Registered number: 1950192

MOODY'S INVESTORS SERVICE LIMITED

Annual Report

For the year ended 31 December 2021

MOODY'S INVESTORS SERVICE LIMITED
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MOODY'S INVESTORS SERVICE LIMITED
COMPANY INFORMATION

Directors:	Lesley Jones Philipp Lotter Monica Merli Roderick Munsters Michael West
Registered office:	One Canada Square Canary Wharf London E14 5FA
Independent auditor:	KPMG LLP 15 Canada Square London E14 5GL
Principal banker:	Bank of America N.A. 5 Canada Square London E14 5AQ

The ultimate parent of Moody's Investors Service Limited ("the Company") is Moody's Corporation ("Moody's"). Moody's is an essential component of the global capital markets, providing credit ratings, research, tools and analysis that contribute to transparent and integrated financial markets.

Principal activity

The principal activity of the Company is the provision of credit rating, research and risk analysis services.

During the year, there was no change in the principal activity of the Company.

The Company is registered with the UK Financial Conduct Authority in accordance with UK law on credit rating agencies.

Branches

The Company has branches in Russia and Poland.

Strategy

Moody's corporate mission is to provide trusted insights and standards that help decision-makers act with confidence. Moody's will continue to invest with intent to defend and enhance its core businesses and expand into strategic adjacencies and new geographies.

Moody's invests in initiatives to implement the business's strategy, including internally-led organic development and targeted acquisitions. Initiatives of this type include:

- Enhancements to ratings quality and product extensions;
- Investments that extend ownership and participation in joint ventures and strategic alliances;
- New products, services, content and technology capabilities to meet customer demands;
- Selective, bolt-on acquisitions that accelerate the ability to scale and grow; and
- Expansion in emerging markets.

Moody's reports two business segments, Moody's Investors Service ("MIS") and Moody's Analytics ("MA"), of which the Company is reported under MIS.

MIS publishes credit ratings and provides assessment services on a wide range of debt obligations, programs and facilities, and the entities that issue such obligations in markets worldwide, including various corporate, financial institution and governmental obligations, and structured finance securities. A rating from MIS enables issuers to create timely, go-to-market debt strategies with the ability to capture wider investor focus and deeper liquidity options.

Financial results and key performance indicators ("KPIs")

The Company made a profit for the year of £73m (2020: £60m).

During the year revenue increased by 18% (2020: 8% decrease) to £215m (2020: £182m), driven by increased structured credit refinancing deals and structured finance issuance. Operating expenses increased by 15% (2020: 28%) to £125m (2020: £108m) driven by unfavourable FX movements, performance related compensation and royalties commensurate to revenue. As a result, operating profit increased 23% (2020: 28%) to £90m (2020: £73m).

The net assets of the Company increased by 35% (2020: 21%) to £153m (2020: £113m) as at the reporting date.

Creditor payment policy

The Company's policy is to settle payment with suppliers in accordance with the agreed terms of each transaction.

Significant events during the year

Moody's continues to closely monitor the impact of the Covid-19 pandemic on all aspects of its business. Moody's also continues to monitor the regional developments relating to Covid-19 so that it can make informed decision on the reopening of its offices. The Company has implemented the hybrid working model under which the employees work from office for some days and work remotely for other days on weekly basis. For more information about Moody's hybrid working model, also known as Workplace of the Future, please refer to page 8 in the s172 part of this report.

The Covid-19 pandemic has not had a material adverse impact on the Company's reported results to date and is currently not expected to have a material adverse impact on its near-term outlook. The Company is unable to predict the longer-term impact that the pandemic may have on its business, future results of operations, financial position or cash flows due to numerous uncertainties, however, the Company and Moody's remains confident that it has adequate liquidity to maintain its operations with minimal disruption.

Subsequent events and future outlook

On 1 April 2022, the Company established a representative office in Zurich, Switzerland.

On 26 May 2022, the directors recommended the payment of an interim dividend of £46m.

The Company is closely monitoring the impact of the ongoing Russia/Ukraine conflict on all aspects of its business. In March 2022, the Company suspended commercial operations in Russia and is complying with all applicable regulatory restrictions set forth by the jurisdictions in which Moody's operates. As a result, the assets of the Russia branch to be assessed for potential impairment as at this date were £5m. As the situation is ongoing, we are unable to predict either the potential broader near-term or longer-term impact that may ultimately result from this situation on the Company due to numerous uncertainties.

Subject to these uncertainties, the directors remain confident that the Company will maintain a good level of performance in the future.

Going concern

As part of a regular assessment of the Company's performance and position, the directors have reviewed the cash flow forecast for the 12 months from the date of the approval of these financial statements. The directors, having considered these forecasts, the risks and associated mitigating actions, believe the Company is well placed to manage its risks and have assessed that there is a reasonable expectation that adequate financial resources will continue to be available for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

Principal risks and uncertainties relating to the Company are as follows:

- Financial reforms affecting the credit rating industry may negatively impact the nature and economics of Moody's business;
- Exposure to litigation, government regulatory proceedings, investigations and inquiries related to Moody's rating opinions and other business practices;

- Moody's operations and infrastructure may malfunction or fail;
- Risks related to cyber security and protection of confidential information;
- Changes in the volume of debt securities issued in domestic and/or global capital markets, asset levels and flows into investment levels and changes in interest rates and other volatility in the financial markets may negatively impact the nature and economics of Moody's business;
- Increased pricing pressure from competitors and/or customers;
- Exposure to reputational and credibility concerns;
- Introduction of competing products or technologies by other companies;
- Changes in tax rates or tax rules could affect future results;
- Possible loss of key employees and related compensation cost pressures;
- Moody's compliance and risk management programs might not be effective and may result in outcomes that could adversely affect Moody's reputation, financial condition and operating results;
- Dependency on the use of third-party software, data, hosted solutions, data centres, the cloud and network infrastructure, and any reduction in third-party product quality or service offerings could have a material adverse effect on the Company's business, financial condition or results of operations; and
- Outcomes resulting from the Russia/Ukraine conflict.

Employee issues

The Company recruits, hires, and employs individuals based on job-related qualifications and abilities. Moody's has a longstanding policy of providing a work environment that is free from unlawful discrimination on any grounds, including physical or mental disability. If existing employees become disabled, every effort is made to find them appropriate work, and training is provided if necessary.

Discussions with employees continues at all levels with the aim of ensuring their views are considered when decisions are made that are likely to affect their interests. Each year, Moody's administers an employee survey to better understand employees' views in a number of key areas, including management, resources and development. Feedback received forms the basis for action across the Company. Employees are made aware of the financial and operating performance of Moody's through presentations, briefings and the distribution of Moody's annual financial statements.

Health and safety

The Company aims to ensure a safe and healthy working environment for all employees, external contractors and visitors. The Company aims to comply with all relevant local legislation or regulations, and best practice guidelines recommended by national health and safety authorities.

Section 172 statement

Section 172 of the Companies Act 2006 requires that the directors of a company must act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to the likely consequences of any decision in the long term; the interests of the Company's employees; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

The Company's role and purpose

The principal activity of the Company is the provision of credit rating, research and risk analysis services. Well-functioning capital markets and the ability to issue debt securities are critical components of any economic system; they enable companies and governments to raise capital to expand their operations, innovate, pay employees, provide public services, develop and improve infrastructure and much more. Credit rating agencies ("CRAs") contribute to the health and transparency of dynamic capital markets by providing market participants with insights and a common language of credit risk that, when paired with other analyses, can help inform investment decisions about specific financial products and encourage efficient capital allocation.

MIS publishes credit ratings on a wide range of debt obligations and the entities that issue such obligations in markets worldwide, including various corporate and governmental instruments, structured finance securities and commercial paper programmes. The consistency of its approach enhances market efficiency, increases transparency and facilitates comparability. MIS intends for its credit ratings to promote dialogue and debate among market participants, whom it expects to use the credit opinions to enrich and inform, rather than replace, their own credit analysis, risk tolerance and decision-making.

The Company, as part of the broader MIS business segment of Moody's, will make strategic investments to achieve scale in attractive financial information markets, move into attractive product and service adjacencies where the business can leverage its brand, extend its leadership of opinion and expand its geographic presence in high growth emerging markets.

Culture and business conduct

Moody's employees uphold the Company's worldwide reputation for high standards of business conduct. An important aspect of Moody's success is its collective commitment to operating in an ethical and lawful manner to maintain the integrity of its business. The Company uses its expertise and assets to make a positive difference through analysis and research that helps the capital markets better understand how Environmental, Social and Governance ("ESG") factors impact the global markets. Moody's employees and directors strive to maintain the highest standards of personal ethics and integrity in their dealings on behalf of Moody's. At a minimum, this means complying with the principles and policies articulated in the Moody's Code of Business Conduct.

The Company has a robust internal control framework and, during the reporting year, closely monitored by the board, continued to enhance its risk management resources and approach in line with its vision to maintain a strong risk culture, combined with a sound risk and controls framework that effectively supports appropriate risk awareness, behaviours and sound risk-based decision making.

Stakeholder engagement

The Company maintains key relationships that support the generation and preservation of value in Moody's. Through the maintenance of these key relationships, Moody's contributes to a broader stakeholder base to the benefit of both stakeholders and Moody's. The Company's primary stakeholders include:

- *Shareholders*: The Company is a wholly-owned subsidiary of Moody's Shared Services UK Limited and, indirectly, of Moody's Corporation, a listed corporation on the New York Stock Exchange. The Chair of the board reports into the Chief Executive Officer of Moody's Corporation. The Moody's Corporation board of directors are also invited annually to participate in a board meeting of the Company as observers. The Company has a prudent approach to dividends to balance distribution of surplus cash to its shareholder and the retention of sufficient resources to support its long-term success, including maintenance of its going concern status to protect the interests of its other stakeholders. The Company operates as part of a global group of companies and, as such, benefits from services and functions provided by other entities in the group, and provides certain services and functions to other entities in the group, under global inter-company agreements.

- *Employees*: Moody's success has always depended in large measure on the individual and collective ability of its people and those of its group companies. Moody's recruits, hires, employs, trains, promotes, and compensates individuals based on job-related qualifications and abilities. Moody's also has a longstanding policy of providing a work environment that respects the dignity and worth of each individual and is free from all forms of employment discrimination, including harassment, because of race, colour, sex, gender, age, religion or religious creed, national origin, ancestry, citizenship, marital status, sexual orientation, gender identity, gender expression, genetic information, physical or mental disability, military or veteran status, or any other characteristic protected by law. Moody's goal is to foster a workplace that encourages the full participation of its employees, who bring their diverse backgrounds and the full range of their talents, skills and abilities to the workplace and to serve Moody's customers. Moody's employees worldwide are regularly asked to share their views about the current work environment. The information provided helps management and the directors understand what is being done well and where there is room for improvement.

- *Issuers and investors*: The Company assigns credit ratings to entities and debt obligations which are used by issuers, investors and the broader capital markets. On a periodic basis, the directors receive the results of investor surveys conducted by an outside consultant to assess perceptions of MIS and its competitors across targeted geographic regions. The surveys consider certain key measures including CRA awareness, CRA used most, meeting of business needs and expectations, CRA that will best meet future needs, and performance on key strategic attributes. The directors periodically consider and discuss the results of the surveys.

- *Suppliers*: Moody's supply chain consists of reputable companies, which includes independent consulting firms, and other service providers, in the areas of finance and technology. Moody's expect its suppliers to operate in compliance with the standards set forth in its Supplier Code of Conduct (the "Supplier Code") and Human Rights Statement; Moody's also are starting to monitor sustainability risks in its key suppliers with Orbis, a database created by Moody's on private companies. Moody's is working to build a sustainable supply chain that upholds its rigorous standards and champions human rights, diversity and environment. In addition to increasing its suppliers with greenhouse gas emissions reductions targets and supplier diversity, Moody's have enhanced its due diligence assessments to quantify and monitor potential ESG risks in its supply chain. The Supplier Code specifically addresses forced labour and human trafficking, requiring suppliers to comply with all laws and regulations pertaining to the prohibition of slavery, forced labour and human trafficking such as the UK Modern Slavery Act 2015.

- *Policymakers and regulators*: The Company actively contributes to consultations on the future direction of the capital markets as it pertains to credit ratings, research and risk analysis and publishes policy submissions that are public on www.moodys.com. The Company also publishes an annual Transparency Report on www.moodys.com.

- *Communities*: Moody's approach to community engagement is rooted in its purpose to bring clarity, fairness and knowledge to an interconnected world. Through Moody's Foundation, their Corporate Social Responsibility programmes, and employee engagement activities, Moody's are helping to build towards a world where more people have access to opportunity and where everyone has the resources to grow and thrive. In order to achieve this, Moody's focus on social investing in three key areas: (i) empowering people with financial knowledge;

(ii) supporting social equality and the environment; and (iii) helping young people reach their potential.

Climate change

Climate change is a defining issue of our time, and while the Company's operations have a limited direct environmental impact and are not considered a major emitter of greenhouse gas emissions, Moody's nonetheless have an important role to play in demonstrating proactive corporate responsibility, setting industry standards and demonstrating best practices when it comes to climate change mitigation. As such, Moody's is taking steps to advance climate action by publishing and advancing its disclosures against all eleven recommendations of the Task Force on Climate related Financial Disclosures ("TCFD"). Moody's are proud to have fully implemented climate risk awareness into its business activities and overall strategy, corporate governance and risk management. The annual TCFD report can be found at https://about.moodys.io/sustainability-reports.

Moody's Decarbonisation Plan outlines tangible strategies for realising its climate ambition, including the procurement of 100% renewable electricity in the Moody's office spaces and optimising efficiencies in its operations through a "Workplace of the Future" program. This includes the Company's operations, which as noted in the Directors' report had zero market-based carbon emissions. The Moody's Decarbonisation Plan was subject to a vote at Moody's Corporation 2021 annual shareholders' meeting with 93% of votes in favour of the proposal, which underscored that climate considerations and action are now an integral part of Moody's business strategy, governance and corporate performance.

During the year, Moody's accelerated its commitment to achieve net-zero emissions across all operations and value chain by 2040, ten years ahead of the 2015 Paris Agreement goal. Moody's became a founding member of the Net Zero Financial Services Provider Alliance, part of the Glasgow Financial Alliance for Net Zero and joined the Taskforce on Nature-related Financial Disclosures. In addition, for the second consecutive year, Moody's received an 'A' from CDP, a not-for-profit charity that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Key developments and decisions during the period

During the year under review, the Company made a number of key decisions having a long-term bearing on its operations. These included:

- *Environmental, Social and Governance ("ESG")*: ESG considerations continue to take on growing significance in the Company's assessment of the credit quality of rated issuers, largely reflecting the impact of the Covid-19 pandemic and heightened market focus on environmental and social challenges, such as climate change and rising inequality. Throughout 2021, MIS continued its commitment to provide greater transparency and consistency in how it incorporates ESG considerations into its credit ratings. Notably, MIS assigned Environmental (E), Social (S) and Governance (G) Issuer Profile Scores and Credit Impact Scores across a wide range of sectors – including corporates, utilities, financial institutions, and governments.

  During the year, the directors received multiple sessions on, and considered in their deliberations and decision-making, the ESG initiatives that the Company continues to undertake regarding the impact of ESG considerations on the Company's business and the markets and communities in which MIS operates.

- *Gender pay reporting:* In June 2021, the directors discussed the annual UK gender pay report, which provides information pursuant to the UK Gender Pay Gap regulations on the difference between both the midpoint of all women's pay and all men's pay, and the average of all women's pay and all men's pay. The UK gender pay report is an opportunity to reflect on the Company's progress in driving more balanced gender representation at all levels of the

Company, and to set out the steps to improve in the future. The Company published its 2021 Gender Pay Gap report in June 2021 which can be found on www.moodys.com.

- *Employee engagement:* During the reporting period, the directors received regular updates from employee engagement surveys conducted with Moody's employees worldwide (including the Company's employees), who are asked to share their views about the current work environment, the issues that impact them, their colleagues, their line of business and Moody's as a whole. The information provided helps the directors understand what is being done well and where there is room for improvement. During the year, the directors asked for updates on the action to be taken by management to address the findings, to support their monitoring of the effectiveness of internal controls and governance processes of the Company.

- *Modern slavery:* Moody's recognises that modern slavery and human trafficking is a global problem and, in June 2021, the directors reviewed and approved the Company's annual Modern Slavery Statement. The Statement was subsequently published on www.moodys.com and sets out the steps the Company takes to seek to prevent modern slavery taking place in its business and supply chains.

- *Covid-19:* Moody's closely monitored the impact of the Covid-19 pandemic on all aspects of its business. During the year, the Company opened its office for its employees when permitted and in accordance with applicable health and safety legislation, and also permitted remote work for most employees. This hybrid approach operated effectively through the year under review. The Company continued to use enhanced digital with its employees. These enhanced communications have allowed senior management to apprise employees of evolving priorities and its focus on the health, safety and well-being of employees during this challenging time. The Company continued to monitor developments relating to the pandemic to inform decisions on the reopening of its offices.

- *Internal control framework:* The directors received significant updates during the year regarding the components of the Company's internal control framework developed by management, including details of MIS's internal controls architecture, internal control policies and procedures, and internal control function staffing and training, to support their approval in June 2021 of the internal control framework and its components. MIS has established its own Risk Management function and a risk management framework that applies across MIS, therefore including the Company. The components of the risk management framework will be operationalised and evolve as MIS progresses through the stages of its Risk Management maturity model, and the framework and non-financial risk programme will be embedded in progressive stages.

- *Establishment of an office in Switzerland:* In December 2021, the directors approved the establishment of an office in Switzerland. This office will be used to undertake business development activity as part of its strategy to drive relevance and visibility in Switzerland, meeting the needs of relevant issuers and investors through a local presence. The directors reviewed the challenges and opportunities in the region, considered the need to foster the Company's relationships with customers in Switzerland and determined that the establishment of an office of the Company in Switzerland would contribute to the success of and be to the overall commercial benefit of the Company.

By order of the board of directors on 30 May 2022

Monica Merli

Monica Merli

Director

The board of directors of Moody's Investors Service Limited ("the Company") present their annual report, which includes the audited financial statements of the Company for the year ended 31 December 2021.

Dividends

On 30 November 2021, an interim dividend of £30m was paid to Moody's Shared Services UK Limited, the Company's immediate holding company (2020: £39m).

On 26 May 2022, the directors recommended the payment of an interim dividend of £46m.

Board of directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

Neil Acres (Resigned 31 May 2021)
Lesley Jones
Philipp Lotter
Monica Merli
Roderick Munsters
Michael West

None of the directors have an interest in the shares of the Company or its immediate parent company and fellow subsidiaries.

Indemnity

The Company's Articles of Association provide for the indemnification of the directors to the extent permitted by the Companies Act 2006.

Greenhouse gas ("GHG") emissions and energy use data

GHG emissions	2021 metric ton	2020 metric ton
Scope 2 – emissions from purchased energy (market-based)	—	—
Scope 2 – emissions from purchased energy (location-based)	150.6	215.7
Emissions intensity - market-based (per square metre)	—	—
Emissions intensity - location-based (per square metre)	0.029	0.038

The location-based method reflects the emissions from the local power grid on which consumption occurs. The market-based method reflects emissions from electricity that the Company has purposefully chosen, including renewable electricity purchases. It derives emission factors from contractual instruments, both bundled or unbundled. The Company seeks to reduce its Scope 2 emissions by procuring the renewable electricity through renewable energy attribute certificates and increasing contracts with utility suppliers whose electricity originates from a renewable source where possible.

The Company applied the Greenhouse Gas (GHG) Protocol standard for all emissions calculations, and external assurance of those emissions was attained. Stated emissions were calculated in accordance with the World Resources Institute/World Business Council for Sustainable Development

GHG Protocol Corporate Accounting and Reporting Standard, Science Based Targets initiative (SBTi) Guidance, and latest SBTi Target Validation Protocol.

	2021	2020
Streamlined energy and carbon reporting	**kWh**	**kWh**
Energy consumed	715,213	939,139

We report our energy consumed and associated GHG emissions from electricity and fuel, Scope 2, using the GHG Protocol Corporate Reporting.

Moody's environmental policy has been set by its board of directors and Moody's Chief Financial Officer has principal responsibility for coordinating and monitoring the Policy.

Moody's accelerated its commitment to achieve net-zero emissions by 2040, bringing its original target forward by ten years and in 2022 announced its net-zero validated targets of 90% emissions reductions in Scope 1, 2 and 3 emissions from 2019 base year. In addition, Moody's advanced its validated, interim net-zero science-based targets:

Targets	**Progress made:**
50% reduction in absolute Scope 1 and 2 emissions by 2030 from 2019 base year	a. 2020: reduction by 76% b. 2021: reduction by 92%
15% reduction in Scope 3 emissions from fuel and energy related activities, business travel and employee commuting by 2025 from 2019 base year	a. 2020: reduction by 81% b. 2021: reduction by 95%
60% of Moody's suppliers by spend covering purchased goods and services and capital goods to have science-based targets by 2025	a. 2020: 24% of suppliers b. 2021: 28% of suppliers

In 2021, Moody's was the first S&P 500 company to ask its shareholders to vote on its decarbonisation plan, which seeks to implement sustainable business plans and advocate corporate climate action while giving shareholders a meaningful voice. That plan received 93% of votes in support. For more information on the plan, including the progress on our interim net-zero targets, please refer to ir.moodys.com.

Specific areas that the Company has prioritised to achieve Moody's plan include:

- Purchase 100% renewable electricity;
- Implemented various projects to promote energy efficiency which includes
    - Use LED lighting, where possible;
    - Use sensors so that lights turn off automatically within a specified time of detected non-occupancy;
    - Increase temperature set-point in technology rooms;
- Use a centralised waste collection in its premises with more than 50 full-time employees;
- Continued to implement an internal carbon fee of $50 per metric ton (mtCO2e) on business travel emissions;
- Launched an updated Moody's-wide Environmental Sustainability policy; and
- Implemented quarterly meetings among Moody's office representatives to share best practices on reducing emissions from operations.

For more information, please refer to Moody's decarbonisation plan on ir.moodys.com.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 3.

Disclosure of information to the auditor

The directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and they have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board of directors on 30 May 2022

Monica Merli

Monica Merli

Director

MOODY'S INVESTORS SERVICE LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 December 2021

The directors are responsible for preparing the Strategic report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The financial statements were approved by the board of directors and are signed on their behalf by:

Monica Merli

Monica Merli

Director

Date: 30 May 2022

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOODY'S INVESTORS SERVICE LIMITED
For the year ended 31 December 2021

Opinion

We have audited the financial statements of Moody's Investors Service Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- Have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").
In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.
Our conclusions based on this work:

- We consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board minutes.

- Considering remuneration incentive schemes and performance targets for management and directors.

- Using analytical procedures to identify any unusual or unexpected relationships

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there is minimal opportunity for fraud given the accounting for the majority of the company's sales is non-complex, and subject to limited levels of judgment with limited opportunities for manual intervention in the sales process to fraudulently manipulate revenue.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account pairings.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.
Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- We have not identified material misstatements in the strategic report and the directors' report;
- In our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Nicholas Willis

Nicholas Willis, Senior Statutory Auditor

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

30 May 2022

MOODY'S INVESTORS SERVICE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	5	**214,736**	181,803
Operating expenses		**(124,884)**	(108,383)
Operating profit	**6**	**89,852**	73,420
Interest receivable and similar income	**7**	**228**	132
Interest payable and similar expenses	**8**	**(134)**	(948)
Profit before taxation		**89,946**	72,604
Taxation on profit	**11**	**(16,742)**	(12,684)
Profit for the year		**73,204**	59,920
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(93)**	(1,927)
Other comprehensive loss for the year, after tax		**(93)**	(1,927)
Total comprehensive income for the year		**73,111**	57,993

The Company's profit and total comprehensive income for the year is derived from continuing operations.

The accompanying notes from 1 to 25 form an integral part of these financial statements.

MOODY'S INVESTORS SERVICE LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Non-current assets					
Goodwill	12	5,679		5,679	
Intangible assets	12	4,451		5,455	
Property, plant and equipment	13	934		1,453	
Right-of-use assets	15	994		1,511	
Investments in associates	14	1,180		1,180	
Deferred tax	16	6,981		5,249	
Trade receivables, prepayments and other receivables	17	18,162		—	
			38,381		20,527
Current assets					
Trade receivables, prepayments and other receivables	17	149,869		131,190	
Contract assets and unbilled receivables	18	29,446		31,524	
Cash and cash equivalents		13,729		9,457	
			193,044		172,171
Non-current liabilities					
Lease liabilities		(364)		(870)	
Deferred revenue	5	(222)		(260)	
			(586)		(1,130)
Current liabilities					
Lease liabilities		(557)		(539)	
Trade payables, accruals and other payables	19	(66,103)		(63,525)	
Deferred revenue	5	(11,430)		(11,774)	
Provisions	20	—		(2,439)	
			(78,090)		(78,277)
Net assets			152,749		113,291
Equity					
Share capital	21		—		—
Translation of foreign operations			(6,812)		(6,719)
Share-based payment reserve			19,991		14,279
Retained earnings			139,570		105,731
Shareholders' funds			152,749		113,291

The financial statements on pages 17 to 39 were approved by the board of directors on 30 May 2022 and were signed on their behalf by:

Monica Merli

Monica Merli

Registered number: 1950192

The accompanying notes from 1 to 25 form an integral part of these financial statements.

MOODY'S INVESTORS SERVICE LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Note	Share capital £'000	Translation of foreign operations £'000	Share-based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2021		—	(6,719)	14,279	105,731	113,291
Profit for the year		—	—	—	73,204	73,204
Other comprehensive income for the year		—	(93)	—	—	(93)
Employee share option scheme:						
• Exercised/settled		—	—	(8,952)	—	(8,952)
• Share-based payment charge		—	—	11,695	—	11,695
• Transferred from accruals		—	—	1,729	—	1,729
• Deferred tax movement		—	—	1,240	—	1,240
Transactions with owners in their capacity as owners						
Deemed dividend distribution		—	—	—	(9,365)	(9,365)
Dividend distribution	22	—	—	—	(30,000)	(30,000)
Balance as at 31 December 2021		**—**	**(6,812)**	**19,991**	**139,570**	**152,749**
Balance as at 1 January 2020		—	(4,792)	15,602	82,681	93,491
Profit for the year		—	—	—	59,920	59,920
Other comprehensive income for the year		—	(1,927)	—	—	(1,927)
Employee share option scheme:						
• Exercised/settled		—	—	(10,685)	—	(10,685)
• Share-based payment charge		—	—	8,528	—	8,528
• Transferred from accruals		—	—	1,741	—	1,741
• Deferred tax movement		—	—	(907)	—	(907)
Transactions with owners in their capacity as owners						
Deemed dividend distribution		—	—	—	(10,870)	(10,870)
Dividend distribution	22	—	—	—	(26,000)	(26,000)
Balance as at 31 December 2020		**—**	**(6,719)**	**14,279**	**105,731**	**113,291**

Transferred from accruals relates to outstanding vested options.

The deemed dividend distribution is the excess of the amount paid to the ultimate parent over the fair value of the equity instruments on grant.

The accompanying notes from 1 to 26 form an integral part of these financial statements.

1 THE COMPANY AND ITS OPERATIONS

Moody's Investors Service Limited ("the Company") was incorporated and domiciled in the United Kingdom as a private limited company. The principal activity of the Company is the provision of credit rating, research and risk analysis services. The Company is a wholly owned subsidiary of Moody's Shared Services UK Limited, a company incorporated in the United Kingdom.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Statement of cash flows and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of related party transactions with wholly-owned subsidiaries within the Moody's group;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of key management personnel.

The Company's ultimate parent undertaking and controlling party, Moody's Corporation, includes the Company in its consolidated financial statements. The consolidated financial statements of Moody's Corporation are prepared in accordance with US GAAP. Copies of the Moody's Corporation consolidated financial statements, which is incorporated in the USA, can be obtained from ir.moodys.com.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 2 "Share-based Payments" in respect of group-settled share-based payments;
- Certain disclosures required by IAS 36 "Impairment of Assets" in respect of the impairment of goodwill and indefinite life intangible assets;

- Certain disclosures required by IFRS 3 "Business Combinations" in respect of business combinations undertaken by the Company in the current and prior periods, including the comparative period reconciliation for goodwill;

- Certain disclosures required by IFRS 13 "Fair Value Measurement" and the disclosures required by IFRS 7 "Financial Instruments: Disclosures";

- Certain disclosures required by IFRS 15 "Revenue from Contracts with Customers" in respect of revenue arising from continuing activities with customers; and

- Certain disclosures required by IFRS 16 "Leases" in respect of lease liabilities.

These are separate financial statements and contain information about the Company as an individual company and do not contain consolidated financial information. The Company is exempt under section 401 of the Companies Act 2006 as the Company and its investments are included in the consolidated financial statements of Moody's Corporation.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments and shared-based payments which have been measured at fair value.

2.3 Going concern

As part of a regular assessment of the Company's performance and position, the directors have reviewed the cash flow forecast for the 12 months from the date of the approval of these financial statements. The directors, having considered these forecasts, the risks and associated mitigating actions, believe the Company is well placed to manage its risks and have assessed that there is a reasonable expectation that adequate financial resources will continue to be available for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

2.4 Functional and presentation currency

These financial statements are presented in sterling ("£"), which is the Company's functional currency.

2.5 New accounting standards applied during the current year

No new accounting standards were applied during the year.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

3.1 Leases

The Company determines if an arrangement meets the definition of a lease at contract inception. The Company has not recognised right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. In determining the length of the lease term, the Company utilises judgment in assessing the likelihood of whether it is reasonably certain that it will exercise an option to extend or early-terminate a lease, if such options are provided in the lease agreement.

The Company recognises a right-of-use asset and a lease liability on the statement of financial position at lease commencement date. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognised based on the present value of lease payments over the lease term. As substantially all of the Company's leases do not provide an implicit interest rate, the Company uses its estimated secured incremental borrowing rates at the lease commencement date in determining the present value of lease payments. These secured incremental borrowing rates are attributable to the currency in which the lease is denominated.

At commencement, the Company's initial measurement of the right-of-use asset is calculated as the present value of the remaining lease payments (ie lease liability), with additive adjustments reflecting: initial direct costs (e.g., broker commissions) and prepaid lease payments (if any); and reduced by any lease incentives provided by the lessor if: (i) received before lease commencement or (ii) receipt of the lease incentive is contingent upon future events for which the occurrence is both probable and within the Company's control.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

The Company has lease agreements which include lease and non-lease components. The Company has elected to combine the lease components and non-lease components and to account for as a single lease component.

Variable lease payments are only included in the initial measurement of the lease liability to the extent those payments depend on an index or a rate. Variable lease payments not included in the lease liability are charged in the Statement of comprehensive income in the period in which the obligation for those payments is incurred.

3.2 Investments in associates

Initial and subsequent recognition

Investments in associates are initially recognised at cost (being the fair value of the consideration given) on the date when the Company acquires significant influence over the investee. Significant influence is the power to participate in decision making but not control or joint control.

Subsequent to initial recognition,the investments in associates continue to be recognised at cost less impairment, if any.

Derecognition

Investments in associates are derecognised on the date the Company loses significant influence of the investee. The difference between the carrying amounts and proceeds received is recognised in the Statement of comprehensive income and classified as non-operating income/(expense), net.

3.3 Goodwill

Initial and subsequent recognition

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for the acquired interest over the net identifiable assets and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired (negative goodwill), the difference is recognised in the Statement of comprehensive income. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is recognised in the Statement of comprehensive income. Impairment is not reversed. This is a departure from the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires amortisation of goodwill. This departure is necessary so that the financial statements give a true and fair view of the profit for the year as the carrying amount of goodwill is not considered to reduce gradually over its life. By recognising impairments as they arise, this better reflects the true carrying amount of goodwill and is consistent with the requirements under IAS 36 "Impairment of Assets". The total effect of not amortising goodwill in accordance with IFRS is estimated as £568,000 per annum if the goodwill was amortised over a ten-year period.

Derecognition

When part of an operation within a cash-generating unit is disposed of, the goodwill associated with that part of the operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.4 Intangible assets that are not goodwill

Initial and subsequent recognition

Intangible assets that are not goodwill are initially recognised at cost on the date when the items are acquired or developed. That intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Costs include expenditures that are directly attributable to the acquisition of the asset. Subsequent to initial recognition, intangible assets are stated at cost, net of accumulated amortisation and/or accumulated impairment losses, if any.

Amortisation

Amortisation is recognised in the Statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Customer contracts	10 - 20 years

Derecognition

The carrying amount of intangible assets is derecognised:

- upon disposal of assets; or
- when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The gain or loss on derecognition is recognised in the Statement of comprehensive income and classified as other non-operating income/(expenses), net.

3.5 Taxation

Current income tax expense

Current income tax expense is measured at the amount expected to be recovered from or paid to the taxation authorities. Corporate income tax payable on taxable profits is recognised as an expense in the period in which the profits arise. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Current income tax expense relating to items recognised directly in equity is recognised in equity and not in the Statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither the accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are only offset when there is both a legally enforceable right to set-off and an intention to settle on a net basis.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.6 Financial instruments

The Company recognises the financial instruments when it becomes a party to the contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

All financial assets, except as mentioned otherwise in the accounting policy, are measured initially at fair value plus, in the case of financial assets not measured at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The Company classifies financial assets as subsequently measured at amortised cost or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

- Financial assets at amortised cost:

  Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Examples of such financial assets include intercompany loans.

- Financial assets at fair value through profit or loss (FVPL):

  Financial assets which are not classified in amortised cost and other comprehensive income category are subsequently measured at fair valued through profit or loss. Examples of such financial asset are derivatives.

Financial liabilities

All financial liabilities are measured initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Financial liabilities are classified either at amortised cost or fair value through profit and loss. Financial liabilities at amortised cost include intercompany loans, borrowings, trade and other payables. Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

The gain or loss arising from the derecognition of financial instruments shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount. The gain or loss on derecognition is recognised in the Statement of comprehensive income and classified as other non-operating income/(expenses), net.

3.7 Derivatives

From time to time, the Company uses derivative financial instruments ("derivatives") to manage its exposure to changes in foreign currency exchange rates.

Derivatives are classified as financial assets or financial liabilities at fair value through profit or loss and as such are initially and subsequently measured at fair value, determined where possible by reference to quoted market prices for similar instruments. Derivatives are classified as assets where the fair value is positive and as liabilities when the fair value is negative.

When the Company first becomes a party to a contract, it assesses whether there are any embedded derivatives which are required to be separated from the host contract and fair valued through the Statement of comprehensive income. Reassessment only incurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise have been acquired.

The gain or loss arising from the derecognition of derivative financial instruments shall be determined as the difference between the net settlement proceeds, if any, and the carrying amount. The gain or loss on derecognition is recognised in the Statement of comprehensive income.

Derivative assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the asset and substantially all the risks and rewards are transferred.

3.8 Impairment

Financial assets, except for investments in associates

The Company uses the expected credit losses (ECL) model for measurement and recognition of impairment loss on its financial assets. Credit losses are measured as the present value of all cash shortfalls. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. The Company has applied a simplified approach to assess ECL for trade receivables, contract revenue receivables and all lease receivables. Loss allowances for these financial assets are always measured at an amount equal to lifetime ECLs.

Under the simplified approach, the Company recognises a loss allowance for estimated ECL based on historical experience adjusted for current and forward-looking factors specific to the debtors and the economic environment and current conditions that will always equal a lifetime of expected credit losses. Lifetime expected credit losses are those that result from all possible default events over the expected life of trade receivables. Estimates of uncollectible accounts are recorded as impairment loss and are reflected as additions to the accounts receivable allowance.

The Company evaluates its accounts receivable allowance by reviewing and assessing historical collection and the current ageing status of customer accounts. The Company also considers the economic environment of the customers, both from an industry and geographic perspective, in evaluating the need for allowances. Based on its analysis, the Company adjusts its allowance as considered appropriate in the circumstances.

For other financial assets such as intercompany and other receivables, the Company measures loss allowances at 12-month ECL unless the credit risks on that financial instruments have increased significantly since initial recognition.

Non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The Company also separately assesses goodwill annually, irrespective of whether any indication exists.

An asset's recoverable amount is the higher of an asset's or cash-generating unit ("CGU") fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. All foreign exchange differences are recognised in the Statement of comprehensive income and are included in operating expenses.

Assets and liabilities of the Company's foreign branches are translated into sterling at the exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and classified in the Statement of changes in equity as Translation of foreign operations

3.10 Employee benefits

Defined contribution pension plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Company operates a defined contribution scheme, the assets of which are held in a separate trustee-administered fund. Obligations for contributions to defined contribution pension plans are recognised as staff costs in the Statement of comprehensive income in the year during which services are rendered by employees.

Contributions to the government social insurance fund

The Company and the employees contribute to the Government Social Insurance Fund at the prevailing statutory rate which is applied on employees' salaries. The scheme is funded by payments from employees and by the Company. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments

The ultimate holding company operates equity-settled share-based remuneration plans for certain employees of the Company, including shares issued under share option and restricted share schemes.

- Measurement

The fair value of the employees' service received in exchange for the equity instruments granted is recognised as a share-based payment charge over the vesting period in the Statement of comprehensive income and a corresponding adjustment is credited in the share-based payment reserve in equity.

At each reporting date, the Company assesses the equity instruments issued:

- after the grant date and before the vesting date, the equity instruments are measured at the grant-date fair value. If any equity instrument fails to meet the vesting conditions or there is a revision in the estimates of vesting conditions, any difference is adjusted in the Statement of comprehensive income and the share-based payment reserve;

- after the grant date and before the vesting date, if any employee is transferred to another group entity, the share- based payment charge for the period is time apportioned and allocated between the group entities;

- after the vesting date and before the settlement date, if the fair value of share options at the reporting date is greater than the grant-date fair value, an accrual for such excess obligation is recognised in liabilities and a corresponding adjustment is recognised as an expense in the reserves;

- on exercise of equity instruments, if the settlement-date fair value is greater than the grant-date fair value, the grant-date fair value amount is recognised in the share-based payment reserve and any excess is recognised in retained earnings as a deemed dividend distribution; and

- on exercise of equity instruments, if the settlement-date fair value is less than the grant-date fair value; the share- based payment reserve is partially derecognised to the extent of the settlement amount.

Employee share purchase plan

In addition to the equity-settled share-based remuneration plan, the ultimate parent also operates an employee share purchase plan, which allows eligible employees to purchase ordinary shares (common stock) of the Company's ultimate controlling parent, Moody's Corporation, on a monthly basis at a discounted rate. Plan participants can elect to fund their purchases through payroll deductions ranging from one percent up to ten percent of their monthly salary. The Company recognises the costs based on the discount from the market price received by the employees, as an employee benefit expense in the year they are incurred.

3.11 Provisions

A provision is recognised in the Statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.12 Revenue

Revenue is recognised when control of promised goods or services is transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

When contracts with customers contain multiple performance obligations, the Company accounts for individual performance obligations separately if they are distinct. The transaction price is allocated to each distinct performance obligation on a relative standalone selling price (SSP) basis. The Company determines the SSP by using the price charged for a deliverable when sold separately or uses management's best estimate of SSP for goods or services not sold separately based on the maximum number of observable data points, including: internal factors relevant to its pricing practices such as costs and margin objectives; standalone sales prices of similar products; percentage of the fee charged for a primary product or service relative to a related product or service; and customer segment and geography. Additional consideration is also given to market conditions such as competitor pricing strategies and market trends.

Sales, usage-based, value added taxes and other taxes are excluded from revenue.

Revenue arrangements generally comprise of two distinct performance obligations, an initial rating and the related monitoring service. Revenue attributed to initial ratings of issued securities is generally recognised when the rating is delivered to the issuer. Revenue attributed to monitoring of issuers or issued securities is recognised ratably over the period in which the monitoring is performed, generally one year.

The Company's arrangements generally have standard contractual terms for which the stated payments are due at conclusion of the ratings process for initial ratings and in arrears for monitoring services; and are signed by customers either on a per issue basis or at the beginning of the relationship with the customer.

The Company allocates the transaction price within arrangements that include both the initial rating and the related monitoring service based upon the relative SSP of each service. The Company generally uses management's best estimate based on observable pricing points in determining SSP for its initial ratings as the Company rarely provides initial ratings separately without providing related monitoring services. The SSP for monitoring fees in these arrangements are generally based upon directly observable selling prices where the monitoring service is sold separately.

Costs to obtain or fulfil a contract with a customer

Costs incurred to fulfil customer contracts, are deferred and recorded within other current assets and other assets when such costs relate directly to a contract, generate or enhance resources of the Company that will be used in satisfying performance obligations in the future and the Company expects to recover those costs. The Company capitalises work-in-process costs for in-progress Moody's Investors Service (MIS) ratings, which is recognised consistent with the rendering of the related services to the customers, as ratings are issued.

3.13 Segmental reporting

In the opinion of the directors, the additional segmental analysis of turnover and profit before tax is not necessary as the Company operates in one class of business and most of the turnover is earned in the UK.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability recorded in future periods.

The Company reviews the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

4.1 Taxation

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax 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 impact the income and deferred tax provisions in the period in which such determination is made.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.2 Impairment

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's investments to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. An impairment loss is recognised if the carrying amount of an investment exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of comprehensive income.

4.3 Share-based payments - Fair value

The fair value of share-based payments is measured on the grant date. The fair value of restricted shares is measured using quoted price of Moody's Corporation, while share options are estimated using the Black-Scholes option pricing model that uses assumptions and estimates that the Company believes are reasonable. Some of the assumptions and estimates, such as share price volatility and expected option holding period, are based in part on the ultimate holding company's experience since it became a public company. The use of different assumptions and estimates in the Black-Scholes option pricing model could produce materially different estimated fair values and related expense.

The fair value measured at grant date is not revised before the vesting date, other than for market vesting conditions. At each reporting date, the Company revises its estimates of the number of equity instruments that are expected to vest so that, ultimately, the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

4.4 Accounts receivable allowances

The Company recognises a loss allowance for estimated credit losses based on historical experience adjusted for current and forward-looking factors specific to the debtors and the economic environment and current conditions that will always equal a lifetime of expected credit losses.

Lifetime expected credit losses are those that result from all possible default events over the expected life of trade receivables. Estimates of uncollectible accounts are recorded as impairment loss and are reflected as additions to the accounts receivable allowance.

Annually, the Company evaluates its accounts receivable allowance by reviewing and assessing historical collection and the current ageing status of customer accounts. The Company also considers the economic environment of the customers, both from an industry and geographic perspective, in evaluating the need for allowances. Based on its analysis, the Company adjusts its allowance as considered appropriate in the circumstances.

This process involves a high degree of judgment and estimation and could involve significant amounts. Accordingly, the Company's Statement of comprehensive income can be affected by adjustments to the allowance. Management believes that the allowance for uncollectible accounts receivable is adequate to cover anticipated adjustments and write-offs under current conditions. However, significant changes in any of the above factors, or actual write-offs or adjustments that differ from the estimated amounts could impact the Company's results in the Statement of comprehensive income.

4.5 Provisions

Judgement is required to determine whether the present obligation exists as at the reporting date to recognise a provision. The provision is the best estimate to settle the present obligation or to transfer it to a third party as at the reporting date. The Company takes into account all available evidence, including the opinion of experts and assessing historical experience, in making its judgements.

5 REVENUE

Unbilled receivables

On 31 December 2021, receivables included approximately £29m (2020: £32m) of unbilled receivables. Certain arrangements contain contractual terms whereby the customers are billed in arrears for annual monitoring services, requiring revenue to be accrued as an unbilled receivable as such services are provided. Additionally, there are instances in which the timing of when the Company has the unconditional right to consideration and recognises revenue prior to invoicing the customer, for which an unbilled receivable is recorded.

Deferred revenue

The Company recognises deferred revenue when a contract requires a customer to pay consideration to the Company in advance of when revenue related to the contract is recognised. This deferred revenue is relieved when the Company satisfies the related performance obligation and revenue is recognised.

Significant changes in the deferred revenue balances during the year are as follows:

Deferred revenue	**2021** **£'000**	2020 £'000
Balance at 1 January	**12,034**	13,076
Changes in deferred revenue:		
Revenue recognised that was included in the deferred revenue balance at the beginning of the period	**(11,774)**	(12,729)
Increases due to amounts billable excluding amounts recognised as revenue during the period	**11,398**	11,687
Effect of exchange rate changes	**(6)**	0
Total changes in deferred revenue	**(382)**	(1,042)
Balance at 31 December	**11,652**	12,034
Deferred revenue – current	**11,430**	11,774
Deferred revenue – non current	**222**	260

6 OPERATING PROFIT

Operating profit is stated after charging/(crediting):	2021 £'000	2020 £'000
Amortisation of intangible assets	1,004	1,004
Depreciation of property, plant and equipment	507	209
Depreciation on right-of-use assets	508	153
Foreign exchange losses/(gains)	909	(7,875)
Share-based payment charge	11,695	8,528

Auditor's remuneration	2021 £'000	2020 £'000
Audit of these financial statements	74	49

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £'000	2020 £'000
Bank interest received	75	—
Receivable from group undertakings	153	132
	228	132

8 INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £'000	2020 £'000
Bank interest paid	1	2
Interest on lease liabilities	5	1
Payable to group undertakings	128	183
Other interest payable	—	762
	134	948

9 DIRECTORS' EMOLUMENTS

	2021 £'000	2020 £'000
Aggregate emoluments and benefits	2,532	2,813

The directors of the Company exercised options over shares in the ultimate parent which is registered outside the United Kingdom. During the year, two (2020: two) of the directors exercised share options which gave rise to an aggregate gain to the directors of £1,215,000 (2020: £1,644,000).

During the year, two (2020: two) of the directors were members of the Company's defined contribution pension scheme. The charge to the Company was £7,000 (2020: £20,000).

Highest paid director:	2021 £'000	2020 £'000
Aggregate emoluments, benefits and share-based payments	1,215	1,595

Two (2020: two) of the directors who held office during the year received no emoluments (2020: £nil) in respect of their services to the Company. The directors are employed by another company within the Moody's group so any remuneration given is borne by that company. No remuneration is given in respect of acting as a director of this entity as it is incidental to their overall responsibilities to the Moody's group.

10 EMPLOYEE INFORMATION

The average number of persons employed by the Company (including executive directors) during the year was:

	2021 No.	2020 No.
Management and administration	84	129
Analytical staff	319	313
	403	442

Employment costs were as follows:	2021 £'000	2020 £'000
Salaries & benefits	53,146	51,801
Social security costs	9,334	10,301
Pension costs (see note 23)	3,860	4,047
Share-based payment charge	11,695	8,528
	78,035	74,677

11 TAXATION ON PROFIT

	2021 £'000	2020 £'000
UK Corporation tax at 19% (2019: 19%)		
UK corporation tax on profits of the period	15,800	10,627
Adjustments in respect of prior periods	(484)	(71)
Foreign tax		
Current year	1,918	1,993
Deferred tax at 19-25% (2019: 17-19%)		
Originating and reversal of temporary differences	(613)	158
Adjustments in respect of prior periods	(8)	(2)
Effect of changes in tax rate on opening liability	129	(21)
Taxation	16,742	12,684

Reconciliation of effective tax rate:

The taxation assessed on the profit for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	2021 £'000	2020 £'000
Profit before taxation	**89,946**	72,604
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	**17,090**	13,795
Effect of:		
Branch income taxed at (lower)/higher overseas rate	**108**	(155)
Expenses not deductible for tax purposes	**10**	(616)
Adjustments in respect of previous periods	**(492)**	(73)
Difference in tax rates on temporary differences	**26**	(267)
Total tax expense	**16,742**	12,684

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The deferred tax asset as at 31 December 2021 has been calculated based on these rates.

12 INTANGIBLE ASSETS

	Goodwill £'000	Customer contracts £'000	Total £'000
Cost			
At 1 January 2021	5,679	11,737	17,416
Balance at 31 December 2021	**5,679**	**11,737**	**17,416**
Amortisation			
At 1 January 2021	—	6,282	6,282
Charge for the year	—	1,004	1,004
Balance at 31 December 2021	**—**	**7,286**	**7,286**
Net book value			
Balance at 31 December 2021	**5,679**	**4,451**	**10,130**
Balance at 31 December 2020	5,679	5,455	11,134

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Computer equipment	Fixtures and fittings	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2021	913	1,155	3,356	3,705	9,129
Additions	—	5	—	—	5
Foreign exchange adjustment	(4)	2	—	(14)	(16)
At 31 December 2021	**909**	**1,162**	**3,356**	**3,691**	**9,118**
Depreciation					
At 1 January 2021	18	1,135	3,016	3,507	7,676
Charge for the year	360	14	84	49	507
Foreign exchange adjustment	(4)	(2)	2	5	1
At 31 December 2021	**374**	**1,147**	**3,102**	**3,561**	**8,184**
Net book value					
At 31 December 2021	**535**	**15**	**254**	**130**	**934**
At 31 December 2020	895	20	340	198	1,453

Depreciation is recognised in the Statement of comprehensive income on a straight-line basis over the estimated useful life of an item of property, plant and equipment or its major components, if any.

The estimated useful lives for the current and comparative years are as follows:

Office equipment	5 years
Fixtures and fittings	10 years
Computer equipment and software	3 years
Leasehold improvements	Depreciated over the shorter of the lease term or useful life of the leasehold improvements

14 INVESTMENTS IN ASSOCIATES

	2021
	£'000
Cost	
At 1 January 2021	1,180
Balance at 31 December 2021	**1,180**

Details of the Company's direct investments are as follows:

Company	Registered address	Principal activity	Shareholding	Number of Shares	Nominal value
Moody's Mauritius Holdings Limited	IFS Court, Twenty-eight, Cybercity, Ebene, Mauritius	Holding of investments	32.95%	14,914	$1

15 RIGHT-OF-USE ASSETS

	Office space £'000
Cost	
At 1 January 2021	1,651
Foreign exchange adjustment	(9)
Balance at 31 December 2021	**1,642**
Depreciation	
At 1 January 2021	140
Depreciation for the year	508
Balance at 31 December 2021	**648**
Net book value	
Balance at 31 December 2021	**994**
Balance at 31 December 2020	1,511

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be made after the reporting date:

	£'000
Less than 3 months	139
Between 3 months to 1 year	416
Between 1 to 5 years	362
Total payments	**917**

Total cash outflow for leases for the year ended 31 December 2021 was £0.5m.

Leases of office space includes car parking and server space.

16 DEFERRED TAX

	2021 £'000	2020 £'000
Deferred tax	**6,981**	5,249

Deferred tax is calculated at 19-25% (2020: 17-19%) on timing differences.

The balance on the provision for deferred taxation is as follows:

	2021		2020	
	Amount provided £'000	**Amount unprovided £'000**	Amount provided £'000	Amount unprovided £'000
Accelerated capital allowances	**240**	—	247	—
Tax on share options	**7,426**	—	5,564	—
Other timing differences	**(685)**	—	(562)	—
	6,981	—	5,249	—

17 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	2021 £'000	2020 £'000
Non-current		
Prepayments and accrued income	**18,162**	—

	2021 £'000	2020 £'000
Current		
Trade receivables	**34,879**	25,179
Amounts due from group undertakings	**93,619**	104,594
Other receivables	**87**	89
Corporation tax	**488**	—
Prepayments and accrued income	**20,796**	1,328
	149,869	131,190

Trade receivables are net of allowance for accounts receivable amounting to £2.5m (2020: £2.8m).

Amounts due from group undertakings are unsecured, interest free and repayable on demand.

Amounts due from group undertakings include £54.1m (2020: £80.7m) arising from cash management pool account. The Company is a participant in a cash management pooling system and as a result of that, all cash is transferred to a centralised pool account managed by the affiliate company Moody's Group UK Limited and earns interest at market rates on the cash invested, which is settled on monthly basis. Therefore, this has been classified as amounts due from, or amounts due to, the Moody's companies that participate in this system.

18 CONTRACT ASSETS AND UNBILLED RECEIVABLES

	2021 £'000	2020 £'000
Current		
Contract assets and unbilled receivables	**29,446**	31,524

Contract assets and unbilled receivables are net of allowance for accounts receivable amounting to £0.2m (2020: £0.2m).

19 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	2021 £'000	2020 £'000
Current		
Trade payables	**1,619**	1,367
Amounts due to group undertakings	**28,509**	19,784
Other payables (including taxation and social security)	**3,418**	14,034
Accruals	**32,557**	28,340
	66,103	63,525

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

Other payables include derivatives amounting to £0.7m (2020: £nil).

20 PROVISIONS

	2021 £'000
Balance at 1 January 2021	2,439
Provisions settled	(2,439)
Balance at 31 December 2021	–

Provisions related to regulatory penalties following an investigation by ESMA's Independent Investigating Officer carried out in accordance to Article 23(e) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 (the "Regulation") on credit rating agencies.

21 SHARE CAPITAL

	2021 £	2020 £
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

22 DIVIDENDS

	2021 £'000	2020 £'000
Dividends paid	30,000	26,000

On 30 November 2021, an interim dividend of £30.0m (2020: £26.0m) was paid to Moody's Shared Services UK Limited.

23 PENSION PLAN

A defined contribution pension scheme covers the majority of the Company's employees. Contributions to the scheme are independently administered by insurance companies.

The total pension cost for the Company was £3.9m (2020: £4.0m).

24 SUBSEQUENT EVENTS

On 1 April 2022, the Company established a representative office in Zurich, Switzerland.

On 26 May 2022, the directors recommended the payment of an interim dividend of £46m.

The Company is closely monitoring the impact of the ongoing Russia/Ukraine conflict on all aspects of its business. In March 2022, the Company suspended commercial operations in Russia and is complying with all applicable regulatory restrictions set forth by the jurisdictions in which Moody's operates. As a result, the assets of the Russia branch to be assessed for potential impairment as at this date were £5m. As the situation is ongoing, we are unable to predict either the potential broader near-term or longer-term impact that may ultimately result from this situation on the Company due to numerous uncertainties.

25 ULTIMATE CONTROLLING PARTY

The Company's ultimate parent is Moody's Corporation, a company incorporated in the United States of America. Moody's Corporation is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Moody's Corporation consolidated financial statements, which is incorporated in the USA, can be obtained from ir.moodys.com.