards

There are two new International Financial Reporting Standards applied by the Group in these financial statements. IFRS 9 "Financial Instruments" covers the classification, measurement and de-recognition of financial assets and liabilities. There are no significant changes to classification, recognition or measurement of the Group's financial instruments. IFRS 15 "Revenue from contracts with customers" deals with the timing of revenue recognition. There are no significant changes to how and when the Group recognises its revenues. Revenues previously recognised net of subscription agent commissions are now recognised gross. The Group now recognises all revenues from barter deals. This has resulted in a £7m increase to current and prior year revenues and costs. There is also additional disclosure of the nature of revenues and their recognition. IFRS 16 "Leases" is effective for year ending March 31st 2020 and details the requirements for the classification, measurement and recognition of lease arrangements. The key change is that the standard no longer distinguishes between operating and finance leases, with most leases classified as finance leases. The Group has assessed the impact of this standard and estimates that property assets and liabilities will increase by £35m and £40m respectively and profit before tax will reduce by £1m on adoption of the standard.

SHANE NAUGHTON
Chief financial officer

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

Report on the audit of the financial statements

Our 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 March 31st 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- 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
- the financial statements 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; and
- the related notes 1 to 36.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the 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 (the FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

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 18th 2019

Consolidated income statement

NOTE	Year ended March 31st	2019 £000	2018 As restated £000
1, 2, 3	**Revenue**	**333,430**	**328,955**
	Cost of sales	(99,603)	(96,366)
	Gross profit	**233,827**	**232,589**
	Distribution costs	(42,118)	(41,703)
	Marketing, development and other administrative costs	(155,640)	(151,476)
	Operating profit before acquired intangible amortisation and exceptional items	**36,069**	**39,410**
	Acquired intangible amortisation	(561)	(467)
5	Exceptional items	(4,451)	(1,422)
2	**Operating profit**	**31,057**	**37,521**
7	Finance income	3,909	84
8	Finance costs	(4,703)	(3,494)
1, 2	**Profit before tax**	**30,263**	**34,111**
9	Income tax	(5,455)	(6,089)
	Profit for the year from continuing operations	**24,808**	**28,022**
10	Profit for the year from discontinued operations	43,511	7,241
	Profit for the year	**68,319**	**35,263**
	Attributable to:		
	Equity shareholders of the company	68,319	35,263
	Earnings per share for profit from continuing and discontinued operations attributable to equity shareholders of the company during the year		
11	**Basic (pence)**	**343.0**	**176.8**
11	Diluted (pence)	339.7	175.0
	Earnings per share for profit from continuing operations attributable to equity shareholders of the company during the year		
11	**Basic (pence)**	**124.5**	**140.5**
11	Diluted (pence)	123.3	139.1
12	Dividends per share on a cash basis (pence)	149.0	181.1
12	Dividends per share including proposed dividends (pence)	120.0	165.1

Consolidated statement of comprehensive income

Year ended March 31st

NOTE		2019 £000	2018 £000
	Profit for the year	**68,319**	**35,263**
	Items that may be reclassified subsequently to the income statement:		
26	Change in fair value of cashflow hedges	(2,191)	2,897
	Change in value of interest rate hedges	(475)	-
	Net exchange differences on translation of net investments in overseas subsidiary undertakings	3,764	(8,944)
36	Translation reserves recycled to income statement	(5,432)	-
	Net exchange differences on foreign currency loans	(3,879)	6,425
16	Fair value of equity investments	2,525	-
18	Attributable tax	(446)	-
	Items that will not be reclassified to the income statement:		
24	Remeasurement of retirement benefit obligations	5,766	9,135
18	Attributable tax	(980)	(1,553)
	Other comprehensive (expense)/income for the year	(1,348)	7,960
	Total comprehensive income for the year	**66,971**	**43,223**
	Attributable to:		
	Equity shareholders of the company	66,971	43,223

Consolidated balance sheet

NOTE	As at March 31st	2019 £000	2018 As restated £000
14	Property, plant and equipment	9,276	12,008
15	Intangible assets	63,767	147,929
16	Investments	34,336	100
17	Financial assets - loan notes	48,518	-
18	Deferred income tax assets	3,526	7,059
26	Financial assets - derivative financial instruments	278	-
	Non-current assets	**159,701**	**167,096**
19	Inventories	967	906
20	Trade and other receivables	60,651	71,388
	Current income tax assets	122	-
26	Financial assets - derivative financial instruments	-	1,796
21	Cash and cash equivalents	17,660	12,220
	Current assets	**79,400**	**86,310**
	Total assets	**239,101**	**253,406**
22	Trade and other liabilities	(10,432)	(13,634)
23	Financial liabilities - borrowings	(111,391)	(101,077)
18	Deferred income tax liabilities	(7,276)	(8,319)
24	Retirement benefit obligations	(17,584)	(25,814)
	Other liabilities	(4,465)	(5,138)
	Non-current liabilities	**(151,148)**	**(153,982)**
22	Trade and other liabilities	(141,800)	(153,875)
23	Financial liabilities - borrowings	-	(27,256)
26	Financial liabilities - derivative financial instruments	(395)	-
	Current income tax liabilities	-	(4,791)
25	Provisions	(223)	(3,786)
	Other liabilities	(662)	(505)
	Current liabilities	**(143,080)**	**(190,213)**
	Total liabilities	**(294,228)**	**(344,195)**
	Net liabilities	**(55,127)**	**(90,789)**
	Equity		
29	Share capital	1,260	1,260
30	ESOP shares	(4,716)	(3,116)
31	Treasury shares	(188,823)	(188,823)
	Translation reserve	(12,709)	(4,971)
	Retained earnings	149,861	104,861
	Total equity	**(55,127)**	**(90,789)**

The consolidated financial statements were approved by the Board of directors and authorised for issue on June 18th 2019. They were signed on its behalf by:

Paul Deighton
Chris Stibbs
Directors

The Economist Newspaper Limited registered number 236383

Consolidated statement of changes in equity

Year ended March 31st 2019

NOTE		Share capital £000	ESOP shares £000	Treasury shares £000	Translation reserve £000	Retained earnings £000	Total equity £000
		Equity attributable to equity shareholders of the company					
	At April 1st 2018	**1,260**	**(3,116)**	**(188,823)**	**(4,971)**	**104,861**	**(90,789)**
	Profit for the year	-	-	-	-	68,319	68,319
	Other comprehensive expense	-	-	-	(7,738)	6,390	(1,348)
	Total comprehensive income	-	-	-	(7,738)	74,709	66,971
30	Net purchase of own shares	-	(1,600)	-	-	-	(1,600)
12	Dividends	-	-	-	-	(29,709)	(29,709)
	At March 31st 2019	**1,260**	**(4,716)**	**(188,823)**	**(12,709)**	**149,861**	**(55,127)**

Year ended March 31st 2018

NOTE		Share capital £000	ESOP shares £000	Treasury shares £000	Translation reserve £000	Retained earnings £000	Total equity £000
		Equity attributable to equity shareholders of the company					
	At April 1st 2017	**1,260**	**(2,903)**	**(188,823)**	**(5,349)**	**98,137**	**(97,678)**
	Profit for the year	-	-	-	-	35,263	35,263
	Other comprehensive income	-	-	-	378	7,582	7,960
	Total comprehensive income	-	-	-	378	42,845	43,223
30	Net purchase of own shares	-	(213)	-	-	-	(213)
12	Dividends	-	-	-	-	(36,121)	(36,121)
	At March 31st 2018	**1,260**	**(3,116)**	**(188,823)**	**(4,971)**	**104,861**	**(90,789)**

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

Consolidated cashflow statement

Year ended March 31st

	2019 £000	2018 £000
Cashflows from operating activities		
Operating profit - continuing businesses	31,057	37,521
Operating profit - discontinued businesses	1,944	9,556
Depreciation, amortisation and impairment charges	6,588	6,230
Acquisition costs	93	-
Inventories	(54)	596
Trade and other receivables	6,052	(7,828)
Trade and other liabilities	(3,894)	5,578
Retirement benefit obligations	(3,061)	(1,595)
Provisions	234	(808)
Cash generated from operations	**38,959**	**49,250**
Income taxes paid	(5,446)	(7,431)
Net cash generated from operating activities	**33,513**	**41,819**
Investing activities		
Interest received	440	84
Purchase of intangible assets	(8,280)	(7,669)
Purchase of property, plant and equipment	(1,253)	(6,198)
Proceeds from sale of subsidiary undertakings, net of taxes paid	47,613	-
Proceeds from sale of investments	214	273
Purchase of subsidiary undertakings, net of cash acquired	(1,270)	-
Payment of acquisition deferred consideration	(3,374)	-
Net cash generated from / (used in) investing activities	**34,090**	**(13,510)**
Financing activities		
Dividends paid	(29,709)	(36,121)
Interest paid	(9,934)	(5,824)
Purchase of own shares	(2,073)	(213)
Proceeds from borrowings	203,045	64,724
Repayment of borrowings	(222,032)	(58,875)
Net cash used in financing activities	**(60,703)**	**(36,309)**
Effects of exchange rate changes on cash and cash equivalents	(193)	(3,604)
Net increase / (decrease) in cash and cash equivalents	6,707	(11,604)
Cash and cash equivalents at the beginning of the year	10,953	22,557
Cash and cash equivalents at the end of the year	**17,660**	**10,953**

Consolidated cashflow statement (continued)

Year ended March 31st

Net debt	2019 £000	2018 £000
Net debt at beginning of the year	(116,113)	(104,859)
Net increase / (decrease) in cash and cash equivalents	6,707	(11,604)
Proceeds from borrowings	(203,045)	(64,724)
Repayment of borrowings	222,032	58,875
Other non-cash changes	567	(226)
Effect of foreign-exchange rate movements	(3,879)	6,425
Net debt at the end of the year	**(93,731)**	**(116,113)**
Net debt comprises:		
Cash at bank and in hand	17,660	12,220
Bank overdrafts	-	(1,267)
Total cash and cash equivalents	17,660	10,953
Borrowings	(111,391)	(127,066)
Total net debt	**(93,731)**	**(116,113)**

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 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 18th 2019.

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.

Notwithstanding the fact that the Group has net liabilities, the directors believe it is appropriate to prepare the financial statements on a going-concern basis based on: the strength of future anticipated trading; the nature and timing of settlement of the Group's liabilities; and the availability of committed financing to meet future cashflow needs of the Group.

1. New standards effective 2019

The following standards were adopted in 2019:

- IFRS 15 Revenue from contracts with customers; and

- IFRS 9 Financial instruments.

The impact of the adoption of these standards is set out in notes 1s and 1t.

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

The Group has not adopted early the following new standard that is not yet effective:

IFRS 16 "Leases", effective for annual reporting periods beginning on or after January 1st 2019. The Group will apply IFRS 16 on April 1st 2019 using the retrospective approach. Under this approach, the effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings on April 1st 2019, with no restatement of comparative information.

IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities on the balance sheet for all applicable leases with associated depreciation and interest charges recorded in the income statement together with changes to the classification of cash flows. The Group has assessed the impact of adopting IFRS 16 with reference to its existing lease portfolio. The most significant part of the portfolio is property leases together with a number of low value equipment leases. The lease liability has been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at transition. The right-of-use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to the lease in the balance sheet immediately before the date of transition. Transition recognition exemptions relating to short-term and low-value leases have been applied as well as practical expedients taken, where available, to simplify the transition process. Adoption of the new standard will have a material impact on the Group. It is estimated that on transition the lease liability to be brought on balance sheet will be around £40m with the corresponding right-of-use asset valued at around £35m after taking into account existing liabilities relating to lease incentives. The impact on the income statement in 2019-20 is expected to reduce profit before tax by approximately £1m (with net finance costs increasing by approximately £1m); the operating lease expense recognised under the existing standard being replaced by depreciation and finance costs. There will be no impact on the Group's cash and cash equivalents.

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. A number of judgments have been made in the process of applying the Group's accounting policies. 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:

- Consolidation: Business combinations – determination of fair values (notes 1b and 35);
- Intangible assets: Goodwill (notes 1e and 15);
- Intangible assets: Acquired customer lists and contracts (notes 1e and 15);
- Taxation (note 1l, 9 and 18);
- Employee benefits: Pensions (notes 1m and 24);
- Employee benefits: Share-based payments (notes 1m and 13); and
- Other financial assets: (Investments and loans (notes 1f, 16 and 17)).

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 (2018: $1.33) and the year-end rate was $1.30 (2018: $1.41).

d. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use. Finance costs which are directly attributable to the cost of construction of property, plant and equipment are capitalised as part of the costs of that tangible fixed asset. 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.

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 £42,264,000 (2018: £126,828,000). There have been no impairments to the value of goodwill. See note 15 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.

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 include investments and 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 taken to the income statement.

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 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 income 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.

l. Taxation

Current tax is recognised on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance-sheet date.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance-sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

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.

Current and deferred tax are recognised in the income statement, except when the tax relates to items charged or credited directly to equity or other comprehensive income, in which case the tax is also recognised in equity or other comprehensive income.

Current and deferred tax are recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense, except for deferred tax arising on the initial recognition of a business combination which is recognised via goodwill.

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. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets and liabilities require management judgment in determining the amounts to be recognised. In particular, significant judgment is used when assessing the extent to which deferred tax assets should be recognised; with consideration given to the timing and level of future taxable income.

m. Employee benefits

1. Pensions

The retirement benefit asset and obligation recognised in the balance sheet represents the net of the present value of the defined-benefit obligation and the fair value of scheme assets at the balance-sheet date. The defined-benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting estimated future 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. Obligations for contributions to defined-contribution pension plans are recognised as an

operating expense in the income statement as incurred.

Determining the value of pension liabilities at the balance-sheet date requires a number of key variables, including inflation, longevity, salary growth 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 24 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 cash-settled share-based payments in accordance with its restricted share plan. The fair value of the awards granted is recognised as an employee expense after taking into account the Group's best estimate of the number of awards expected to vest. Fair value is measured at the date of grant and at each period end and is spread over the vesting period of the award.

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

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

n. 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.

The Group recognises a provision for onerous lease contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. The provision is based on the present value of future payments for surplus leased properties under non-cancellable operating leases, net of estimated subleasing income.

o. Revenue recognition

The Group's significant revenue streams include circulation and subscriptions, advertising and marketing 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 and content solutions sales, the setting up of television, radio and online coverage for public relations launches and campaigns, 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 judgement is used to determine the method which best depicts the transfer of control.

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.

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.

The Group has applied IFRS15 retrospectively and therefore comparative information has been restated. A description of the changes impacting the Group as well as a quantitative impact analysis has been disclosed in note 1s. Additional details on the Group's revenue streams are also included in note 3.

p. Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in financial liabilities – borrowings. The interest element of the finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases by the lessee. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The accounting policy for leases will change in 2020, see note 1a.

q. Dividends

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

r. 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.

s. Change of accounting policy: IFRS 15

The Group has adopted IFRS 15 "Revenue from Contracts with Customers" at April 1st 2018 and has applied the standard retrospectively. Comparatives for 2018 have been restated as follows:

Income statement	2018 £000
Revenue – as reported	366,603
CQ-Roll Call – classified as discontinued businesses (not IFRS 15 related)	(44,444)
Circulation and subscriptions revenue (gross of commissions)	6,124
Revenue from barter transactions	672
Revenue – as restated	328,955

Balance sheet	Trade and other receivables £000	Trade and other liabilities £000
As reported	66,543	(149,030)
Subscription agent commissions	4,845	(4,845)
As restated	71,388	(153,875)

There is no impact on retained earnings from the adoption of IFRS 15.

Circulation and subscriptions revenue, together with the unexpired portion of the subscriptions, are now recorded gross of commissions paid to subscription agents because the Group acts as principal in the sale to the end consumer. Prior to adoption of IFRS 15, the Group only recognised revenue from barter transactions in certain circumstances. The fair value of the goods or services provided through barter transactions has been recorded with a corresponding charge to operating costs.

t. Change of accounting policy: IFRS 9

The Group adopted IFRS 9 "Financial Instruments" at April 1st 2018 and applied the new rules in accordance with the transitional provisions. Comparatives for 2017-18 have not been restated. There is no impact on the income statement or balance sheet following the adoption of IFRS 9.

Under IFRS 9, the Group's equity financial investments are recognised at fair value and the Group has elected to take the option to recognise all movements in fair value in other comprehensive income (FVOCI).

IFRS 9 also introduced a new, simpler hedge accounting model with a principles-based approach designed to align the accounting result with the economic hedging strategy. The Group previously used cashflow hedge relationships to hedge US dollar denominated cashflows into the UK and also used net investment hedging relationships to hedge currency re-translation risk on its overseas assets. The Group has confirmed that its previous hedge relationships continue to qualify as hedges under IFRS 9 in 2018-19.

The following table shows the original classification and measurement categories of financial assets and liabilities under IAS 39 and the new classification and measurement categories under IFRS 9 as at April 1st 2018. All carrying values are unchanged.

	Original classification and measurement under IAS 39	**New classification and measurement under IFRS 9**
Financial assets		
Investments in unlisted securities	None	Fair value through OCI
Cash and cash equivalents	Loans and receivables – amortised cost	Financial assets at amortised cost
Trade receivables	Loans and receivables – amortised cost	Financial assets at amortised cost
Loan notes	None	Financial assets at amortised cost
Derivative financial instruments	Derivatives in hedging relationships – fair value	Fair value – hedging instrument
Financial liabilities		
Trade payables	Other liabilities – amortised cost	Other financial liabilities – amortised cost
Derivative financial instruments	Derivatives in hedging relationships – fair value	Fair value – hedging instrument
Contingent consideration	Other liabilities – amortised cost	Other financial liabilities – amortised cost
Bank loans and overdrafts	Other liabilities – amortised cost	Other financial liabilities – amortised cost
Borrowings	Other liabilities – amortised cost	Other financial liabilities – amortised cost

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. Following the sale of CQ-Roll Call, Inc, segmental information has been restated to reflect revenue and profits for the continuing businesses only. The Group is organised into two business divisions: The Economist Businesses; and the Economist Intelligence Unit. 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.

	Revenue		Operating profit	
	2019	2018 As restated	2019	2018 As restated
Analysis by business	£000	£000	£000	£000
The Economist Businesses	268,636	268,722	18,355	22,131
The Economist Intelligence Unit	64,794	60,233	17,714	17,279
Revenue/operating profit before exceptional items	333,430	328,955	36,069	39,410
Acquired intangible amortisation	-	-	(561)	(467)
Exceptional items (note 5)	-	-	(4,451)	(1,422)
	333,430	328,955	31,057	37,521

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

	Revenue		Profit before tax		Net (liabilities)/assets	
	2019	2018 As restated	2019	2018 As restated	2019	2018
Analysis by origin of legal entity	£000	£000	£000	£000	£000	£000
Europe	229,668	216,745	23,331	26,662	(83,988)	(172,384)
Middle East and Africa	619	341	46	(109)	(27)	(69)
North America	90,641	97,950	5,169	4,756	7,198	62,391
South America	111	112	(143)	(221)	(407)	(273)
Asia	12,391	13,807	1,860	3,023	22,097	19,546
	333,430	328,955	30,263	34,111	(55,127)	(90,789)

	2019	2018 As restated
Revenue by customer location	£000	£000
United Kingdom	63,455	64,603
North America	127,959	129,080
Continental Europe	63,923	58,460
Asia	58,032	58,347
Other	20,061	18,465
	333,430	328,955

NOTE 3 Revenue from contracts with customers

The following table analyses the Group's revenue streams:

	2019 £000	2018 £000
The Economist Businesses		
Circulation and subscriptions	164,204	158,891
Advertising	56,613	59,350
Marketing services	47,819	50,481
	268,636	268,722
The Economist Intelligence Unit		
Research	40,881	40,497
Consulting services	23,913	19,736
	64,794	60,233
	333,430	328,955

Nature of goods and services

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 Businesses

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.

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 on-line 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

NOTE 3 Revenue from contracts with customers (continued)

performance obligations on the basis of their relative standalone selling prices. Customer payments are generally defined in the contract as occurring shortly after invoicing.

Marketing Services

Marketing Services includes revenue derived from content solutions sales, the setting up of television, radio and online coverage for public relations launches and campaigns, and design consultancy. 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.

Sponsorship revenues relate to the sponsorship of events and Films. Sponsorship revenue is recognised at a point in time when the event has taken place or when the film has been broadcast. Sponsorship sold as part of a bundled arrangement along with the 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 in the case of events.

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

The Economist Intelligence Unit

Research

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

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

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

Consulting

Consulting revenues relate to the sale of economic, industry and management consulting services for clients operating in the Public Policy, Healthcare and Consumer 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.

Disaggregation of revenue

The table in note 3 shows revenue from contracts with customers disaggregated by operating segment and revenue stream. These disaggregation categories are appropriate as they represent the key groupings used in managing and evaluating underlying performance of each of the businesses. The categories also reflect groups of similar types of transactional characteristics, among similar customers, with similar accounting conclusions.

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 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 20 for opening and closing balances of accrued income. Refer to note 22 for opening and closing balances of deferred income.

NOTE 4 Operating expenses

By function	2019 £000	2018 As restated £000
Other product costs	25,735	27,044
Distribution and fulfilment	41,347	40,823
Employee benefit costs	110,967	109,272
Contract labour	14,918	15,122
Employee-related expense	8,893	8,943
Promotional costs	60,169	53,396
Depreciation of property, plant and equipment (note 14)	2,187	2,205
Amortisation of acquired intangible assets (note 15)	561	467
Amortisation of software and other intangibles (note 15)	1,905	2,103
Impairment of intangible assets	1,165	-
Property and facilities	6,752	7,568
Technology and communications	5,416	5,018
Professional and outsourced services	9,025	10,586
Other general and administrative costs	1,446	1,502
Acquisition costs	93	-
Operating lease charges	7,573	7,970
Foreign exchange losses/(gains)	3,199	(763)
Provisions for contingent consideration relating to acquisitions	(609)	-
Other net losses	1,631	178
Total costs	302,373	291,434

During the year the Group obtained the following services from the Group's auditor	2019 £000	2018 £000
The audit of parent company and consolidated financial statements	232	225
The audit of the company's subsidiaries	331	331
Total audit fees	563	556
Other assurance services	10	10
Tax compliance services	79	50
Other services	25	25
Total non-audit services	114	85
Total Group auditor's remuneration	677	641

NOTE 5 Exceptional items

The following exceptional items have been credited/(charged) to operating profit	2019 £000	2018 As restated £000
Movement in contingent consideration relating to acquisitions (note 25)	(609)	-
Reorganisation costs (see note 6)	3,895	1,422
Impairment of software development costs	1,165	-
	4,451	1,422

NOTE 6 Employee information

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

Analysis by business	2019 Monthly average	2019 Year-end	2018 Monthly average As restated	2018 Year-end As restated
The Economist Businesses	841	819	826	849
The Economist Intelligence Unit	439	470	411	413
	1,280	1,289	1,237	1,262

The details of directors' emoluments are shown in table 2, page 25, within the directors' report on remuneration.

Employee benefit costs including directors' emoluments	2019 £000	2018 As restated £000
Wages and salaries	92,964	90,839
Social security costs	8,513	8,493
Share-based payment costs	1,596	2,272
Retirement benefits - defined-benefit plans	2,791	2,923
Retirement benefits - defined-contribution plans	5,103	4,745
	110,967	109,272

Wages and salaries include £3,895,000 (2018: £1,422,000) of restructuring-related costs.

NOTE 7 Finance income

	2019 £000	2018 £000
Interest receivable on bank deposits	440	84
Interest receivable on 12.6% promissory notes	3,469	-
Finance income	3,909	84

Finance income includes interest accrued on US$ 58,557,176, 12.6% payment-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 are repayable by February 2024.

NOTE 8 Finance costs

	2019 £000	2018 As restated £000
Interest payable on bank loans and overdrafts	2,862	1,915
Amortisation of debt issue costs	343	136
Movements in acquisition contingent consideration	198	237
Net finance costs in respect of retirement benefits	608	906
Other finance charges	692	300
Finance costs	4,703	3,494

NOTE 9 Income tax

	2019	2018 As restated
Current tax expense	£000	£000
UK corporation tax expense	3,117	5,116
Foreign tax expense	791	433
Adjustment in respect of prior years	(854)	462
	3,054	6,011
Deferred tax expense		
Current year	1,771	479
Effect of change in tax rates	(72)	629
Adjustments in respect of prior years	702	(1,030)
	2,401	78
Total tax expense in income statement	5,455	6,089
Effective tax rate	18%	18%

NOTE 9 Income tax (continued)

The UK corporation tax rate for the year is 19% (2018: 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:

	2019 £000	2018 As restated £000
Profit before tax	30,263	34,111
Tax calculated at UK rate of 19% (2018: 19%)	5,749	6,481
Factors affecting the tax charge:		
Disallowed expenditure	642	(49)
Non-taxable foreign exchange gain	(2,076)	-
Different tax rates of subsidiaries operating in overseas jurisdictions	1,942	(289)
US state taxes	(61)	312
Utilisation of previously unrecognised tax losses and credits	2	-
Movement on uncertain tax provisions	(974)	(440)
Other	455	13
Adjustments in respect of prior years	(152)	(568)
Effect of change in tax rates on deferred tax	(72)	629
Total tax expense for the year	5,455	6,089
UK	3,492	5,582
Overseas	1,963	507
Total tax expense	5,455	6,089

A tax charge/(credit) of £17,072,000 (2018: (£1,121,000)) 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:

	2019 £000	2018 £000
Current tax	-	-
Deferred tax (note 18)	(1,426)	(1,553)
	(1,426)	(1,553)

NOTE 10 Discontinued operations

Discontinued operations relate to CQ-Roll Call, Inc and Capitol Advantage LLC which were sold to FiscalNote, Inc. on August 20th 2018. An analysis of the results and cashflows of discontinued operations is as follows:

	2019 £000	2018 £000
Revenue	15,238	44,444
Operating profit	1,944	9,556
Finance costs	(3,788)	(3,436)
(Loss)/profit before tax	(1,844)	6,120
Income tax	2,168	1,121
Profit after tax	324	7,241
Profit on sale of business	62,427	-
Attributable tax	(19,240)	-
Profit for the year from discontinued operations	43,511	7,241
Operating cashflows	102	11,442
Investing cashflows (net of taxes paid)	46,951	(2,296)
Financing cashflows	(4,309)	(3,559)
Total cashflows	42,744	5,587

NOTE 11 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders 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.

	2019 £000	2018 £000
Profit for the year from continuing operations	24,808	28,022
Profit for the year from discontinued operations	43,511	7,241
Profit for the year	68,319	35,263
Adjustment in respect of non-operating exceptional items		
- Profit on sale of business	(62,427)	-
- Attributable taxation	19,240	-
Normalised earnings	25,132	35,263

	000s	000s
Weighted average number of shares	19,920	19,942
Effect of dilutive share options (restricted share scheme units)	194	203
Weighted average number of shares for diluted earnings	20,114	20,145

NOTE 11 Earnings per share (continued)

Earnings per share	2019 Pence	2018 Pence
Basic	343.0	176.8
Diluted	339.7	175.0
Earnings per share from continuing operations		
Basic	124.5	140.5
Diluted	123.3	139.1
Earnings per share from discontinued operations		
Basic	218.4	36.3
Diluted	216.3	35.9
Normalised earnings per share (before profit on sale of businesses)		
Basic	126.2	176.8
Diluted	124.9	175.0

NOTE 12 Dividends

Cash dividends paid	2019 £000	2018 £000
Final dividend for previous year of 104.0p per share (2018: 120.0p per share)	20,737	23,938
Interim dividend paid of 45.0p per share (2018: 61.1p per share)	8,972	12,183
	29,709	36,121

All shareholders other than holders of trust and treasury shares (see notes 30 and 31) receive the above dividend per share. Dividends amounting to £329,000 (2018: £389,000) in respect of the company's shares held by the ESOP (note 30) have been deducted in arriving at the aggregate of dividends paid.

Dividends proposed in respect of the year	2019 £000	2018 £000
Interim dividend paid of 45.0p per share (2018: 61.1p per share)	8,972	12,183
Final dividend proposed of 75.0p per share (2018: 104.0p per share)	14,912	20,737
	23,884	32,920

The directors are proposing a final dividend in respect of the financial year ended March 31st 2019 of 75.0p. Dividends amounting to £208,000 in respect of the company's shares held by the ESOP have been deducted in arriving at the total dividend proposed of £14,912,000. The proposed final dividend is subject to approval by shareholders and has not been recognised as a liability in these financial statements.

NOTE 13 Share-based payments

The Group's total charge recognised with respect to share-based payment transactions amounted to £1,715,000 (2018: £2,427,000). This includes £119,000 (2018: £155,000) relating to discontinued businesses.

The total carrying value of share-based payment transactions is £4,228,000 (2018: £4,182,000), analysed as:

	2019 £000	2018 £000
Current liabilities	3,189	2,982
Non-current liabilities	1,039	1,200
	4,228	4,182

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 two-to-four-year period. The fair value of the shares granted under the RSS is determined using the share price at the date of grant. Participants are entitled to dividends during the vesting period and therefore the share price is not discounted.

	2019		2018	
Restricted share scheme	No. of options	Weighted average share price (£)	No. of options	Weighted average share price (£)
Outstanding at April 1st	202,750	31.28	199,000	33.34
Granted during the year	52,000	26.69	70,000	29.95
Forfeited during the year	(11,500)	(29.62)	(5,000)	(31.92)
Exercised during the year	(49,000)	(28.71)	(61,250)	(34.33)
Outstanding at March 31st	194,250	28.55	202,750	31.28
Exercisable at March 31st	60,000	29.35	49,000	31.96

The weighted average remaining contractual life for outstanding options at March 31st 2019 was 13 months (2018: 16 months).

NOTE 14 Property, plant and equipment

Cost	Leasehold buildings Long £000	Leasehold buildings Short £000	Plant and machinery £000	Equipment £000	Total £000
At April 1st 2017	6,532	5,911	976	34,184	47,603
Additions	3	4,339	-	1,843	6,185
Disposals	-	-	(47)	(2,811)	(2,858)
Reclassification	-	-	-	(1,344)	(1,344)
Exchange differences	(743)	(239)	-	(1,321)	(2,303)
At March 31st 2018	5,792	10,011	929	30,551	47,283
Additions	-	257	-	1,049	1,306
Acquisition through business combination	-	-	-	23	23
Disposals	-	-	-	(63)	(63)
Disposal through business disposal	(6,111)	-	-	(3,331)	(9,442)
Transfer	(230)	230	-	-	-
Exchange differences	549	144	-	935	1,628
At March 31st 2019	-	10,642	929	29,164	40,735

Accumulated depreciation	Leasehold buildings Long £000	Leasehold buildings Short £000	Plant and machinery £000	Equipment £000	Total £000
At April 1st 2017	4,019	2,762	976	29,491	37,248
Charge for the year	187	759	-	1,642	2,588
Disposals	-	-	(47)	(2,811)	(2,858)
Exchange differences	(456)	(163)	-	(1,084)	(1,703)
At March 31st 2018	3,750	3,358	929	27,238	35,275
Charge for the year	79	823	-	1,443	2,345
Acquisition through business combination	-	-	-	11	11
Disposals	-	-	-	(48)	(48)
Disposal through business disposal	(4,182)	-	-	(2,676)	(6,858)
Transfer	(3)	3	-	-	-
Exchange differences	356	114	-	264	734
At March 31st 2019	-	4,298	929	26,232	31,459
Carrying amounts					
At April 1st 2017	2,513	3,149	-	4,693	10,355
At March 31st 2018	2,042	6,653	-	3,313	12,008
At March 31st 2019	-	6,344	-	2,932	9,276

Depreciation expense of £169,000 (2018: £181,000) has been included in the income statement in cost of sales and £2,018,000 (2018: £2,024,000) in administrative costs. The depreciation charge for discontinued businesses amounted to £169,000 (2018: £383,000).

NOTE 15 Intangible assets

Cost	Goodwill £000	Acquired technology & databases £000	Acquired customer relationships £000	Licences and software £000	Intangible assets in development £000	Total £000
At April 1st 2017	178,063	556	3,046	15,412	6,904	203,981
Additions	705	-	-	5,240	3,210	9,155
Disposals	-	-	-	(540)	-	(540)
Reclassification	-	-	-	-	1,344	1,344
Transfer	-	-	-	583	(583)	-
Exchange differences	(15,623)	-	(227)	(566)	(172)	(16,588)
At March 31st 2018	163,145	556	2,819	20,129	10,703	197,352
Additions	-	-	-	1,652	6,884	8,536
Acquisition through business combination	227	918	148	15	-	1,308
Disposal through business combination	(125,638)	-	(1,322)	(6,958)	(2,214)	(136,132)
Transfer	-	-	-	739	(739)	-
Exchange differences	12,060	-	159	97	106	12,422
At March 31st 2019	49,794	1,474	1,804	15,674	14,740	83,486

Accumulated amortisation	Goodwill £000	Acquired technology & databases £000	Acquired customer relationships £000	Licences and software £000	Intangible assets in development £000	Total £000
At April 1st 2017	39,870	137	479	9,972	-	50,458
Charge for the year	-	86	435	3,121	-	3,642
Disposals	-	-	-	(540)	-	(540)
Exchange differences	(3,553)	-	(51)	(533)	-	(4,137)
At March 31st 2018	36,317	223	863	12,020	-	49,423
Charge for the year	-	152	436	2,479	-	3,067
Impairment	-	-	-	902	263	1,165
Disposal through business disposal	(32,005)	-	(248)	(5,395)	-	(37,648)
Exchange differences	3,218	-	42	452	-	3,712
At March 31st 2019	7,530	375	1,093	10,458	263	19,719
Carrying amounts						
At April 1st 2017	138,193	419	2,567	5,440	6,904	153,523
At March 31st 2018	126,828	333	1,956	8,109	10,703	147,929
At March 31st 2019	42,264	1,099	711	5,216	14,477	63,767

Amortisation charges of £78,000 (2018: £58,000) have been included in cost of sales and £3,553,000 (2018: £2,512,000) in administrative costs. The amortisation charge for discontinued businesses amounted to £601,000 (2018: £1,072,000).

NOTE 15 Intangible assets (continued)

Goodwill

The goodwill carrying value of £42,264,000 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). 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%, 2.5% higher than the company's derived weighted average cost of capital (WACC) of 8.0%;
- long-term nominal growth of between 0% and 3%, depending on the maturity of the business.

Following the impairment review, there are no impairment losses recognised in the income statement in respect of goodwill.

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; EIU Healthcare; EIU Canback; and The Television Consultancy.

EuroFinance Conferences has a long-term growth rate of nil, a carrying value of £7,526,000, a recoverable amount of £25,466,000 which equates to a surplus of £17,940,000. A discount rate of 36% would need to be applied for the recoverable amount to fall below the carrying value. EIU Healthcare has a long-term growth rate of 2.8%, a carrying value of £12,256,000, a recoverable amount of £55,771,000 which equates to a surplus of £43,515,000. A discount rate of 37% would need to be applied for the recoverable amount to fall below carrying value. EIU Canback has a long-term growth rate of 3.0%, a carrying value of £8,265,000, a recoverable amount of £15,674,000 which equates to a surplus of £7,409,000. A discount rate of 17% and a long-term decline rate of 12% would need to be applied for the recoverable amount to fall below the carrying value. The Television Consultancy has a long-term growth rate of 2.0%, a carrying value of £10,073,000, a recoverable amount of £27,240,000 which equates to a surplus of £17,167,000. A discount rate of 22% and a long-term decline rate of 40% would need to be applied for the recoverable amount to fall below carrying value.

The cumulative goodwill written off to reserves by the Group is £17,943,000 (2018: £17,943,000) and arises mainly from the purchase of Business International in 1988 and Roll Call, Inc in 1992 and 1993.

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 16 Investments in unlisted securities

	2019 £000	2018 £000
At April 1st	100	100
Additions	32,562	-
Revaluation	2,525	-
Currency revaluations	(851)	-
At March 31st	34,336	100

Investments include 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. FiscalNote, Inc. provides data-driven Issues Management solutions, and its registered office is 1201 Pennsylvania Avenue NW, Washington DC, 20004, United States. The investment is carried at fair value and the Group has elected to reflect changes in the value of the investment in other comprehensive income until the investment is sold.

Investments also includes a 5% equity interest in Parable Ventures Limited, a start up virtual reality business. Its registered address is 64 New Cavendish Street, London, W1G 8TB, United Kingdom.

NOTE 17 Loan notes

	2019 £000	2018 £000
At April 1st	-	-
Loan note issues	46,008	-
Accrued interest	3,469	-
Currency revaluations	(959)	-
At March 31st	48,518	-

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 accumulates payment-in-kind (PIK) interest at 12.6% to February 2024, with the option of repayment prior to that date. The loan notes are carried at amortised cost plus accrued interest.

NOTE 18 Deferred income tax

	2019 £000	2018 £000
Deferred income tax assets	3,526	7,059
Deferred income tax liabilities	(7,276)	(8,319)
	(3,750)	(1,260)

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

Deferred income tax assets and liabilities may be offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. At March 31st 2019 the Group had unrecognised deferred income tax assets of £67,000 (2018: £71,000) 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 income tax account is as follows:

	2019 £000	2018 £000
At April 1st	(1,260)	(1,666)
Exchange differences	(600)	876
Charge to income statement	(8,635)	(1,854)
Disposal through business disposal	8,099	-
Charge to other comprehensive income	(1,426)	(1,553)
Effect of change in tax rates	72	2,937
At March 31st	(3,750)	(1,260)

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

Deferred income tax assets	Trading losses £000	Retirement benefit obligations £000	Other £000	Total £000
At April 1st 2017	309	6,085	3,359	9,753
Exchange differences	(29)	-	(791)	(820)
(Charge)/credit to income statement	(184)	(117)	1,042	741
Charge to other comprehensive income	-	(1,553)	-	(1,553)
Effect of change in tax rates	(2)	12	(1,072)	(1,062)
At March 31st 2018	94	4,427	2,538	7,059
Exchange differences	7	-	265	272
Disposal through business disposal	-	-	(894)	(894)
Charge to income statement	(2)	(467)	(1,534)	(2,003)
Charge to other comprehensive income	-	(980)	-	(980)
Effect of change in tax rates	-	49	23	72
At March 31st 2019	99	3,029	398	3,526

NOTE 18 Deferred income tax (continued)

Other deferred income tax assets include temporary differences on share-based payments, capital allowances and other provisions.

Deferred income tax liabilities	Goodwill and gain on investments £000	Other £000	Total £000
At April 1st 2017	(11,327)	(92)	(11,419)
Exchange differences	1,682	14	1,696
Charge to income statement	(2,572)	(23)	(2,595)
Effect of change in tax rates	3,967	32	3,999
At March 31st 2018	(8,250)	(69)	(8,319)
Exchange differences	(864)	(8)	(872)
Disposal through business disposal	8,993	-	8,993
(Charge)/credit to income statement	(6,693)	61	(6,632)
Charge to other comprehensive income	(446)	-	(446)
At March 31st 2019	(7,260)	(16)	(7,276)

Other deferred income tax liabilities include temporary differences in respect of deferred income in the US.

Changes to the US main corporate income tax rate from 35% to 21% (effective for tax years beginning after December 31st 2017) were substantively enacted on December 22nd 2017. The relevant US deferred tax balances have been remeasured to 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.

Changes to the UK main corporation tax rate from 20% (effective on April 1st 2017) to 17% (effective from April 1st 2020) were substantively enacted on September 15th 2016. The relevant UK deferred tax balances have been remeasured to 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.

No deferred tax liability is recognised on temporary differences of £4,425,000 (2018: £1,185,000) 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 forseeable future. The temporary differences at March 31st 2019 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 19 Inventories

	2019 £000	2018 £000
Raw materials	417	390
Work-in-progress	510	489
Finished goods	40	27
	967	906

No inventories are pledged as security.

The cost of inventory recognised as an expense in the year is £8,464,000 (2018: £8,657,000).

NOTE 20 Trade and other receivables

Current	2019 £000	2018 As restated £000
Trade receivables	33,531	41,643
Other receivables	4,145	5,368
Prepayments	14,109	15,711
Accrued income	8,866	8,666
	60,651	71,388

Trade receivables are stated net of provisions for bad and doubtful debts and trade sales returns. Trade and other receivables includes the impact of adoption of IFRS 15 in 2018-19 (see note 1s). 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 bad and doubtful debts is as follows:

	2019 £000	2018 £000
At April 1st	855	1,164
Income statement movements	1,659	767
Utilised	(944)	(1,071)
Disposal through business disposal	(111)	-
Exchange differences	9	(5)
At March 31st	1,468	855

The group reviews its bad debt 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.

NOTE 20 Trade and other receivables (continued)

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

	2019 £000	2018 £000
Within the due date	20,360	22,137
Past due less than a month	6,598	9,532
Past due more than a month but less than two months	3,709	6,002
Past due more than two months but less than three months	1,805	2,575
Past due more than three months	1,059	1,397
Total trade receivables	33,531	41,643

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

NOTE 21 Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	9,207	10,983
Short-term bank deposits	8,453	1,237
	17,660	12,220

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 43% (2018: 58%), sterling 33% (2018: 10%), euro 10% (2018: 3%) and other 14% (2018: 29%).

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

NOTE 22 Trade and other liabilities

	2019	2018 As restated
Current	£000	£000
Trade payables	18,601	16,212
Social security and other taxes	1,569	2,234
Accruals	19,642	22,057
Liability for share-based payments	3,189	2,982
Deferred income	95,555	106,846
Other liabilities	3,244	3,544
	141,800	153,875
Non-current		
Liability for share-based payments	1,039	1,200
Deferred income	9,393	12,434
	10,432	13,634
Total	152,232	167,509

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 Unit products and services, and revenue billed in advance for future events, research and consultancy projects not yet delivered. The comparative balances include £13,719,000 deferred income for CQ-Roll Call, Inc, now disposed. Deferred income has been restated on adoption of IFRS 15 (see note 1s).

NOTE 23 Financial liabilities - borrowings

The Group's current and non-current borrowings are as follows:

	2019 £000	2018 £000
Non-current		
8.53% loan note 2019-20 (nominal amount $4,166,667)	-	2,956
8.32% loan note 2019-20 (nominal amount $10,000,000)	-	7,095
5.89% loan note 2022-23 (nominal amount $14,500,000)	-	10,289
5.75% loan note 2023-24 (nominal amount $14,167,667)	-	10,078
Bank loans	111,391	70,659
	111,391	101,077
Current - due within one year or on-demand		
8.53% loan note 2019-20 (nominal amount $4,166,667)	-	2,932
8.32% loan note 2019-20 (nominal amount $10,000,000)	-	7,057
Bank loans	-	16,000
Bank overdraft	-	1,267
	-	27,256
Total borrowings	111,391	128,333

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 28.

The maturity of the Group's non-current borrowings is as follows:

	2019 £000	2018 £000
Between one and two years	-	10,051
Between two and five years	111,391	80,948
Over five years	-	10,078
	111,391	101,077

NOTE 23 Financial liabilities - borrowings (continued)

		2019		2018	
	Effective interest rate %	Carrying value £000	Market value £000	Carrying value £000	Market value £000
8.53% loan note 2019-20 (nominal amount $8,333,333)	8.53	-	-	5,888	5,928
8.32% loan note 2019-20 (nominal amount $20,000,000)	8.32	-	-	14,152	14,228
5.89% loan note 2022-23 (nominal amount $14,500,000)	5.89	-	-	10,289	10,315
5.75% loan note 2023-24 (nominal amount $14,167,667)	5.75	-	-	10,078	10,078
Bank loans and overdrafts	n/a	111,391	112,441	87,926	88,267
		111,391	112,441	128,333	128,816

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

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2019 £000	2018 £000
US dollar	-	40,407
Sterling	111,391	87,926
	111,391	128,333

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

	2019 £000	2018 £000
Floating rate - expiring beyond one year	37,559	51,733

NOTE 24 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:

	2019 £000	2018 £000
UK Group scheme	15,841	23,701
Post-retirement medical benefits	1,743	2,113
	17,584	25,814

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) provides funded defined benefits. It was closed to new members on December 31st 2002. The scheme has a defined-contribution underpin and provides 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 provides an unapproved unfunded retirement benefit scheme (URBS) for certain former employees. 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 2016. This showed the market value of assets of the main UK scheme to be £281,458,000. The actuarial valuation of pension liabilities was £301,612,000, leaving a deficit of £20,154,000. 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 93%. The January 2016 valuation was used as a basis for determining the ongoing company funding rate, effective October 1st 2016.

The Group agreed that the funding shortfall will be eliminated by May 31st 2020. Following the completion of the actuarial valuation, the Group has agreed to contribute £2,100,000 per annum until May 2020 in excess of regular contributions. In addition, a mechanism has been agreed for the Group to make supplementary payments if actual salary increases during the funding term cause a further strain on the deficit. In the year ended March 31st 2019, the Group contributed £3,600,000 (2018: £2,100,000) towards the funding shortfall. Regular contributions to the scheme are estimated to be £2,044,000 for 2019-20.

The main overseas schemes and one UK scheme are based on defined contributions; amounts totalling £415,000 were accrued (2018: £388,000) 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.

NOTE 24 Retirement benefit and other post-retirement obligations (continued)

UK Group scheme

The valuation of the UK Group scheme has been updated by independent actuaries to March 31st 2019. The major assumptions used to determine this valuation are as follows:

	2019 %	2018 %
Inflation	3.20	3.10
Increase in pensionable salaries	3.20	3.10
Increase in pensions in payment	3.10	3.00
Increase in deferred pensions	2.60	2.50
Discount rate for scheme liabilities	2.55	2.70

The discount rate is derived from the corporate bond yield curve applied to the expected future cashflows from the scheme. The inflation rate has been calculated with reference to the inflation spot yield curve applied to the expected future cashflows from the scheme. The expected rate of increase in salaries has been set at 3.2% in 2019.

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 S2PXA light tables with longevity projection based on CMI 2018 and the year in which the member was born, with a 1% per-year underpin to future improvements (2018: S2PXA light tables, CMI 2017, year of birth, 1% underpin).

	2019 years	2018 years
Longevity at age 65 for current retirees		
- Men	87.5	87.9
- Women	88.5	88.9
Longevity at age 65 for future retirees, current age 45		
- Men	88.4	88.9
- Women	88.5	90.1

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

	2019 £000	2018 £000
Equities	173,147	171,862
Government and corporate bonds	123,957	82,251
Property	50,234	48,151
Multi-asset credit fund	6,334	36,422
Other	2,379	1,122
Fair value of scheme assets	356,051	339,808
Present value of scheme liabilities	(371,892)	(363,509)
Deficit in the scheme	(15,841)	(23,701)

NOTE 24 Retirement benefit and other post-retirement obligations (continued)

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:

	2019		2018	
	Quoted market price £000	No quoted market price £000	Quoted market price £000	No quoted market price £000
UK equities	84,447	-	85,136	-
Non-UK equities	87,768	-	85,727	-
Private equity	-	932	-	999
UK corporate bonds	25,778	-	24,985	-
Index-linked securities	98,179	-	57,266	-
Multi-asset credit fund	6,334	-	36,422	-
Property	-	50,234	-	48,151
Other	2,037	342	730	392
	304,543	51,508	290,266	49,542

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

	2019 £000	2018 £000
Liquid - call less than 1 month	316,415	271,802
Less liquid - call 1-3 months	24,349	54,421
Liquid - call greater than 3 months	16,380	15,432

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 £23,244,000 (2018: £10,151,000).

Fair value of scheme assets	2019 £000	2018 £000
At April 1st	339,808	334,181
Interest income	9,096	8,961
Return on scheme assets excluding interest income	14,148	1,190
Employee contributions	366	401
Employer contributions	5,654	4,301
Administration expenses	(324)	(296)
Payments from the scheme	(12,697)	(8,930)
At March 31st	356,051	339,808

NOTE 24 Retirement benefit and other post-retirement obligations (continued)

Present value of scheme liabilities	2019 £000	2018 £000
At April 1st	363,509	367,462
Current service cost	2,467	2,627
Interest expense	9,644	9,802
(Gains)/losses from experience	(1,630)	10,001
Losses/(gains) from changes in financial assumptions	10,233	(17,854)
Employee contributions	366	401
Payments from the scheme - benefit payments	(12,697)	(8,930)
At March 31st	371,892	363,509

The weighted average duration of the defined-benefit obligation is 19 years (2018: 20 years).

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	7.0
Pensionable salaries	0.5	1.0
Pensions in payment	0.5	7.0
Revaluation rate of deferred pensions	0.5	1.5
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 4.0% (2018: 4.0%).

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 2019, 41 retired and former employees (2018: 44) were eligible to receive benefits. The liability was remeasured at the year-end by a qualified independent actuary as follows:

Assumptions	2019 %	2018 %
Healthcare premium inflation	6.20	5.10
Discount rate for scheme liabilities	2.55	2.70

NOTE 24 Retirement benefit and other post-retirement obligations (continued)

Present value of scheme liabilities	2019 £000	2018 £000
At April 1st	2,113	2,271
Employer contributions	(200)	(130)
Interest expense	54	59
(Gains)/losses from experience	(235)	1
Losses/(gains) from changes in financial assumptions	44	(48)
Gains from changes in demographic assumptions	(33)	(40)
At March 31st	1,743	2,113

Income statement

The amounts recognised in the income statement are as follows:

					2019
	UK Group scheme £000	URBS £000	PRMB £000	Defined contribution £000	Total £000
Current service cost	2,467	-	-	5,103	7,570
Administration expenses	324	-	-	-	324
Total operating expense	2,791	-	-	5,103	7,894
Interest on scheme assets	(9,096)	-	-	-	(9,096)
Interest on scheme liabilities	9,644	6	54	-	9,704
Net finance expense	548	6	54	-	608
Net income statement charge	3,339	6	54	5,103	8,502

					2018
	UK Group scheme £000	URBS £000	PRMB £000	Defined contribution £000	Total £000
Current service cost	2,627	-	-	4,745	7,372
Administration expenses	296	-	-	-	296
Total operating expense	2,923	-	-	4,745	7,668
Interest on scheme assets	(8,961)	-	-	-	(8,961)
Interest on scheme liabilities	9,802	6	59	-	9,867
Net finance expense	841	6	59	-	906
Net income statement charge	3,764	6	59	4,745	8,574

NOTE 24 Retirement benefit and other post-retirement obligations (continued)

Other comprehensive income

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

	2019 £000	2018 £000
UK Group scheme	5,545	9,043
Unfunded retirement benefit scheme	(3)	5
Post-retirement medical benefits	224	87
Total gains recognised in year	5,766	9,135

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.

Inflation risk

The majority of benefits are linked to 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

The present value of the liability is calculated by reference to the future salaries of the scheme's participants. An increase in the salary of the scheme's participants will increase the liability.

NOTE 25 Provisions

	Contingent consideration £000
At April 1st 2018	3,786
Provision in the year	420
Release in the year	(609)
Utilised in the year	(3,374)
At March 31st 2019	223

Contingent consideration relates to the acquisition of data information intelligence GmbH in 2019 and is payable in 2019-20 if the business achieves certain targets. The amount provided reflects management's assessment of the most likely outcome.

NOTE 26 Derivative financial instruments

			2019
Current contracts in a fair value hedge relationship	Gross notional amounts £000	Assets £000	Liabilities £000
Forward foreign US dollar exchange contracts	36,358	193	(588)
Non-current contracts in a fair value hedge relationship			
Interest rate cap	792	278	-
Total contracts in a fair value hedge relationship	37,150	471	(588)

			2018
Current contracts in a fair value hedge relationship	Gross notional amounts £000	Assets £000	Liabilities £000
Forward foreign US dollar exchange contracts	36,928	1,796	-
Non-current contracts in a fair value hedge relationship			
Interest rate cap	-	-	-
Total contracts in a fair value hedge relationship	36,928	1,796	-

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.

NOTE 26 Derivative financial instruments (continued)

At March 31st 2019, 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 27 Classification of financial instruments

Following the adoption of IFRS 9 in 2018-19, the terminology used to describe financial assets and liabilities has been changed (see note 1t). 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:

								2019
		Fair value			Amortised cost			
NOTE		FVTPL £000	Fair value hedging instrument £000	FVOCI £000	Financial assets £000	Other financial liabilities £000	Total carrying value £000	Total market value £000
16	Investments in unlisted securities	-	-	34,336	-	-	34,336	34,336
21	Cash and cash equivalents	-	-	-	17,660	-	17,660	17,660
17	Loan notes	-	-	-	48,518	-	48,518	59,960
20	Trade receivables	-	-	-	33,531	-	33,531	33,531
26	Derivative financial instruments	-	278	-	-	-	278	278
	Total financial assets	-	278	34,336	99,709	-	134,323	145,765
22	Trade payables	-	-	-	-	(18,601)	(18,601)	(18,601)
25	Contingent consideration	-	-	-	-	(223)	(223)	(223)
23	Bank loans and overdrafts	-	-	-	-	(111,391)	(111,391)	(112,441)
26	Derivative financial instruments	-	(395)	-	-	-	(395)	(395)
	Total financial liabilities	-	(395)	-	-	(130,215)	(130,610)	(131,660)

NOTE 27 Classification of financial instruments (continued)

NOTE		Fair value: Derivatives deemed held for trading £000	Fair value: Derivatives in hedging relationships £000	Fair value: Investments £000	Amortised cost: Loans and receivables £000	Amortised cost: Other liabilities £000	Total carrying value £000	2018 Total market value £000
16	Investments in unlisted securities	-	-	100	-	-	100	100
21	Cash and cash equivalents	-	-	-	12,220	-	12,220	12,220
20	Trade receivables	-	-	-	41,643	-	41,643	41,643
26	Derivative financial instruments	-	1,796	-	-	-	1,796	1,796
	Total financial assets	-	1,796	100	53,863	-	55,759	55,759
22	Trade payables	-	-	-	-	(16,212)	(16,212)	(16,212)
25	Contingent consideration	-	-	-	-	(3,786)	(3,786)	(3,786)
23	Bank loans and overdrafts	-	-	-	-	(87,926)	(87,926)	(88,267)
23	Borrowings due within one year	-	-	-	-	(9,989)	(9,989)	(10,078)
23	Borrowings due after more than one year	-	-	-	-	(30,418)	(30,418)	(30,471)
	Total financial liabilities	-	-	-	-	(148,331)	(148,331)	(148,814)

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 28.

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.

Until they were repaid in December 2018, the Group designated certain of its foreign-currency borrowings as hedges of its investments in foreign operations (net investment hedges). Movements in the fair value of these financial instruments (to the extent they are effective) were recognised in other comprehensive income.

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

The unsecured promissory note (loan note) of $58,557,176 was issued by FiscalNote, Inc. to the Group as part of the consideration received on the sale of CQ-Roll Call on August 20th 2018 (see note 36). The note accumulates payment-in-kind interest to February 2024, with the option of repayment prior to that date.

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 28.

NOTE 28 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, short-term borrowings from banks 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 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 2019, there were hedges of interest rate exposures in place (2018: nil) (see note 26). The fair value of the interest rate hedges at March 31st 2019 was £278,000 (2018: £nil).

Liquidity and refinancing risk management

The maturity of contracted cashflows associated with the Group's financial liabilities are shown in the table on the following page. 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 28 Financial risk management (continued)

				2019
	GBP	USD	Other	Total
	£000	£000	£000	£000
Not later than one year	25,911	(42,126)	(3,004)	(19,219)
Later than one year and not later than five years	(113,063)	-	-	(113,063)
Later than five years	-	-	-	-
	(87,152)	(42,126)	(3,004)	(132,282)
Analysed as:				
Derivative financial instruments - inflows	36,358	-	-	36,358
Derivative financial instruments - outflows	-	(36,753)	-	(36,753)
Contingent consideration	-	-	(223)	(223)
Trade payables	(10,447)	(5,373)	(2,781)	(18,601)
Bank loans and overdrafts	(113,063)	-	-	(113,063)
	(87,152)	(42,126)	(3,004)	(132,282)

				2018
	GBP	USD	Other	Total
	£000	£000	£000	£000
Not later than one year	3,584	(51,312)	(2,213)	(49,941)
Later than one year and not later than five years	(73,343)	(24,922)	-	(98,265)
Later than five years	-	(10,223)	-	(10,223)
	(69,759)	(86,457)	(2,213)	(158,429)
Analysed as:				
Derivative financial instruments - inflows	36,928	-	-	36,928
Derivative financial instruments - outflows	-	(35,132)	-	(35,132)
Contingent consideration	(3,982)	-	-	(3,982)
Trade payables	(10,267)	(3,732)	(2,213)	(16,212)
Bank loans and overdrafts	(92,438)	-	-	(92,438)
Borrowings	-	(47,593)	-	(47,593)
	(69,759)	(86,457)	(2,213)	(158,429)

The table on the following page 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.

NOTE 28 Financial risk management (continued)

	GBP £000	USD £000	Other £000	2019 Total £000
Not later than one year	15,409	28,182	7,600	51,191
Later than one year and not later than five years	100	107,466	-	107,566
	15,509	135,648	7,600	158,757
Analysed as:				
Other financial assets	100	34,236	-	34,336
Cash and cash equivalents	5,862	7,618	4,180	17,660
Loan notes	-	73,230	-	73,230
Trade receivables	9,547	20,564	3,420	33,531
	15,509	135,648	7,600	158,757

	GBP £000	USD £000	Other £000	2018 Total £000
Not later than one year	13,448	30,572	9,843	53,863
Later than one year and not later than five years	100	-	-	100
	13,548	30,572	9,843	53,963
Analysed as:				
Other financial assets	100	-	-	100
Cash and cash equivalents	1,172	7,106	3,942	12,220
Trade receivables	12,276	23,466	5,901	41,643
	13,548	30,572	9,843	53,963

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 2019 the Group's net debt to EBITDA for the continuing businesses was 2.5 times or 2.3 times before exceptional items.

The Group also maintains undrawn committed borrowing facilities. At March 31st 2019 the committed undrawn facilities amounted to £37,559,000 (2018: £51,733,000) and their weighted average maturity was 57 months (2018: 21 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 bad and doubtful debts based on management's assessment of the risk of non-payment, taking into account the ageing profile and circumstance.

NOTE 28 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 57% of its revenues in US dollars, including approximately 32% of the revenues of its UK-based businesses, and approximately 44% 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	
	2019	2018	2019	2018
	£000	£000	£000	£000
US dollar	76,836	33,123	(5,666)	(42,809)

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	2019	2018
Average exchange rate	$1.33	$1.34
Foreign currency ($000)	48,260	49,686
Contract value (£000)	36,358	36,928
Fair value (£000)	(395)	1,796

As at March 31st 2019 the aggregate amount of unrealised losses under forward foreign-exchange contracts deferred in the fair value reserve relating to future income transactions is £395,000 (2018: unrealised gains of £1,796,000). 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 gains of £1,796,000 were recycled from other comprehensive income into the income statement during the year (2018: £1,101,000 losses).

As at March 31st 2019 the fair value of interest-rate caps is £278,000 (2018: £nil). The interest rate cap is in place until 2023.

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

NOTE 28 Financial risk management (continued)

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 transcations 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 2019 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 16 and 25.

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 21), borrowings (note 23) and equity attributable to equity shareholders 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, loans and trade receivables, trade payables and bank loans.

NOTE 28 Financial risk management (continued)

Financial instruments - sensitivity analysis

As at March 31st 2019 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
Investments in unlisted securities	34,336	-	-	3,815	(3,121)
Cash and cash equivalents	17,660	-	-	661	(541)
Loan notes	48,518	-	-	5,380	(4,402)
Other net financial assets	14,930	-	-	1,296	(1,060)
Derivative financial instruments	(117)	390	(277)	(4,116)	3,368
Contingent consideration	(223)	-	-	-	-
Bank loans and overdrafts	(111,391)	(93)	93	-	-
	3,713	297	(184)	7,036	(5,756)

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 29 Share capital

	No. of shares	Share capital £000
At March 31st 2019 and 2018	25,200,000	1,260

	March 31st 2019 and 2018	
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 page 19. 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. The rights associated with those shares are suspended.

NOTE 30 Employee Share Ownership Plan (ESOP)

	No. of shares	£000
At April 1st 2017	212,637	2,903
Purchase of ESOP shares	26,950	815
Sale of ESOP shares	(19,590)	(602)
At March 31st 2018	219,997	3,116
Purchase of ESOP shares	77,625	2,174
Sale of ESOP shares	(20,224)	(574)
At March 31st 2019	277,398	4,716

The nominal value of the ESOP shares, which have a par value of 5p each, amounted to £13,870 (2018: £11,000). 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 2019, 194,250 (2018: 202,750) of the shares are under option to employees and have been conditionally granted to them.

NOTE 31 Treasury shares

	No. of shares	£000
At March 31st 2019 and 2018	5,040,000	188,823

The treasury shares have a par value of 5p per share and their nominal value amounts to £252,000 (2018: £252,000). These shares do not attach any voting rights or rights to dividends. The shares represent 20% of called-up share capital (2018: 20%).

NOTE 32 Financial commitments

At March 31st, the Group had committed to make the following payments in respect of operating leases on:

Land and buildings, plant and equipment, leases expiring	2019 £000	2018 £000
Within one year	8,436	11,303
Between two and five years	21,206	38,041
After five years	14,693	23,839
	44,335	73,183

At March 31st 2019, there was £1,930,000 capital expenditure contracted for but not provided in the financial statements (2018: £960,000).

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.

NOTE 33 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 is a director of the company. 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.

The key management personnel are deemed to be members of the company's Board and the Group executive team (see pages 16 to 18). Key management compensation paid or payable, including the value of awards made under the restricted share scheme, is set out below:

	2019 £000	2018 £000
Salaries and short-term employment benefits	6,713	5,551
Retirement benefits	124	115
Share-based payment costs	1,198	1,767
	8,035	7,433
Of which:		
Executive directors	2,723	1,779
Non-executive directors	336	377
Other members of the executive team	4,976	5,277
	8,035	7,433

The directors who served during the year received dividends of £194,000 (2018: £232,000) in respect of shares held in the company.

NOTE 34 Events after the balance-sheet date

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

NOTE 35 Acquisitions

Acquisition of data information intelligence GmbH (dii)

On October 1st 2018, the Group acquired data information intelligence GmbH (dii), a German data information service company. The acquisition comprised 100% of the equity share capital of dii. The following table sets out the fair values of the identifiable assets and liabilities acquired by the Group:

	2019 £000
Property, plant and equipment	12
Intangible assets	1,081
Trade and other receivables	174
Cash and cash equivalents	158
Trade and other liabilities	(84)
Current income tax liabilities	(10)
Net assets acquired at fair value	1,331
Goodwill	227
Total	1,558
Satisfied by:	
Cash	1,112
Working capital adjustment	223
Contingent consideration	223
Total consideration	1,558

The goodwill arising on this acquisition results from revenue and cost synergies and from assets and benefits that cannot be separately recognised.

Intangible assets acquired in 2019 represent:	£000	Useful economic life
Customer lists, contracts and relationships	148	3 years
Acquired technology and databases	918	7 years

Cashflow on acquisitions	2019 £000	2018 £000
Cash - current year acquisitions	(74)	-
Deferred payments for prior year acquisitions	(3,374)	-
Cash and cash equivalents acquired	158	-
Acquisition costs and other acquisition liabilities paid	(1,428)	-
Net cash outflow	(4,718)	-

In total, the acquisitions completed in the year contributed an additional £408,000 of revenue and losses of £8,000 within operating profit before acquisition costs of £93,000 and intangible amortisation of £66,000. If the acquisition had been completed on April 1st 2018 then the Group estimates that revenue for the year would have been £849,000 and total operating loss would have been £81,000.

NOTE 36 Disposals

On August 20th 2018, the Group completed the sale of CQ-Roll Call, Inc and Capitol Advantage LLC to FiscalNote, Inc. The disposal gave rise to a profit on sale of £43,187,000 after tax, after deducting disposal costs and the net book value of assets and liabilities sold. The gain was recognised as a non-operating exceptional item within discontinued businesses in the income statement.

The net assets of the business at the date of disposal were as follows:

	2019 £000
Property, plant and equipment	2,584
Intangible assets	98,484
Trade and other receivables	7,703
Cash and cash equivalents	12
Deferred income tax liabilities	(8,099)
Trade and other liabilities	(6,004)
Deferred income	(12,959)
Net assets disposed	81,721
Directly attributable costs	3,552
Taxation (including £6,162,000 deferred tax)	19,240
Foreign exchange translation gains recycled from reserves	(5,432)
Profit on disposal	43,187
Total consideration	142,268
Satisfied by:	
Cash	63,698
12.6% PIK loan notes in FiscalNote, Inc. ($58,557,176)	46,008
Preference shares in FiscalNote, Inc. ($41,443,000)	32,562
Total consideration	142,268

Company balance sheet

NOTE	As at March 31st	2019 £000	2018 £000
5	Investments in subsidiaries	552,077	552,077
6	Intangible assets	18,703	14,346
7	Property, plant and equipment	8,065	8,666
	Amounts due from subsidiaries	42,217	136,292
8	Deferred income tax assets	1,476	3,581
15	Financial assets - derivative financial instruments	278	-
	Non-current assets	**622,816**	**714,962**
	Amounts due from subsidiaries	98,457	26,144
9	Inventories	458	419
10	Trade and other receivables	21,602	23,963
15	Financial assets - derivative financial instruments	-	1,796
	Current income tax assets	2,432	1,073
11	Cash and cash equivalents	9,215	2,068
	Current assets	**132,164**	**55,463**
	Total assets	**754,980**	**770,425**
	Amounts due to subsidiaries	-	(94,864)
12	Trade and other liabilities	(5,265)	(5,143)
13	Retirement benefit obligations	(13,864)	(20,605)
14	Financial liabilities - borrowings	(111,391)	(101,077)
	Other liabilities	(4,374)	(3,284)
	Non-current liabilities	**(134,894)**	**(224,973)**
	Amounts due to subsidiaries	(205,857)	(149,714)
12	Trade and other liabilities	(59,952)	(57,739)
14	Financial liabilities - borrowings	-	(27,256)
15	Financial liabilities - derivative financial instruments	(395)	-
	Other liabilities	(608)	(321)
	Current liabilities	**(266,812)**	**(235,030)**
	Total liabilities	**(401,706)**	**(460,003)**
	Net assets	**353,274**	**310,422**
16	Share capital	1,260	1,260
17	ESOP shares	(4,716)	(3,116)
18	Treasury shares	(188,823)	(188,823)
	Translation reserve	(4,325)	(2,244)
	Retained earnings	549,878	503,345
	Total equity	**353,274**	**310,422**

The profit for the year is £72,848,000.

These financial statements were approved by the Board of directors and authorised for issue on June 18th 2019. They were signed on its behalf by:

Paul Deighton
Chris Stibbs
Directors

The Economist Newspaper Limited registered number 236383

Company statement of changes in equity

Year ended March 31st 2019

NOTE		Share capital £000	ESOP shares £000	Treasury shares £000	Translation reserve £000	Retained earnings £000	Total equity £000
		Equity attributable to equity holders of the company					
	At April 1st 2018	**1,260**	**(3,116)**	**(188,823)**	**(2,244)**	**503,345**	**310,422**
	Profit for the year	-	-	-	-	72,848	72,848
	Other comprehensive income	-	-	-	(2,081)	3,394	1,313
	Total comprehensive income	-	-	-	(2,081)	76,242	74,161
17	Net purchase of own shares	-	(1,600)	-	-	-	(1,600)
	Dividends	-	-	-	-	(29,709)	(29,709)
	At March 31st 2019	**1,260**	**(4,716)**	**(188,823)**	**(4,325)**	**549,878**	**353,274**

Year ended March 31st 2018

NOTE		Share capital £000	ESOP shares £000	Treasury shares £000	Translation reserve £000	Retained earnings £000	Total equity £000
		Equity attributable to equity holders of the company					
	At April 1st 2017	**1,260**	**(2,903)**	**(188,823)**	**(5,262)**	**493,762**	**298,034**
	Profit for the year	-	-	-	-	39,642	39,642
	Other comprehensive income	-	-	-	3,018	6,062	9,080
	Total comprehensive income	-	-	-	3,018	45,704	48,722
17	Net purchase of own shares	-	(213)	-	-	-	(213)
	Dividends	-	-	-	-	(36,121)	(36,121)
	At March 31st 2018	**1,260**	**(3,116)**	**(188,823)**	**(2,244)**	**503,345**	**310,422**

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 Auditor's remuneration

During the year the company obtained the following services from the company's auditor:	2019 £000	2018 £000
The audit of the company's financial statements	232	225
Tax compliance services	79	50
Total non-audit services	79	50
Total company auditor's remuneration	311	275

NOTE 3 Employee information

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

	2019		2018	
	Monthly average	Year-end	Monthly average	Year-end
Total employees	485	477	483	499

The details of directors' emoluments are shown on table 2, page 25, within the directors' report on remuneration.

NOTE 4 Share-based payments

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

	2019 £000	2018 £000
Restricted share scheme (cash or share settled)	1,451	1,810

The total carrying value of share-based payment transactions	2019 £000	2018 £000
Restricted share scheme (cash or share settled)	3,270	2,944

Analysed as	2019 £000	2018 £000
Current liabilities	2,344	2,070
Non-current liabilities	926	874
	3,270	2,944

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.

	2019		2018	
Restricted share scheme	No. of options	Weighted average share price (£)	No. of options	Weighted average share price (£)
Outstanding at April 1st	149,000	31.21	134,000	33.36
Granted during the year	49,000	26.69	58,500	29.95
Forfeited during the year	(9,500)	(29.60)	-	-
Exercised during the year	(31,000)	(26.41)	(43,500)	(34.17)
Outstanding at March 31st	157,500	28.35	149,000	31.21
Exercisable at March 31st	45,250	29.20	31,000	31.90

The weighted average remaining contractual life for outstanding options at March 31st 2019 was 14 months (2018: 17 months).

NOTE 5 Investments in subsidiaries

	2019 £000	2018 £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.

NOTE 6 Intangible assets

Cost	Licences and software £000	Intangible assets in development £000	Total £000
At April 1st 2017	8,422	6,904	15,326
Additions	2,812	3,016	5,828
Transfer	583	(583)	-
At March 31st 2018	11,817	9,337	21,154
Additions	1,279	5,891	7,170
Transfer	565	(565)	-
At March 31st 2019	13,661	14,663	28,324

Amortisation	Licences and software £000	Intangible assets in development £000	Total £000
At April 1st 2017	4,809	-	4,809
Charge for the year	1,999	-	1,999
At March 31st 2018	6,808	-	6,808
Charge for the year	1,648	-	1,648
Impairment	902	263	1,165
At March 31st 2019	9,358	263	9,621
Carrying amounts			
At April 1st 2017	3,613	6,904	10,517
At March 31st 2018	5,009	9,337	14,346
At March 31st 2019	4,303	14,400	18,703

NOTE 7 Property, plant and equipment

Cost	Leasehold buildings: short £000	Plant and machinery £000	Equipment £000	Total £000
At April 1st 2017	2,949	974	20,328	24,251
Additions	4,223	-	1,445	5,668
Disposals	-	(47)	(1,483)	(1,530)
At March 31st 2018	7,172	927	20,290	28,389
Additions	248	-	651	899
At March 31st 2019	7,420	927	20,941	29,288

Depreciation	Leasehold buildings: short £000	Plant and machinery £000	Equipment £000	Total £000
At April 1st 2017	828	974	18,044	19,846
Charge for the year	375	-	1,032	1,407
Disposals	-	(47)	(1,483)	(1,530)
At March 31st 2018	1,203	927	17,593	19,723
Charge for the year	500	-	1,000	1,500
At March 31st 2019	1,703	927	18,593	21,223
Carrying amounts				
At April 1st 2017	2,121	-	2,284	4,405
At March 31st 2018	5,969	-	2,697	8,666
At March 31st 2019	5,717	-	2,348	8,065

NOTE 8 Deferred income tax assets

	2019 £000	2018 £000
Deferred income tax assets	1,476	3,581

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

Deferred income tax assets and liabilities may be offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income 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 income tax account is as follows:	2019 £000	2018 £000
At April 1st	3,581	4,678
(Charge)/credit to income statement	(1,385)	98
Charge to other comprehensive income	(792)	(1,242)
Effect of change in tax rates	72	47
At March 31st	1,476	3,581

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

Deferred income tax assets	Retirement benefit obligations £000	Other £000	Total £000
At April 1st 2017	4,892	(214)	4,678
(Charge)/credit to income statement	(118)	216	98
Charge to other comprehensive income	(1,242)	-	(1,242)
Effect of change in tax rates	11	36	47
At March 31st 2018	3,543	38	3,581
Charge to income statement	(396)	(989)	(1,385)
Charge to other comprehensive income	(792)	-	(792)
Effect of change in tax rates	42	30	72
At March 31st 2019	2,397	(921)	1,476

Other deferred income tax assets include temporary differences on share-based payments, capital allowances and other provisions.

Changes to the UK main corporation tax rate from 20% (effective on April 21st 2017) to 17% (effective from April 1st 2020) were substantively enacted on September 15th 2016. The relevant UK deferred tax balances have been remeasured to 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.

NOTE 9 Inventories

	2019 £000	2018 £000
Raw materials	418	392
Work-in-progress	-	1
Finished goods	40	26
	458	419

No inventories are pledged as security.

NOTE 10 Trade and other receivables

Current	2019 £000	2018 £000
Trade receivables	13,111	12,798
Other receivables	2,199	3,551
Prepayments	4,912	6,170
Accrued income	1,380	1,444
	21,602	23,963

Trade receivables are stated at fair value, net of provisions for bad and doubtful debts and anticipated future sales returns. The movements on the provision for bad and doubtful debts are as follows:

	2019 £000	2018 £000
At April 1st	421	736
Income statement movements	415	(318)
Utilised	177	3
At March 31st	1,013	421

The ageing of the company's trade receivables which are not impaired is as follows:	2019 £000	2018 £000
Within the due date	7,250	8,548
Past due less than a month	3,121	2,723
Past due more than a month but less than two months	1,504	1,136
Past due more than two months but less than three months	622	444
Past due more than three months	614	(53)
Total trade receivables	13,111	12,798

NOTE 11 Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	1,291	921
Short-term bank deposits	7,924	1,147
	9,215	2,068

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

NOTE 12 Trade and other liabilities

Current	2019 £000	2018 £000
Trade payables	12,018	10,964
Social security and other taxes	2,117	2,240
Accruals	11,651	10,339
Liability for share-based payments	2,344	2,070
Deferred income	30,043	30,435
Other liabilities	1,779	1,691
	59,952	57,739
Non-current		
Liability for share-based payments	926	874
Deferred income	4,339	4,269
	5,265	5,143
Total	65,217	62,882

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 13 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:

	2019 £000	2018 £000
UK Group scheme	12,674	19,196
Post-retirement medical benefits	1,190	1,409
	13,864	20,605

The company is a member of The Economist Group Pension Scheme (UK Group Scheme) which provides 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 24 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 2019, 28 retired and former employees (2018: 26) were eligible to receive benefits. The movement in the liability was as follows:

Present value of scheme liabilities	2019 £000	2018 £000
At April 1st	1,409	1,565
Employer contributions	(137)	(87)
Interest expense	37	39
(Gains)/losses from experience	(126)	1
Losses/(gains) from changes in financial assumptions - financial	30	(80)
Gains from changes in financial assumptions - demographic	(23)	(29)
At March 31st	1,190	1,409

Further information on the assumptions used to calculate the liability are shown in note 24 to the consolidated financial statements.

NOTE 14 Borrowings

Details of the Group's borrowings, which are also those of the company, can be found in note 23 to the consolidated financial statements.

NOTE 15 Derivative financial instruments

Details of the Group's derivative financial instruments, which are also those of the company, can be found in note 26 to the consolidated financial statements.

NOTE 16 Share capital

Details of the company's share capital can be found in note 29 to the consolidated financial statements.

NOTE 17 Employee Share Ownership Plan (ESOP)

Details of the ESOP are presented in note 30 to the consolidated financial statements.

NOTE 18 Treasury shares

Note 31 to the consolidated financial statements provides information on the company's treasury shares.

NOTE 19 Financial commitments

At March 31st, the company had committed to make the following payments in respect of operating leases on:

Land and buildings, plant and equipment, leases expiring	2019 £000	2018 £000
Within one year	3,624	3,625
Between two and five years	13,662	13,075
After five years	14,693	17,911
	31,979	34,611

At March 31st 2019, there was £1,930,000 capital expenditure contracted for but not provided in the financial statements (2018: £960,000).

There are contingent 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 company.

The company has guaranteed certain bank overdrafts and property leases of its subsidiaries. The annual cost of property leases guaranteed by the company is £1,605,000 (2018: £2,135,000).

NOTE 20 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 is a director of the company. 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 21 Events after the balance-sheet date

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

NOTE 22 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 equity owned included in these financial statements at March 31st 2019 are 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%	Publishing, events and information services	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 Educational Foundation*	100%	Charity	United Kingdom
The Economist Group (Asia/Pacific) Limited[6]	**100%**	**Events and information services**	**Hong Kong**

NOTE 22 Group companies (continued)

Company	Proportion held	Principal activity and operation	Country of incorporation
The Economist Group (Brazil Holdings) Limited	100%	Investment holding company	United Kingdom
The Economist Group (Holdings) BV	100%	Investment holding company	The Netherlands
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%	Investment holding company	United Kingdom
The Economist Group BV	100%	Dormant	The Netherlands
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%	Investment holding company	United Kingdom
The Economist Group Operations Limited	100%	Investment holding company	United Kingdom
The Economist Group (Services) Limited	100%	Dormant	United Kingdom
The Economist Group Singapore Pte Limited[2]	100%	Investment holding company	Singapore
The Economist Group Trustee Company Limited	100%	Trustee services	United Kingdom
The Economist Intelligence Unit Canback Inc[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
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.
† 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 l'Athénée 32, 1206 Genève, Switzerland
8. Rua Joaquim Floriano 1052. cj. 81, CEP 04534-004, São Paulo, -SP, Brazil
9. 10, rue du Colisée, 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

NOTE 22 Group companies (continued)

For the year ended March 31st 2019, 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	1985839
The Digital News Agency Limited	Dormant	06451318
The Economist Books Limited	Dormant	1775942
The Economist Group (Brazil Holdings) Limited	Dormant	9164810
The Economist Group Trustee Company Limited	Dormant	1775932
The Economist Publications Limited	Dormant	1775671
TVC Public Relations Limited	Dormant	5587380

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 16th 2019 at 12.15pm, for the purposes set out below.

1. To receive the accounts and the reports of the directors and the auditors for the year ended March 31st 2019.
2. To declare a final dividend of 75.0 pence per share in respect of the year ended March 31st 2019 to all "A" Special, "B" Special and Ordinary shareholders on the company's register of members at the close of business on June 18th 2019.
3. To reappoint Deloitte LLP as the company's auditors 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
Secretary

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

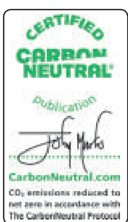
June 18th 2019

A member entitled to attend and vote at this meeting may appoint a proxy, who need not be a shareholder, to attend, speak and vote in his place. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member. The appointment of a proxy will not prevent a member from attending and voting at the meeting in person.

A form of proxy is enclosed. To be valid, it must be submitted 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 Pavillions, Bridgwater Road, Bristol BS99 6ZY.

Whether or not you intend to attend the AGM in person, please submit your form of proxy electronically or in hard copy as soon as possible.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