

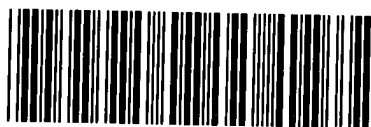
Registered number: 2323741

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

Annual Report

For the year ended 31 December 2020

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BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED
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**BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED
COMPANY INFORMATION**

Directors:

Fergus Adair Duncan
Helen Marie Rider

Registered office:

One Canada Square
Canary Wharf
London
E14 5FA

Independent auditor:

KPMG LLP
15 Canada Square
London
E14 5GL

Principal banker:

JPMorgan Chase Bank N.A.
25 Bank Street
London
E14 5JP

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED STRATEGIC REPORT

For the year ended 31 December 2020

The ultimate parent of Bureau van Dijk Electronic Publishing 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 publishing global business data through licensed software, with information ranging from financial performance, corporate structures, merger and acquisition activity, and news.

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

Strategy

Moody's reports two business segments, Moody's Investors Service ("MIS") and Moody's Analytics ("MA"), Bureau van Dijk Electronic Publishing Limited is reported under MA. The long-term corporate strategy of MA is to be the world's most respected authority servicing financial risk-sensitive markets. The key areas of focus necessary to implement this strategy are to:

- Defend and enhance the core ratings and research business;
- Build MA's position as a leading provider of risk management solutions to financial institutions; and
- Invest in strategic growth opportunities.

MA provides a wide range of products and services to enable financial institutions to better manage risk. MA products and services, such as financial training and professional services on research and risk management best practices, provide opportunities for entry into emerging markets before debt capital markets fully develop. MA's integrated risk management software platform embeds Moody's solutions deep into the technology infrastructure of banks and insurance companies worldwide.

MA 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.

Financial results and key performance indicators ("KPIs")

1. The Company made a profit for the year of £20.1m (2019: £17.0m).

The Company showed a strong financial performance throughout 2020. During the year revenue increased by 8% to £37.0m (2019: £34.2m), mainly driven by strong organic growth. Profits were enhanced by a reduction in administrative expenses of 11% to £11.8m (2019: £13.3m), mainly due to a significant reduction in travel, combined with cancellation of marketing events due to Covid-19. As a result, the operating profit for the year increased 20% to £25.1m (2019: £20.9m).

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STRATEGIC REPORT

For the year ended 31 December 2020

The net assets of the Company reduced by 46% to £27.0m (2019: £50.4m) as at the reporting date. The decrease was primarily due to the payment of a dividend of £43.5m.

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 monitor developments relating to the Covid-19 pandemic on all aspects of its business. Moody's also monitor regularly, on a regional basis, so that it can make informed decisions on the reopening of its offices. The Covid-19 pandemic has not had a material impact on the Company's reported results to date and is currently not expected to have a material adverse impact its near-term outlook. However, the Company is unable to predict the longer-term impact that the Covid-19 crisis may have on its financial position and operating results due to uncertainties regarding the duration and severity of the crisis. Notwithstanding that, the Company and Moody's remains confident that it has adequate liquidity to maintain its operations with minimal disruption. The Company continues to operate remotely for its employees and has operated effectively to date]

Subsequent events and future outlook

The UK left the European Union (EU) in 2020 and commenced the Brexit implementation period ending on 31 December 2020. The UK and the EU have signed a EU-UK Trade and Cooperation Agreement (the "TCA"), which became provisionally applicable on 1 January 2021. While the TCA provides terms for future coordination between the UK and the EU, uncertainties remain and further negotiations are expected. Negotiations between the UK and the EU are expected to continue in respect to the relationship between the UK and the EU. The directors do not expect a significant effect on the Company in the short to medium term. The long term effects will depend on the implementation and application of the TCA and any other relevant agreements between the UK and the EU.

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 cashflow 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;

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED STRATEGIC REPORT

For the year ended 31 December 2020

- 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;
- Outcomes resulting from Covid-19.

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 financials and economics 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

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

STRATEGIC REPORT

For the year ended 31 December 2020

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 publishing global business data through licensed software, with information ranging from financial performance, corporate structures, merger and acquisition activity, and news. The Company is part of Moody's Analytics' ("MA") business.

MA provides financial intelligence and analytical tools to assist businesses in making decisions. MA's portfolio of solutions consists of specialised research, data, software, and professional services, which are assembled to support the financial analysis and risk management activities of institutional customers worldwide.

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 technology tools, research and analytical services that help other organisations and the investor community better understand the links between sustainability considerations and the global markets. Moody's employees and directors strive to maintain the highest standards of personal ethics and integrity in our dealings on behalf of Moody's. At a minimum, this means complying with the principles and policies articulated in our Code of Business Conduct.

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 Bureau van Dijk Electronic Publishing B.V. and, indirectly, of Moody's Corporation. 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 our employees, who bring their diverse backgrounds and the full range of their talents, skills and abilities to the workplace and to serve our 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.

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- *Customers:* Moody's engages an outside consultant to conduct an investor survey to assess their perceptions of Moody's and its competitors across targeted geographic regions. The survey considers certain key measures including agency awareness, agency used most, meeting of business needs and expectations, agency that will best meet future needs, and performance on key strategic attributes. The directors consider the results of the surveys presented by the outside consultant and the management.
- *Suppliers:* The primary components of Moody's supply chain are reputable financial services firms, sophisticated independent consulting firms and other service providers in the areas of finance and technology (including the procurement of software, data and other technology-related goods and services). Our suppliers engaged in providing goods or services to, or on behalf of, Moody's are expected to act in accordance with our Supplier Code of Conduct (the "Supplier Code"). The Supplier Code was expanded in 2020 to reflect new social and environmental considerations in our supply chain, and describes Moody's expectations of its suppliers in the areas of business integrity, labour practices, employee health and safety, diversity, equity and inclusion, and environmental stewardship. The Supplier Code specifically addresses forced labour and human trafficking, requiring vendors comply with all laws and regulations such as the UK Modern Slavery Act 2015.
- *Community and Environment:* In its Corporate Social Responsibility ("CSR") initiatives, Moody's is committed to driving measurable impact in our complex and changing world by building more inclusive economies, stronger communities and an environmentally sustainable future. In order to achieve this, Moody's focus on social investing in three key areas: (i) empowering people with financial knowledge; (ii) activating an environmentally sustainable future; and (iii) helping young people reach their potential. Moody's produces a CSR report which covers its activities, including the Company, annually. For more information, please refer to: moodys.com/csr.

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:

- *UK departure from the EU ("Brexit"):* The UK left the European Union (EU) in 2020 and commenced the Brexit implementation period ending on 31 December 2020. The UK and the EU have signed a EU-UK Trade and Cooperation Agreement (the "TCA"), which became provisionally applicable on 1 January 2021. While the TCA provides terms for future coordination between the UK and the EU, uncertainties remain and further negotiations are expected. Negotiations between the UK and the EU are expected to continue in respect to the relationship between the UK and the EU. The directors do not expect a significant effect on the Company in the short to medium term. The long term effects will depend on the implementation and application of the TCA and any other relevant agreements between the UK and the EU.
- *Covid-19:* Moody's closely monitored the impact of the Covid-19 pandemic on all aspects of its business. The Company required remote work for most employees but operated effectively through the year under review. The Company also enhanced its digital communications with its employees in 2020. 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 continues to monitor developments relating to the pandemic to inform decisions on the reopening of its offices. The directors

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STRATEGIC REPORT
For the year ended 31 December 2020

have been kept informed of developments in relation to the pandemic, as referred to on page 3.

By order of the board of directors on 23rd September 2021

Fergusduncan

Fergus Adair Duncan

Director

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED
DIRECTORS' REPORT
For the year ended 31 December 2020

The directors of Bureau van Dijk Electronic Publishing Limited ("the Company") present their annual report, which includes the audited financial statements of the Company for the year ended 31 December 2020.

Dividends

On 15 October 2020, an interim dividend of £43.5m was paid to Bureau van Dijk Electronic Publishing B.V., the Company's immediate holding company (2019: £Nil).

Board of directors

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

Fergus Adair Duncan	Appointed 18 March 2021
Helen Marie Rider	Appointed 18 March 2021
Charles Anthony Pringle	Resigned 31 March 2021
Daniel Arthur Russell	Resigned 30 November 2020

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

Our greenhouse gas emissions

	2020 emissions (metric ton)
Scope 1 – direct emissions (market method)	1.5
Scope 2 – emissions from purchased energy (market method)	—
Scope 2 – emissions from purchased energy (location method)	48.8
Total emissions for scope 1 and 2 (market method)	1.5
Emissions intensity - location method (metric tonnes per square metre)	0.031

The location-based method reflects the emissions from the local power grid on which consumption occurs. The market-based method reflects emissions from the energy that the Company is purchasing and includes renewable electricity. The Company seeks to reduce our 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.

This is the first year we report our greenhouse emissions. Scope 2 market-based emissions have been calculated in accordance with GHG Protocol Scope 2 – Corporate Standard on procured renewable energy.

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED
DIRECTORS' REPORT
For the year ended 31 December 2020

Streamlined energy and carbon reporting

	2020
Energy consumed (kWh)	220,592

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.

In 2020, Moody's established new environmental sustainability commitments. This includes: procuring 100% renewable electricity for our global operations starting in 2020; remaining carbon neutral for our operations, business travel and employee commuting on an annual basis; and retrospectively offsetting Moody's GHG to the year 2000, when Moody's became a public company. In addition, Moody's set science-based targets to reduce GHG emissions on the path to achieving net-zero by 2050. These targets include:

- Reduce absolute Scope 1 and Scope 2 GHG emissions 50% by 2030 from a 2019 base year;
- Reduce absolute Scope 3 GHG emissions from fuel and energy related activities, business travel and employee commuting 15% by 2025 from a 2019 base year; and
- 60% of suppliers by spend covering purchased goods and services and capital goods to have science-based targets by 2025.

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

Specific areas where the Company has implemented to achieve Moody's objectives include:

- Introducing LED lighting, where possible;
- Use sensors so that lights turn off automatically within a specified time of detected non-occupancy; and
- Using green energy when purchasing electricity power.

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 them 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 23rd September 2021

Fergusduncan

Fergus Adair Duncan

Director

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 December 2020

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 ("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:

Fergus Adair Duncan

Fergus Adair Duncan

Director

Date: 23rd September 2021



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUREAU
VAN DIJK ELECTRONIC PUBLISHING LIMITED
For the year ended 31 December 2020**

Opinion

We have audited the financial statements of Bureau van Dijk Electronic Publishing Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of comprehensive income/loss, 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 2020 and of its profit/loss 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 of 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUREAU
VAN DIJK ELECTRONIC PUBLISHING LIMITED
For the year ended 31 December 2020**

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, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and 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 are no revenue transactions outside of intercompany income.

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 also 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 accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUREAU
VAN DIJK ELECTRONIC PUBLISHING LIMITED
For the year ended 31 December 2020**

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.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements

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 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUREAU
VAN DIJK ELECTRONIC PUBLISHING LIMITED
For the year ended 31 December 2020**

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, 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.

Paul Glendenning, Senior Statutory Auditor

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

24 September 2021

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	5	36,953	34,232
Operating expenses		(11,815)	(13,278)
Operating profit	6	25,138	20,954
Interest receivable and similar income	7	37	—
Interest payable and similar expenses	8	(28)	(24)
Profit before taxation		25,147	20,930
Taxation on profit	11	(5,066)	(3,920)
Profit (and total comprehensive income) for the year		20,081	17,010

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

The Company has no components of other comprehensive income.

The accompanying notes from 1 to 20 form an integral part of these financial statements.

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Non-current assets					
Property, plant and equipment	12	355		100	
Right-of-use-assets	13	1,249		875	
Deferred tax	14	327		144	
Trade receivables, prepayments and other receivables	15	<u>8,289</u>		<u>5,965</u>	
			10,220		7,084
Current assets					
Trade receivables, prepayments and other receivables	15	<u>16,969</u>		<u>16,415</u>	
Cash and cash equivalents		<u>17,690</u>		<u>46,502</u>	
			34,659		62,917
Non-current liabilities					
Lease liabilities		<u>(1,555)</u>		<u>(1,387)</u>	
			(1,555)		(1,387)
Current liabilities					
Lease liabilities		(432)		(391)	
Trade payables, accruals and other payables	16	(11,277)		(10,798)	
Deferred revenue	5	<u>(4,574)</u>		<u>(7,074)</u>	
			(16,283)		(18,263)
Net assets			<u><u>27,041</u></u>		<u><u>50,351</u></u>
Equity					
Share capital	17		10		10
Share-based payment reserve			667		416
Retained earnings			26,364		49,925
Shareholders' funds			<u><u>27,041</u></u>		<u><u>50,351</u></u>

The financial statements on pages 14 to 32 were approved by the board of directors on 23 September 2021 and were signed on its behalf by:

Fergusduncan

Fergus Adair Duncan

Registered number: 2323741

The accompanying notes from 1 to 20 form an integral part of these financial statements.

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

Note	Share capital £'000	Share- based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2020	10	416	49,925	50,351
Profit for the year	—	—	20,081	20,081
Other comprehensive income for the year	—	—	—	—
Employee share option scheme:				
• Share-based payment charge	—	176	—	176
• Deferred tax movement	—	75	—	75
Transactions with owners in their capacity as owners				
Deemed dividend distribution	—	—	(142)	(142)
Dividend distribution	—	—	(43,500)	(43,500)
Balance as at 31 December 2020	10	667	26,364	27,041
Balance as at 1 January 2019	10	107	32,971	33,088
Profit for the year	—	—	17,010	17,010
Other comprehensive income for the year	—	—	—	—
Employee share option scheme:				
• Share-based payment charge	—	260	—	260
• Deferred tax movement	—	49	—	49
Transactions with owners in their capacity as owners				
Deemed dividend distribution	—	—	(56)	(56)
Balance as at 31 December 2019	10	416	49,925	50,351

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 20 form an integral part of these financial statements.

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

NOTES

For the year ended 31 December 2020

1 THE COMPANY AND ITS OPERATIONS

Bureau van Dijk Electronic Publishing Limited ("the Company") was incorporated and domiciled in the United Kingdom as a private limited company. The principal activity of the Company is publishing global business data through licensed software, with information ranging from financial performance, corporate structures, merger and acquisition activity, and news. The Company is a wholly owned subsidiary of Bureau van Dijk Electronic Publishing B.V., a company incorporated in the Netherlands.

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

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

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For the year ended 31 December 2020

- 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

Amendments to IAS 1 and IAS 8, "Definition of material"

The Company applied amendments to IAS 1 and IAS 8 related to definition of material. The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The application of these amendments had no material impact on the financial statements of the Company.

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

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For the year ended 31 December 2020

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 Property plant and equipment

Initial and subsequent recognition

Property, plant and equipment are initially recognised at cost on the date when the items are delivered. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent to initial recognition; property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation

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

Derecognition

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

3.2 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

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

NOTES

For the year ended 31 December 2020

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.

3.3 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.

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For the year ended 31 December 2020

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 legal 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.

3.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with an original maturity of 90 days or less.

3.5 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 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.

All financial instruments are derecognised when:

- rights and obligations to the cash flows have expired or settled; and
- control or risks and rewards (where applicable), have been transferred.

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For the year ended 31 December 2020

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.

Interest income on loans is recognised using the effective interest rate (EIR) method. When a loan amount is impaired, the Company reduces the carrying amount of the instrument to its recoverable amount, being the estimated future cash flows discounted at the original EIR of the instrument, and continues unwinding the discount as interest income on loans.

3.6 Impairment

Financial assets

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, 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.

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For the year ended 31 December 2020

3.7 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.

3.8 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;

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For the year ended 31 December 2020

- 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.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Employee entitlements to annual leave are recognised as they are earned by employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity or paternity leave are recognised at the time of leave.

3.9 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.

Service fees or management fee represent a fee charged to a related party for services provided by the Company under the terms of the service agreement. Fees are charged on a cost-plus basis and are recognised on an accrual basis, except for the share-based payments charges.

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

Costs to obtain or fulfil a contract with a customer

Costs incurred to obtain customer contracts, such as sales commissions, are deferred and recorded within other current assets and other assets when such costs are determined to be incremental to obtaining a contract, would not have been incurred otherwise and the Company expects to recover those costs. These costs are amortised to expense consistent with the recognition pattern of the related revenue. Depending on the line of business to which the contract relates, this may be based upon the average economic life of the products sold or average period for which services are provided, inclusive of anticipated contract renewals. Determining the estimated economic life of the products sold requires judgment with respect to anticipated future technological changes.

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For the year ended 31 December 2020

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 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.

4.2 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.

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For the year ended 31 December 2020

5 REVENUE

Revenue by category	2020	2019
	£'000	£'000
Commission	13,456	10,164
Intercompany revenue	23,497	24,068
	36,953	34,232

The following table represents the timing of revenue recognition:

	2020	2019
	£'000	£'000
Revenue recognised over time	36,953	34,232
	36,953	34,232

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	2020	2019
	£'000	£'000
Balance at 1 January	7,074	6,362
Changes in deferred revenue:		
Revenue recognised that was included in the deferred revenue balance at the beginning of the period	(6,077)	(6,317)
Increases due to amounts billable excluding amounts recognised as revenue during the period	3,577	7,029
Total changes in deferred revenue	(2,500)	712
Balance at 31 December	4,574	7,074
Deferred revenue – current	4,574	7,074
Deferred revenue – non current	—	—

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For the year ended 31 December 2020

6 OPERATING PROFIT

	2020	2019
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	56	71
Depreciation on right-of-use assets	426	377
Loss on disposal of property, plant and equipment	—	52
Foreign exchange losses/(gains)	(531)	730
Share-based payment charge	435	260
	<u>2020</u>	<u>2019</u>
	<u>£'000</u>	<u>£'000</u>
Auditor's remuneration		
Audit of these financial statements	33	62

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£'000	£'000
Bank interest received	37	—
	<u>37</u>	<u>—</u>

8 INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£'000	£'000
Interest on lease liabilities	28	24
	<u>28</u>	<u>24</u>

9 DIRECTORS' EMOLUMENTS

	2020	2019
	£'000	£'000
Aggregate emoluments and benefits	533	507

During the year, 1 (2019: 1) director was a member of the Company's defined contribution pension scheme. The charge to the Company was £8,721 (2019: £9,500).

	2020	2019
	£'000	£'000
Highest paid director:		
Aggregate emoluments, benefits and share-based payments	533	507

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The other director who held office during the year received no emoluments in respect of their services to the Company. This director is 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:

	2020 No.	2019 No.
Administration	33	28
Professional	76	73
	<u>109</u>	<u>101</u>

	2020 £'000	2019 £'000
Employment costs were as follows:		
Salaries & benefits	7,210	6,460
Social security costs	948	776
Pension costs (see note 18)	705	558
Share-based payment charge	176	260
	<u>9,039</u>	<u>8,054</u>

11 TAXATION ON PROFIT

	2020 £'000	2019 £'000
UK Corporation tax at 19% (2019: 19%)		
UK corporation tax on profits of the period	4,806	3,992
Adjustments in respect of prior periods	368	—
Deferred tax at 19% (2019: 17-19%)		
Originating and reversal of temporary differences	(107)	(72)
Effect of changes in tax rate on opening liability	(1)	—
Taxation	<u>5,066</u>	<u>3,920</u>

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For the year ended 31 December 2020

Reconciliation of effective tax rate:

The taxation assessed on the profit for the year is higher (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2020 £'000	2019 £'000
Profit before taxation	25,147	20,930
Profit multiplied by standard rate of corporation tax in the UK of 19% 2019: 19%)	<u>4,778</u>	<u>3,977</u>
Effect of:		
Expenses not deductible for tax purposes	1	22
Non-taxable income	(7)	—
Depreciation higher/(lower) than capital allowances		(7)
Effect of difference in tax rate between current and deferred		(72)
Adjustments in respect of previous periods	368	—
Difference in tax rates on temporary differences	(109)	—
Total tax expense	<u><u>5,066</u></u>	<u><u>3,920</u></u>

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, however, the UK Government has since abolished this and the rate was substantively enacted to remain at 19% (effective 1 April 2020) on 17 March 2020. The deferred tax asset as at 31 December 2020 has been calculated based on these rates. Since the Balance Sheet date the UK Government has announced that the UK corporation tax will increase to 25% from 1 April 2023.

12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Office equipment £'000	Total £'000
Cost					
At 1 January 2020	35	88	38	81	242
Additions	161	—	—	150	311
At 31 December 2020	<u><u>196</u></u>	<u><u>88</u></u>	<u><u>38</u></u>	<u><u>231</u></u>	<u><u>553</u></u>
Depreciation					
At 1 January 2020	22	31	27	62	142
Charge for the year	8	29	4	15	56
At 31 December 2020	<u><u>30</u></u>	<u><u>60</u></u>	<u><u>31</u></u>	<u><u>77</u></u>	<u><u>198</u></u>
Net book value					
At 31 December 2020	<u><u>166</u></u>	<u><u>28</u></u>	<u><u>7</u></u>	<u><u>154</u></u>	<u><u>355</u></u>
At 31 December 2019	<u><u>13</u></u>	<u><u>57</u></u>	<u><u>11</u></u>	<u><u>19</u></u>	<u><u>100</u></u>

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For the year ended 31 December 2020

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

13 RIGHT-OF-USE ASSETS

	Office space £'000
Cost	
At 1 January 2020	1,252
Additions	800
Disposals	(70)
Balance at 31 December 2020	<u><u>1,982</u></u>
Depreciation	
At 1 January 2020	377
Depreciation for the year	426
Disposals	(70)
Balance at 31 December 2020	<u><u>733</u></u>
Net book value	
Balance at 31 December 2020	<u><u>1,249</u></u>
Balance at 31 December 2019	<u><u>875</u></u>

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	95
Between 3 months to 1 year	359
Between 1 to 5 years	1,023
More than 5 years	
Total payments	<u><u>1,477</u></u>

Total cash outflow for leases for the year ended 31 December 2020 was £407,000.

Leases of office space includes car parking and server space.

14 DEFERRED TAX

	2020 £'000	2019 £'000
Deferred tax	<u><u>327</u></u>	<u><u>144</u></u>

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Deferred tax is calculated at 19% (2019: 17 - 19 %) on timing differences

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

	2020		2019	
	Amount provided £'000	Amount unprovided £'000	Amount provided £'000	Amount unprovided £'000
Accelerated capital allowances	8	—	6	—
Tax on share options	319	—	138	—
	<u>327</u>	<u>—</u>	<u>144</u>	<u>—</u>

15 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
Non-current		
Other receivables	763	659
Prepayments and accrued income	7,526	5,306
	<u>8,289</u>	<u>5,965</u>
Current		
Amounts due from group undertakings	14,815	15,232
Other receivables	367	182
Corporation tax	—	—
Prepayments and accrued income	1,787	1,001
	<u>16,969</u>	<u>16,415</u>

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

16 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	2020 £'000	2019 £'000
Non-current		
Lease liabilities	971	591
Net Investment in Lease	584	796
	<u>1,555</u>	<u>1,387</u>

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For the year ended 31 December 2020

	2020	2019
	£'000	£'000
Current		
Trade payables	455	259
Amounts due to group undertakings	916	152
Other payables (including taxation and social security)	7,252	8,338
Accruals	2,653	2,049
	<u>11,276</u>	<u>10,798</u>

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

17 SHARE CAPITAL

	2020	2019
	£'000	£'000
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	<u>10</u>	<u>10</u>

18 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 £704,899 (2019: £558,345).

19 SUBSEQUENT EVENTS

There are no subsequent events after the reporting date that require adjustments to or disclose in the financial statements.

20 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.moody.com.