TVC GROUP LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED 31 MARCH 2012



Company Registration No 06618821 (England and Wales)

TVC GROUP LIMITED

Report of the directors for the nine month period ended 31 March 2012

The directors present their report and financial statements for the nine month period ended 31 March 2012 On March 14th 2012, The Economist Newspaper Limited ("ENL") acquired 100% interest in the ordinary share capital of the company and its subsidiaries Following the acquisition, the company's accounting period was changed from 30th June to 31st March to be consistent with the other Economist Group companies

Principal activities
The principal activity of the company continued to be that of an investment holding company The directors expect the company to continue acting as an investment holding company for the foreseeable future

Results and dividends
The profit and loss account for the nine month period ended 31st March 2012 is set out on page 4 The results for the company show a loss for the nine month period to 31 March 2012 of £369,268 (year ended 30 June 2011 £387,918)

The directors do not recommend the payment of a dividend

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

N Minter Green	
C J Stibbs	(appointed 14th March 2012)
A Rashbass	(appointed 14th March 2012)
N T Ludlow	(appointed 14th March 2012)
K Harris	(resigned 14th March 2012)
S Shah	(resigned 14th March 2012)
J Myers	(resigned 14th March 2012)
S Harris	(resigned 14th March 2012)
G Lappage	(resigned 14th March 2012)
A Clyne	(resigned 14th March 2012)
P Morris	(resigned 14th March 2012)

Auditors
In accordance with the company's articles, a resolution proposing that Jeffreys Henry LLP be reappointed as auditors of the company will be put at a General Meeting

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

TVC GROUP LIMITED

Report of the directors for the nine month period ended 31 March 2012

Disclosure of information to auditors
So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information

This report has been prepared in accordance with the special provisions relating to small companies of Part 15 of the Companies Act 2006

On behalf of the board

Anna Samuelsson

A M Samuelsson

Company secretary

14 DECEMBER 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TVC GROUP LIMITED

We have audited the company financial statements of TVC Group Limited for the nine month period ended 31 March 2012 set out on pages 4 to 11 The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities)

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 auditors' 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

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report

Justin Randall (Senior Statutory Auditor)
for and on behalf of Jeffreys Henry LLP

Chartered Accountants
Statutory Auditor

Finsgate, 5-7 Cranwood Street
London EC1V 9EE

14 DECEMBER 2012

TVC GROUP LIMITED

Profit and loss account for the nine month period ended 31 March 2012

	Notes	Nine month period to 31 March 2012 £	Year to 30 June 2011 £
Turnover		-	57,943
Cost of sales		(73,278)	(46,351)
Gross (loss)/profit		(73,278)	11,592
Administrative credits/(expenses)		403	(11,701)
Operating loss	2	(72,875)	(109)
Interest payable and similar charges	3	(296,393)	(387,809)
Loss on ordinary activities before taxation		(369,268)	(387,918)
Taxation	4	-	-
Loss for the period		(369,268)	(387,918)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

TVC GROUP LIMITED

Balance Sheet as at 31 March 2012

	Notes	31 March 2012 £	30 June 2011 £
FIXED ASSETS			
Investments	5	4,164,848	4,164,848
		4,164,848	4,164,848
CURRENT ASSETS			
Debtors	6	3,535	2,067
Cash at bank and in hand		4,128	14,884
		7,663	16,951
CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(3,221,033)	(716,033)
NET CURRENT LIABILITIES		(3,213,370)	(699,082)
TOTAL ASSETS LESS CURRENT LIABILITIES		951,478	3,465,766
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8	(3,250,000)	(5,395,020)
NET LIABILITIES		(2,298,522)	(1,929,254)
CAPITAL AND RESERVES			
Called up share capital	9	100,768	100,768
Share premium account	10	6,786,739	6,786,739
Profit and loss account	10	(9,186,029)	(8,816,761)
SHAREHOLDERS' DEFICITS	11	(2,298,522)	(1,929,254)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements on pages 4 to 11 were approved by the Board of directors on 14 December, 2012 and were signed on its behalf by

C J Stibbs

Director CJ STIBBS

Company Registration No 6618821

Notes to the financial statements for the nine month period ended 31 March 2012

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently, are set out below

1 1 Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) in the United Kingdom

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

The Economist Newspaper Limited, the parent company has undertaken to provide financial support to the company to continue in operational existence for the foreseeable future Accordingly, the company continues to adopt the going concern basis in preparing the annual report and financial statements

1.2 Turnover

Turnover represents amounts receivable for management services from subsidiaries for the prior year

1 3 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1 4 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

1 5 Deferred taxation

Deferred taxation is fully provided, using the liability method, at the expected applicable rates, on all timing differences between accounting and taxation treatments which are expected to reverse in the foreseeable future

No provision is made for any additional taxation which would arise on the remittance of profits retained, where there is no intention to remit such profits A deferred tax asset is only recognised to the extent that it is more likely than not that there will be taxable profits from which the future reversal of the timing differences can be deducted

Notes to the financial statements for the nine month period ended 31 March 2012

2 Operating loss

	Nine month period to 31 March 2012 £	Year to 30 June 2011 £
Operating loss is stated after charging		
Auditors' remuneration	2,500	3,700
Auditors' remuneration for provision of non-audit services	500	1,000

3 Interest payable

	Nine month period to 31 March 2012 £	Year to 30 June 2011 £
On bank loans and overdrafts	48,223	171,256
On other loans wholly repayable within five years	112,403	148,670
Debt issue costs	135,767	67,883
	296,393	387,809

4 Taxation

	Nine month period to 31 March 2012 £	Year to 30 June 2011 £
Tax charge	-	-
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(369,268)	(387,918)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26% (2011 21%)	(96,010)	(100,859)
Effects of		
Group relief surrendered with no payment	96,010	100,859
Current tax charge	-	-

The company has estimated losses of £348,017 (2011 - £ 348,017) available for carry forward against future trading profits

The company is aware that proposed reductions to the UK corporation tax charge will affect the future tax charge, however, the impact is not expected to be material

Notes to the financial statements for the nine month period ended 31 March 2012

5 Fixed asset investments

	Shares in group under-takings and participating interests £
Cost	
At 1 July 2011 and 31 March 2012	10,589,893
Provisions for diminution in value	
At 1 July 2011 and 31 March 2012	6,425,045
Net book value	
At 31 March 2012	4,164,848
At 30 June 2011	4,164,848

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
The Television Consultancy Limited	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year was as follows

	Principle activity	Capital and reserves 31 March 2012 £	Profit for the nine period ended 31 March 2012 £
The Television Consultancy Limited	Provision of television, radio and online coverage for public relations launches and campaigns along with other marketing services	3,925,771	395,890

6 Debtors

	31 March 2012 £	30 June 2011 £
Other debtors	3,535	2,067

Notes to the financial statements for the nine month period ended 31 March 2012

7 Creditors amounts falling due within one year

	31 March 2012 £	30 June 2011 £
Bank loans and overdrafts	-	700,000
Trade creditors	521	-
Amounts owed to parent company	3,214,694	-
Accruals and deferred income	5,818	16,033
	3,221,033	716,033

Following the acquisition of TVC Group Limited and its subsidiaries by The Economist Newspaper Limited on the 14th March 2012, the company's debenture in favour of its bankers, Lloyds TSB Bank whereby all of the company's assets are secured by a way of fixed and floating charge was discharged On the 14th March 2012, date of acquisition, The Economist Newspapers Limited ("ENL") loaned the company £3,214,695 in order to settle all bank and other loans prior to the acquisition, and the amount is treated as an inter-company loan payable to ENL Interest will be charged from 1st April 2012 at Libor rate + 4% and this amount is repayable on demand

8 Creditors amounts falling due after more than one year

	31 March 2012 £	30 June 2011 £
Bank loans	-	1,016,000
Other loans	-	1,850,444
Amounts owed to group undertakings	3,250,000	2,528,576
	3,250,000	5,395,020
Analysis of loans		
Wholly repayable	-	6,095,020
Included in current liabilities	-	(700,000)
	-	5,395,020
Loan maturity analysis		
In more than one year but not more than two years	-	800,000
In more than two years but not more than five years	-	250,000
In more than five years	3,250,000	4,480,787
	3,250,000	5,530,787
Less capitalised debt issue costs	-	(135,767)
	3,250,000	5,395,020

Notes to the financial statements for the nine month period ended 31 March 2012

9 Share capital

	31 March 2012 £	30 June 2011 £
Allotted, called up and fully paid		
37,370,668 A ordinary shares of 0 01p each	-	3,737
38,553,283 B ordinary shares of 0 1p each	-	38,553
18,685,332 C ordinary shares of 0 01p each	-	1,869
18,685,332 D ordinary shares of 0 1p each	-	18,685
37,485,706 deferred shares of 0 1p each	-	37,486
4,383,548 deferred A shares of 0 01p each	-	438
10,076,800 Ordinary shares of 0 01p each	100,768	-

On the 14th March 2012, the different classes of the share capital of 0 01p each were converted to ordinary shares of 0 01p each

10 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 July 2011	6,786,739	(8,816,761)
Loss for the period	-	(369,268)
Balance at 31 March 2012	6,786,739	(9,186,029)

11 Reconciliation of movements in shareholders' funds

	31 March 2012 £	30 June 2011 £
Loss for the financial period	(369,268)	(387,918)
Opening shareholders' funds	(1,929,254)	(1,541,336)
Closing shareholders' funds	(2,298,522)	(1,929,254)

12 Contingent liabilities

There are no contingent liabilities in the company

13 Directors' emoluments

None of the directors received remuneration for services to the Company during the period

14 Employees

The average monthly number of employees (including directors) and employee costs during the year was nil (2011 nil)

Notes to the financial statements for the nine month period ended 31 March 2012

15 Ultimate parent company and controlling party

The immediate and ultimate parent company is The Economist Newspaper Limited, which is registered in England and Wales This is the only company that consolidates these financial statements The Economist Group annual report 2012 can be obtained from 25 St James's Street, London, SW1A 1HG or viewed at www economistgroup com The Economist Group consists of The Economist Newspaper Limited and its subsidiary undertakings

16 Related party transactions

As the company is a wholly owned subsidiary of The Economist Newspaper Limited from 14 March 2012, the company has taken advantage of the exemption contained in FRS 8 'Related party disclosures' and therefore has not disclosed transactions or balances which form part of the group since that date to the date of reporting There were no other related party transactions in the year (2011 £nil) apart from those disclosed above